

INTER-AMERICAN DEVELOPMENT BANK  
MULTILATERAL INVESTMENT FUND

**MEXICO**

**NEW EMPLOYMENT OPPORTUNITIES FOR YOUNG PEOPLE  
IN NUEVO LEÓN (NEO NL)**

**(ME-M1091/ME-T1255)**

**DONORS MEMORANDUM**

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## CONTENTS

### PROJECT SUMMARY

I.	BACKGROUND AND RATIONALE .....	1
II.	OBJECTIVES AND COMPONENTS.....	6
III.	MONITORING AND EVALUATION STRATEGY.....	18
IV.	COST AND FINANCING.....	18
V.	EXECUTING AGENCY.....	20
VI.	RISKS.....	21
VII.	ENVIRONMENTAL AND SOCIAL IMPACT .....	22
VIII.	ATTAINMENT OF MILESTONES AND SPECIAL FIDUCIARY ARRANGEMENTS .....	22
IX.	ACCESS TO INFORMATION AND INTELLECTUAL PROPERTY .....	23

## **PROJECT SUMMARY**

### **NEW EMPLOYMENT OPPORTUNITIES FOR YOUNG PEOPLE IN NUEVO LEÓN (NEO NL) (ME-M1091/ME-T1255)**

“New Employment Opportunities for Young People - Nuevo León” (NEO NL) is one of the first initiatives to be launched under the regional program New Employment Opportunities for Young People (NEO) (RG-M1210), which seeks to improve the quality of human capital and the employability of 500,000 vulnerable young people in 10 countries of Latin America and the Caribbean. It was launched at the 2012 Summit of the Americas and is led by the MIF, the IDB’s Social Department, the International Youth Foundation (IYF), and five founding partner enterprises: Arcos Dorados, Caterpillar, CEMEX, Microsoft, and Walmart. In Mexico, Nuevo León (NL) was selected as the first state for activating the NEO initiative because of a high concentration of young people who are not in education, employment, or training (NEET), a high dropout rate and low graduation rate from upper secondary education, high unmet demand for skilled technical employees on the part of businesses, and a strong interest and involvement in, and investment by, NEO’s founding partners in youth employability programs.

To address these problems with a systemic approach, a public-private partnership was created in which businesses, governments, and civil society contribute resources, know-how, and skills to implement effective and sustainable employment solutions. The members of the NEO NL Partnership are: from the public sector, the Nuevo León Department of Labor, through the State Employment Service and the Institute of Work-Skills Training, Evaluation, and Certification (ICECCT); the Nuevo León Department of Education, through the Upper Secondary Education Branch and the Nuevo León Council of Vocational Technical Education subsystem (CONALEP NL); and the Nuevo León Social Development Department (SDS); from the private sector, CEMEX, FEMSA, ManpowerGroup, Educación Financiera Banamex, and Talento Visión Educativa S. C.; and from civil society and academic institutions: SERAJ, Alianza Educativa Ciudadana, and Instituto Tecnológico y de Estudios Superiores de Monterrey (ITESM).

The intended impact of the NEO NL initiative is to increase job opportunities for low-income young people between the ages of 16 and 29 in the Monterrey metropolitan area. The expected outcome is wider-reaching and higher-quality training programs and employment systems for young people in Nuevo León. During project execution, 32,000 poor, urban, vulnerable young people between the ages of 16 and 29, at least 50% of whom will be women, will benefit. In addition, 25 technical upper secondary education and job-training centers in the CONALEP-NL, SDS, and ICECCT-NL systems will be strengthened. NEO NL provides for four components: (i) Strengthening of technical upper secondary education; (ii) Strengthening of short-term job training and comprehensive support for NEET young people; (iii) Coordinated support services for young people; and (iv) Knowledge management, strategic communication, and strengthening of the partnership. Transferring and scaling up to other upper secondary school systems and the federal level is anticipated, since it is a strategic interest of the IDB’s Labor Markets and Social Security Unit to be able to expand the impact of NEO NL through its operations with the Government of Mexico.

The MIF's financial contribution is of key importance to encourage the work of the partnership and to leverage public and private resources. Each MIF dollar will leverage three counterpart dollars. The Australian Agency for Development Cooperation (AUS) and the United States Agency for International Development (USAID) will provide resources for the operation.

## **ANNEXES**

Annex I	Logical framework
Annex II	Detailed budget
Annex III	Quality for Effectiveness in Development Matrix (QED)
Annex IV	Budget, by agency

## **APPENDICES**

Proposed resolution

**INFORMATION IN THE DOCUMENTS SECTION OF THE MIF PROJECT INFORMATION SYSTEM**

Annex V	Preliminary list of milestones
Annex VI	Needs assessment of the executing agency
Annex VII	Project status reports (PSR), attainment of milestones, fiduciary mechanisms, and due diligence on integrity
Annex VIII	Procurement plan
Annex IX	Schedule of activities
Annex X	Operating Regulations
Annex XI	Terms of reference for project coordinator
Annex XII	Monitoring and evaluation plan for impact evaluation
Annex XIII	Governance agreement

## ABBREVIATIONS

AUS	Australian Agency for Development Cooperation
COMUNIDAR	Fundación para Unir y Dar A. C.
CONALEP	Colegio Nacional de Educación Profesional Técnica [National Council of Vocational Technical Education] (federal)
CONALEP NL	Nuevo León Council of Vocational Technical Education
ICECCT	Instituto de Capacitación, Evaluación y Certificación en Competencias para el Trabajo [Institute of Work-Skills Training, Evaluation, and Certification]
INEGI	Instituto Nacional de Estadística y Geografía [National Statistics and Geography Institute]
ITESM	Instituto Tecnológico y de Estudios Superiores de Monterrey
IYF	International Youth Foundation
LMK	Labor Markets and Social Security Unit (IDB)
NEET	“not in education, employment, or training”
NEO	New Employment Opportunities
NL	Nuevo León
PACE	Multiphase Training and Employment Support Program
PROFORHCOM	Skills-Based Human Resources Development Program
SDS	Nuevo León Department of Social Development
STPS	Federal Department of Labor and Social Welfare
TUSE	Technical upper secondary education
USE	Upper secondary education

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**(ME-M1091)**

**EXECUTIVE SUMMARY**

<b>Country and geographical location:</b>	Mexico, state of Nuevo León (NL). Monterrey and metropolitan area
<b>Executing agency:</b>	Fundación para Unir y Dar A. C. (COMUNIDAR)
<b>Area of access:</b>	Access to Markets and Capabilities
<b>Agenda:</b>	Job skills (Young people: jobs, skills, and entrepreneurship)
<b>Coordination with other donors/Bank operations:</b>	With the Australian Agency for Development Cooperation through the AUS Fund and with the United States Agency for International Development through an operation to support reforms to upgrade technical upper secondary education (TUSE) and better align training with employers' needs in Nuevo León and other states, such as Baja California and Chihuahua, implemented by the International Youth Foundation. With the Labor Markets and Social Security Unit (LMK) of the IDB—a strategic member of the regional NEO program and of this operation, through the Multiphase Training and Employment Support Program (PACE), and the Skills-Based Human Resources Development Program (PROFORHCOM, through the federal CONALEP), which will support 1,300 grants for NEO NL's TUSE young people.
<b>Direct beneficiaries:</b>	<p>32,000 poor and vulnerable low-income young people, at least 50% of whom will be young women, divided into three subgroups:</p> <ul style="list-style-type: none"> <li>- 21,000 vulnerable young people enrolled in TUSE in 17 centers of the Nuevo León Council of Vocational Technical Education (CONALEP NL).</li> <li>- 5,000 young people who are not in education, employment, or training (NEET) or who work informally, who have dropped out of school or have completed their upper secondary education and who see that their chances of entering the job market have been affected.</li> <li>- 6,000 young people served through the youth employability platform and service centers.</li> </ul> <p>The operation will also directly benefit the 17 CONALEP NL TUSE centers as well as eight job-training centers (four of the Institute of</p>



Work-Skills Training, Evaluation, and Certification (ICECCT), and four of the Nuevo León Social Development Department (SDS). One hundred businesses will benefit from young people with better work skills.

