

PUBLIC

**DOCUMENT OF THE INTER-AMERICAN DEVELOPMENT BANK
MULTILATERAL INVESTMENT FUND**

REGIONAL

NEW EMPLOYMENT OPPORTUNITIES FOR YOUTH

(RG-M1210)

DONORS MEMORANDUM

This document was prepared by the project team composed of: Elena Heredero (MIF/AMC), Team Leader; Mariana Wettstein (MIF/AMC); Maritza Vela (MIF/AMC); Norah Sullivan (MIF/AMC); María Elena Nawar (MIF/DEU); Sonia Puente (MIF/KSC); Adriana Arroyave-Shipley (MIF/DEU); Ileana Pinto (VPC/FMP); Caroline Clarke (MIF/MIF); Miguel Aldaz (ORP/ORP); Christianine Chaves (LEG/NSG); Kai Hertz (ORP/GCM); David Rosas (SCL/LMK); Laura Ripani (SCL/LMK); Jacqueline Mazza (SCL/LMK); Pablo Ibarrarán (SCL/SPH); Zachary Rozga (MIF/AMC); Yves Lesenfants (MIF/AMC); Fabian Koss (CSO/DVL).

INDEX

I. EXECUTIVE SUMMARY	5
II. BACKGROUND AND RATIONALE.....	7
III. OBJECTIVES AND COMPONENTS.....	13
A. Objectives.....	13
B. Components.....	14
IV. COST AND FINANCING	19
V. PROJECT IMPLEMENTATION.....	20
A. Executing Agency	20
B. Executing Mechanism	21
VI. MONITORING AND EVALUATION.....	24
VII. BENEFITS AND RISKS.....	25
A. Beneficiaries	25
B. Risks	26
VIII. ENVIRONMENTAL AND SOCIAL REVIEW	27

ANNEXES

ANNEX I	Logical Framework Matrix
ANNEX II	Budget Summary
ANNEX III	List of entra21 Executing Agencies
ANNEX IV	Quality for Effectiveness in Development (QED) Table

APPENDICES

APPENDIX I	Draft Resolution
------------	------------------

INFORMATION AVAILABLE FROM THE TECHNICAL FILES OF THE MIF

PREPARATION

ANNEX V	Detailed Budget
ANNEX VI	Procurement Plan
ANNEX VII	Diagnosis of Institutional Needs
ANNEX VIII	Operating Manual

ACRONYMS

DNA	Diagnosis of Institutional Needs
EA	Executing Agency
IDB	Inter-American Development Bank
IDRC	The International Development Research Centre
ILO	International Labour Organization
IYF	International Youth Foundation
MIF	Multilateral Investment Fund
M&E	Monitoring and Evaluation
NEO	New Employment Opportunities for Youth
LAC	Latin America and the Caribbean
PSR	Project Status Report
OR	Operating Regulations
ORP	Office of Outreach and Partnerships
SCL/LMK	Labor Markets and Social Security Unit of the Social Sector
USAID	United States Agency for International Development

**NEW EMPLOYMENT OPPORTUNITIES FOR YOUTH
(RG-M1210)**

I. EXECUTIVE SUMMARY

Executing Agency:	Executed by the Bank through the MIF Office and the International Youth Foundation (IYF) ¹		
Beneficiaries:	The Program's direct beneficiaries include 500,000 poor and low-income youth ages 16-29 mostly urban, unemployed, underemployed or neither working nor studying, 50% of whom are female. The indirect beneficiaries include 10 governments at various levels that adopt and scale up high-impact training models, and 200 service providers that improve the quality of their youth employment services.		
Financing:	MIF (non-reimbursable):	US\$	12,550,000 ²
	Co-financing:	US\$	24,615,000
	Total:	US\$	37,165,000
Project Objectives:	At the impact level, the Program will increase opportunities of securing decent employment for disadvantaged youth. At the results level, the Program will increase the scale and quality of youth employability programs and systems in the region.		
Execution and disbursement periods:	Execution Period:	60 months	
	Disbursement Period:	66 months	
Special contractual clauses:	As condition precedent to the first disbursement to IYF, the Program Operating Manual and the Annual Operating Plan for the first year need to be approved by the MIF.		
Exceptions to Bank Policies:	None.		
Environmental and social review:	This project was classified as category "C" (ESR 8-12 of March, 8th 2012).		
Coordination	The program is being developed with the strategic participation of SCL/LMK, which will be providing technical expertise and additional		

¹ The MIF will execute certain activities related to evaluation, learning, and strategic communications to maximize the synergies with the work of the Bank on youth job placement programs.

² