

DOCUMENT OF THE INTER-AMERICAN DEVELOPMENT BANK  
MULTILATERAL INVESTMENT FUND

**PARAGUAY**

**NEW EMPLOYMENT OPPORTUNITIES FOR YOUTH—  
NEO PARAGUAY**

**(PR-M1031)**

**DONORS MEMORANDUM**

This document was prepared by the project team consisting of: Mariana Wettstein (MIF/MIF), Project Team Leader; Elena Heredero (MIF/AMC), Francisco Larra (MIF/AMC), Clarissa Rossi (MIF/AMC), Fernando Balsevich (MIF/CPR), María Verónica Dos Santos (MIF/CPR), Alejandro Hernández (MIF/CPR), María Elena Nawar (MIF/DEU), Waldo Tapia (LMK/CPR), Gyoung Joo Choe (MIF/KSC), and Brian Muraresku (LEG/NSG).

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**PROJECT SUMMARY**  
**NEW EMPLOYMENT OPPORTUNITIES FOR YOUTH—NEO PARAGUAY**  
**(PR-M1031)**

“New Employment Opportunities for Youth in Paraguay” or “NEO Paraguay” is part of the regional program “New Employment Opportunities for Youth (NEO)” (ATN/ME-13213-RG). Over a period of 10 years, NEO seeks to boost the quality of human capital and the employability of 1 million vulnerable youth. It begins with a first stage lasting five years, from 2012 to 2017, for 500,000 vulnerable youths from at least 10 Latin American and Caribbean countries. The program was launched at the Summit of the Americas in 2012 and is led by the MIF, the IDB’s Social Sector, and International Youth Foundation, together with five founding partners: Arcos Dorados, Caterpillar, CEMEX, Microsoft, and Walmart.

Paraguay has experienced sustainable economic growth in the last decade, significantly reducing poverty levels. However, that growth has not been sufficient to create jobs and substantially reduce inequality or lessen job insecurity, which affects large swathes of the population, particularly young people. Nor has it been able to upgrade the quality of training for the workforce. This limits equality of opportunity by excluding a large part of the youth population from the growth process, while holding back the country’s growth potential.

NEO Paraguay seeks to establish methods and processes for linkage between the productive sector, job training, and the public sector, with the aim of facilitating access for young people to better, more comprehensive services, thereby improving their possibilities of finding quality jobs. To that end, a public-private partnership has been established, in which companies, governments, and civil society contribute resources, knowledge, and capacity to implement effective, sustainable solutions for youth employment. The members of the NEO Paraguay partnership are: (i) public sector: the Ministry of Labor, Employment, and Social Security, the Ministry of Industry and Commerce—Vice Ministry for Micro, Small, and Medium-sized Enterprises, the Ministry of Education and Culture—Vice Ministry of Higher Education, the National Youth Secretariat, and the Technical Planning Secretariat; (ii) private sector: the companies PIVOT and LUMINOTECNIA, and Unión Industrial Paraguaya [Paraguayan Industrial Union]; and (iii) civil society: Fundación Cámara de Comercio Paraguayo Americana [Paraguayan-American Chamber of Commerce Foundation], Fundación Kolping Paraguay [Kolping Paraguay Foundation], Plan Internacional Paraguay, Fundación Solidaridad [Solidarity Foundation], Fundación Sarakí [Sarakí Foundation], Fundación Paraguaya [Paraguay Foundation], and Fundación CIRD [Community-based Development Information and Resources Center Foundation].

The expected impact of NEO Paraguay is to increase job opportunities for young people ages 16 to 29. The expected outcome is to broaden the scope and quality of training programs and employment systems for young people in the city of Asunción and in Caaguazú, San Pedro, Paraguairí, Guairá, and Central departments. The machine tool, construction, shipbuilding, and service/tourism sectors were identified to launch NEO, since they are growth sectors with high unmet demand for skilled personnel.

The project will benefit 22,000 poor and vulnerable young people, at least 50% of whom will be female. Twenty-five job training centers and youth services centers will be strengthened, and 200 companies will have better-prepared young employees. NEO Paraguay includes four components: (i) relevance of the curriculum for employers and youths; (ii) strengthening of vocational and technical training institutions; (iii) comprehensive vocational guidance and job placement services tailored to youths; and (iv) knowledge management, communication strategy, and strengthening of the partnership.

NEO Paraguay will complement the actions under the Program to Support Job Placement (loan 2660/OC-PR) by the Bank's Labor Markets Unit. Through the Ministry of Labor and the Ministry of Education, the experience will be scaled up and transferred to other sectors and cities in Paraguay and, with the IDB's Labor Markets Unit, the impact will be broadened through the operation with the Paraguayan government. The MIF's financial support is crucial for spurring work in partnership and obtaining public and private resources. For each US\$1 from the MIF, at least US\$3 will be leveraged in counterpart funds.

## ANNEXES

Annex I	Logical framework
Annex II	Itemized budget
Annex III	Quality for Effectiveness in Development (QED)
Annex IV	Budget by institution

## APPENDICES

Proposed resolution

**INFORMATION AVAILABLE IN THE DOCUMENTS SECTION OF THE MIF PROJECT  
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Annex V	Preliminary list of milestones
Annex VI	Diagnostic needs assessment (DNA) of the executing agency
Annex VII	Project status reports, fulfillment of milestones, fiduciary agreements, and institutional integrity
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Annex X	Operating Regulations
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Annex XII	Impact monitoring and evaluation plan

## ABBREVIATIONS

CIRD	Fundación Comunitaria Centro de Información y Recursos para el Desarrollo [Community-based Development Information and Resources Center Foundation]
DGE	Dirección General de Empleo [Employment Bureau]
EAP	Economically active population
IT	Information technology
IYF	International Youth Foundation
MEC	Ministry of Education and Culture
MTESS	Ministry of Labor and Social Security
PAIL	Programa de Apoyo a la Inserción Laboral [Program to Support Job Placement] (PR-L1066)
SINAFOCAL	Sistema Nacional de Formación y Capacitación Laboral [National Vocational Education and Training System]
SNPP	Servicio Nacional de Promoción Profesional [National Service for Professional Advancement]

**PARAGUAY**  
**NEW EMPLOYMENT OPPORTUNITIES FOR YOUTH—**  
**NEO PARAGUAY**  
**(PR-M1031)**

**EXECUTIVE SUMMARY**

<b>Country and geographic location:</b>	Republic of Paraguay, targeting the city of Asunción and the Caaguazú, San Pedro, Paraguari, Guairá, and Central departments.
<b>Executing agency:</b>	Fundación Comunitaria Centro de Información y Recursos para el Desarrollo [Community-based Development Information and Resources Center Foundation] (CIRD).
<b>Access area:</b>	Access to Markets and Skills.
<b>Agenda:</b>	Youth: Jobs, skills, and entrepreneurship.
<b>Coordination with other donors/Bank operations:</b>	The project will be closely coordinated with the Program to Support Job Placement (PAIL) (December 2011) financed under loan 2660/OC-PR between Paraguay and the IDB, particularly with respect to strengthening employment offices and the labor observatory.
<b>Direct beneficiaries:</b>	<p>The beneficiaries will total 22,000 poor and vulnerable young people ages 16 to 29 equipped to enter the world of work, at least 11,000 (50%) of whom will be female. Four hundred youths with disabilities are also expected to benefit. An estimated 4,500 youths will register in short job training courses, and placement services will be provided for 12,000. As well, 5,500 youths will receive general information of some kind on services through job fairs and a digital employment platform.</p> <p>A total of 25 suppliers of youth employability services will be strengthened, and training will be provided for 228 of their professionals. The 25 suppliers include 14 training centers (five belonging to the National Service for Professional Advancement and four to the Ministry of Education and Culture, three to the National Vocational Education and Training System, one to Unión Industrial Paraguaya, and one to Fundación Kolping) and 11 job guidance/placement centers (eight belonging to the Employment Bureau, one to Fundación CIRD, one to Fundación Solidaridad, and one to Fundación Sarakí). Lastly, 200 companies will benefit by employing skilled youths from the NEO program.</p>