**Indirect beneficiaries:**

Given that, according to the National Statistics and Geography Institute (INEGI), Nuevo León families have an average 4.6 members, this project is expected to indirectly benefit 147,200 people.

**Financing:**

MIF technical cooperation funding:	US\$2,252,130	20%
AUS technical cooperation funding:	US\$500,000	5%
<b>Total Bank contribution</b>	<b>US\$2,752,130</b>	<b>25%</b>
Counterpart	US\$7,910,035	72%
USAID cofinancing	US\$375,000	3%
<b>Total project budget</b>	<b>US\$11,037,166</b>	<b>100%</b>

**Execution and disbursement periods:**

Execution period:	42 months
Disbursement period:	48 months

**Special contractual conditions:**

The following will be conditions precedent to the first disbursement: (i) the project's Operating Regulations; (ii) governance agreement for the NEO NL Partnership and the executing agency; (iii) annual work plan; and (iv) NEO NL coordinator hired. All of these conditions must be met to the IDB/MIF's satisfaction.

**Environmental and social impact review:**

This operation was pre-evaluated and classified according to the requirements of the IDB Environment and Safeguards Compliance Policy (OP-703). Since the project's impact and risks are limited, it has been classified as a category C operation.

**Disbursement unit:**

The project will be supervised by the IDB Country Office in Mexico, with technical support from the regional NEO team.

## I. BACKGROUND AND RATIONALE

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

- 1.1 According to the National Statistics and Geography Institute (INEGI), Mexico is a country of young people because one quarter of its population is between 15 and 29 years of age. This significant proportion of young people is considered a “demographic bonus,” a phenomenon that occurs when the working-age population is larger than the dependent population, which can represent an opportunity for a country’s development. However, INEGI estimates that some 36.2 million young people between the ages of 12 and 29 are not in the education system or in the job market (NEET), so the leveraging of this bonus could be endangered.
- 1.2 As regards income distribution, on average, young people receive less than two monthly minimum wages as their income from economic activity. In addition, their age group is one of the most strongly represented in the informal sector. In 2012, 71.6% of employed young people between 14 and 24 years of age were working in the informal sector.<sup>1</sup>
- 1.3 In addition, access to jobs in Mexico is characterized by sharp gender inequality: 75.7% of young women are in the NEET group and 47.5% of young women hold some kind of job, compared with 85% of their male counterparts. This gap is further widened by the fact that only 53% of nonworking young women attend school, while 78% of young men do. Also, women generally receive lower incomes than men, with the greatest differences showing up in the subgroup of young people ages 25 to 29.<sup>2</sup>
- 1.4 Violence and insecurity in all areas of daily life compound these difficulties. In Mexico, the leading causes of death among young people between the ages of 12 and 17 are involvement in criminal organizations, homicides, suicides, and traffic accidents.<sup>3</sup>
- 1.5 In Mexico, upper secondary education (USE) comes after secondary school, and comprises two subsystems: (1) general upper secondary education and (2) vocational technical education, which trains students in various professional specialties. The National Council for Vocational Technical Education at the federal level (CONALEP) is one of the institutions responsible for vocational technical training in Mexico. It currently operates 310 educational centers throughout the country, situated in the main cities and industrial areas, each with an average of 900 students; it also operates eight Technological Assistance and Service Centers.<sup>4</sup>

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<sup>1</sup> INEGI (2012), Press bulletin 449/12.

<sup>2</sup> Políticas y Programas para el Desarrollo de la Juventud, Fundación IDEA 2013.

<sup>3</sup> United Nations Children’s Fund (UNICEF), 2007.

<sup>4</sup> <http://www.conalep.edu.mx/quienes-somos/Paginas/inicio.aspx>

Type of education	Level	Grades	Services
Basic education	1. Preschool 2. Primary 3. Secondary	3 years 1 <sup>st</sup> to 6 <sup>th</sup> 7 <sup>th</sup> to 9 <sup>th</sup>	<ul style="list-style-type: none"> <li>• General, indigenous population, community</li> <li>• General, indigenous population, community</li> <li>• General, technical, <i>telesecundaria</i> [middle-school distance-learning program], for workers</li> </ul>
Upper secondary education (USE)	1. Vocational technical 2. General upper secondary education	10 <sup>th</sup> to 12 <sup>th</sup> 10 <sup>th</sup> to 12 <sup>th</sup>	<ul style="list-style-type: none"> <li>• CONALEP, Center for Technological Studies, others</li> <li>• General, <i>telebachillerato</i> (upper secondary distance-learning program), high schools, technological programs</li> </ul>
Higher education	1. Advanced technical 2. Bachelor's degree 3. Graduate studies	Depends on program	<ul style="list-style-type: none"> <li>• Technological universities, others</li> <li>• Universities, technological colleges, teachers' colleges</li> <li>• Specialization, master's degree, doctorate</li> </ul>

\* Prepared by the authors based on SEP (2009). Educational System of the United Mexican States: Key figures. 2008-2009 school year.

- 1.6 In 2007, the Upper Secondary Education Branch launched a comprehensive reform of upper secondary education, with support from the IDB Skills-Based Human Resources Development Program (PROFORHCOM, phases I and II, loans 1579/OC-ME and 2167/OC-ME, respectively). The purpose of PROFORHCOM is to contribute to upgrading the skills of graduates of USE and vocational and technical training schools, with a view to strengthening their employability. However, one of the main factors creating the adverse outlook for young Mexicans is the quality of education, which causes students to drop out and results in low terminal efficiency<sup>5</sup> at technical upper secondary schools. Moreover, the current curriculum is not relevant because there is a disconnect between training institutes and employers, no training is being offered for the technical careers for which there is labor market demand, and the lack of information available to young people, all of which create barriers for young people to obtain their first jobs.
- 1.7 In Nuevo León, young people represent 26% of the total population, or approximately 1.2 million people. Some 95% of the state's population lives in urban areas, primarily in the Monterrey metropolitan area where 58 polygons of poverty have been identified, according to the Nuevo León Social Development Council. It has one of the lowest rates of terminal efficiency in the country in TUSE, at 55%. Nuevo León has a very dynamic productive sector and important educational and research institutions. In the last three years, it has been badly hit by violence, which has resulted in greater organization of the private sectors, civil society organizations, and government to attack the problem.

<sup>5</sup> An educational indicator of the number of students who complete a given educational level under normal conditions and on schedule. SEP (2007). 2007-2012 Sector Education Program. Educational Policy Planning and Evaluation Unit.

- 1.8 As was mentioned in the project summary, NEO NL is part of the regional NEO initiative.<sup>6</sup> NEO is led by the MIF, the IDB's Social Department, the International Youth Foundation (IYF), and five founding partner enterprises: Arcos Dorados, Caterpillar, CEMEX, Microsoft, and Walmart. In Mexico, Nuevo León was selected as the first state for NEO activation because it has a high concentration of NEET young people, a high USE dropout rate and low terminal efficiency, high unmet demand by businesses for skilled technical workers, and a strong interest and involvement in, and investment by, NEO's founding partners in youth employability programs.
- 1.9 NEO conducted a diagnostic study<sup>7</sup> in late 2012 to inform the design of the NEO NL proposal. The study mirrors the conclusions of a survey of 400 young people between the ages of 16 and 29 from highly and very highly disadvantaged areas, as well as interviews with business chambers, employers, educational institutions, and civil society organizations; it also mapped existing public and private youth employability interventions.
- 1.10 According to the study, employers and educators share a fairly common vision of the sectors and areas that will stimulate economic development in Nuevo León in the coming years, as well as of the need for academic offerings at the USE level to meet employers' demand in these productive sectors. However, communication channels between employers and potential job seekers and educational institutions are apparently not working effectively because there is an oversupply of students in careers that are saturated, and an undersupply in strategic sectors. In addition, technical education appears to lack social status, which is why many young people who could benefit from this type of education choose careers that run the risk of being saturated in the market. Added to this, young people's employability is limited by their lack of work experience, uncertainty about the requirements of the world of work, poor motivation, and absence of a life plan. Only one in every 10 young people surveyed has benefited from the employment and education support programs offered in Nuevo León, and only one in every four has received training during their lifetime.
- 1.11 In 2012, the Universidad Autónoma de Nuevo León conducted a labor market study of Nuevo León that forecast growth in employment and wages in the following technical careers by 2020: graphic design, nursing, secretarial services, computer sciences, and industrial production and mechanics. Moreover, businesses in Nuevo León stated that life skills<sup>8</sup> are a requirement for the world of

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<sup>6</sup> Throughout the document, the term NEO is used to refer to the regional NEO initiative (ATN/ME-13213-RG). The NEO initiative seeks to improve the quality of human capital and the employability of 500,000 vulnerable young people in 10 countries in Latin America and the Caribbean.

<sup>7</sup> Riskop. New Employment Opportunities for Young people, NEO. Diagnostic assessment and mapping. NL. 2013.

<sup>8</sup> Life skills, also known as soft or social-emotional skills, include knowing how to communicate, teamwork, respect, problem solving, and self-evaluation.

work. When asked what they consider to be the most important skills young people should have after completing a technical program of studies, the following were repeatedly mentioned: leadership, creativity, compliance with regulations, teamwork, and communication with clients. In addition, only 9% of the businesses interviewed said they had any type of agreement with a training institution.

1.12 This NEO NL project stems from the formation of a strategic partnership with a commitment to permanence, made up of entities from the public and private sectors and civil society in Nuevo León and Mexico that seeks to improve the employability of vulnerable young people in Nuevo León. The vision of the NEO NL Partnership is to be an agent of innovation in the employability of the most vulnerable young people in Nuevo León, transforming the work culture for employers as well as those vulnerable young people in the region. The aim is to avoid duplication of effort, increase effectiveness, and guarantee impact.

1.13 The members of the NEO NL Partnership are:

Private sector	<ul style="list-style-type: none"> <li>• <b>CEMEX:</b> Cementos Mexicanos. S.A.B. de C.V. (CEMEX) is a global solutions company for the construction industry that offers products and services to clients and communities in over 50 countries around the world.</li> <li>• <b>FEMSA:</b> Fomento Económico Mexicano SAB de C.V. (FEMSA) is a Mexican company that manufactures and sells consumer products in Latin America. Its main operations are within the Coca-Cola and Oxxo system. The latter is the largest and fastest-growing chain of stores in Latin America.</li> <li>• <b>ManpowerGroup:</b> Leading worldwide consulting firm specializing in recruiting and outsourcing workers for temporary and/or permanent positions. They provide human capital solutions to improve operational efficiency and productivity.</li> <li>• <b>Educación Financiera Banamex:</b> This is the corporate responsibility program of the financial institution Banamex, which since 2004 has been addressing the need to promote a financial culture in Mexico that improves the quality of life and well-being of Mexicans through its program “<i>Saber Cuenta</i>” [knowing counts].</li> <li>• <b>Talento Visión Educativa S.C.:</b> Consulting firm that offers services to develop professional skills in the areas of management, focus on results, and promotion of entrepreneurship.</li> </ul>
Public sector	<ul style="list-style-type: none"> <li>• <b>Department of Education of Nuevo León, through the Upper Secondary Education Branch and the CONALEP NL subsystem:</b> Decentralized, sectorized public education institution under the Department of Education of Nuevo León. Its mission is to train technical professionals based on an academic model for quality and competitiveness.</li> <li>• <b>Department of Labor of Nuevo León (State Employment Service Division and ICECCT):</b> Fosters the development of harmonious labor relations, based on respect for labor regulations in force, and promotes job creation and improved productivity in Nuevo León.</li> <li>• <b>Nuevo León Department of Social Development (SDS):</b> Promotes the exercise of citizen’s rights in the social sector with emphasis on reducing the causes of vulnerability, by strengthening prevention and service programs.</li> </ul>
Civil society and academic sector	<ul style="list-style-type: none"> <li>• <b>FUNDEMEX:</b> This Mexican entrepreneurship foundation develops programs aimed at creating and strengthening the production capacity of people living in poverty, employability programs for vulnerable young people, and projects to professionalize other civil society organizations to promote a growing and effective sector.</li> <li>• <b>Alianza Educativa Ciudadana por NL (through its <i>Potencia Joven</i> project):</b> This nonprofit organization coordinates the efforts of government, entrepreneurs, and civil society, for the purpose of providing quality education for all the children in the state. The goal is to establish high-quality public schools in Monterrey and nearby municipios.</li> <li>• <b>Servicios a la Juventud (SERAJ):</b> This civil society organization specializes in youth issues and seeks to work towards the development of young people between the ages of 12 and 24 living in situations of poverty and exclusion, through the training of young people, the strengthening of institutions, and advocacy in the public arena.</li> <li>• <b>Instituto Tecnológico y de Estudios Superiores de Monterrey or Tecnológico de Monterrey:</b> University founded in 1943 and set up as a nonprofit civil association under the name Enseñanza e Investigación Superior, A.C.</li> </ul>

## **B. Beneficiaries**

- 1.14 During the project implementation period, the initiative will directly benefit at least 32,000 low-income young people between the ages of 16 and 29 (50% women and 50% men) in the Monterrey metropolitan area, from 12 disadvantaged areas (polygons), including: Santa Catarina, Apodaca, San Bernabé, San Nicolás, Guadalupe, Escobedo, Independencia, Santa Fe, La Alianza, Monte Cristal, San Gilberto, and La Campana. The project will also strengthen 17 of CONALEP NL's TUSE centers (four of which offer short job-training courses through extra shifts, in addition to TUSE degrees), and eight other job-training centers (four SDS-NL centers and four ICECCT centers). They will be equipped with new teaching methods for curricula aligned with labor market needs, and will include basic skills, life skills, and vocational guidance and job placement services.

## **C. Contribution to the MIF mandate, access framework, and IDB strategy**

- 1.15 **Poverty reduction.** The NEO NL initiative will contribute to the poverty reduction objective by developing the capabilities of poor and vulnerable young people. The private sector will also benefit because targeted young people will be better equipped to be productive at work, which will reduce the cost of hiring, rotating, and training new employees.
- 1.16 **Connection to the agenda.** NEO NL will contribute to the scale element of the MIF's youth strategy<sup>9</sup> and its Agenda by producing outcomes and knowledge on how to work at scale and in public-private partnerships. NEO NL will shed light on how public TUSE and occupational training systems can transfer and adopt new methodologies and better practices to comprehensively train, guide, and support vulnerable young people for job placement purposes. It will also contribute to the Agenda by learning about how to improve the involvement of businesses in the design of education or job training plans that are better aligned with their needs and their participation in more effective job placement services.
- 1.17 **Connection to the regional project New Employment Opportunities for Young people (NEO):** NEO NL is one of the first national initiatives launched under the regional NEO program, which was approved by the MIF's Donors Committee on 12 April 2012 (document MIF/AT-1175). NEO seeks to integrate 500,000 poor and vulnerable young people in 10 countries of the region into the workforce, through training, by 2017. The initiative is led by the IDB, through the MIF office and the Social Department (SCL/LMK), and IYF, as well as five businesses that are founding partners: Arcos Dorados, Caterpillar, Cemex, Microsoft, and Walmart.
- 1.18 **Complementarity with the Bank's strategy.** The NEO NL program is consistent with the Bank's country strategy with Mexico (document GN-2595-1), specifically the labor markets sector objective of promoting better job placement. In this regard, the Bank supports the policy dialogue on employment and

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<sup>9</sup> MIF. Give Young people a Chance. An agenda for action. 2012.

improved vocational training through two important operations. Both seek to improve employability and job quality for young people in Mexico, and are relevant to the NEO NL initiative, in which LMK participates actively and strategically. The Multiphase Training and Employment Support Program (PACE III, loan 1579/OC-ME) seeks to help create conditions for a growing economy that creates jobs, and to promote development, employment potential, labor mobility, and worker productivity. Specifically, it aims to support the Nuevo León Labor Department in making labor market policies and programs more efficient and effective.

- 1.19 For its part, the Skills-Based Human Resources Development Program (PROFORHCOM II, loan 2167/OC-ME) seeks to upgrade the skills of USE graduates through technical and vocational training, thereby improving their employability. Its specific objectives are to: (i) improve the skills of USE graduates; (ii) improve the quality and relevance of USE and vocational and job training; (iii) improve the skills of USE instructors; and (iv) increase the relevance of labor skills standards, both in the education system and in the productive sectors. A new phase of the PROFORHCOM loan (ME-L1142) is currently being negotiated, through which the federal CONALEP will offer 1,300 grants for NEO NL initiative young people in TUSE at the CONALEP NL. This is a very substantial increase with respect to what had been achieved in earlier years.
- 1.20 **Complementarity with other initiatives:** USAID, through IYF, will be supporting reforms to improve Mexican students' transition through TUSE in Nuevo León and in other border states, including Baja California and Chihuahua. As with NEO NL, it will also support efforts to align educational supply with employer demand by creating partnerships with the private sector, educational institutions, civil society organizations, and governmental agencies in Nuevo León in order to analyze critical hurdles in the education system that prevent students from gaining the skills they need to compete in the labor market.

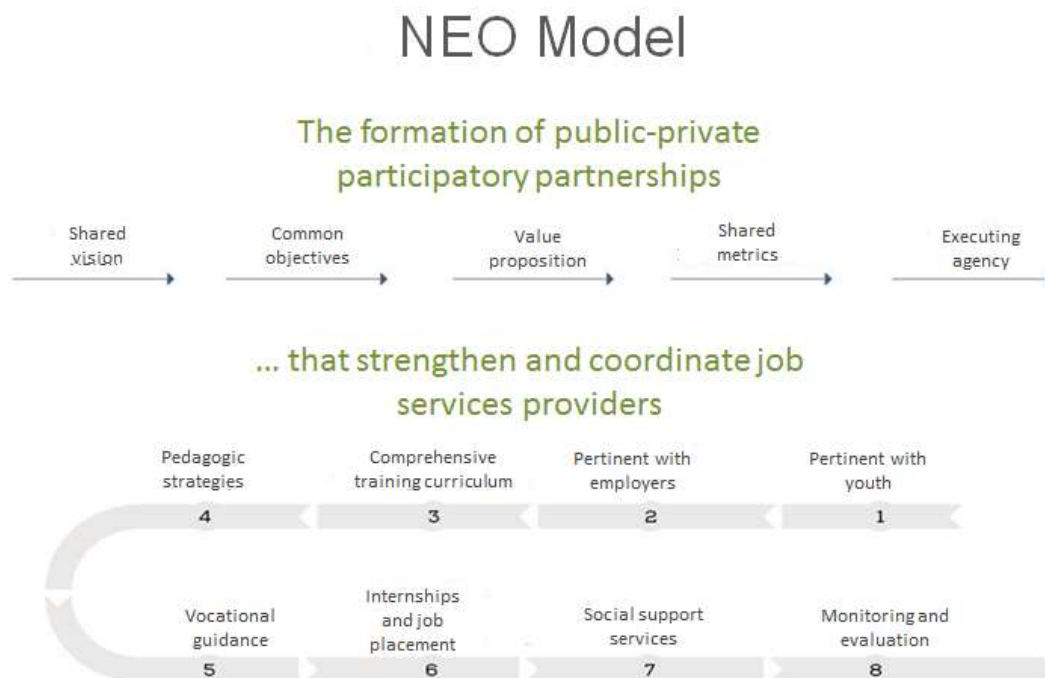
## II. OBJECTIVES AND COMPONENTS

### A. Objectives

- 2.1 In response to these challenges, the expected impact of NEO NL is to increase opportunities for low-income young people between the ages of 16 and 29 to enter the workforce. The expected outcome is an increase in the scope and quality of youth training programs and employment systems in Nuevo León.

## B. Description of the model/solution/intervention

2.2 NEO at the regional level provides the intervention model being implemented in each country. The model is based on the establishment of public-private partnerships in which businesses, governments, and civil society contribute resources, knowledge, and capacities for implementing effective and sustainable employment solutions. The partnerships agree to adopt and implement a comprehensive job training model and good practices developed by the MIF, the IDB, and IYF (see figure below).



2.3 In Mexico, NEO is arriving in a country that has made significant investments through the IDB to improve and modernize its technical education systems and labor market. NEO NL will build on that solid foundation, deepening the implementation of those federal policies and programs in the state of Nuevo León, while also developing and implementing other more innovative components.

2.4 One of NEO NL's strategic lines involves working with CONALEP NL, a TUSE subsystem that at the federal level serves low-income young people and provides them with training for professional technical careers. CONALEP NL is one of the subsystems that has worked hardest to bring its educational supply into better alignment with demand, improve terminal efficiency, and offer better guidance and support services for young people in their search for employment. For



example, Ternium recently sponsored a CONALEP NL facility in San Nicolás, participating in a comprehensive manner in the entire training process and in designing the curriculum. In addition, CONALEP NL is working with IYF and Caterpillar to develop an alternative model for comprehensive short courses to serve pre-identified demand, including international certification. This work with businesses and productive sectors that are facing serious shortages of technical personnel is recent, and NEO NL aims to take advantage of CONALEP NL's willingness and openness to involve businesses much more intensively in technical training and to have a demonstration effect in a public entity like CONALEP NL, with a presence throughout the country. Activities are included that are fully aligned with the new loans the IDB is presently discussing with the government. This alignment makes it possible to propose that the tools and methodologies developed through NEO NL be replicated by CONALEP at the federal level and in other TUSE subsystems beyond the execution period, thereby significantly increasing the operation's impact.

- 2.5 Regarding NEO innovations in Nuevo León, the goal is to serve the most disadvantaged youth population (NEET), providing access to comprehensive educational services in the disadvantaged areas where they live, including life skills, basic math, reading, and writing skills, job search support, vocational guidance, and information on existing social services and programs, with the aim of channeling them toward work or education. This comprehensive approach takes into consideration the findings of the diagnostic assessment of vulnerable young people in Nuevo León carried out before the operation was designed. The study revealed that only one in every 10 young people surveyed has benefited from job and education support programs offered in the state, and only one in four received training during their lifetime.
- 2.6 Another goal will be to strengthen the technical capacity of job training, guidance, and placement service providers. This is one of the main goals of NEO at the regional level. Such strengthening will be implemented through the transfer and adaptation of good practices validated through the *entra21* program of the IYF and the MIF.<sup>10</sup> These strengthening services will be offered directly by IYF, pursuant to paragraph 3.19 of the Donors' Memorandum on the regional NEO (document MIF/AT-1175). To this end, IYF has developed two products in the context of the regional NEO: (1) a "quality standards guide: tool to evaluate training for work and job placement processes involving young people" and an online portal that will enable the organizations to evaluate themselves in

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<sup>10</sup> The *entra21* program (ATN/MH-10303-RG) was created by IYF and the MIF with the objective of improving the employability of young people in disadvantaged situations in Latin America and the Caribbean. It was successfully implemented from 2001 to 2011, benefiting over 137,000 young people in vulnerable situations in 22 countries in the region, through 50 civil society organizations. Six months after exiting the program, 75% of the graduates had found jobs or were continuing their studies.

accordance with eight dimensions<sup>11</sup> and determine which aspects of their employability services they want to improve and on that basis develop their improvement and support plans; and (2) a package of services that includes instructor training on life skills, training of job placement agents and vocational counselors, and training for trainers in the three areas for purposes of leaving installed capacity in the entities.

- 2.7 Lastly, another innovative aspect will be the work in the job placement area, which will include the development of physical one-stop windows and a digital platform that facilitate young people's access to information on educational supply, grants, vacancies, job fairs, social programs, and other services. This platform and one-stop windows are intended to engage public, private, and civil society service providers in ongoing dialogue to promote better coordination among them, facilitate greater specialization, and increase the use of their services by vulnerable populations. For example, the information available through the federal employment portal and labor observatory could be better organized at the state level to make it more attractive and easier for young people to use, and better connected to private employment bureaus.

