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MULTILATERAL INVESTMENT FUND

EL SALVADOR

NEW EMPLOYMENT OPPORTUNITIES FOR YOUTH IN EL SALVADOR - NEO EL SALVADOR

(ES-M1054)

DONORS MEMORANDUM

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PROJECT SUMMARY

NEW EMPLOYMENT OPPORTUNITIES FOR YOUTH IN EL SALVADOR (ES-M1054)

New Employment Opportunities for Youth in El Salvador, or NEO El Salvador, is part of the regional program “New Employment Opportunities for Youth,” or Regional NEO (ATN/ME-13213-RG). NEO seeks to improve the quality of human capital and the employability of one million vulnerable young people in the region within 10 years. The program began with an initial five-year stage from 2012 to 2017 for 500,000 vulnerable young people from at least 10 countries in Latin America and the Caribbean. Launched in 2012, it is headed by the MIF, the IDB’S Labor Markets Unit in the Social Sector, and the International Youth Foundation, along with five founding partner companies: Arcos Dorados, Caterpillar, CEMEX, Microsoft, and Walmart.

Since 2008, El Salvador has experienced low growth (averaging 1.06% per annum), although the figures have begun to improve and growth is projected to reach 2.5% in 2015. This has made it difficult for many groups to find quality employment, especially for poor and vulnerable young people, who encounter obstacles to joining the labor market as a result of the low quality and lack of relevance of employability services.

NEO El Salvador seeks to establish methods and processes for coordination between the productive sector, job-training institutions, and the public sector in order to facilitate young people’s access to better services and to provide them with the skills required by the labor market. It is also expected to increase their chances of finding quality employment, and to include them as an important driver of the country’s development. To this end, a multiple stakeholder partnership has been formed in which companies, governments, and civil society contribute resources, knowledge, and capacities for implementing effective and sustainable solutions for youth employment. The members of the NEO El Salvador partnership are: The Ministry of Labor and Social Security, the Salvadoran Vocational Training Institute, the Ministry of Education, the National Youth Institute, the Chamber of Commerce and Industry of El Salvador, Walmart, Microsoft, Asociación AGAPE de El Salvador, Fundación Salvador del Mundo, Asociación Institución Salesiana, Plan International, Federación Internacional de Fe y Alegría, Centro de Estudios y Solidaridad con América Latina, Catholic Relief Services, and Fundación para la Educación Integral Salvadoreña [Foundation for Comprehensive Education in El Salvador].

NEO El Salvador has broadened the opportunities for young people between 17 and 29 years of age to find work, resulting in an increase in the quality and relevance of the training and services programs for the employability of young people in 16 municipios in the country. As a preliminary measure, sectors experiencing growth, such as the construction manufacturing, electronics, aeronautical, plastics, chemical, and tourism sectors were preidentified to begin to implement NEO. These sectors may be adjusted during execution to take account of local demands by the municipios and actions that the partnership members may be implementing.

The project will benefit 18,000 poor and vulnerable young people, of whom at least 50% will be female. In addition, 23 career education centers and youth-services centers will be strengthened and at least 100 companies will have better-prepared young people. NEO El Salvador has three components: (i) coordination among stakeholders focused

on youth employability; (ii) strengthening key stakeholders related to youth employability in El Salvador; and (iii) knowledge management and communication strategy.

NEO El Salvador is linked to the following IDB/MIF operations: the Violence Prevention Strategy Comprehensive Support Program (ES-L1025) of the IDB's Institutional Capacity of State Division (ICS), and the MIF's Pathways for Youth (ES-M1049) technical-cooperation operation. NEO El Salvador seeks to bring about a change in the youth employability systems so as to serve as a demonstrative example of scale for youth employability with a view to validating a model that is effective, replicable, and potentially transferable to 737 occupational and technical training institutions and to 40 local employment exchanges of the Labor Ministry. The MIF's financial contribution is fundamental for encouraging partnership work and receiving public and private resources. For each dollar provided by the MIF, at least three matching dollars will be leveraged.

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ABBREVIATIONS

AIS	Asociación Institución Salesiana
CAMARASAL	Chamber of Commerce and Industry of El Salvador
CESAL	Centro de Estudios y Solidaridad con América Latina
DNA	Diagnostic needs assessment
FEDISAL	Fundación para la Educación Integral Salvadoreña [Foundation for Comprehensive Education in El Salvador]
FLACSO	Latin American Faculty of Social Sciences
FUSALMO	Fundación Salvador del Mundo
INJUVE	National Youth Institute
INSAFORP	Salvadoran Vocational Training Institute
MTPS	Ministry of Labor and Social Security
NEO	New Employment Opportunities for Youth
PAES	Prueba de Aprendizaje y Aptitudes para Egresados de Educación Media [Learning and Aptitude Test for Secondary Education Graduates]
USAID	United States Agency for International Development

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EXECUTIVE SUMMARY

Country and geographic location:	Republic of El Salvador, in the municipios of San Salvador, Soyapango, Sonsonate, Santa Ana, Sonzacate, Ahuachapán, Caluco, Sacacoyo, Ilobasco, Chalatenango, Cojutepeque, Colón, Ciudad Arce, La Libertad, Santa Tecla, and San Juan Opico, which are in the area of influence of four of the eight territories of the Plan of the Alliance for Prosperity in the Northern Triangle.		
Executing agency:	Fundación para la Educación Integral Salvadoreña [Foundation for Comprehensive Education in El Salvador] (FEDISAL)		
Area of access:	Access to Markets and Skills		
Agenda:	Youth: jobs, skills, and entrepreneurship		
Coordination with other donors/ Bank operations:	FOMILENIO II Program of the Millennium Challenge Corporation; the Education for Children and Youth Program, of the United States Agency for International Development (USAID), implemented by FEDISAL; direct participation of Salvadoran youth in managing public policies related to violence prevention with Centro de Estudios y Solidaridad con América Latina (CESAL) of the Spanish Agency for International Development Cooperation. With the IDB: the Violence Prevention Strategy Comprehensive Support Program (ES-L1025), of the IDB's Institutional Capacity of the State Division (ICS); the Plan of the Alliance for Prosperity in the Northern Triangle; and the MIF's Pathways for Youth technical-cooperation operation (ES-M1049).		
Direct beneficiaries:	A total of 18,000 poor and vulnerable youth between the ages of 17 and 29—at least 50% (9,000) female—who will have access to better employability services. A total of 23 youth employability service providers will be strengthened, and 160 of their professionals will be trained to provide services aligned with labor-market needs, to include teaching methods tailored to young people, and to develop life skills and vocational guidance and job placement services. Lastly, at least 100 companies will benefit from young people who are better prepared for work.		
Indirect beneficiaries:	Given that Salvadoran families in urban areas are composed of an average of 3.6 members, more than 48,000 persons will be reached indirectly.		
Financing:	Technical cooperation funding:	US\$ 1,500,000	
	total MIF contribution:	US\$ 1,500,000	25%
	Counterpart:	US\$ 160,335	3%
	Cofinancing:	US\$ 4,233,547	72%
	total budget for the project:	US\$ 5,893,882	100%

Execution and disbursement periods:	36 months for execution and 42 months for disbursement.
Special contractual clauses:	The following will be conditions precedent to the first disbursement: (i) the project Operating Regulations; (ii) the governance agreement of the NEO El Salvador partnership; (iii) letters of commitment signed by the members of the partnership; (iv) submittal of the annual work plan; and (v) selection of the NEO El Salvador coordinator. All of these conditions will be fulfilled to the satisfaction of the IDB/MIF.
Environmental and social impact review:	This operation was pre-evaluated and classified in accordance with the requirements of the IDB's Environment and Safeguards Compliance Policy (Operational Policy OP-703). Since the impact and risks are limited, the project has been proposed as a category "C" operation.
Unit with disbursement responsibility:	The project will be supervised by the Bank's Country Office in El Salvador with technical support from the NEO regional team at headquarters.