<b>Indirect beneficiaries:</b>	Given that Paraguayan families have an average of 4.5 members, 99,000 people will benefit indirectly.		
<b>Financing:</b>	Technical cooperation:	US\$ 1,273,500	25%
	<b>TOTAL MIF CONTRIBUTION:</b>	US\$ 1,273,500	25%
	Counterpart:	US\$ 318,675	6%
	Cofinancing:	US\$ 3,580,000	69%
	<b>TOTAL BUDGET:</b>	US\$ 5,172,175	100%
<b>Execution and disbursement periods:</b>	Execution period:	36 months	
	Disbursement period:	42 months	
<b>Special contractual clauses:</b>	The following will be conditions precedent to the first disbursement: (i) Operating Regulations; (ii) NEO Paraguay partnership agreement on governance; (iii) annual work plan; and (iv) NEO Paraguay coordinator selected. All these conditions must be met to the satisfaction of the IDB/MIF.		
<b>Environmental and social impact review:</b>	The operation has been pre-evaluated and classified in accordance with the IDB's Environment and Safeguards Compliance Policy (OP-703). Since the impacts and risks are limited, it is proposed that this be classified as a category "C" operation.		
<b>Unit with disbursement responsibility:</b>	The project will be supervised by the Bank's Country Office in Paraguay, with technical support from the NEO regional team at Headquarters.		

## I. BACKGROUND AND RATIONALE

### A. Problem to be addressed by the project

- 1.1 **Youth and the labor market in Paraguay.** Paraguay's total population numbers 6,709,730, approximately 28.5% of whom are young people ages 15 to 29, divided equally between males and females. Close to 60% of the population is under 30, making Paraguay one of the countries that will have a significant demographic dividend in the coming years. But the educational level of young Paraguayans is worrisome: 18.6% have six or fewer years of schooling, a figure that rises to 33.7% in the rural area. Unemployment<sup>1</sup> affects 13% of urban youths ages 18 to 29, compared to 3.4% for adults. As well, 25% of youths do not study or work. Among the young people ages 18 to 29 who are employed, the majority work in micro and small enterprises, with very low productivity and lack of job security (56%), and 51% of those who have jobs work in the informal sector.
- 1.2 The average economic growth of 4.9% that Paraguay has seen in the last decade<sup>2</sup> has led to a considerable reduction in poverty, from 32.4% in 2011 to 23.8% in 2013. However, economic growth has not led to a reduction in inequality or a substantial drop in job insecurity, and has been marked by limited capacity to create quality jobs.
- 1.3 According to the National Economic Census (2011), jobs tend to be created by wholesale and retail trades, which account for 46.3% of economic units and employ 36.4% of working individuals. One burgeoning sector is industry, which has grown steadily over the last three years at a rate of 4.6% in 2012, 7.9% in 2013, and an estimated 7.2% in 2014. It is worth noting that although the agricultural export sector is an engine of the country's economic growth, it does not create many jobs.
- 1.4 **Vulnerability of the Paraguayan labor market.** When examining the Paraguayan labor market, it is particularly important to study underemployment, since it is double the figure for open unemployment. In Asunción and the urban areas of the Central department, the country's main urban hub, 17% of the economically active population (EAP) is underemployed, defined as people who would like to work a sufficient number of hours a week but cannot. The underemployed also include people who work 30 hours a week or more as salaried workers but who earn less than the legal minimum wage (invisible underemployment). But the analysis should also include people who have given up seeking work and become the hidden unemployed who, in Paraguay, account for 0.4% of the EAP. If open unemployment, underemployment, and hidden

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<sup>1</sup> PR-L1066.

<sup>2</sup> World Economic Outlook: Latin America and the Caribbean, World Bank, 2014, page 2. See: [http://www.worldbank.org/content/dam/Worldbank/GEP/GEParchives/GEP2014a/Overview\\_LAC\\_GEP\\_Jan2014\\_Sp.pdf](http://www.worldbank.org/content/dam/Worldbank/GEP/GEParchives/GEP2014a/Overview_LAC_GEP_Jan2014_Sp.pdf).

- unemployment are added together, 26% of the EAP who live in Asunción and the urban areas in the Central department<sup>3</sup> fall into this situation.
- 1.5 Women are a vulnerable group: 17% of urban women ages 18 to 29 with 9 to 12 years of schooling are unemployed and 36% neither study nor work. If young women who perform domestic work are excluded, the percentage is still higher for women than for men (22% versus 12%).
  - 1.6 Another particularly vulnerable group are persons with disabilities. The rate of disability, which had not been shown in previous years, is high. According to the 2012 National Census, almost 13% of the population is disabled, compared to 1% reported in earlier censuses. This raises significant concerns over the effective inclusion and participation of people with disabilities in the labor market, given that their unemployment rates are estimated to be high.<sup>4</sup> This exclusion is aggravated when combined with other factors such as gender, young age, poverty, or vulnerability, which multiply the number of barriers to access to a decent job.
  - 1.7 **Problems to be addressed by the operation.** NEO Paraguay fundamentally intends to attack two problems: (i) the difficulty encountered by vulnerable youths in finding quality jobs; and (ii) the poor quality and lack of relevance of youth employability services.
  - 1.8 **Causes: (i) Lack of skilled labor.** Growth is held back by the lack of skilled workers, among other factors. There is high unmet demand for labor in the technical segment and middle management. According to the National Employment Service (SENADE, 2009), 29.7% of companies require technical equipment operators, tradespeople, and craftspeople, and it is difficult to plan initiatives when employees of this kind are lacking.
  - 1.9 The quality of education presents major shortcomings in mathematics, science, and reading, according to the Second Regional Comparative and Explanatory Study (SERCE). Interviews with representatives of the private sector and training institutions show that, in addition to the shortcomings in basic<sup>5</sup> and technical skills, many young Paraguayans lack life skills,<sup>6</sup> which are highly valued by employers. The productive sector claims that it cannot cover its demand for workers, particularly technical equipment operators, tradespeople, and craftspeople (29.7%), mechanics, electricians, and maintenance workers (24.3%), and salesperson, manager, and collector (24.3%).

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<sup>3</sup> Encuesta Continua de Empleo (ECE) [Ongoing employment survey], 2nd quarter, Dirección General de Estadística, Encuestas y Censos [Statistics, Surveys, and Census Bureau] (DGEEC) 2013.

<sup>4</sup> It is calculated that 70% of the disabled have no jobs. See: <http://www.cepal.org/publicaciones/xml/5/48455/PanoramaSocial2012.pdf>.

<sup>5</sup> Basic skills such as critical thinking and a basic understanding of language and mathematics.

<sup>6</sup> Life skills, also known as soft skills or socioemotional skills, include communication abilities, team work, respect, problem solving, self-evaluation, etc.