### **Components**

- 2.8 The NEO NL has four components: (i) strengthening of technical upper secondary education; (ii) strengthening of short-term job training and comprehensive support for NEET young people; (iii) coordinated support services for young people; and (iv) knowledge management, strategic communication, and strengthening of the partnership.

**Component I: Strengthening of technical upper secondary education (TUSE)**  
**(MIF: US\$688,500; AUS (ME-T1255): US\$244,820; Counterpart: US\$4,323,780)**

- 2.9 The objective of this component is to strengthen the training and employability services offered at 17 of CONALEP NL's TUSE centers. Specifically, it will strengthen vocational guidance services, the teaching of technical skills required in the labor market using methodologies that include information and communications technologies, life skills, internships, social and work support, and job placement. This strengthening also provides for the hiring of 34 new employment liaisons and 34 vocational counselors to assist young people at those centers. As indicated earlier, CONALEP NL was chosen because of its flexibility

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<sup>11</sup> This tool evaluates eight areas of action: (i) the relevance of the curriculum to the needs of participating young people; (ii) the relevance of the curriculum to the needs of the labor market; (iii) design of comprehensive training curricula for specific skills; (iv) definition of teaching strategies that address the challenges of employability; (v) vocational guidance that helps young people explore their skills and interests; (vi) job placement services that support participants' entry into the workforce; (vii) supplementary services to support continuity and good performance on the job; and (viii) monitoring and evaluation of employability services.

- and capacity to introduce changes and improvements in training and the IDB, IYF, and Caterpillar are currently developing projects with it.
- 2.10 The activities of this component are: (i) to develop, in the TUSE centers, technical career paths that offer greater potential for getting quality jobs; (ii) to train TUSE center instructors in the technical skills of the new technical paths identified; (iii) to train TUSE center instructors in teaching methodology and life skills as a cross-cutting competence; (iv) to provide job placement training at TUSE centers for employer outreach specialists and employment liaisons, who are the link between the young job seeker and the business; (v) to train TUSE center advisors and teachers in life skills and vocational guidance; (vi) to provide TUSE center young people with grants for internships; (vii) to train young people through job-skills and financial education workshops; and (viii) to strengthen the TUSE institutions in accordance with NEO quality standards (see paragraph 2.6 on NEO quality standards and the package of services to strengthen providers offered by IYF).
- 2.11 The curriculum design of the five technical paths or careers to be developed are: industrial electromechanical maintenance, plastics industry (tool-and-die making, mold repair), welding, information technology, and ceramics. These paths are in high demand by businesses in Nuevo León, are aligned with the new phase of the IDB's PROFORHCOM loan that is being prepared, and also involve dual training.<sup>12</sup>
- 2.12 The outputs of this component are: (i) five technical career paths developed; (ii) 440 instructors trained in the technical skills of the new technical paths; (iii) 900 instructors trained in teaching methodology and life skills as a cross-cutting competence; (iv) 37 employer outreach specialists and employment liaisons trained in job placement; (v) 51 vocational counselors, teachers, and tutors trained in life skills and vocational guidance; (vi) 2,300 grants to support work internships offered by PROFORHCOM through the federal CONALEP (1,300) and employers (1,000) for young people at risk of dropping out of school; (vii) 9,000 young people trained in job-specific and financial education skills; (viii) 17 TUSE centers have implemented the NEO quality standards manuals; and (ix) 21,000 young people enrolled in TUSE.

**Component II: Strengthening of short-term job training and comprehensive support for NEET young people (MIF: US\$391,353; AUS (ME-T1255): US\$100,094; Counterpart: US\$3,116,963)**

- 2.13 As in the case of Component I, this component will also strengthen job training centers, the difference being that this component will target the most vulnerable young people (NEET), who may not have finished secondary school; its focus is

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<sup>12</sup> The Mexican dual training model seeks to link theory and practice, bringing the student into the business to develop his or her professional skills, while developing generic and disciplinary skills at school. In late 2013, the Upper Secondary Education Branch of the SEP began to implement the first dual training pilot in some Mexican states, including Nuevo León.

- on short occupational training<sup>13</sup> or job-training courses, with reinforcement in life skills and basic reading, writing, and math skills. In other words, these are young people outside the education systems and formal job market who need a second chance to reengage. This strengthening also provides for the hiring of four new life skills instructors, six employment liaisons, three employer outreach specialists, and six vocational counselors to support NEET young people at those centers.
- 2.14 The goal is to improve youth outreach services, vocational guidance, the teaching of technical skills aligned with labor market demand, and including life skills, social and work support, and job placement services, offered at 12 occupational training centers, as follows: four ICECCT centers, four SDS centers, and four CONALEP NL centers (in addition to offering technical upper secondary programs, these centers offer short job-training courses through extra shifts). They are located in 12 disadvantaged areas, or polygons, where installed capacity exists.<sup>14</sup> The short job training courses in highest demand are: floor mechanics, forklift operator, industrial electricity, sales and telemarketing, molder apprentice in the plastics industry, hospitality, and cooking.
- 2.15 The principal activities of this component are: (i) to train vocational training instructors in life skills; (ii) to train job-training/vocational counselors in vocational guidance; (iii) to provide training to young people in job skills and financial education workshops; (iv) to train youth organizers in organization and leadership skills to conduct activities for outreach to NEET young people; (v) to train employer outreach specialists and liaisons in job placement; (vi) to train young people in basic skills (mathematics, reading, and writing) and life skills; and (vii) to strengthen vocational training institutions in accordance with NEO quality standards (see paragraph 2.6 on NEO quality standards and the package of services to strengthen providers offered by IYF).
- 2.16 The outputs of this component are: (i) four life skills teachers trained; (ii) six vocational counselors trained; (iii) 2,500 young people trained in financial education and job skills courses; (iv) nine youth organizers trained; (v) nine employer outreach specialists and liaisons trained; (vi) 5,000 young people trained in basic skills (mathematics, reading, and writing) and life skills; (vii) 5,000 young people enrolled in job-training courses; and (viii) eight institutions strengthened in accordance with NEO quality standards.

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<sup>13</sup> Predominantly practical training and short in duration, the goal of which is training for unemployed or working people to adapt to a specific work activity, independent of the standard training of the education system.

<sup>14</sup> These polygons are: Santa Catarina, Apodaca, San Bernabé, San Nicolás, Guadalupe, Escobedo, Independencia, Santa Fe, La Alianza, Monte Cristal, San Gilberto, and La Campana.

**Component III: Coordinated support services for young people (MIF: US\$54,180; AUS (ME-T1255): US\$18,897; Counterpart: US\$322,083).**

- 2.17 This component aims to narrow the information gap of vulnerable young people regarding employability services through one-stop youth services windows and a user-friendly platform that offers comprehensive and coordinated information.
- 2.18 The one-stop youth services windows and the job portal physically and electronically (platform) combine, in a single space, information for young people on employability services, such as: educational services, job training, job placement, grants, vocational guidance services, information on the job market, job offers and social/work support services. The windows and portal will fulfill one of the NEO NL Partnership's main objectives, which is to coordinate employers' demand with education supply and with government and civil society programs. A differentiated approach will be used with employers, to raise their awareness, become familiar with their human resource hiring practices, and involve them as mentors and volunteers in the work with young people. Under the component, work will also be done with the federal employment portal of the Labor Observatory to make information and registration more youth-friendly and more closely adapted to the needs and demands of the state of Nuevo León.
- 2.19 This component will involve the following activities: (i) conduct a diagnostic assessment and compile an inventory of employment-related information and job placement services for young people; (ii) design and implement the platform that includes events with businesses and adaptation of the employment portal of the Labor Observatory; and (iii) assist young people with employability-related issues through youth services windows and job fairs.
- 2.20 The outputs of this component are: (i) a diagnostic assessment/inventory of employment-related information and job placement services for young people; (ii) a coordinated job information platform created for young people; and (ii) 6,000 young people served through youth services windows and job fairs.