I. BACKGROUND AND RATIONALE

- 1.1 New Employment Opportunities for Youth in El Salvador is a country-level project that is part of the regional program “New Employment Opportunities for Youth (NEO)” approved by the MIF Donors Committee on 12 April 2012 (document MIF/AT-1175). The NEO regional program is led by the IDB, through the MIF and the Social Sector (SCL/LMK) and the International Youth Foundation (IYF), together with five founding partner companies: Arcos Dorados, Caterpillar, Cemex, Microsoft, and Walmart. NEO seeks to improve the quality of the human capital and the employability of one million poor and vulnerable young people within 10 years. The program began with an initial five-year stage from 2012 to 2017 for 500,000 vulnerable young people from at least 10 countries of Latin America and the Caribbean. In this stage, it expected to strengthen 200 youth employability service providers and to mobilize at least 1,000 companies to offer employment opportunities and internships. Three years after its launch, the NEO initiative is well on the way to achieving its objective of reaching half a million young people by 2017. As a whole, existing NEO projects are expected to offer employability services to some 382,000 young people.
- A. Diagnostic assessment of the problem to be addressed by the project**
- 1.2 **Economic growth.** From 2008 to 2014, El Salvador experienced low growth (averaging 1.06% per annum) compared with other countries of the region. Annual GDP growth¹ stood at 1.7% in 2013 and 2% in 2014, and is expected to gradually improve to 2.5% in 2015.² This period of low growth has made it difficult for many groups to find quality employment, especially poor and vulnerable young people. For young women it is even harder to find work.
- 1.3 **Situation of young people in El Salvador.** In 2013, El Salvador had approximately 1.8 million people between 15 and 29 years of age, equally divided by gender. These youth represented 28.4% of the total population and 45.8% of the working age population. About 61.1% lived in urban areas and 38.9% in rural areas.³ By age group, unemployment among people between 16 and 29 years of age was 10.4%, compared with 3.5% for those between 30 and 44.
- 1.4 In urban areas, 62.6% the total general population has full-time employment although female participation in the workforce is very low (49.3% for women versus 80.7% for men). Some 500,000 urban youth are employed, of whom 52.8% work in the formal sector and 43.7% in the informal sector. This level of informal-sector employment, together with an underemployment rate of 36.7%, represent factors generating occupational vulnerability for youth.⁴
- 1.5 In addition, there is a group of young people generally known as NiNis (equivalent to “NEETs”, or “Not in Education, Employment, or Training”) who have greater

¹ [World Bank](#).

² Economic Commission for Latin America and the Caribbean. Preliminary Overview of the Economies of Latin America and the Caribbean, 2014.

³ [Multipurpose household survey 2013](#), conducted by the Bureau of Statistics and the Census (DIGESTYC).

⁴ Multipurpose household survey 2010 and [Mujer y mercado laboral 2011 \[Women and the labor market 2011\]](#), ORMUSA.

- difficulty accessing opportunities to study and work and who live in a situation of greater vulnerability given that they are outside the educational system and the employability system—the latter of which is understood as technical⁵ and vocational⁶ training, job placement, and vocational guidance services. Of Salvadoran youth, 24.8% neither work nor study, and the highest percentages are for those between 20 and 24 years of age. Hence, this group of young people without opportunities, which makes up nearly one-third of the total population, lacks access to better academic or vocational conditions allowing them to find productive work and contribute to the country's development.
- 1.6 Lastly, these young people live in a milieu in which social violence and gang recruitment and territorial disputes make it difficult for young people to safely travel to education centers (whether formal or informal), leading a larger number of young people to participate in criminal activities. Although the victims of gang violence come from all age groups, young people are affected the most. The murder rate among people between 18 and 30 years of age is twice the national rate, and most murder victims are male. The lack of security and, particularly, gang violence mean that young people are caught in the crossfire and must choose between being victimizers or being victims. Indeed, the average age for joining a gang is 15, and gang sympathizers are normally young people, generally male, between 15 and 19 years of age, who live in urban areas and neither study nor work.⁷
- 1.7 Given the level of violence impacting El Salvador, in the context of the NEO project, the executing agency, FEDISAL, will coordinate with the partnership's institutions to develop a security protocol for staff in the field engaged in project-related activities. It will consider both the measures applied in the different programs and initiatives that the partner institutions are currently executing, and the experience acquired by each institution over the time they have been engaged in activities in the geographic areas where NEO will be focused.
- 1.8 At the same time, in order to safeguard the lives of the young people who aim to benefit under NEO El Salvador, mechanisms will be established to provide employability services to young people in areas close to their homes, so they do not have to travel to areas where they could be endangered by cross through gang territory. Consideration will also be given to the possibility of providing life and health insurance to the young project beneficiaries.
- 1.9 **Problem to be addressed by this operation.** In essence, NEO El Salvador aims to address two problems: (i) the lack of quality and relevance of the youth employability services, (ii) the obstacles faced by the most vulnerable youth in finding quality jobs in the most-dynamic sectors.

⁵ Technical or vocational training generally consists of diversified secondary or post-secondary studies governed by the educational system.

⁶ Occupational or employment training refers to highly practical courses, with a short duration, that are independent from the technical training governed by the educational system.

⁷ Human Development Report, El Salvador 2013 (UNDP, 2013).

- 1.10 **Causes: (i) Lack of coordination of actors and lack of relevance of education:** In the opinion of 48.6%⁸ of companies, the formal educational system does not give young people skills or capacities allowing them to easily find work, while 40.5% stated that secondary/level vocational-technical programs have not kept up with labor market needs. Occupational and technical training should develop the skills required by employers and remain abreast of technological change and changes in the labor market. The lack of coordination among the productive sector, the public sector, and educational centers impedes effective, timely communication to inform and train young people regarding what is required in the market and for the highest-paying jobs. There is currently no systematized process to help educational institutions bring their training programs into line with employers' needs, regarding both cognitive skills as well as soft skills,⁹ and to allow them to train young people in the skills required for the labor market and increase their opportunities to find satisfactory work.
- 1.11 **(ii) Lack of information on employability services:** More than 70% of young people look for employment through informal channels and networks of contacts in their milieu that do not lead to formal employment.¹⁰ These young job seekers generally do not have complete information on the labor market and do not know where to find such information. The young people who have the lowest educational level and who are the most excluded from the employability systems use more informal methods and find lower-quality jobs. The lack of coordination between educational centers, employment services, and employers has also generated a need to improve centralized information on job offers and social and occupational services to support young people and to disseminate these offers appropriately. In addition, poor and vulnerable young people face considerable challenges in accessing relevant information tailored to meet their needs so as to allow them to make better decisions. Job-search strategies have a significant impact on the type of employment that job seekers able to find. For example, searching for a job through public employment services increases the likelihood of finding formal, better-paying work.¹¹
- 1.12 **(iii) Low quality of basic education and of technical/vocational education:** Although young people at public educational centers scored an average of 5.1 out of 10 on the Prueba de Aprendizaje y Aptitudes para Egresados de Educación Media [Learning and Aptitude Test for Secondary Education Graduates] (PAES)¹² – 2013, 36.6%¹³ of young people between 15 and 29 years of age drop out of secondary school because they need to work, and 73% of those between 18 and 24 have not finished secondary school. This figure is concerning because most

⁸ Study conducted by the Latin American Faculty of Social Sciences (FLACSO), El Salvador Program (2013), with a sampling of 360 enterprises in the industrial, services, and other services sectors. Information was gathered from 210 of these enterprises (58% response rate).

⁹ Life skills, also known as “socioemotional” or “soft skills,” include communication, teamwork, respect, problem solving, self-assessment, and other abilities.

¹⁰ Mazza 2012; estimates based on Encuestas de Hogares.

¹¹ Flores Lima 2010.

¹² For more information, see PAES [here](#).

¹³ Multipurpose Household Survey 2013, conducted by the Bureau of Statistics and the Census (DIGESTYC).

jobs require a secondary-school diploma.¹⁴ Because most young people in El Salvador have access to short-term training in order to enter the labor market, technical/vocational training must overcome considerable challenges in terms of quality to offset young people's shortcomings in basic skills, provide them training on the most recent technological developments, and give them the tools they need to successfully make the transition to the labor market. This lack of quality produces young people who are unprepared for the labor market and hinders their opportunities to find their first job. In addition, because of the low quality of training of human capital, employers raise the entry requirements set forth in general job descriptions for workers and technicians to above what is strictly needed for the positions in question, thus hindering young people's access to their first job.

- 1.13 **Context of the youth employability ecosystem in El Salvador:** The Five-year Development Plan 2014-2019¹⁵ began a process of structuring public policies with a view to reducing knowledge gaps and unemployment among young people, especially among women. This plan supported an economic development plan and the Strategy of Productive Transformation¹⁶ in order to promote the key strategic sectors for the country. In the context of youth employability, the government will soon launch a National Employment and Youth Employability Program, with the support of international agencies and under the coordination of the National Youth Institute (INJUVE). This program places special emphasis on coordination among stakeholders and ensuring the quality of services performed by providers.
- 1.14 The Ministry of Labor and Social Security (MTPS) aims to develop and systematize a model of departmental or sector employment panels to bring the availability of jobs into line with demand and to address the issue of youth employment at the local level in order to increase the number of jobs available in different areas of the country. It also aims to improve the job placement services provided by its employment centers and those provided through its National Employment Network,¹⁷ which is a platform where efforts between private enterprise and interconnected public and private institutions converge.
- 1.15 In addition, Salvadoran Vocational Training Institute (INSAFORP) has specific programs¹⁸ to serve the vulnerable population and is currently working to design a national skills accreditation system and a quality system to improve the services provided by technical/vocational training institutions. The new FOMILENIO II program,¹⁹ working in the coastal areas of the country, is focused on investments in improving human capital, particularly strengthening the technical/vocational training system.