- 1.10 **(ii) Lack of relevance and quality of training.** One large challenge faced by the labor training system in Paraguay stems from the absence of agile information and analysis mechanisms, which affects the labor and training markets. In other words, the public and/or private institutions responsible for job training do not have sufficient knowledge of the specific skills companies need.
- 1.11 On the job training front, the government acts through its two training institutions: (i) the Servicio Nacional de Promoción Profesional [National Service for Professional Advancement] (SNPP), which offers more standardized and stable training and directly provides training services; and (ii) the Sistema Nacional de Formación y Capacitación Laboral [National Vocational Education and Training System] (SINAFOCAL), with more open offerings, which subcontracts job training services to external entities. However, greater efforts are needed to coordinate more closely with market requirements.<sup>7</sup> Both institutions face major challenges. The SNPP needs to efficiently and effectively tailor its course offerings to the dynamics of the productive sector to produce relevant, certified courses, with a full curriculum that stresses the basic, technical, and life skills demanded by the productive sector, in addition to the challenge of providing ongoing training for its teachers. Mechanisms must also be developed for student monitoring, control, and evaluation. In addition to facing similar challenges to the SNPP, SINAFOCAL needs to fortify its rolls of institutions that offer job training by including institutions that meet minimum quality standards.
- 1.12 As for private sector training institutions, some have a history with and links to a given business or sector, such as the garment industry, although not systematically. The rest of the providers of subcontracted courses are institutions that lack their own strategy for offering services to the market and, with a few exceptions, were created to provide services almost exclusively for SINAFOCAL.
- 1.13 **(iii) Incipient institutional capacity to respond to the country's labor challenges.** With regard to job placement, the government has striven to consolidate the employment offices and the one-stop window systems, not simply to cooperate in linking supply and demand, but as mechanisms to register and systematize job-seekers' profiles and employer requirements and as a source of statistics for employability policy-making. However, large-scale facilitation of job placement has not yet been achieved, since the registration and guidance system, like the information system that organizes the labor databases, is not fully operational.
- 1.14 To assist the government in addressing the problems the sector faces, the Program to Support Job Placement (PAIL) (PR-L1066) was approved at the end of 2011, to help expand the coverage and effectiveness of active employment policies in

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<sup>7</sup> Informe Evaluación rápida SNPP y SINAFOCAL [SNPP and SINAFOCAL rapid assessment report], Cynthia Gonzalez 2012; and Propuesta de Reestructuración del Sistema de Formación Profesional en Paraguay [Proposal for restructuring the vocational training system in Paraguay], International Labour Organization.

order to boost worker productivity and job placement. The desired impact is to help increase the employability of young people who participate in new training modalities, and the expected outcome is to build the capacity of the Employment Bureau (DGE) to coordinate services through its one-stop employment windows. To attain these goals, investments will be made in staff development and professionalization, knowledge creation, physical infrastructure, furniture, appropriate equipment, and relevant information systems and in strengthening the technical capabilities of the one-stop windows to offer better job counseling, training, and placement services.

- 1.15 **(iv) Stakeholder coordination.** The Bank's loan operation, a recent series of institutional advances, and the start of a new government's term in office make the environment conducive for implementing NEO in Paraguay. The Ministry of Labor, Employment, and Social Security was created in 2013 as was the Ministry of Industry and Commerce's Vice Ministry for Micro, Small, and Medium-sized Enterprises, and the National Youth Secretariat was created in 2012. In June 2013, Law 4951/13, the Youth Employability Act, was promulgated, which proposed specific solutions to promote the employability of young people by establishing differentiated mechanisms for the first job and other innovations, such as incentives for companies to hire young people. Although the context is favorable, it also presents major challenges such as the need to strengthen this new institutional framework and to regulate and publicize the Act. These challenges mean that it is particularly relevant to address working through partnerships to strengthen the country's employability ecosystem, establishing a venue for interaction between the public sector and relevant private stakeholders.
- 1.16 **The NEO Paraguay project** has arisen from a process of consensus-building and participatory planning that has led to the establishment of a strategic partnership, intended to be permanent, composed of Paraguayan public, private, and civil society institutions that seek to improve the employability of the country's young people. The vision of the NEO Paraguay partnership is to be a model and agent for innovation in youth employability, transforming the labor culture of employers and the public service, and of poor and vulnerable youths. This approach is intended to avoid duplication of efforts, boost effectiveness, and guarantee economic and social impact.
- 1.17 The NEO Paraguay project has been designed with the active participation of the IDB's Labor Market Unit, which is responsible for the PAIL. Thus NEO Paraguay has become fully integrated into the Bank's sector strategy in the country and complements the work being done under the PAIL in those areas in which, due to their public-private nature, support through NEO Paraguay is beneficial for attaining the proposed objectives. The areas are: (i) the creation of NEO profiles by working groups drawn from different targeted employer sectors that can contribute relevant information; (ii) the adaptation of the employment portal to a young audience; and (iii) the evaluation and strengthening of the one-

stop employment windows and their professionals through the NEO quality standards guide.

1.18 In Paraguay, the machine tool, construction, shipbuilding, and service/tourism industries and the city of Asunción and the Caaguazú, San Pedro, Paraguairí, Guairá, and Central departments have been pre-identified for implementing NEO. This is due to a conjunction of the following factors: (i) growth sectors, with high unmet demand for skilled personnel that mesh with the NEO youth profile; (ii) public and private institutions that offer job training, guidance, and placement services that, in association with the productive sector, can prepare youths to fill available positions; and (iii) cities with significant economic activity, presence of key public and private players, and population indexes.

1.19 The members of the NEO Paraguay partnership are:

- Public sector:
- **Ministry of Labor, Employment, and Social Security (MTESS).** The lead agency in employability in Paraguay in socio-labor matters and basic labor rights; chairs the task force to implement the Youth Employability Act.
  - **Ministry of Industry and Commerce's Vice Ministry of Micro, Small, and Medium-sized Enterprises.** The recently created public institution responsible for furthering the creation, promotion, management, modernization, and development of micro, small, and medium-sized enterprises in the country.
  - **Ministry of Education and Culture's Vice Ministry of Higher Education.** An agency with the basic mission of guaranteeing a quality education as a contribution to improving the standard of living for the entire population.
  - **National Youth Secretariat.** The public agency responsible for coordinating and executing policies targeted to youth; sits on the task force to implement the Youth Employability Act.
  - **Technical Planning Secretariat.** The lead planning institution responsible for coordinating, evaluating, designing, and promoting actions for the country's sustainable development.
- Private sector:<sup>8</sup>
- **PIVOT.** Portal Web de Empleo, a company devoted to technology-based job placement.
  - **LUMINOTECNIA.** A private company that sells residential and industrial electrical materials and equipment. Through its Proyecto

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<sup>8</sup> More than 700 private companies are linked to NEO in one way or another and are represented by their foundations, trade associations, or chambers of commerce, which belong to the NEO Paraguay partnership.

Pescar Unit, it has been working since 2007 to improve the quality of life of young people in our society, opening its doors to offer opportunities for personal and professional growth.

- Civil society and academia:
- **Unión Industrial Paraguaya.** A union that groups together the country's main industrial companies, with the mission of developing and educating its members for innovation and efficiency.
  - **Fundación Kolping Paraguay.** A foundation that executes technical vocational training and works assistance projects.
  - **Plan Internacional Paraguay.** An international NGO that works to expand the opportunities and improve the quality of life of poor children and adolescents.
  - **Fundación Solidaridad.** A foundation that works to improve the quality of life of persons with physical disabilities.
  - **Fundación Sarakí.** A foundation that works to improve the quality of life of persons with psychological and intellectual disabilities.
  - **Fundación CIRD.** A nonprofit organization established to strengthen and build capacities and skills for development, intersector cooperation, and the strengthening of social capital.
  - **Fundación Paraguaya.** A foundation that works to develop and implement sustainable solutions to eliminate poverty, with emphasis on entrepreneurial capacity.
  - **Fundación Cámara de Comercio Paraguayo Americana (Fundación AMCHAM).** A foundation that promotes corporate social responsibility for human development, facilitating access to education and training by the most disadvantaged sectors of society.

## B. Beneficiaries

- 1.20 During the execution period, this initiative will benefit a minimum of 22,000 young people, 11,000 (50%) of who will be female, and at least 400 will be youths with disabilities, who will have access to better employability services. It is expected that out of the total: (i) 4,500 young people enroll in technical and vocational training courses; (ii) 12,000 receive job placement services; and (iii) 5,500 youths receive some sort of general information on services through job fairs and the user-friendly digital employment platform for young audiences.
- 1.21 Twenty-five job training and placement institutions will be evaluated and strengthened, using the NEO quality standards guide, including 14 training centers (5 belonging to the SNPP, 4 to the MEC, 3 to SINAFOCAL, 1 to the Unión Industrial Paraguaya, and 1 to Fundación Kolping) and 11 job

guidance/placement centers (8 DGE one-stop windows, 1 belonging to the CIRD, 1 to Fundación Solidaridad, and 1 to Fundación Sarakí); 249 professionals from those same centers will be trained to provide services aligned with labor market needs and to include teaching methods tailored to young people, life skills, and vocational guidance and job placement. Lastly, 200 companies from pre-identified sectors that participate by offering internships and jobs will benefit from being able to count on having young people who are better trained for work on the basis of labor market needs.

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

- 1.22 **Poverty reduction.** The NEO Paraguay initiative will contribute to the objective of reducing poverty by developing the capabilities of poor and vulnerable youths. The private sector will also benefit, since the young beneficiaries will be better prepared to be productive in companies, thereby reducing the costs of selection, turnover, and training new employees.
- 1.23 **Gender approach.** NEO Paraguay will pay special attention to gender aspects by: (i) breaking down indicators by sex in the monitoring and evaluation system; (ii) including considerations of gender, ethnicity, geographic origin, and disability in activities to evaluate quality and strengthen the technical capacity of the providers of employability services, as described in paragraph 2.3 of this document; and (iii) promoting and facilitating equitable access for males and females to training and socio-labor services.
- 1.24 **Linkage to the agenda.** NEO reflects the good practices and lessons learned from innovative smaller scale projects in the past<sup>9</sup> and this feedback continues under the framework of the new agenda. NEO Paraguay will contribute in particular to the scale pillar of the MIF's Youth Agenda and to the pillars of innovation and knowledge generation, through its use of a novel and uncommon mechanism such as public-private partnerships to work to scale.
- 1.25 **Knowledge gap.** This project will help to narrow the knowledge gap in the Youth and Employment Agenda as it relates to: (i) how does a public-private partnership work that is intended to strengthen and coordinate institutions that provide youth employability services? (ii) What are the key factors for the success of youth employability policies in Paraguay? (iii) What type of assistance do companies need to work with youths and vulnerable groups so they can provide them with pertinent support?
- 1.26 The knowledge products of NEO Paraguay will contribute and feed into the objectives of the regional NEO program by making comparative thematic analyses of experiences in the countries possible and allowing for a regional reading of the results and findings. These knowledge objectives were developed under NEO's knowledge strategy and the Youth and Employment Agenda to narrow the gaps in question. Given the MIF's nature as a laboratory, it has been

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<sup>9</sup> Give Youth a Chance: An Agenda for Action. MIF. Sept. 2012.

particularly important to ensure that the knowledge generated by NEO is innovative and unique. To develop the NEO knowledge strategy, three criteria were evaluated: (i) relevance for NEO; (ii) the usefulness of knowledge for program managers and policy-makers; and (iii) NEO's capacity to contribute meaningful knowledge. The key subject areas selected were: (i) life skills as part of employability; (ii) the relevance of training for work aligned with market requirements; (iii) public-private partnerships to promote youth employability; (iv) the linkage of job placement services for poor and vulnerable youths; and (v) the effectiveness of job guidance services to improve decision-making by youths about their education and professional development.

- 1.27 **Linkage with the regional program New Employment Opportunities for Youth (NEO) (RG-M1210).** NEO Paraguay is a country-level initiative that is launched as part of the regional NEO program approved by the MIF's Donors Committee on 12 April 2012 (document MIF/AT-1175). The initiative is being led by the IDB through the Office of the MIF and the Social Sector (SCL/LMK), and International Youth Foundation (IYF), alongside five founding member partners: Arcos Dorados, Caterpillar, Cemex, Microsoft, and Walmart. Over a period of 10 years, NEO seeks to raise the quality of human capital and employability for 1 million vulnerable youths. It began with a first stage lasting five years from 2012 to 2017 for 500,000 vulnerable young people in at least 10 Latin American and Caribbean countries. The first stage is expected to strengthen 200 suppliers of youth employability services and mobilize at least 1,000 companies to offer internships and jobs. As the MIF Donors Committee was informed in May 2014, four projects had been approved under the initiative.<sup>10</sup> In August, the Donors Committee approved a fifth NEO project, the regional project with Fundación Forge (RG-M1256). Apart from NEO Paraguay, two other projects are being prepared that are expected to be presented for approval in 2014. The following table summarizes progress toward the NEO's main targets.

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<sup>10</sup> Document MIF/PP-81. NEO. A Million Youth, a Million Opportunities – Status report. The four projects are NEO in the Dominican Republic (DR-M1044), NEO in Nuevo León (ME-M1091/ME-T1255), NEO in Urabá (CO-M1094/CO-T1374), and Free Education with the National Confederation of Industries (BR-M1114).

Key indicators	NEO regional target 2017	Progress toward the target*	Targets, including three projects pending approval in 2014**
Beneficiary youths	500,000	291,000	347,220
Service providers strengthened	200	80	134
Companies offering internships and jobs	1,000	1,200	2,000
National partners that adopt high-impact employability models	10	3	5

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

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

1.28 **Cooperation with the IDB Group.** The project will be closely coordinated with the Program to Support Job Placement financed under loan 2660/OC-PR between Paraguay and the IDB, particularly with respect to strengthening the employment offices and the labor observatory, as well as relying on the training programs. NEO Paraguay is consistent with the Bank's country strategy with Paraguay 2014-2018,<sup>11</sup> the objective of which is to support the country's productive transformation, with a view to achieving sustainable, inclusive economic growth that translates into reduced poverty and inequality through the creation of formal jobs. Concretely, NEO Paraguay will support the Bank's strategy with the country by working in the productive development sector, which is one of the six priority sectors that Bank action will focus on as part of the initiatives for creating formal employment and providing job training.

## II. OBJECTIVES AND COMPONENTS

### A. Objectives

2.1 The desired impact of NEO Paraguay is to increase job opportunities for poor and vulnerable Paraguayan young people ages 16 to 29. The expected results are to broaden the scope, quality, and effectiveness of training programs and employment systems for vulnerable young people in the country, targeting the city of Asunción and the Caaguazú, San Pedro, Paraguairí, Guairá, and Central departments.

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

2.2 NEO seeks to close the gap between the skills of young people and market demand for qualified personnel by linking the efforts of the main stakeholders in the fields of education/training, the labor market, and youth to address these problems systematically and not with isolated, uncoordinated efforts. NEO Paraguay is based on an intervention model designed on the regional level that is

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<sup>11</sup> Document GN-2769.

- being implemented in several countries. The model consists of establishing public-private partnerships in which companies, governments, and civil society contribute resources, knowledge, and skills to implement effective and sustainable employment solutions for poor and vulnerable youth. The NEO Paraguay partnership was established voluntarily, and it selected CIRD as the coordinator for the purpose of jointly, and in a participatory manner, preparing a diagnostic analysis and a strategic youth employability plan, with a set time frame and resources, outlining its mission, objectives, and results. The plan was subsequently reviewed and adjusted with the MIF/IDB team.
- 2.3 The partnerships also commit to adopting and implementing a comprehensive job training model and good practices developed by the MIF, the IDB, and IYF. The goal is to build the technical capacity of institutions that provide job training, guidance, and placement services in both the public and private spheres. This will be done through the transfer and adaptation of good practices validated by the IYF and MIF entra21 program,<sup>12</sup> and other programs financed by the IDB. These strengthening services will be offered directly by IYF as stipulated in paragraph 3.19 of the NEO Donors Memorandum (document MIF/AT-1175). To that end, IYF has developed two products under the NEO regional framework: (1) a quality standards guide as a tool for evaluating job training and placement programs for youths,<sup>13</sup> with an online portal that enables institutions to evaluate themselves and determine which aspects of their employability services they would like to improve, and thus define their plans for improvement and support; and (2) a package of guides and services<sup>14</sup> that includes training for teachers of life skills, training in job placement for labor managers, training for vocational guidance counselors, training for teachers in teaching methods, and training for supervisors in the four areas, to establish installed capacity in the institutions.
- 2.4 By introducing these good practices in the suppliers of public and private services, improvements are expected in the results and impact on youth employability. This demonstration effect is intended to encourage suppliers to continue implementing good practices after the operation ends, thereby contributing to the objective of having a systemic impact and enabling many more youths to benefit beyond the execution period. In other words, the intention is to get the institutions to optimize their resources while increasing the quality, access,

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<sup>12</sup> The entra21 (ATN/MH-10303-RG) was created by the MIF and 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 in the region, through 50 civil society organizations. About 75% of the graduates obtained work or continued studying six months after graduating from the program.

<sup>13</sup> For more information visit: [http://www.jovenesneo.org/Portals/13/Images/NEO/SW\\_Recursos/e57ee874-bd7d-483d-a939-4c2e5ad1c63b\\_Guia%20Estandares%20de%20Calidad%20NEO%202014%20final%20web.pdf](http://www.jovenesneo.org/Portals/13/Images/NEO/SW_Recursos/e57ee874-bd7d-483d-a939-4c2e5ad1c63b_Guia%20Estandares%20de%20Calidad%20NEO%202014%20final%20web.pdf).

<sup>14</sup> For more information on services, visit: [http://www.jovenesneo.org/Portals/13/Images/NEO/SW\\_Recursos/d0e4c708-d535-4185-b2fe-6838b2fc0fcf\\_NEO%20Servicios%20Fortalecimiento.pdf](http://www.jovenesneo.org/Portals/13/Images/NEO/SW_Recursos/d0e4c708-d535-4185-b2fe-6838b2fc0fcf_NEO%20Servicios%20Fortalecimiento.pdf).

and effectiveness of their youth training programs and employability services. A no less important fact is that making this improvement in partnership with public, private, and civil society institutions sitting around the same table, sharing information on what works and what does not, and measuring the same indicators will narrow gaps in coordination, dialogue, knowledge, and efforts that were previously isolated, so that a consensus can be built on youth employability programs and policies that work and have a high impact (see the following figure):

## NEO's Model

### The formation of participatory public-private partnerships



### ...that strengthen and articulate job services providers



- 2.5 Much like NEO in Panama, one innovative aspect in Paraguay is the coordination and participation of four pre-identified productive sectors that are experiencing growth. They are machine tools, construction, shipbuilding, and services/tourism and will be coordinated with the public sector, the labor training institutions, and the youths themselves, through multidisciplinary panels (working groups) that focus on employability. NEO Paraguay will help to develop this approach by promoting the establishment of working groups by productive sector to: (i) obtain pertinent information on job profiles and required standards, identify key technical and life skills, and analyze short- and medium-term supply and demand; (ii) make recommendations on the adaptation of training curricula and intervention strategies aligned with sector requirements in conjunction with job training, guidance, and placement institutions; and (iii) obtain feedback from youths and companies, and keep the cycle up to date and uninterrupted.
- 2.6 Another noteworthy aspect of the NEO Paraguay model is the work to be done with the SNPP, the MEC, and private training institutions that work with SINAFOCAL to help them implement minimum quality standards for public entities and for subcontracted private service providers. The intent is for SINAFOCAL to promote these best practices among its affiliates and include these quality standards as one of the requisites for competing for contracts as trainers.
- 2.7 NEO Paraguay will also seek to narrow the information gap among poor and vulnerable youths about employability services by adapting the services of the one-stop employment windows and other job placement offices to youths, developing a national inventory of socio-labor services for the young population, holding job fairs tailored to NEO's target population, and establishing a comprehensive digital information platform that is coordinated and user friendly. These actions will physically and electronically (platform) coordinate information on employability services, such as education offerings, job training, job placement, bursaries, vocational guidance services, the labor market, job offers, and socio-labor support services, etc. The employment centers and the portal will thus attain one key objective of the NEO Paraguay partnership, which is to link employer demands to the educational offerings and to government and civil society programs.
- 2.8 Mention should be made of the special focus on assistance for youths with disabilities and the cooperation offered by the Solidaridad and Sarakí Foundations which, with funds from the U.S. Agency for International Development (USAID), will coordinate the pilot project with placement and guidance services for youths with disabilities and the participation and preparedness of employers.
- 2.9 Lastly, the NEO Paraguay partnership seeks to have an impact on youth employability systems that can be replicated and transferred to other productive sectors and, potentially, to 31 additional official institutions that offer vocational and technical training, with annual enrollment of 85,000, and to about 50 private institutions with annual enrollment of 40,000 youths.

## C. Components

- 2.10 The NEO Paraguay initiative has four components: (i) relevance of the curriculum for employers and youths; (ii) strengthening public and private vocational and technical training institutions; (iii) comprehensive vocational guidance and placement services tailored to youths; and (iv) knowledge management, communication strategy, and strengthening the NEO Paraguay partnership.

### **Component I: Relevance of the curriculum for employers and youths (MIF: US\$125,000; counterpart/cofinancing: US\$28,450)**

- 2.11 The objective of this component is to strengthen and coordinate systems for data production and analysis to align vocational and technical training with the demands of a group of companies in the machine tool, construction, shipbuilding, and service/tourism sectors for low-skilled operator and technical positions. The goal is to produce information and analyze the demands of the productive sector. A report will be written estimating demand by a group of companies in the selected sectors for NEO beneficiary profiles and an analysis will be performed of the gaps between short- and medium-term supply and demand. The idea is for the managers at 30 to 45 companies (between 10 and 15 representative companies per sector) to participate actively, providing information on vacancies and jobs of this kind and when they will be ready to hire.
- 2.12 The analysis and report will be used to establish multidisciplinary panels (companies, training centers, employment services, and young graduates) who will meet to update information on the current education supply and on the interests of young people, and to comment on the implementation of training and employment processes. Lastly, the material product will be reference packages with standards and other parameters defined by the panel in each sector that can be used to adapt the curriculum and teaching and evaluation methods for vocational<sup>15</sup> and technical<sup>16</sup> courses. There will also be research competitions to spur fieldwork and that will complement efforts for the ongoing updating of information on the labor market.
- 2.13 This component's activities and outputs are to: (i) create multidisciplinary panels by sector to study market trends; (ii) develop reference packages setting out the skills parameters and standards defined by the multidisciplinary panels (one per sector) for adapting the curriculum of short courses (curriculum and

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<sup>15</sup> Vocational training or work training takes the form of highly practical courses, generally of short duration, whose main purpose is to train the unemployed or the employed to adapt to a given vocation or activity. The training is not subject to the traditional school timetable or year, since it is generally independent from the technical training provided by the education system and regulated by the MTESS. The Ministry of Education and Culture, on its own or in collaboration with other ministries and institutions involved in job training outside the formal system, also offers career development opportunities up to different levels of qualification and specialty, contingent upon having completed the first six years of basic schooling.

<sup>16</sup> To obtain a technical diploma regulated by the Ministry of Education and Culture, students must have completed the first nine years of basic schooling (three cycles).

training/evaluation methods); (iii) develop a systematized guide for rapid market assessment to be used by educational institutions; (iv) develop a systematized guide for processes to rapidly adapt the curriculum to align with labor market demand; and (v) organize open research competitions to conduct studies on trends in youth employment.

**Component II: Strengthening vocational and technical training institutions (MIF: US\$239,400; counterpart/cofinancing: US\$2,939,725)**

- 2.14 The objective of this component is to evaluate and provide training and advisory services for 14 vocational and technical training institutions in accordance with the NEO quality standards guide. With MIF funding (see paragraph 2.3), IYF will directly provide services to strengthen their professionals in teaching methods and the inclusion of life skills in the curricula, so that the suppliers of courses can improve their job counseling practices, adapt their curricula to the technical and life skills demanded by the market, and establish a closer linkage with the private sector.
- 2.15 This component's activities and outputs are to: (i) evaluate and strengthen 14 public and private training centers in accordance with the NEO quality standards guide; (ii) train 28 teachers in best practices in life skills in accordance with those standards; (iii) train 75 teachers in best teaching methods in accordance with the standards; (iv) train 28 professionals in best vocational guidance practices in accordance with the standards; and (v) enroll 8,100 young people in vocational and technical training courses.

**Component III: Comprehensive vocational guidance and job placement services tailored to youths (MIF: US\$334,900; counterpart/cofinancing: US\$795,500)**

- 2.16 The objective of this component is to narrow the gap in information available to poor and vulnerable youths about employability services, while evaluating and providing training and advisory services for 11 job guidance and placement centers in accordance with the NEO quality standards guide and, through the strengthening services provided by IYF (see paragraph 2.3), train their professionals in job counseling, life skills, and job placement, so they can act as an interface between supply and demand, employers, youths, training and social service institutions, and others, and improve employment mechanisms and practices for poor and vulnerable youths.
- 2.17 One key point in this component is linkage with the productive sector for finding work which, in part, will take the form of very close ties with the group of companies participating in Component 1 activities, since the vacancies to be filled are concretely identified and made-to-measure training is provided. Work will be done to sensitize and attract companies to offer job opportunities to vulnerable youths, including gender aspects for equality of opportunity for females in nontraditional posts, and to mobilize their associations.

- 2.18 The main activities and outputs linked to this component are to: (i) develop an inventory of public and private employability services and youth support services; (ii) evaluate and strengthen 11 job guidance and placement services in accordance with the NEO quality standards guide; (iii) train 22 professionals in best practices in life skills in accordance with the standards; (iv) train 22 professionals in best vocational counseling practices in accordance with the standards; (v) train 22 professionals in best job placement practices in accordance with the standards; (vi) strengthen one digital platform on employment, making it accessible and user-friendly for youths; (vii) develop a methodological guide for orienting and sensitizing companies and company employees about how to receive and work with youths and vulnerable new hires and provide the pertinent support; (viii) sensitize 50 companies on the guide produced; (ix) hold 12 job fairs aligned with market demand and employment services; (x) assist 12,400 young people at guidance and placement centers, 400 of whom will be disabled youths; and (xi) offer information to 5,500 young people who visit the platform and the job fairs to guide their decisions relating to education and work, and other personal support services.

**Component IV: Knowledge management, communication strategy, and strengthening the NEO Paraguay partnership (MIF: US\$138,550; counterpart/cofinancing: US\$106,000)**

- 2.19 The objective of this component is to document and disseminate the results and lessons learned from the initiative, with the objective of promoting the formation and growth of the NEO Paraguay partnership and promoting the alignment of previously isolated efforts to guarantee the scale and sustainability of the initiative.
- 2.20 The following audiences have been identified for the dissemination and communication of the knowledge and experiences generated by the project: (i) companies interested in the subject of youth employment and skilled labor for their businesses; (ii) public institutions interested in finding and applying solutions to youth unemployment and attracting the attention of poor and vulnerable youths; (iii) institutions from the educational community with an interest in improving the quality of their teaching practices; and (iv) civil society organizations interested in strengthening their youth services.
- 2.21 The main channels for reaching these audiences will be the meetings of expanded multidisciplinary panels, personalized face-to-face meetings, presence in online and print media, and other means identified as pertinent during the design of the project's communication strategy.
- 2.22 The following knowledge products will be developed: (i) a strategic communication plan; (ii) events to strengthen the NEO Paraguay partnership; (iii) a thematic analysis of the experience of the NEO Paraguay partnership; and (iv) a thematic analysis of the NEO practices implemented in Paraguay and recommendations relating to key factors for the success of youth employability

policies. Annually, the executing agency will update the project factsheet (standard facilitated by the MIF), which contains basic information on the project, challenges, intervention strategy, and results achieved.

**D. Project governance and execution mechanism**

- 2.23 The NEO Paraguay partnership comprises public, private, and civil society institutions that act and influence programs and strategies intended to promote more and better integration of youths into Paraguayan society, particularly through youth, education, and employment policies. The IDB and IYF may participate as observers in the meetings of the NEO Paraguay partnership. Since this approach is very novel in the country, in its capacity as donor, the MIF may participate as a full member when it sees fit.
- 2.24 The NEO Paraguay partnership is established under a “governance agreement” signed by the members of the partnership and the executing agency. It describes<sup>17</sup> the resolve of its members, the rules governing activities, commitments, contributions, roles, responsibilities, the relationship between the NEO Paraguay partnership and the executing agency, how it is organized for implementation, and evaluation and supervision of the project’s operating budget. 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.
- 2.25 The structure of the NEO Paraguay partnership under its governance agreement consists of a board of directors, work committees, an advisory council, and collaborators. The board of directors, which is made up of all the members of the partnership, is responsible for reviewing, approving, and overseeing compliance with the memorandum of understanding and the work plans of the NEO Paraguay initiative, as well as mobilizing resources for its sustainability and supervising the executing agency implementing the project. For better board of directors’ performance, specific work committees will be established to handle ad hoc consultations and make decisions in their specific area, as well as for procuring funds, marketing, sustainability, dispute settlement, and ethics, describing the respective decision-making processes. There will also be an advisory council, whose main function is to advise the board of directors on priority matters of interest and institutions that consult it about trends and needs in youth, education, and youth employability.
- 2.26 Lastly, there is a description of the role of the executing agency that will lead the execution process, coordinate the actions of the different members, and administer

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<sup>17</sup> The NEO regional team has developed a guide based on conversations with the IDB’s Legal Department and the experience of the NEO partnerships, the purpose of which is to provide guidelines for the NEO partnerships in each country in formulating their governance agreements. The guide contains models and examples simply by way of illustration 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.

funds under the direct supervision of the board of directors of the NEO Paraguay partnership and the MIF. After the CIRD acted as the technical secretariat during the pre-partnership period at the unanimous request of its members, the NEO Paraguay partnership has confirmed it as executing agency. It will sign the contract with the MIF and be responsible for overseeing execution and fulfillment of the objectives of the NEO Paraguay initiative. The CIRD currently has letters of commitment of funds and formal support for the NEO Paraguay project from the key members of the partnership (see the list in paragraph 1.19), which were collected during the process of establishing the partnership and confirmed once the activities and costs were identified. The CIRD will establish a technical team to ensure that the project is executed effectively and efficiently. The team will form part of the operating structure of the executing agency and will report to the board of directors of the NEO Paraguay partnership.

## **E. Sustainability**

- 2.27 Three principal pillars ensure the sustainability of the operation.
- 2.28 **The partnership and the installed capacity of its members.** As was explained when describing the model, NEO Paraguay seeks to ensure that the institutions in the system, such as companies, public and private training centers, the public sector, and NGOs, offer more and better services for the employability of vulnerable youths, which does not necessarily imply additional investments, but rather the strengthening of their systems and better preparation of teachers, guidance counselors, and placement officers. Another guarantee of the sustainability of NEO Paraguay could possibly be the partnership itself. Having built the proposal in a participatory, open, and transparent fashion has made for consensuses and the backing of all of the institutions. During execution, it is expected that trust will be strengthened and that, based on the results and lessons learned, the NEO Paraguay partnership can continue to deepen and contribute better programs and policies on youth employability in the country.
- 2.29 **Institutionalization of the multidisciplinary panels.** It is expected that the linkages and practical experiences among the four productive sectors involved, the training institutions, and the youths (described in Component 1) will continue and that the experience of these sectors can be replicated in others.
- 2.30 **Transferring and scaling up.** Once the working model implemented in the pre-identified sectors and in the 25 vocational training, guidance, and placement centers has been validated, a plan will be drawn up to transfer the model to other productive sectors and other service providers in Paraguay. Potentially, 31 additional institutions exist in the field of vocational and technical training in the country, with annual enrollment of 85,000 people, about 25,000 of whom are youths. The private sector has some 50 institutions with annual enrollment of 40,000 youths. Potentially, an average of 3,000 young people can be assisted each year through the IT platform and the job guidance and placement centers.

2.31 During the life of this plan, **strengthening workshops** for the NEO Paraguay partnership will be held with all the parties involved to identify and fortify the measures needed to ensure the continuity of the partnership's actions during and after the project.

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

2.32 The main lessons<sup>18</sup> that have been taken into account in designing the present operation are presented below.

- To achieve an effective school-to-work transition, education must be linked to work. This is particularly important in technical education which is intended to prepare students for a trade so they can find work after graduation. To assure an effective transfer, courses must reflect demand, and continual feedback is required.
- Young people need information and guidance on careers and their returns. When deciding on what to study, youths and their families lack information on the different offerings, job profiles, and expected wages. Having information and counseling on these fundamental aspects would help to improve decision-making and minimize the over-supply in some vocations.
- Life skills are highly valued by employers in the region, despite the difficulty in measuring and observing them when hiring. Some recent studies have shown that employers value these skills (motivation, attitude towards work, responsibility, commitment) even more than technical skills. Several studies<sup>19</sup> have also shown the influence that life skills have on interpersonal relations, the school environment, and the labor market.
- Job placement services have some impact on reducing the time spent searching for a job and help those who are successful to land structured jobs with higher monthly and hourly incomes.
- The curricula for job training and life skills should be designed to align with the profiles and characteristics of participating youths, including people with disabilities, and the process of reformulating the curricula should be systematized. This is essential for achieving significant results in learning and favoring the retention of youth in training courses. It is also crucial for training to be aligned with demand and for work opportunities to be defined that could potentially be filled by youths with disabilities, based on an analysis of disability and job profiles.<sup>20</sup>

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<sup>18</sup> In consultation with [Ibarrabán, Ripani et al. \(2012\)](#), [MIF \(2012\)](#).

<sup>19</sup> Cunha and Heckman 2010; Carneiro and Heckman 2003.

<sup>20</sup> Equipping Youth Who Are Harder to Hire for the Labor Market: Results from entra21 at [http://library.iyfnet.org/sites/default/files/library/Entra21\\_Learning%2520Series\\_8\\_Eng.pdf](http://library.iyfnet.org/sites/default/files/library/Entra21_Learning%2520Series_8_Eng.pdf).

## **G. MIF additionality**

- 2.33 **Nonfinancial additionality.** The presence of the MIF, the Labor Markets and Social Security Unit (LMK) and IYF, as well as other regional NEO partners acts as a catalyst for attracting and mobilizing the main stakeholders in the public and private sectors and civil society to work for more and better technical training and job programs for poor and vulnerable youths. The MIF plays a key role in promoting trust between the public and private sectors, facilitating the process of negotiation in the design of the operation with this broad network of partners, and facilitating the transmission of technical knowledge and best practices accrued by the MIF, IYF, and the IDB, to enable resources to be invested in the most profitable and efficient manner, establishing stronger and more closely coordinated public-private systems and young people who are better prepared for joining the world of work.
- 2.34 **Financial additionality.** The MIF's financial contribution is essential for spurring the establishment of the partnership and leveraging public and private resources. For every US\$1 of MIF financing, at least US\$3 counterpart dollars have been leveraged and the MIF's presence creates the confidence necessary to attract investments from the other members.

## **H. Project outcome**

- 2.35 The NEO Paraguay initiative seeks to improve the quality, accessibility, and effectiveness of occupational and technical training programs and of the providers of employability services. To that end, the NEO quality standards guide will be used to evaluate and strengthen the quality of services provided by 25 job training, guidance, and placement centers in the city of Asunción and the Caaguazú, San Pedro, Paraguarí, Guairá, and Central departments. This includes 249 professionals in the areas mentioned that work for the 25 centers. In turn, 22,000 young people will have access to better job training, guidance, and information on educational, social, and labor market supply and demand. In addition, the project is expected to create a multisector partnership between the public and private sectors, with 200 employers offering internships and jobs for the youths participating in the initiative.

## **I. Project impact**

- 2.36 The impact sought with this initiative is to increase job opportunities for 22,000 young people, 50% of whom will be young women (11,000). It is expected that 50% of the young vocational and technical graduates will find jobs and that at least 20% will continue their studies and/or rejoin the formal education system. It is expected that 50% of the young graduates finding jobs will do so in the formal sector. The young graduates hired are expected to earn more than the legal minimum wage.

## **J. Systemic impact**

- 2.37 NEO Paraguay will contribute to systemic change through the following indicators: (i) one public-private partnership that promotes and adopts scaled-up high-impact youth employability models; and (ii) 25 key public and private institutions in the country apply new practices and improvements in their youth employability services based on models and knowledge sponsored by the MIF.

### **III. MONITORING AND EVALUATION STRATEGY**

- 3.1 **Baseline.** As part of the project, an *information system* will be developed to facilitate tracking the youths in their educational and work careers. An entry or registration form will be designed, with a unique number for each participant, that will be used as the baseline.
- 3.2 **Monitoring.** In addition to tracking the performance of the youths, the information system will also compile program management indicators to facilitate decision-making by the NEO Paraguay partnership. The executing unit plans to contract a person to monitor the system and oversee quality control of the data. The program will also be aligned with the NEO monitoring and evaluation system on the regional level, which will provide the system's IT platform.
- 3.3 **Evaluation.** Midterm and final evaluations will be conducted to examine the progress of the project and the influence of the training and intervention on the jobs found by young people, and identify the lessons learned from this intervention.
- 3.4 The initiative's impact on the end beneficiaries will be measured as it relates to finding work and/or returning to school, broken down by sex, and by poor and vulnerable status. Another area to be evaluated will be the linkage obtained between the supply of training and labor market demand and its impact on the quality of the courses offered by training institutions and on company recruitment practices through the placement services. Lastly, one question to be answered is whether the NEO Paraguay partnership has been able to position, adopt, and continue replicating best practices and high-impact programs for vulnerable youths that include a gender component, and better cohesion and coordination among the employability programs offered in Paraguay.
- 3.5 **Closing workshop.** At the appropriate time, the executing agency will organize a closing workshop and event to jointly evaluate the results achieved with the members of the partnership, identifying additional tasks to ensure the sustainability of the actions begun under the project, and identifying and disseminating the lessons learned and best practices to other institutions in the audiences identified.