**Component IV: Knowledge management, strategic communication, and strengthening of the Partnership (MIF: US\$436,750; Counterpart: US\$0)**

- 2.21 The purpose of this component is to reach target audiences (families, businesses, young people, and education community) that have a strong interest in the initiative, its outcomes, and the possible actions that can be taken to apply it, give it continuity, and scale it up in other state and federal job and technical training centers and subsystems. The instruments and methodologies created by NEO NL may be scaled up through IDB operations.
- 2.22 **Knowledge gap:** The objective of NEO NL is to systematize some tools and methodologies adapted to the institutions and context of Mexico, to promote their replication and scale-up. In addition, NEO NL knowledge products will contribute to NEO's objectives, by enabling comparative analyses of experiences in the countries and having a regional reading on the outcomes and findings. As far as

knowledge is concerned, NEO NL seeks to learn the following, among other things: (i) how to create cooperation models between businesses and educational institutions that improve youth employability and terminal efficiency while also benefiting and meeting the needs of employers; (ii) for these models to be viable and sustainable, is participation in a partnership among the public, private, and civil society sectors required? (iii) how to create models that strengthen employability service providers and can be replicated and scaled up? Answering these questions will provide information for NEO NL's target audiences (businesses, government, education community, and civil society).

- 2.23 The activities of this component are: (i) to hold strengthening workshops and meetings of the NEO NL Partnership on dispute settlement, alignment of objectives, management, and administrative coordination; (ii) to develop a media campaign and a branding strategy to improve the image of technical education among young people, their families, and employers; (iii) to prepare case studies on the experiences of the company Ternium and the Instituto del Plástico, and a case study of a young person impacted in a positive way by NEO NL, aimed at employers and educational institutions; (iv) to prepare methodological manuals on good practices for: terminal efficiency, training on teaching methodologies, systematization of the experience of CONALEP NL's San Nicolás model, and design of a plan for the sustainability and replication of the Nuevo León experience, targeting employers and educational institutions; and (v) to document the partnership model by means of a thematic analysis.
- 2.24 The outputs of this component are: (i) five workshops and meetings of the partnership for strengthening activities; (ii) one media campaign and branding strategy; (iii) three case studies: on the experience of the company Ternium and the Instituto del Plástico, as well as a case study of a young person impacted by NEO NL; (iv) four methodological manuals on good practices for: terminal efficiency in the technical and occupational systems, training of instructors on teaching methods, implementation of CONALEP NL's San Nicolás model, and design of the sustainability and replication plan for the NEO NL experience; and (v) a thematic analysis of the partnership model.

### **C. Project governance and execution mechanism**

- 2.25 The NEO NL Partnership is comprised of public, private, and civil society institutions that are involved in and have an influence on programs and strategies to increase and improve the integration of young people into Nuevo León society, especially through youth, education, and employment policies.<sup>15</sup> The members of

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<sup>15</sup> Its members are: the Nuevo León Department of Labor through the State Employment Service and the Institute of Work-Skills Training, Evaluation, and Certification (ICECCT), the Department of Education through the Upper Secondary Education Branch and the subsystem of the National Council of Vocational Technical Education (CONALEP), the Nuevo León Department of Social Development, CEMEX, FEMSA, ManpowerGroup, Educación Financiera Banamex, Talento Visión Educativa, Servicios a la Juventud (SERAJ), Alianza Educativa Ciudadana, Fundemex, and the Instituto Tecnológico y de Estudios Superiores de Monterrey (ITESM).

- the NEO regional team (comprised of MIF, IDB, and IYF staff and consultants) may participate as observers in meetings of the NEO NL Partnership.
- 2.26 The NEO NL Partnership is established by means of a “governance agreement.” This agreement is signed by the members of the NEO NL Partnership and the executing agency and describes the intent of its members, the ground rules, the commitments, roles, and responsibilities, the relationship between the Partnership and the executing agency, the form of organization to implement and evaluate the project, and the operational budget of the NEO NL initiative. The governance agreement is aligned with the regional NEO and with the agreement to be signed by the project’s executing agency and the MIF. Approval of this governance agreement is a condition precedent to the first disbursement.
- 2.27 The NEO Partnership in Nuevo León decided that COMUNIDAR would take up the leadership in the execution of the NEO NL initiative as executing agency. COMUNIDAR will be responsible for the execution and achievement of NEO NL objectives, and will sign the legal agreement with the MIF. COMUNIDAR will also be accountable to the Partnership regarding the performance of the initiative.
- 2.28 Under its governance agreement, the structure of the NEO NL Partnership is comprised of a board of directors, working committees, consultative council, and collaborators. The board of directors is comprised of all the members of the Partnership and is in charge of reviewing, approving, and ensuring compliance with the agreement of understanding and the operating plans of NEO NL. It also mobilizes resources for the sustainability of the NEO NL initiative and supervises the executing agency in charge of project implementation. There are specific working committees formed to improve the performance of the board of directors. These committees handle specific consultations and decisions in their area of competence such as fundraising, marketing, sustainability, conflict resolution, and ethics. There are also “collaborating members” in the structure that provide technical advice or strategic support to achieve NEO NL’s objectives. They may be invited to meetings of the Partnership and of its board of directors, if necessary, and will have a voice but no vote in the Partnership’s decision-making. There is also a consultative council, the main function of which is to advise the board of directors and the executing agency on priority topics of interest—trends and needs involving young people, education, and youth employability. It will be comprised of leaders who represent well-regarded and credible professional entities known for their expertise in areas related to NEO issues and topics.
- 2.29 Lastly, the role of the executing agency involves heading the project execution process and administering the funds under the direct supervision of the board of directors and the MIF. It will coordinate the proceedings of the NEO NL Partnership and will mobilize its members. To ensure that the project is executed effectively and efficiently, the executing agency will be strengthened by a technical team consisting of a general coordinator of NEO NL, whose hiring will be a condition precedent to the first disbursement, and four specialists in the areas of monitoring and evaluation, communications and fundraising, job training and

placement, and administration and finance. This team will be part of the executing agency's operational structure and will report to the board of directors of the NEO NL Partnership.

**D. Sustainability**

- 2.30 **The Partnership:** One of the key guarantees for the sustainability of the NEO NL initiative is the Partnership itself. Drawing up the proposal in a participatory, open, and transparent manner, with each member institution of the NEO NL Partnership contributing to the contents and objectives, led to consensus and the support of all its members. This will contribute to strengthening, empowering, and actively integrating the Partnership in all phases of the initiative.
- 2.31 **The installed capacity** in the institutions offers youth training, guidance, and job placement services, and systematization and dissemination of the key tools, methodologies, and information systems. In most cases, improvements will be made in teaching methodologies, and vocational guidance and job placement services, which will not require additional staffing costs but will result in better training of teachers, counselors, and intermediaries. If new personnel are hired, it is expected that they can be taken on by the employability service centers at the end of the program.
- 2.32 **Transfer and scaling up:** Once the model implemented in CONALEP NL's 17 centers and eight SDS and ICECCT job-training centers has been validated, a plan will be drawn up to transfer it to other service providers in the Department of Education (SEP) and the Department of Labor in Nuevo León, such as the Industrial Work Training Centers (CECATIS), and at the federal level through the federal CONALEP, federal CECATIS, and federal ICECCTs. The LMK plans to replicate Component I's benefits and instruments throughout the TUSE system by means of the new phase of PROFORHCOM being prepared and PACE III.
- 2.33 With regard to **financial sustainability**, the Partnership intends to develop a new strategic plan when this operation comes to an end, which will include expanding the program to more institutions and states in Mexico. To this end, the Partnership's work will be explained and publicized and funds will be raised from other key institutions that wish to participate in an initiative of such importance and magnitude for the country.
- 2.34 During the execution period, **strengthening workshops** for the Partnership will be held with all participating entities to identify and strengthen the actions needed to ensure continuity of the Partnership's actions once this operation has been completed.

**E. Lessons from the MIF or other institutions used in project design**

- 2.35 The MIF, the LMK, and IYF have implemented training, employment, and entrepreneurship programs in Mexico. Many of these experiences have



evaluations and/or studies that contain important lessons.<sup>16</sup> Below is a summary of the main lessons that informed the design of this operation:

- **To achieve effective school-to-work transition, education must be linked to work.** This is especially important in technical education, which prepares students for jobs so they can enter the labor market after graduation. In order to ensure an effective transition, courses must be relevant to demand and include ongoing feedback.
- **Young people need information and guidance regarding the professions and their benefits.** When the time has come to choose a course of studies, young people and their families lack information on the different courses available, work profiles, and likely wages. Having access to information and guidance on these basic issues will help improve decision-making and minimize over-supply in certain professions.
- **Employers value life skills.** Life skills, including communication, teamwork, motivation, and responsibility, are key for strengthening the employability of young people and are highly valued by employers.
- **Job placement and guidance services are the key link between training, the end of an internship, and entry into the labor market.** If employers are to be persuaded to offer internships to young people, the value proposition must be clear to them and formal agreements reached regarding expectations and responsibilities.
- Job placement services have some impact on reducing the time involved in seeking employment, and for those who find a job, these services help obtain a formal job with a higher monthly income and hourly pay.
- **Success based on a shared vision.** When civil society organizations work with public agencies to address youth unemployment and underemployment, trust and a shared vision of the core principles of the solutions and models being proposed are essential for a successful partnership.

#### **F. Additionality of the MIF**

2.36 **Nonfinancial additionality.** The presence of the MIF, LMK, IYF, and other regional NEO partners serves as a catalyst to attract and mobilize key public, private, and civil society actors who work to promote more and better vocational programs and jobs for poor and vulnerable young people. In this regard, the MIF plays a key role as a “broker,” facilitating the negotiation process to design the operation with this broad network of partners, defining its components and outcome indicators, and transmitting the technical knowledge accumulated not

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<sup>16</sup> The following studies were consulted: Labor Sector Framework Document, *Evaluación de Juventud y Empleo* by Laura Ripani and others, MIF Youth Agenda for Action, *Los servicios de intermediación laboral: lecciones aprendidas de la evaluación del servicio nacional de empleo de México* by Angélica López et al., etc.

only by the MIF but also by IYF and the IDB. Because it is a regional partnership, it will promote the adoption of best practices, effective models, and tools by actors in the youth employment system, to create high-impact services that meet the needs of both employers and young people.

- 2.37 **Financial additionality.** The MIF's financial contribution is essential for encouraging the establishment of the Partnership and for leveraging public and private resources. For each dollar provided by the MIF, up to three dollars in counterpart funding have been leveraged, and its presence generates the confidence needed to attract the investment of the other members.

#### **G. Project outcomes**

- 2.38 The NEO NL initiative seeks to increase the scope and quality of technical training programs and employability systems. To this end, it will strengthen access to and the scope of training, vocational guidance, and job placement centers in the Monterrey metropolitan area through a network of 25 TUSE and job-training centers. During the project implementation period, 32,000 young people will gain access to training, vocational guidance, and information on educational, social, and job supply and demand. In addition, the project is expected to create a multisector partnership among the public and private sectors, and enlist 100 employers to offer internships and jobs to the initiative's young participants.

#### **H. Project impact**

- 2.39 The expected project impact is the increased employability of 32,000 young people. Of those who graduate from TUSE and the job-training courses, 50% are expected to enter the labor market and at least 20% of graduates are expected to pursue their studies and/or return to the formal educational system. Of the graduates who obtain jobs, 50% are expected to obtain formal jobs. In addition, young people already employed at the outset of the project are expected to see a 20% increase in their incomes.

#### **I. Systemic impact**

- 2.40 NEO NL will contribute to systemic change by promoting: (i) the establishment of a public-private partnership that fosters the alignment of previously disconnected efforts and ensures scalability and sustainability; (ii) the strengthening of public TUSE and job-training centers; (iii) expansion of successful methodologies for technical and vocational training, vocational guidance, and job placement; (iv) access of young people to better training that is more relevant to employers' needs, as well as to relevant and timely information for their transition to a productive life as adults; and (v) the potential of scaling up through current new IDB loans and others it is preparing in the job market area.
- 2.41 In addition, once the NEO quality standards are implemented by employability service providers and exported to other subsystems of the TUSE and job-training institutions of the Department of Labor, there is potential to reach a larger number

of young people per year. Federal CONALEP alone has some 310 training centers with an average enrollment capacity of 900 students each, which means it could potentially impact some 279,000 young people per year.

### III. MONITORING AND EVALUATION STRATEGY

- 3.1 **Baseline.** The project includes development of a monitoring system that will make it possible to track the young people along their educational and employment paths. To this end, a numbered enrollment or registration form will be completed for each participant for use as the project baseline.
- 3.2 **Monitoring.** In addition to following the young people's performance, the information system will also be used to compile project management indicators to facilitate decision-making by the NEO NL Partnership. A person will be hired for the executing unit to monitor the system and exercise quality control of the information. The project will also be linked to the regional NEO's monitoring and evaluation system.
- 3.3 **Evaluation.** This project will have a midterm evaluation and a final evaluation to identify project beneficiaries and its influence on integrating those young people into the workforce, and to identify the lessons learned.
- 3.4 An effort will be made to measure the initiative's impact on the final beneficiaries' integration into the workforce and/or return to studies, differentiating between the most vulnerable young people who attend job-training centers and low-income young people who study at the TUSE centers. Another area to be evaluated is the linkage achieved between the supply of technical and vocational education and labor market demand, and the impact on the quality of courses offered by the training centers and on the recruitment practices of businesses through the job placement services. Another question to be answered is whether the NEO NL Partnership managed to position, adopt, and continue replicating best practices and high-impact programs for vulnerable young people, and to strengthen cohesion and coordination among the employability programs offered in Nuevo León.

### IV. COST AND FINANCING

- 4.1 The total cost of the project is US\$11,037,166, of which US\$2,252,130 (20%) will be provided by the MIF and US\$500,000 (5%) by the Australian Fund, both on a nonreimbursable basis, US\$7,910,035 (72%) from the counterpart, and US\$375,000 in USAID cofinancing (3%) through IYF. COMUNIDAR will be responsible for the counterpart and will ensure that the members of the NEO NL Partnership provide the respective resources.
- 4.2 The MIF contribution is earmarked primarily for Component IV—knowledge management, communication, and strengthening of the Partnership. The MIF contribution is also essential in the executing unit, with resources to hire the

general coordinator and support staff for project management, as well as for equipment, travel, and other expenses. The executing unit line item will also have significant contributions from AUS, CEMEX, and FEMSA (42% of the line item). The MIF will be financing activities in Components I and II involving the institutional strengthening of the centers that offer life skills, vocational guidance, job placement services, and support for the development of service improvement plans, which will be provided directly by IYF (see paragraph 2.6).<sup>17</sup> The MIF contribution comes to 20% of the total. These resources have been essential to leverage the contributions of other partners, generate confidence for forming the NEO NL Partnership, and attain a ratio of approximately 1 to 3 between the MIF and the counterpart.

- 4.3 As to the 72% counterpart, the private entities in the NEO NL Partnership will be providing about US\$3.2 million, with the largest donors identified so far: CEMEX, with a commitment of US\$726,000, FEMSA, with US\$211,000, and FUNDEMEX, with \$65,000, all in cash. Similarly, US\$364,000 will be collected from businesses as employers in the form of 1,000 on-the-job training opportunities for young people. ManpowerGroup and Educación Financiera Banamex will provide resources in kind for training of young people in employability and financial education. The in-kind contributions of Alianza Educativa Ciudadana, ITESM, Talento Visión Educativa S.C., and SERAJ are in the form of centers for the one-stop youth services windows under Component III and providing vocational counselors and youth organizers from their current staff. The public entities in the NEO NL Partnership will be contributing about US\$4.6 million in total, with the biggest contributors identified so far: CONALEP NL, with US\$1.8 million, SDS, with US\$1.2 million, and the State Employment Service Division and the ICECCT, with US\$658,000 to strengthen 17 TUSE centers, eight job training centers, and coordinated employment services for young people. PROFORHCOM, through the federal CONALEP, is offering almost US\$1 million in the form of 1,000 on-the-job training opportunities for TUSE young people and 300 for dual training. An additional US\$1.5 million in contributions will need to be collected during execution of the operation.
- 4.4 USAID will provide US\$375,000 (3%) through the program “Labor force development for young people: Strengthening education systems for employment,” which is administered by IYF.
- 4.5 Annex IV includes a table with the contributions of each entity by component. The execution period will be 42 months and the distribution period will be 48 months.