¹⁴ FLACSO, Ministry of Economy, and UNDP (2010), p. 84.

¹⁵ [Five-year Development Plan 2014-2019](#), section E.1.8.

¹⁶ [Strategy of Productive Transformation](#).

¹⁷ [National Employment Network](#).

¹⁸ [INSAFORP annual work plan](#).

¹⁹ FOMILENIO was created for a specific period with the purpose of administrating and supervising the execution of a work program with grant funds from the [Millennium Challenge Corporation](#). FOMILENIO I was approved in 2005 and focused on the northern area of the country. More information on [FOMILENIO II](#).

- 1.16 The Ministry of Education is developing services for vulnerable populations through such programs as the Program for Flexible Modalities of Education,²⁰ which targets persons 15 years of age and older and aims to enhance the ability of those outside of the system to return to school and continue their education, and thus fulfill their basic needs for entering the labor market. The essential purpose is to make a contribution by encouraging persons to return to, remain in, or finish their 11 years of education through the different flexible modalities.
- 1.17 Lastly, at the national level, a large number of private and civil society institutions, including international cooperation agencies, have worked for years on issues related to education and youth employability In El Salvador. These projects have generally be implemented in isolation, without many opportunities for their local executing agencies to share ideas.
- 1.18 This context in which youth employability is a priority for the Government of El Salvador, along with the emergence of new investment plans and programs, and the existence of others under way, makes the NEO proposal for partnering work in El Salvador especially relevant. NEO could become a venue for interaction between the public sector, civil society, and relevant private stakeholders in order to coordinate efforts and strengthen the employability ecosystem in the country. It is also true that this value proposition of working in partnership poses significant challenges, such as, for example, achieving cohesion among stakeholders representing the various interests and power dynamics, ensuring effective participation by each sector and entity in the time required by the operation, and ensuring that there is a vision on which all agree to prevent each entity from only looking out for its own benefit, rather than focusing on collaboration and the common good.
- 1.19 The NEO El Salvador project arose from a process of consensus-building and participatory planning during more than six months, which has led to the forming of a strategic partnership composed of Salvadoran public, private, and civil society entities that seek to increase the employability of young people in the country. The NEO El Salvador partnership views itself as a model and an agent of innovation in youth employability that transforms the work culture of employers, public servants, and poor and vulnerable youth. The partnership thus attempts to avoid a duplication of efforts, increase effectiveness, and ensure an economic and social impact.
- 1.20 The members of the NEO El Salvador partnership are:

- Public sector:
- **Ministry of Labor and Social Security (MTPS).** An institution responsible essentially for strengthening labor relations through dialogue, social consensus, and tripartite participation, with a view to improving real wages, labor conditions, workers' quality of life, as well as output and productivity within a framework of equity and social justice.
 - **Salvadoran Vocational Training Institute (INSAFORP).** An institution that oversees the vocational training of human resources in El Salvador through a system that depends on employer contributions and is composed organically of the private sector, government, and workers.

²⁰ Information on [EDUCAME – Flexible education modalities](#) and www.educame.edu.sv

- Private Sector:²¹
- **Ministry of Education (MINED).** An institution responsible for contributing, through quality education with broad coverage, to the training individuals who are aware of their rights and responsibilities, who have the knowledge, abilities, skills, and attitudes required for self-fulfillment, and who are capable of thinking critically and creatively.
 - **National Youth Institute (INJUVE).** An institution that was created recently (in 2012) and is responsible for promoting the comprehensive development of young people by providing opportunities in line with their rights and obligations.
 - **Chamber of Commerce and Industry of El Salvador (CAMARASAL).** An institution whose mission is to promote and continuously defend the free enterprise system, while bolstering national unity, and the development of business with social responsibility, by leading actions and facilitating services that promote the competitiveness and innovation of our members while protecting their rights.
 - **Walmart.** A company whose social mission is to generate opportunities allowing people to live better by having a positive impact on the communities it serves—whether by subsidizing thousands of organizations that share its mission or by carrying out voluntary efforts that inspire Walmart associates.
 - **Microsoft.** Founded in 1975, Microsoft (NASDAQ 'MSFT') is the global leader in software, services, and solutions that help people and companies develop their full potential. Microsoft YouthSpark is a global initiative that seeks to generate opportunities for 300 million young people allowing them to imagine and attain their maximum potential by connecting them with better educational, work, and entrepreneurial opportunities.
- Civil society and academic sector:
- **Asociación AGAPE de El Salvador.** An institution for human development that carries out service programs that, together with production-oriented projects or activities, generate resources for their sustainability. Its philosophy has given the association staying power and allowed it to increase its social impact as well as to serve as a model for many other organizations that implement national and international projects.
 - **Fundación Salvador del Mundo (FUSALMO).** A foundation created in 2001 whose mission is to bring about comprehensive education for low-income or vulnerable young people, within their family and community milieu.
 - **Asociación Institución Salesiana (AIS).** A not-for-profit religious institution that focuses on the social mobility, education, and vocational training of boys and girls and youth in the poorest and most disadvantaged neighborhoods of the large cities and rural areas of the countries of Central America.
 - **Plan International.** An international development organization whose mission is to work to achieve long-lasting improvements in the quality of life of girls and boys living in poverty in developing countries through a process that connects persons from different cultures and adds value and meaning to their lives.
 - **Federación Internacional de Fe y Alegría.** An international grassroots education and social mobility movement based on the values of justice, liberty, participation, fraternity, respect for diversity, and solidarity that targets the impoverished and excluded population in order to contribute to the transformation of societies.
 - **CESAL.** A nongovernmental organization whose mission is to promote the human development of the most disadvantaged persons of the world, using the assets and experience of the beneficiaries themselves and involving them in CESAL's work as the authentic protagonists of their own lives.
 - **Catholic Relief Services (CRS).** El Salvador. An agency based on solidarity with marginalized populations that works to bring about individual, structural, and systemic change, through education and other means. It is the executing agency of the Pathways for Youth project (ES-M1049).

²¹ More than 14 private-sector associations are linked to the NEO El Salvador initiative and represented by their foundations, union organizations, and chambers of commerce.

- **Fundación para la Educación Integral Salvadoreña (FEDISAL).** A private not-for-profit institution founded in 1992 by a group of business leaders and members of the Salesian community of El Salvador with the aim of supporting sustainable development through human capital development.

B. Project beneficiaries

- 1.21 During the execution period, 18,000 poor and vulnerable youth between the ages of 17 and 29—at least 50% (9,000) female—will benefit from the project through access to better employability services. There are two groups of beneficiaries: (i) one with 13,000 young people with an urban profile, unemployed or underemployed, who are outside of the formal educational system and have been unable to continue with their studies after ninth grade; and (ii) another with 5,000 young people with an urban profile, unemployed or underemployed, who may be within the formal educational system. “Vulnerable”²² refers to a low-income individual or family group at a high risk of falling back into poverty. The young people will come from 16 municipios: San Salvador, Soyapango, Sonsonate, Santa Ana, Sonzacate, Ahuachapán, Caluco, Sacacoyo, Ilobasco, Chalatenango, Cojutepeque, Colón, Ciudad Arce, La Libertad, Santa Tecla, and San Juan Opico. These municipios are in the area of influence of four of the eight territories of the Plan of the Alliance for Prosperity in the Northern Triangle, and during execution, the possibility of increasing the presence in the Plan’s territories will be analyzed (paragraph 1.31).
- 1.22 The project will also benefit: (i) 23 centers that deliver preidentified employability services,²³ which will be evaluated according to the NEO quality standards guide and subsequently strengthened (one from FEDISAL, three from Fe y Alegría, three from AGAPE, one from CESAL, three from the MTPS, one from INSAFORP, three from Plan International, one from CAMARASAL, three from FUSALMO, three from AIS, and one from INJUVE); (ii) 160 professionals from the same centers, who will be trained to provide services in line with the needs of the labor market and to include teaching methods tailored to young people, life skills, and vocational guidance and job placement services; and lastly, (iii) at least 100 enterprises from preidentified sectors that participate by offering internships and jobs, which will benefit from having young people who are better prepared for their work.

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

- 1.23 The NEO El Salvador initiative will contribute to the poverty-reduction objective by strengthening the institutional capacity of youth employability service providers that will enhance the development of capabilities of poor and vulnerable youth in 16 municipios in the country. It will also benefit the private sector because participating youth will be better prepared to be productive in the workplace, thereby reducing the costs associated with selecting and training new employees and with turnover. Lastly, the NEO experience in El Salvador will serve as an input

²² Based on “A Renewed MIF Vision: The Next Ten Years,” 2013.

²³ The service providers to be strengthened come from the same members of the partnership, which have agreed to apply the NEO quality standards. These providers are located in impoverished areas of the 16 identified municipios and work with the NEO target population.

- for public policies intended to reduce youth unemployment and strengthen the vocational training system.
- 1.24 **Gender focus:** The approach to young men and women in El Salvador must be differentiated, since men run a high risk of coming in contact with youth gangs, and women have greater responsibilities at home and/or experience teen pregnancies. These and other factors will have to be analyzed in the calls for the courses in order to avoid students dropping out and help overcome potential barriers to training and employments. Moreover, the NEO El Salvador project will evaluate the entities strengthened by the program according to the NEO quality standards guide, which includes gender indicators for the job training, guidance, and placement services in order for its programs to address differences in a crosscutting manner and thus seek effective opportunities for men and women to participate in the formal market on equitable terms. To evaluate the outcomes of the program and analyze the relevance of the gender focus, the following actions are planned: (i) disaggregating indicators by gender in the monitoring system; (ii) analyzing considerations related to gender, ethnicity, geographic origin, or disabilities in the quality-evaluation activities and strengthening the technical capacity of the youth-service providers called for in the project (see paragraph 2.6); and (iii) promoting and providing equitable access by men and women to training, social and occupational services, and formal employment.
- 1.25 **Link to the agenda:** NEO takes into account the main good practices and lessons learned included in smaller-scale and innovation projects in the past, and this feedback continues to have an effect on the framework of the new agenda.²⁴ NEO El Salvador will contribute in particular to the scale pillar of the MIF Youth Agenda. It will also contribute to the innovation and knowledge-generation pillars by using a novel, uncommon mechanism, i.e., multiple stakeholder partnerships, for working at scale.
- 1.26 **Knowledge gap:** The project will help narrow the knowledge gap of the Youth and Employment Agenda as it relates to the following: What models of public-private partnerships are effective for improving employability?; What enterprise - training center collaboration models exist and are effective for narrowing the gap between the supply of and demand for labor?; And what different processes of employment guidance, training, and placement for the most vulnerable youth have proven to be effective? NEO El Salvador's knowledge products will also contribute to and shed light on the objectives of the NEO regional program by allowing comparative thematic analyses of the experiences in the countries and a regional reading of the outcomes and findings. These knowledge objectives were developed as part of the regional NEO Knowledge Strategy for addressing the gaps described above. In light of the MIF's nature as a laboratory, it has been especially important to ensure that the knowledge generated by NEO is innovative and unique. Three criteria were evaluated in developing the Knowledge Strategy: (i) the relevance for NEO; (ii) the usefulness of the knowledge for managers of policy-setting programs and entities; and (iii) NEO's capacity to contribute noteworthy knowledge. The key topics selected were: (i) life skills as part of the employability skills; (ii) relevance of job training to market needs; (iii) public-private partnerships for promoting youth

²⁴ Give Youth a Chance: An Agenda for Action. MIF, 2012.

- employability; (iv) coordination of job placement services for poor and vulnerable youth; and (v) vocational guidance services for decisions made by poor and vulnerable youth regarding their training and vocational development.
- 1.27 Specifically, the project will attempt to answer the following questions: (i) how does a multiple stakeholder partnership focused on strengthening and coordinating youth employability service agencies work?; (ii) what are the critical factors for the success of the departmental working groups with enterprises?; (iii) what different training, vocational guidance, and job placement processes for youth who are vulnerable and outside of the system have proven to be effective?
- 1.28 **Linkage with project RG-M1210, New Employment Opportunities for Youth (NEO):** NEO El Salvador is a country-level project that is part of the NEO regional program (document MIF/AT-1175). NEO currently has initiatives²⁵ in Argentina, Brazil, Colombia, the Dominican Republic, El Salvador, Mexico, Panama, Paraguay, Peru, and Uruguay. These initiatives offer a wide range of services, from online learning in Brazil to technical strengthening of secondary education in Mexico or vocational guidance and job placement in Panama. In El Salvador, the initiative is complemented with the MIF technical-cooperation operation Pathways for Youth (ES-M1049), approved in 2014, which aims to transfer and scale up the Jóvenes Constructores (YouthBuild) training model for a target group of young people at greater social risk. The executing agency of Pathways for Youth, Catholic Relief Services, is a member of the NEO El Salvador partnership, which encourages the sharing of experiences, methodologies, and lessons. Together, existing NEO projects are expected to offer employability services to some 382,000 youth by the time they have concluded. In addition to reaching young people, NEO mobilizes hundreds of companies, public sector agencies, and nongovernmental organizations to join the partnership. To date, for the approved NEO projects overall, 2,000 companies are expected to offer internships and jobs to poor and vulnerable youth, while 159 employability service providers are expected to improve the quality and relevance of their services.
- 1.29 The following table summarizes the main NEO targets:

²⁵ For information on the selection criteria of the NEO countries, see: www.jovenesneo.org/paises or MIF/AT-1175.

Key indicators	2017 NEO regional target ²⁶	Progress in meeting targets*
Young people benefited	500,000	382,000
Service providers strengthened	200	159
Companies offering jobs and internships	1,000	2, 00
National partnerships that adopt high-impact employability models	10	5

* Projections based on the sum of the indicators of the NEO [projects](#) approved to date, which, in chronological order, are: BR-M1114, DR-M1044, ME-M1091/ME-T1255, CO-M1094/CO-T1374, RG-M1256, PN-M1027, PR-M1031, and ES-M1049. Also included are data from the NEO – WALMART Regional Project and the NEO – CATERPILLAR Regional Project. Click [here](#) for more information.

- 1.30 **Cooperation with the IDB Group.** This operation represents the continuation of the Bank’s support for the country to improve its active labor market policies. It is aligned with the Bank’s country strategy,²⁷ which includes labor issues under the “social protection” priority area and recognizes the low coverage of the job training and placement programs. Through NEO, the Bank seeks to improve the quality and relevance of 23 institutions working for the employability of poor and vulnerable youth and sharing experiences and lessons learned through the IDB’s operations.
- 1.31 The project will be coordinated with the Institutional Capacity of the State Division through the Violence Prevention Strategy Comprehensive Support Program (ES-L1025), which includes training and economic and workforce integration activities for at-risk youth.²⁸
- 1.32 The program is also related to the Plan of the Alliance for Prosperity in the Northern Triangle of El Salvador, Guatemala, and Honduras, the technical coordination of which is the responsibility of the IDB. Under this plan (2016-2020), the countries will commit resources and coordinate actions in four strategic areas including human capital development. These actions are expected to improve the vocational training system, promote violence prevention plans, modernize and expand infrastructure and logistic corridors, and improve the transparency of public institutions, among other outcomes. The municipios where NEO will be implemented are in the area of influence of four of the Plan’s eight territories. During execution, efforts will be made to increase the presence in the territories defined by the Plan, when security conditions and the presence of NEO partners so permits.

²⁶ All NEO partnerships are expected to have 36 months to implement their projects in the countries; consequently, there is expected to be a one-year delay in the RG-M1210 regional program.

²⁷ 2010-2014, document [GN-2575](#).

²⁸ Young people involved in or at imminent risk of becoming involved in socially risky behavior. MIF, 2012.

II. PROJECT OBJECTIVES AND COMPONENTS

A. Objectives

- 2.1 The desired impact of the project is to increase job opportunities for poor and vulnerable young people between the ages of 17 and 29. The expected outcome is to enhance the quality and relevance of training programs and employability systems for poor and vulnerable young people in El Salvador in 16 municipios in the country.

B. Description of the model/solution/intervention

- 2.2 NEO seeks to close the gap between the skills that young people have and the demand among companies for qualified personnel by: (i) coordinating and linking the efforts of the main stakeholders in the fields of education/training, the labor market, and youth, so that they may address these problems in a systemic manner and not simply through isolated and uncoordinated efforts; and (ii) scaling up effective models of vocational guidance, training, and job placement services so as to increase the quality of job placement services and job opportunities for poor and vulnerable youth.
- 2.3 NEO El Salvador is based on the scale intervention model, which was designed at the regional level and is being implemented in several countries. The model consists of forming public-private partnerships in which companies, governments, and civil society contribute resources, knowledge, and capacity to implement effective and sustainable employment solutions for poor and vulnerable youth. The NEO El Salvador partnership was established voluntarily, and it selected FEDISAL as the coordinator for the purpose of jointly, and in a participatory manner, preparing a diagnostic assessment and a strategic youth employability plan, with a set time frame and resources, outlining its mission, objectives, and outcomes. This plan was reviewed and adjusted with the MIF/IDB team, and it was subsequently transformed into this operation.
- 2.4 The NEO El Salvador partnership identified 16 municipios as priorities. During the planning phase, a matrix was developed that included data on the target population of the projects being carried out by each institution, the objectives of the projects, the ages of the target population, and the geographic areas of intervention. The last figure was used to identify municipios in which at least two agencies of the NEO El Salvador partnership were conducting actions at the same time, in order to leverage the installed capacity of the agencies in the locations and increase the possibility of finding jobs for 50% of the young beneficiaries.
- 2.5 In addition, the sectors of construction, manufacturing, electronics, aeronautics, plastics, chemicals, and tourism were preidentified. These sectors were selected for the following reasons: (i) they are growth sectors, with unmet needs for skilled personnel who match the NEO youth profile; (ii) they are strategic sectors described in the government's National Policy on Development, Diversification, and Productive Transformation; and (iii) there are public and private entities that offer job training, guidance, and placement services and that, in partnership with the productive sector, could prepare youths to fill available positions. These sectors may be adjusted during execution in order to take account of local

demands in the municipios and the actions that members of the partnership may be implementing.

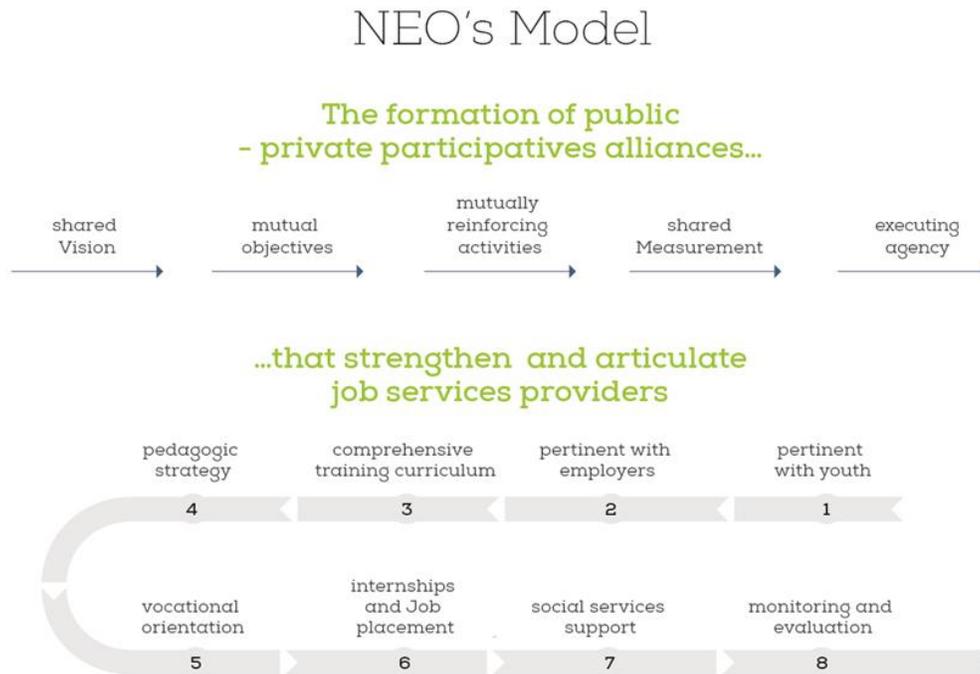
- 2.6 The NEO El Salvador partnership undertakes to adopt and implement a comprehensive job training model and good practices developed by the MIF, the IDB, and the IYF. The project will seek to strengthen the technical capacity of 23 public and private institutions that provide job training, guidance, and job placement services. These efforts will be carried out through the transfer and adaptation of good practices validated by the IYF/MIF entra21²⁹ program and other IDB-financed programs. These strengthening services will be offered directly by the IYF as stipulated in paragraph 3.19 of the NEO Donors Memorandum (document MIF/AT-1175). Accordingly, the IYF has developed two outputs within the framework of the regional NEO initiative: (1) a “Quality Standards Guide: A Tool for Evaluating Youth Job Training and Job Placement Processes,”³⁰ with an online portal that will allow the entities to perform self-evaluations and determine what aspects of their employability services they would like to improve and then determine their improvement and support plans; and (2) a package³¹ with strengthening guides and services that includes training for life skills instructors, training for workforce managers in job placement, training for career counselors, training for instructors in teaching methodologies, and training for supervisors in all four areas, in order to build installed capacity at the institutions. All of the above is focused on meeting the needs of poor and vulnerable youth, taking into account differences and needs determined by gender.
- 2.7 Introducing these good practices and taking them to scale among public and private service providers is expected to lead to better outcomes in terms of youth employability. This demonstration effect is intended to encourage suppliers to continue implementing good practices after the operation ends, while scaling the model at other entities, thereby contributing to the objective of having a systemic impact and enabling many more young people to benefit beyond the execution period. In other words, it is hoped that the institutions that are already investing and providing employability services for young people will open their doors and allow themselves to be evaluated according to the NEO quality standards guide, and that based on the outcome of this diagnostic assessment they will develop improvement plans to optimize the resources that they invest while increasing the quality and relevance of their training programs and orientation and placement services. After the conclusion of the annual period for implementing the improvement plan, progress will be evaluated and a continuous improvement culture will be instilled. In addition, and no less importantly, making this improvement effort in partnership with public, private, and civil society organizations all seated at the same table, sharing what does and does not work, and measuring the same indicators, will make it possible to close the coordination,

²⁹ The entra21 program (ATN/MH-10303-RG) was created by the MIF and the IYF to improve the employability of disadvantaged youth in Latin America and the Caribbean. It was successfully implemented between 2001 and 2011, benefiting more than 137,000 vulnerable youth in 22 countries of the region, through 50 civil society organizations. About 75% of the graduates obtained work or continued studying six months after graduating from the program.

³⁰ For more information on the guide, click [here](#).

³¹ For more information on the strengthening services, click [here](#).

dialogue, and knowledge gaps and coordinate previously isolated efforts in order to build a consensus on successful, high-impact youth employability programs and policies (see diagram below).



- 2.8 The most important aspect of NEO EI Salvador may be the coordination among the different stakeholders and providing a space for public policy dialogue on employability for vulnerable youth among the members of the NEO EI Salvador partnership, while sharing what works, and seeking out synergies among programs and a closer alignment between objectives and impact. One innovative aspect that is unique to the Salvadoran context is that NEO EI Salvador is able to provide lessons and results for INSAFORP and the Technical and Planning Secretariat on its objective of developing a framework of quality standards and an accreditation system for employment-training institutions. What is more, the experience with NEO quality standards can also be discussed with other countries such as Panama and the Dominican Republic where similar NEO initiatives, which are within the purview of the Central American Parliament, are being implemented.
- 2.9 In addition, NEO EI Salvador will contribute to the pillars of innovation and knowledge generation of the MIF's Youth Agenda, by using a successful experience by Plan International in EI Salvador to develop departmental-sector working groups to align supply and demand, and by enabling a more direct linkage between the job placement centers and the local productive sector. Lastly, as noted, this operation may provide inputs on the type and mix of vocational

guidance, technical and vocational training, and job placement services needed by vulnerable young people and those the furthest removed from the educational and employability systems in order to negotiate the work world and even continue studying thanks to the flexible modalities offered by the Ministry of Education.

C. Components

Component 1: Coordination among stakeholders focused on youth employability. MIF: US\$111,735; counterpart/cofinancing: US\$14,165

- 2.10 The objective of this component is to coordinate market demand with the local supply of training. To this end, the systems for generating and analyzing data on the requirements of a group of local companies in preidentified sectors will be coordinated and systematized, training modules aligned with these requirements will be developed, and guidance and placement activities aligned with the outcomes of the projects will be devised. The idea is for management from at least 30-45 companies (between 10 and 15 representative companies per sector) to participate actively and systematically, providing information on this type of local openings and jobs and on when they expect to be in a position to hire. Hence, this component will attempt to coordinate the productive sectors with training institutions and encourage the participation of these sectors in developing training programs. Participating companies are expected to contribute funds and time to establishing business panels and developing job profiles.
- 2.11 Working groups will be created, based on a prioritization of the local sectors, and will meet to provide guidance and to update information on the current supply of training as indicated by the estimated demand for openings. The gaps between the short-and medium-term supply of and demand for entry-level operator³² and technical positions³³ will be analyzed, and an ongoing review of the processes for updating this analysis will be encouraged. Next an attempt will be made to adjust or develop the training modules³⁴ on the basis of the information received from the analysis of the demand for labor, with the inclusion of technical and life skills required by employers and relevant for young people, as well as to develop the teaching materials and train the teaching staff in accordance with the new technical requirements set forth in the curriculum. In this manner, institutions that provide training services may optimize their resources by making their training programs more relevant.
- 2.12 Regarding job placement, support will be provided to connect private and civil society job placement offices to the MTPS's National Employment Network to facilitate inputting data, updating the digital network, and exchanging information on local job vacancies and other services. The idea is not simply that there be a connection to the digital "network" but that public, private, and civil society institutions that provide the different services enter into an ongoing dialogue to achieve better coordination among all parties concerned, greater specialization, an

³² Low-skilled occupations that require short-term, eminently practical vocational training courses for the work.

³³ Technical occupations requiring diverse secondary or post-secondary studies governed by the educational system.

³⁴ A *training module* is understood as the minimum training unit for a work activity.

increased scope, and the use of services by vulnerable youth. In addition, this information is expected to be made available to young people and adapted to meet their needs. This should help narrow the information gap on social and employment services that exists among young people by providing information and guidance to their beneficiaries and referrals to service providers of the NEO El Salvador partnership, the employment centers,³⁵ and the MTPS's general services.

- 2.13 The main activities linked to this component are: (i) establishing six departmental-sectoral working groups; (ii) developing 15 annual work plans, including the objectives, the scope of the companies, a diagnostic assessment of demand, the development of aligned training modules, training plans, job guidance and placement activities, and outcomes; (iii) developing a labor market rapid analysis guide for job training, guidance, and placement institutions; (iv) compiling an inventory of stakeholders and services for youth employability; (v) systematizing the departmental-sectoral working group model; (vi) connecting five youth employability service providers to the MTPS's National Employment Network; and (vii) organizing 10 strengthening workshops of the NEO El Salvador partnership.

Component 2: Strengthening key stakeholders related to youth employability in El Salvador. MIF: US\$870,636; counterpart/cofinancing: US\$4,238,227

- 2.14 The objective of this component is to evaluate and provide training and advisory services for 23 centers and institutions that provide youth employability services such as vocational guidance, occupational and technical training, and job placement to a total of 18,000 young people. The NEO quality standards guide will be used for the evaluation; quality will be improved through NEO strengthening services provided directly by the IYF and with MIF funds (see paragraph 2.6), and teachers will be trained to develop life skills in accordance with the Passport to Success (PTS) program.³⁶ Their managers will be trained in job placement, their professionals will be trained in vocational guidance, teachers will be trained in teaching methodologies tailored to poor and vulnerable youth, and supervisors will be trained in all four areas, in order to build installed capacity in the institutions.
- 2.15 This experience evaluating the quality of 23 institutions in the country on a controlled scale is expected to provide inputs to the INSAFORP and the Technical and Planning Secretariat, which are interested in implementing a framework of quality standards and a system for accrediting job training institutions. Likewise, the strengthened institutions will seek to coordinate their efforts with the Ministry of Education so as to refer the young people who have received support to the Program for Flexible Modalities of Education to allow them to complete their secondary education.
- 2.16 The activities included in this component are as follows: (i) evaluating 23 institutions in accordance with the NEO quality standards guide and having them develop their comprehensive improvement plans; (ii) training 40 professionals in best practices in vocational guidance; (iii) training 40 teachers

³⁵ The terms "employment centers" and "employment exchanges" are used indistinctly.

³⁶ For more information on the Passport to Success program, click [here](#).

in teaching methods tailored to poor and vulnerable youth; (iv) training 40 workforce managers in best practices in job placement; (v) training 40 facilitators and supervisors in the PTS program, the first half in the first 12 months and the second half by the end of the project; (vi) certifying five teachers or supervisors as “teacher trainers” in the PTS program;³⁷ (vii) registering³⁸ and training 4,836 young people in job-training modules; (viii) training 7,231 young people in the PTS life skills curriculum; (ix) providing vocational guidance and job placement services to 9,501 young people; and (x) providing education line services to 5,322 young people.

Component 3: Knowledge management and communication strategy. MIF: US\$105,250; counterpart/cofinancing: US\$20,955

- 2.17 The objective of this component is to document and disseminate the outcomes and lessons learned from the initiative, in order to strengthen and expand the NEO El Salvador partnership. As explained in paragraph 1.23, the component intends to narrow the knowledge gap of the Youth Agenda with regard to the NEO El Salvador scale project. During this process, youth employability service providers will be encouraged to make improvements and changes in how they operate, proven sustainable models will be scaled and replicated, and a dialogue among the different stakeholders in society will be promoted in order to improve public policies. In addition, a project communication strategy will be developed to support the activities included in the components and to help reach the beneficiaries.
- 2.18 To this end, the following audiences were identified: (i) companies interested in addressing youth employment and the lack of skilled labor; (ii) public agencies 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 programs and teaching practices; and (iv) civil society organizations interested in improving their youth services.
- 2.19 The primary channels for reaching these audiences will be: meetings with new members of the business panels, personalized face-to-face meetings, presence in online and print media, project opening and closing events, round table discussions for the dissemination of technical notes and project outcomes, and other channels identified as relevant when the communication strategy for the project is formulated.
- 2.20 The following activities are included in this component: (i) developing and implementing one strategic communication and dissemination plan to deliver the outputs developed to the strategic audiences and to contribute to the fulfillment of the objectives; and (ii) identifying and transmitting the knowledge products generated by the project to a total of 25 interested institutions involved in youth

³⁷ These “teacher trainers” will train the second half of facilitators and supervisors under activity V.

³⁸ The total number of young people to benefit through the services provided is 18,000, but a young person may benefit from multiple services simultaneously. A 20% dropout rate is calculated. To review the formulas, see the logical framework.

- employment: seven private sector institutions,³⁹ six public sector institutions, six institutions from the educational community, and six civil society organizations.
- 2.21 The following knowledge products will be developed and will shed light on the regional NEO gaps: (i) one thematic analysis on the experience of the NEO El Salvador partnership; and (ii) one thematic analysis on the work of the business panels to ensure alignment between supply, demand, and the training centers. In addition, the project will generate the following knowledge products specific to NEO El Salvador: (iii) three technical notes (in the form of thematic analyses), which will include proposals on improving the youth employability policy and serving vulnerable youth based on the experience and outcomes of the NEO El Salvador partnership.
- D. Project governance and execution arrangements**
- 2.22 The NEO El Salvador partnership comprises public, private, and civil society institutions that are involved with and influence programs and strategies intended to increase and improve the integration of young people into Salvadoran society, particularly through youth, education, and employment policies. The IDB and the IYF may participate as observers at the meetings of the NEO El Salvador partnership. Given that this is a new approach in the country, the MIF, in its role as donor, may participate as a full voting member whenever it deems such actions appropriate.
- 2.23 The NEO El Salvador partnership was established under a “governance agreement.”⁴⁰ This agreement is signed by the members of the NEO El Salvador partnership, and it describes the intent of its members, the rules that govern its activities, as well as commitments, responsibilities, the relationship between the NEO El Salvador partnership and the executing agency, and how it should be organized for implementation, evaluation, and budget supervision. In addition to this governance agreement, bilateral agreements will be drawn up and included by each member of the partnership and the executing agency, confirming the amounts to be contributed and the responsibilities to be assumed by the parties. The governance agreement will be aligned with the regional NEO initiative and with the agreement to be signed by the project executing agency and the MIF. Approval of this governance agreement will be a condition precedent to the first disbursement.
- 2.24 The structure of the NEO El Salvador partnership includes the general meeting of partners, the executive committee, and work committees. The general meeting, made up of all the members of the partnership, will review the annual work plans and budgets, and delegate to the executive committee, which will be smaller and more operational, responsibility for compliance with the governance agreement and the coordinated implementation of the annual work plans of the NEO

³⁹ Chambers, enterprises, foundations, associations, etc.

⁴⁰ The NEO regional team has developed a guide based on conversations with the IDB’s Legal Department and the experience of the NEO partnerships intended to provide guidelines for the NEO partnerships in each country in formulating their governance agreements. The guide contains guidelines and examples as simple illustrations and does not represent the opinion of the regional NEO initiative on how each local NEO partnership should operate. Having an agreement reached by consensus and signed by all members of each NEO partnership is a requirement for release of the first disbursement.

- El Salvador initiative. This executive committee will be made up of institutions from all three sectors (private, public, and civil society) and by the institutions that have the most responsibilities for implementing key activities. To ensure the best performance of the executive committee, the agreement provides for “specific work committees” for such issues as fundraising, marketing, sustainability, coordination with IDB programs, dispute resolution, and ethics, and describes the respective decision-making processes. An advisory board may also be set up to advise the executive committee and executing agency on priority issues, including trends and needs in the areas of youth, education, and youth employability.
- 2.25 Lastly, the agreement describes the role of the executing agency that will head the project execution process, the coordination of actions carried out by the different members, and the administration of funds, under the direct supervision of the executive committee of the NEO El Salvador partnership and the MIF. After acting as the technical secretariat during the pre-partnership period at the unanimous request of its members, the NEO El Salvador partnership has confirmed FEDISAL as the executing agency. The latter will sign the legal agreement with the MIF and be responsible for overseeing execution and fulfillment of the objectives of the NEO El Salvador initiative. FEDISAL will establish a technical team to ensure that the project is executed effectively and efficiently. This team will be part of the executing agency’s operational structure and will report directly to the executing agency and the MIF (additional information in paragraph 5.6).