#### IV. COST AND FINANCING

- 4.1 The project will cost a total of US\$5,172,175, of which US\$1,273,500 (25%) in nonreimbursable financing will be contributed by the MIF and US\$3,898,675 (75%) by the NEO Paraguay partnership. Although the CIRD will sign the agreement with the MIF, the counterpart funds do not come solely from the CIRD, but from the members of the partnership. Therefore the CIRD will make every effort to ensure that the members contribute their share and to obtain additional contributions from other donors to make up the total value of the counterpart contribution. The execution period will be 36 months and the disbursement period, 42 months.
- 4.2 With regard to the 75% counterpart contribution, the public and private institutions in the NEO Paraguay partnership will be contributing about US\$3.9 million. The MTESS, through the SNPP, and SINAFOCAL will contribute a total of US\$2.7 million for financing training courses. For the private sector and civil society, the largest donors identified so far are Fundación Kolping Paraguay, Fundación Sarakí, and Fundación Solidaridad, with a contribution of US\$680,000 (see Annex IV for the contributions of each institution, by component).
- 4.3 The MIF contribution will mainly be earmarked for Component III, with US\$334,900 to strengthen the DGE's one-stop employment windows. The MIF will also finance activities in Components II and III relating to the evaluation and institutional strengthening of the job training, guidance, and placement centers and support for developing the plans to improve their services, which will be provided directly by IYF (see paragraph 2.3). Other areas in which MIF support is key are the executing agency, where it will contribute funds to hire the general coordinator and support staff for project management, and Component IV on knowledge management, strategic communication, and strengthening of the partnership. In principle, the MIF's funds will not be used to procure goods.
- 4.4 In the quest for scale, the public sector is playing a significant role. A good number of pre-identified centers to be strengthened come under public sector institutions, as do many of the youths served by them. The cofinancing provided by these institutions will be recognized upon performance of the activities described.

	MIF	Counterpart	Cofinancing	Total
	(US\$)			
Project components				
<b>Component 1.</b> Relevance of the curriculum for employers and youths	125,000	28,450		153,450
<b>Component 2.</b> Strengthening vocational and technical training institutions	239,400	19,725	2,920,000	3,179,125

	MIF	Counterpart	Cofinancing	Total
	(US\$)			
<b>Component 3.</b> Comprehensive vocational guidance and job placement services tailored to youths	334,900	135,500	660,000	1,130,400
<b>Component 4.</b> Knowledge management, communication strategy, and strengthening the NEO Paraguay partnership	138,550	106,000		244,550
<b>Execution and supervision</b>				
Executing agency/administration	229,600	29,000		258,600
Monitoring system*	30,000			30,000
Midterm and final evaluations	30,000			30,000
Opening and closing workshops	2,000			2,000
Ex post reviews and audits	30,000			30,000
Contingencies	34,359			34,359
<b>Subtotal</b>	<b>1,193,809</b>	<b>318,675</b>	<b>3,580,000</b>	<b>5,092,484</b>
<b>% of financing</b>	<b>25%</b>	<b>6%</b>	<b>69%</b>	
Impact evaluation account	59,691			59,691
Agenda account	20,000			20,000
<b>Total</b>	<b>1,273,500</b>	<b>318,675</b>	<b>3,580,000</b>	<b>5,172,175</b>

## V. EXECUTING AGENCY<sup>21</sup>

- 5.1 The Fundación Comunitaria Centro de Información y Recursos para el Desarrollo (CIRD)<sup>22</sup> will be the executing agency for this project and will sign the agreement with the Bank. The CIRD has a long history of working on behalf of development and is a well-consolidated institution with experience in managing projects of similar nature and size. During its existence, it has had the opportunity to coordinate important multisector partnerships and has been a member of others. It has a strong cooperative bent and, in the framework of those experiences, it has had the opportunity to work with projects financed by the IDB and the MIF.<sup>23</sup> One of its areas of work is closely linked to the comprehensive development of youths and promotion of their employability and ventures.
- 5.2 The CIRD's Youth Unit was created in 1990 to help prevent drug abuse by young people. Although its results were good, it realized that the "specific" prevention of drug use was a partial approach to the problems experienced by youths and therefore the youth development program was established, with a mission "to

<sup>21</sup> Term used for the agency implementing the project.

<sup>22</sup> [www.cird.org.py](http://www.cird.org.py).

<sup>23</sup> [http://www.cird.org.py/juventud/empleojoven/documentos/foro\\_iberamericano/Exposicion\\_MART\\_A\\_CODAS-ALIANZA\\_INCLUSION.pdf](http://www.cird.org.py/juventud/empleojoven/documentos/foro_iberamericano/Exposicion_MART_A_CODAS-ALIANZA_INCLUSION.pdf); 1998- 2000 "Desarrollo Juvenil" [Youth Development] CIRD/IYF/IAF/BID; 2003-2005 "Empleojoven.py" [Youth Employment], CIRD/IYF/MIF/USAID; "entra21" 2008- 2010 CIRD/MIF/IYF.

- increase effective participation by young people in building their futures and that of their communities,” including entry into the workforce.
- 5.3 It currently has a network of contacts and collaborators which includes youth and educational organizations, public institutions, municipal governments, and more than 150 private companies, which has allowed it to establish many partnerships that increase its social capital for executing future actions.
- 5.4 The CIRD will establish an executing unit and the necessary structure to execute project activities and manage project resources. This executing unit will be composed of a general coordinator, an administrative and accounting assistant, a monitoring and evaluation specialist, a specialist in communication and fund raising, and a component coordinator to execute the activities and manage NEO Paraguay’s resources. The CIRD will also be responsible for submitting the status reports on project implementation. A breakdown of the structure of the executing unit and the reporting requirements are presented in Annex 7 in the technical files of this operation.

## VI. PROJECT RISKS

- 6.1 **Risks associated with project sustainability.** Since public-private partnerships are an essential part of the initiative, there is a risk that the members may lose interest and cease to participate over time. As a mitigation measure, the NEO Paraguay partnership has developed a governance agreement that describes the responsibilities of the members and ensures their participation. As well, letters of commitment have already been presented by most of the members of the NEO Paraguay partnership, which ensures their participation and continued presence in the initiative. Also, Component IV of the initiative intends to strengthen the NEO Paraguay partnership through specialized workshops in the areas of work in partnership, dispute settlement, and standardization of processes that mitigate the risks of disintegration.
- 6.2 **Sector risks.** Another risk is that it will not be possible to attract a sufficient number of companies in the selected sectors to contribute internships or jobs. As a mitigation measure, the NEO Paraguay partnership, the CIRD, and the MIF intend to use their networks of contacts to reach those companies. Specifically, Components I, II, and III plan to make business contacts for that purpose. Companies will also be attracted through the communication campaign described in Component IV.
- 6.3 **Social risks.** By the end of the program, 50% of the young people finding jobs through the new training modalities are expected to be female. As well, 400 disabled youths will be assisted, 200 of whom are expected to receive job training. This poses a challenge, since labor statistics suggest that females and disabled youths have greater difficulty in finding jobs than other groups. To mitigate this risk, the strategies for linkage between people and the productive sector will include activities with a gender and disability approach to promote

training and employment for the most vulnerable groups, such as: (i) quality standards that include considerations of gender, ethnicity, geographic origin, and disability in the activities to evaluate the quality and strengthen the technical capacity of the institutions that provide employability services; (ii) sensitization of employers; (iii) public recognition of exemplary employers; (iv) strategic analyses of the jobs available for these groups; and (v) support for women with children (who participate in the new job training modalities) and other vulnerable groups to cover different costs (childcare, transportation, and others) during training and the first month of work.

## 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 poor young men and women, through technical training and education in life skills for their entry into the formal labor market or for continuing their studies.
- 7.2 The environmental and social review classified this 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 commit to the MIF’s standard arrangements relating to results-based disbursements, procurement, and financial management, as specified in Annex VII.

## IX. ACCESS TO INFORMATION AND INTELLECTUAL PROPERTY

- 9.1 **Intellectual property.** The IDB will own the intellectual property rights to any study produced and/or results obtained under the NEO Paraguay project. At its discretion, the Bank may grant a free, nonexclusive license for noncommercial purposes to disseminate, reproduce, and publish in any medium works that 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.