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<sup>17</sup> The resources come to US\$190,000 and for their execution the Bank will hire IYF directly in accordance with paragraph 3.19 of the Regional NEO (document MIF/AT-1175).

Project component	MIF	AUS (ME-T1255)	USAID (cofinancing)	Counterpart	Total
<b>Component I: Strengthening of Technical Upper Secondary Education</b>	\$ 688,500	\$ 244,800	\$ 334,820	\$ 4,323,780	\$ 5,591,900
<b>Component II: Strengthening of short-term job training and comprehensive support for NEET young people</b>	\$ 391,353	\$ 100,094	\$ 40,180	\$ 3,116,963	\$ 3,648,590
<b>Component III: Coordinated support services for young people</b>	\$ 54,180	\$ 18,897	\$ -	\$ 322,083	\$ 395,160
<b>Component IV: Knowledge management, strategic communication, and strengthening of the partnership</b>	\$ 436,750	\$ -	\$ -	\$ -	\$ 436,750
<b>Execution and supervision components</b>					
<b>Executing agency/administrative</b>	\$ 385,000	\$ 136,209		\$ 147,209	\$ 668,418
<b>Audit</b>	\$ 30,000	\$ -	\$ -	\$ -	\$ 30,000
<b>Monitoring system and baseline</b>	\$ 40,000	\$ -	\$ -	\$ -	\$ 40,000
<b>Midterm evaluation</b>	\$ 20,000	\$ -	\$ -	\$ -	\$ 20,000
<b>Final evaluation</b>	\$ 20,000	\$ -	\$ -	\$ -	\$ 20,000
<b>Ex post reviews</b>	\$ 20,000	\$ -	\$ -	\$ -	\$ 20,000
<b>Contingencies</b>	\$ 21,058	\$ -	\$ -	\$ -	\$ 21,058
<b>Subtotal</b>	\$ 2,106,841	\$ 500,000	\$ 375,000	\$ 7,910,035	\$ 10,891,876
<b>% of financing</b>	20%	5%	3%	72%	100%
<b>Institutional strengthening (advisory services/ financial management and/or procurement training, if applicable)</b>	\$ 20,000	\$ -	\$ -	\$ -	\$ 20,000
<b>Impact evaluation account (5%)</b>	\$ 105,289	\$ -	\$ -	\$ -	\$ 105,289
<b>Agenda account</b>	\$ 20,000	\$ -	\$ -	\$ -	\$ 20,000
<b>Grand Total</b>	\$ 2,252,130	\$ 500,000	\$ 375,000	\$ 7,910,035	\$ 11,037,166

## V. EXECUTING AGENCY

### A. Executing agency

5.1 COMUNIDAR will be executing agency for this project and will sign the agreement with the Bank. It is a community or civic foundation in metropolitan Monterrey that belongs to Comunalia, the Mexican network of this type of organization (currently comprising 15 of the 21 community foundations in Mexico). COMUNIDAR was created in 2012 to promote strategic social investment and to mobilize, attract, and consolidate resources to strengthen the social sector in Nuevo León and act as the first community foundation in the region.

- 5.2 COMUNIDAR offers a platform with which it seeks to provide opportunities for people and organizations interested in the development of Monterrey and its metropolitan area to contribute resources and to participate in improving the quality of life of present and future generations, in accordance with three strategy lines: (i) promote a culture of strategic social investment; (ii) strengthen citizenship, and (iii) increase the social impact of investment.
- 5.3 It has been in operation for one year. Although it was established in March 2012, it received its tax deductibility permit from the Treasury Department in October 2012. It has received seed funding to cover operating expenses in 2012, 2013, and 2014 from FEMSA, FRISA, Berel, Treviño Elizondo, Topaz, and other foundations.
- 5.4 COMUNIDAR has been administering more than 17 funds, of which the following are noteworthy: (i) Caintra NL: the purpose of this fund is to provide grants to cover technical training, transportation expenses, and personal skills development; and (ii) “Un solo San Pedro,” an initiative promoted by the municipio of San Pedro to promote urban renewal, housing, and skills development in the 14 most vulnerable neighborhoods.
- 5.5 One of COMUNIDAR’s main strengths is its Council. Its members include the director of the FRISA Foundation, the founder and president of the FRISA Group, the executive director of the Xignux Foundation, the founder and general director of Vía Educación, the Vice-chancellor for Development of Universidad de Monterrey, and 11 other members.<sup>18</sup>
- 5.6 COMUNIDAR is eligible to receive strengthening support, which has been included in the budget, so this project also provides an opportunity to strengthen the executing agency and to establish installed capacity in Nuevo León.
- 5.7 COMUNIDAR will create an executing unit comprising a general coordinator for NEO NL, a training and job placement specialist, a monitoring and evaluation specialist, a communications and fund-raising specialist, and an administrative/accounting assistant, to ensure effective and efficient execution of the project’s activities and management of its resources. COMUNIDAR will also submit progress reports on project implementation. Details on the structure of the executing unit and the requirements of the progress reports are set out in Annex 7 in the operation’s technical files.

## VI. RISKS

- 6.1 **Risks associated with project sustainability.** Since a public-private partnership is at the core of this initiative, there is a risk that, over time, members will lose interest and drop out. As a mitigation measure, the NEO NL Partnership has formulated a governance agreement that sets out members’ responsibilities and

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<sup>18</sup> [http://www.comunidar.org/quienes\\_consejo.html](http://www.comunidar.org/quienes_consejo.html)

ensures their participation. Most members of the NEO NL Partnership have already provided letters of commitment that guarantee their participation and permanency in the initiative. In addition, Component IV includes activities designed to strengthen the Partnership through workshops that focus on working in partnerships, conflict resolution, and standardization of processes to mitigate the risk of disbandment.

- 6.2 **Sector risks.** Another risk is that it may be impossible to enlist a solid number of businesses to provide internships or jobs. As a mitigation measure, the NEO NL Partnership, COMUNIDAR, and the MIF intend to use their contact networks to connect with such businesses. Specifically, Components I and II include activities to reach out to the businesses for this purpose. The media campaign is another way to engage businesses.
- 6.3 **Risks of the executing agency.** Because COMUNIDAR was recently created, there is a leadership risk. As a mitigation measure, steps will be taken to immediately hire a high-profile coordinator for NEO NL who inspires confidence in the NEO NL Partnership's members and credibility among public and private sector actors. Subsequently, four technical specialists will be hired to support implementation of NEO NL in the following areas: components, monitoring and evaluation, communications, and administration-accounting. In addition, there will be close monitoring during the first year of operation, including a startup workshop with all the members of the NEO NL Partnership, in order to strengthen the objectives, expected outcomes, execution mechanisms, and commitments of NEO NL and train executing unit staff in MIF project management.

## VII. ENVIRONMENTAL AND SOCIAL IMPACT

- 7.1 The project does not involve adverse environmental or social effects. On the contrary, it will facilitate the social integration of low-income young men and women through technical and life-skills training to equip them to enter the formal labor market or further their studies.
- 7.2 The Environmental and Social Review (ESR) classified this project as a category C operation.

## VIII. ATTAINMENT OF MILESTONES AND SPECIAL FIDUCIARY ARRANGEMENTS

- 8.1 **Disbursements by results and fiduciary arrangements.** The executing agency will agree to the standard MIF arrangements regarding disbursements by results, procurement, and financial management specified in Annex 7.

## **IX. ACCESS TO INFORMATION AND INTELLECTUAL PROPERTY**

- 9.1 **Intellectual property.** The intellectual property of any work produced or outcomes obtained within the framework of NEO NL will belong to the IDB. At its discretion, the Bank may grant a nonexclusive license for noncommercial purposes, free of charge, for the dissemination, reproduction, and publication in any media of the works that are exclusive property of the Bank. The executing agency is to ensure that all contracts signed with consultants for this operation include express assignment to the Bank of all copyright, patent, and other intellectual property rights.