E. Sustainability

- 2.26 Three main pillars ensure the sustainability of the operation: **The partnership and the installed capacity of its members:** As explained in the description of the model, NEO El Salvador would like all the entities in the system—companies, public and private training centers, the public sector, and NGOs—to offer more and better services for the employability of vulnerable youth. This does not necessarily involve additional investments, but strengthening their systems and better preparation of instructors, guidance counselors, and job placement agents. Another guarantee of the sustainability of NEO El Salvador could be the partnership itself. The partnership was created in a participatory manner, by gradually including key stakeholders linked to the issue of youth employability and job training. The fact that the proposal was constructed in a collaborative, open, and transparent manner made it possible to reach a consensus and obtain the support of everyone involved. During execution, it is expected that trust will be strengthened and that, based on the outcomes and lessons learned, the NEO El Salvador partnership can continue to contribute better programs and policies on youth employability in the country while deepening those programs and policies.
- 2.27 **Institutionalization of the departmental working groups and quality standards:** The linkages established and practical experience gained in the targeted productive sectors, training centers, and by the young people (described under Component 1) and the work with 23 employability service providers through the NEO standards (Component 2) are expected to continue; the experience with the sectors could be replicated in other productive sectors; and, moreover, the experience with the standards is expected to inform the INSAFORP’s objectives of establishing a framework for accreditation and quality standards in the country.

- 2.28 **Transfer and scale:** Once the working model implemented in the 23 training, vocational guidance, and job placement centers has been validated and the experience with the initial institutions has been completed, a plan—led by the partnership—to transfer it to other service providers in El Salvador will be formulated. There are potentially 685 official institutions involved in vocational and technical training in the country with an annual enrollment of 178,535 young people, while the occupational training service providers that work with the INSAFORP and other national and international agencies number 52 institutions with an annual enrollment of 262,756 young people,⁴¹ in addition to the 40 local public employment exchanges that serve 19,277 young people each year.
- 2.29 One year before the end of execution, a **sustainability workshop** will be held with all entities involved, to identify the measures necessary to ensure the continuity of the project's actions once the funding ends.

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

- 2.30 The principal lessons⁴² that shaped the design of this operation are summarized below:
- 2.31 Consolidating the partnerships to develop a proposal in a participatory manner and begin to jointly implement a project requires a lead time of at least six to nine months in order to develop a group identity. The dynamics of forming partnerships in the social sectors are slow and cannot be forced. These dynamics depend on prior collaboration and a level of trust among their members, the selection of a lead executing agency that coordinates the planning process, the organizational cultural experience of having worked previously in partnerships, and the change of vision of constructing a joint project in which everyone contributes financially and technically.
- 2.32 The coordination and institutional cooperation arrangements to attain a scale or systemic impact require specific institutional strengthening for the members of the partnerships, the executing agencies, and the partnership group itself.
- 2.33 To ensure an effective transition from school to work, education must be relevant to work. This is particularly important in technical education, which prepares 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.
- 2.34 Young people need information and guidance on careers and their returns. When the time comes to choose a course of study, young people and their families lack information on the different courses offered, job profiles, and expected salaries. Having information and receiving guidance on these fundamental issues helps students make better decisions and minimizes oversupply in some occupations. Job placement services have a certain impact on reducing the time involved in

⁴¹ Diagnóstico del Estado de la Formación Técnica y Profesional (CIDE, 2011); Rendición de Cuentas Junio 2013-Mayo 2014 [Government diagnostic assessment of technical and vocational training (CIDE, 2011); Report June 2013-May 2014] (INSAFORP, 2014); and records compiled during the project to monitor and evaluate INSAFORP training actions that FEDISAL is conducting this year.

⁴² In consultation with: Project Status Report NEO [ATN/ME-13213-RG-1](#), Ibarraán, Ripani et al. (2012), MIF (2012), Baptista and Flores Lima (2014).

looking for a job, and help those who are hired to obtain a structured job with a higher monthly or hourly income.

- 2.35 Employers value life skills, despite the fact that they are difficult to measure and observe during the hiring process. In addition, research has shown that employers value these skills (motivation, attitude towards work, responsibility, commitment) even more than technical skills. Several studies⁴³ have shown the influence that life skills have on success in interpersonal relations, the school environment, and the labor market.

G. MIF additionality

- 2.36 **Nonfinancial additionality.** The presence of the MIF, LMK, and the IYF, as well as of other regional NEO partners, serves as a catalyst for attracting and mobilizing the main stakeholders of the public and private sectors and civil society who work for more and better technical training and job programs for poor and vulnerable youth. The MIF plays a key role as a facilitator in the negotiation process during the project design stage with this extensive network of partners and the sharing of the technical knowledge and best practices accumulated not only by the MIF but also by the IYF and the IDB. In addition, the MIF, by encouraging an improvement in the quality (through the NEO quality standards) and relevance of the employability services (through the linkage of the public sector and training centers to the productive sector), increases the efficiency of the investments and cofinancing of the members of the partnership in vocational guidance, training, and job placement activities and optimizes resources. This increases the impact on the socioeconomic and living conditions of young people. Lastly, the MIF's experience in monitoring and evaluation will complement the transmission of technical knowledge, thus strengthening the entities in monitoring so that they can verify achievements and invest resources in a more efficient manner with a better return.
- 2.37 **Financial additionality.** The MIF's financial contribution is fundamental for encouraging the establishment of the partnership and leveraging public and private resources. For every US\$1 from the MIF, at least US\$3 has been leveraged and the MIF's presence creates the confidence necessary to attract investments from the other members.

H. Project outcome

- 2.38 The NEO El Salvador initiative seeks to improve the quality and relevance of occupational and technical training programs and of youth employability service providers. To this end, the quality of these services will be evaluated and improved in accordance with the NEO Quality Standards Guide in 23 job training, guidance, and placement centers. This includes 160 professionals in the aforementioned areas who work at the 23 centers. In turn, 18,000 young people will have access to better training services, career counseling, and information about educational, social, and labor supply and demand. The project also seeks to create a public-private partnership and include 100 employers to offer internships and jobs to young people.

⁴³ Cunha and Heckman, 2010; Carneiro and Heckman, 2003.

I. Project impact

- 2.39 The impact sought by this initiative is to increase job placement opportunities for 18,000 young people, 50% of whom will be young women (9,000). Fifty percent of the youth who graduate from technical and vocational training programs are expected to obtain a job, and at least 20% are expected to continue their studies and/or reenter the formal education system. Fifty percent of employed graduates are expected to have formal jobs. In addition, the graduates who are hired are expected earn a salary above the legal minimum wage.

J. Systemic impact

- 2.40 NEO El Salvador will contribute to systemic change through the following indicators: (i) one public-private partnership that promotes and adopts scaled, high-impact youth employability models; and (ii) 23 key public and private institutions in the country that implement new practices and improvements in their youth employability services based on knowledge and models sponsored by the MIF.

III. MONITORING AND EVALUATION STRATEGY

- 3.1 **Baseline.** At the regional level, a monitoring and evaluation system was designed that seeks to capture the outcomes and changes in all the countries where the NEO digital platform is implemented. This system contains a limited set of indicators and a series of tools for their measurement. All NEO countries are expected to implement this system in order to obtain information that can be aggregated at the regional level and is comparable across the different local experiences. As part of the NEO regional program, NEO El Salvador will connect digitally to the technological platform of the NEO information system, which helps monitor the education and employment paths of young people as well as the institutions to be strengthened. To this end, a series of enrollment or registration tools will be implemented with a unique number for each participant and institution, which will serve as a baseline for the program.
- 3.2 **Monitoring.** In addition to tracking the performance of youth and the institutions, the information system will also be used to compile management indicators for the program to facilitate decision-making by the NEO El Salvador partnership. The executing unit plans to contract a person to monitor the system and oversee quality control of the data.
- 3.3 **Evaluations.** Midterm and final evaluations are planned for the project to examine its progress and to determine if the following knowledge questions have been answered: (i) how does a public-private partnership focused on strengthening and coordinating youth employability service providers work?; (ii) what are the key factors for the success of working groups with companies?; and (iii) what different training, vocational guidance, and job placement centers for youth who are vulnerable and outside of the system have proven to be effective?
- 3.4 The initiative's effects on the socioeconomic conditions and living standards of young people will be measured, in terms of the end beneficiaries' ability to find work and/or resume their studies, distinguishing between poor and vulnerable young men and women. Lastly, one question to be answered is whether the NEO El Salvador partnership has been able to position, adopt, and continue replicating

best practices and high-impact programs for vulnerable youth that include a gender component, and better cohesion and coordination among the employability programs offered in El Salvador.

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

IV. COST AND FINANCING

- 4.1 The project will cost a total of US\$5.9 million, of which US\$1.5 million (25%) in nonreimbursable financing will be contributed by the MIF and US\$4.4 million (75%) by the NEO El Salvador partnership in counterpart/cofinancing. Although FEDISAL will sign the agreement with the MIF, the counterpart funds and cofinancing come not only from FEDISAL, but also from the members of the NEO El Salvador partnership. Therefore FEDISAL will make every effort to ensure that the members of the NEO partnership contribute their share and to obtain additional contributions from other donors in order to reach the total value of the counterpart contribution. The project execution period will be 36 months, and the disbursement period will be 42 months.
- 4.2 With regard to the 75% contribution from the NEO El Salvador partnership, the public and private institutions in the partnership will contribute approximately US\$4.4 million. On the public sector side, approximately US\$800,000 will be contributed to finance various services, including employment-exchange services, formal training/education courses, and career orientation. The private sector and civil society will contribute approximately US\$3.6 million, most of which will be devoted to financing training courses and career orientation and job placement services (see Annex IV for the contributions from each entity, by component).
- 4.3 The MIF contribution largely finances Component 2 related to the evaluation and institutional strengthening of the service providers, including monitoring and evaluation and the contracting of facilitators and workforce managers. The services of evaluating and developing the improvement plans in accordance with the NEO quality standards guide and the NEO strengthening services will be provided directly by the IYF (see paragraph 2.6). The resources provided to the executing agency to contract a general coordinator and support staff for project management represent another area where the MIF's contribution is key.
- 4.4 In terms of scaling the project, there is significant public sector involvement, and a large number of the preidentified centers to be strengthened come from public sector institutions or institutions subsidized with public funding or funding from international agencies, along with many of the young people served by these institutions (see paragraph 2.7). Investments in direct services for young people that the institutions are already providing or have planned are identified as cofinancing. The NEO initiative is intended to optimize the funding that they invest, increasing the quality and relevance of their training programs and job guidance and placement services. The cofinancing provided by these institutions will be

recognized upon performance of the activities described in their letters of commitment.

	MIF	Counterpart	Cofinancing	Total
Project components	(in US\$)			
Component 1. Coordination among stakeholders focused on youth employability	111,735	14,165	-	125,900
Component 2. Strengthening of the youth employability service providers	870,636	4,680	4,233,547	5,108,863
Component 3. Knowledge management and communication strategy	105,250	20,955	-	126,205
Execution and supervision components			-	
Executing agency/administrative	222,000	120,535	-	342,535
Monitoring system*		-	-	-
Launch /closing - sustainability workshops	6,000	-	-	6,000
Midterm evaluation	12,000	-	-	12,000
Final evaluation	12,000	-	-	12,000
Audits and ex post reviews	15,000	-	-	15,000
Contingencies	75,379	-	-	75,379
Subtotal	1,430,000	160,335	4,233,547	5,823,882
% of Financing	25%	3%	72%	
Impact Evaluation Account	50,000	-	-	50,000
Agenda Account	20,000	-	-	20,000
Grand Total	1,500,000	160,335	4,233,547	5,893,882

* Included in Component 2.

V. EXECUTING AGENCY

- 5.1 FEDISAL,⁴⁴ which was evaluated as a low-risk institution according to the diagnostic needs assessment (DNA) and as eligible for annual ex post reviews of goods and services procurement, will be the executing agency⁴⁵ of the project and will sign the agreement with the Bank.
- 5.2 FEDISAL is a private not-for-profit institution founded on 18 June 1992 by a group of business leaders and members of the Salesian community of El Salvador with the aim of supporting sustainable development through human capital development. Since its founding, FEDISAL has acquired extensive experience in designing and managing national-scale projects as well as in carrying out studies and consulting assignments. It is financially sound and enjoys prestige in the eyes of the public and private sectors as well as international cooperation agencies.
- 5.3 Between 1996 and 2007 it carried out three projects with MIF funding that proved to be sustainable and that have had a significant impact on labor market policies in

⁴⁴ <http://www.fedisal.org.sv/>.

⁴⁵ In Spanish, both “agencia ejecutora” and “organismo ejecutor” are used to refer to the executing agency.

- El Salvador, especially with regard to job placement and strengthening private vocational training providers.
- 5.4 FEDISAL's priority role is managing programs aligned with public policies, thus supporting government institutions and external cooperation agencies. The main work areas in which FEDISAL has acquired extensive experience are: basic, secondary-technical, and higher education; technical-vocational training; labor-market analysis; and management of higher-education scholarships at the national and international level. From 1993 to 2014, FEDISAL managed more than 57 programs of national institutions such as the Ministry of Education and INSAFORP as well as such international agencies as USAID and the International Labour Organization.
- 5.5 Since being founded 23 years ago, FEDISAL has signed a total of 58 agreements and contracts, for more than US\$101 million, with national and international institutions, including the Ministry of Education, the Salvadoran Vocational Training Institute, the Ministry of Labor and Social Security, the National Micro and Small Enterprise Commission, the Technical Secretariat of the Office of the President, the Inter-American Development Bank, the United States Agency for International Development, and the International Labour Organization. In addition, FEDISAL has carried out consulting assignments for IDB projects such as the Programa de inserción para el empleo, la competitividad y el fomento de microempresas en la reordenación de la Zona Rosa de San Salvador [Placement program for employment, competitiveness and promotion of microenterprises in the renewal of the Pink Zone of San Salvador]⁴⁶ in 2012.
- 5.6 FEDISAL will set up an executing unit and provide the necessary structure so that it can effectively and efficiently carry out the program's activities and manage its resources. This executing unit will comprise a general coordinator, an administrative and financial officer, a monitoring and evaluation specialist, a communications specialist, and two administrative and monitoring and evaluation assistants. FEDISAL will also be responsible for submitting project status reports and updates of the procurement plan each year. The details of the executing unit's structure and the requirements for the progress reports are set forth in Annex VII, which can be found in the operation's technical files.

VI. PROJECT RISKS

- 6.1 **Risks associated with the project's sustainability.** Public-private partnerships are an essential part of the initiative; however, with the changes in the institutions' authorities, especially in public institutions, there is a risk that the members may lose interest and cease to participate over time. As a mitigation measure, the NEO El Salvador partnership has developed a governance agreement that describes the responsibilities of the members and ensures their participation. Additional responses such as the following are proposed: (i) diversifying responsibilities between the public and private sectors to ensure a certain level of implementation of the activities, (ii) conducting group lobbying by sector with the incoming and outgoing authorities to provide information on the initiative's benefits and results,

⁴⁶ http://www.youblisher.com/p/661036-Memoria_2012/.

- and (iii) integrating the initiatives in the State's long-term development plans in which different sectors and civil society stakeholders normally take part. At the same time, Component 1 of the initiative includes strengthening the NEO El Salvador partnership through workshops specialized in partnership work, dispute resolution, and process standardization to mitigate the risks of fragmentation.
- 6.2 **Sector risks.** Another risk is that it may not be possible to get a sufficient number of businesses in the selected sectors to provide internships or jobs. To mitigate this risk, the members of the NEO El Salvador partnership and FEDISAL include recognized business leaders in the country on their boards of directors and/or know companies that are committed to addressing the problems of youth employment. Therefore, they are expected to have access to a good network of contacts and secure commitments for the project. Specifically, Components 1 and 2 plan to make business contacts for this purpose. Companies will also be attracted through the specific activities of the communication campaign described in Component 3, targeting the private sector.

VII. ENVIRONMENTAL AND SOCIAL IMPACT

- 7.1 The project will have no adverse environmental or social impacts. On the contrary, it will facilitate the social integration of low-income young men and women, through technical training and education in life skills to allow them to enter the formal labor market or continue their studies.
- 7.2 The Environmental and Social Review (ESR) classified this project as a category "C" operation.

VIII. FULFILLMENT OF MILESTONES AND SPECIAL FIDUCIARY ARRANGEMENTS

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

IX. ACCESS TO INFORMATION AND INTELLECTUAL PROPERTY

- 9.1 **Intellectual property.** The IDB will own the intellectual property rights to any work produced or results obtained within the framework of the NEO El Salvador project. At its discretion, the Bank may grant a free, nonexclusive license for noncommercial purposes for the dissemination, reproduction, and publication in any media of such works, which are the exclusive property of the Bank. The executing agency will ensure that all the contracts entered into with consultants under this operation expressly assign all copyrights, patents, and all other intellectual property rights to the Bank.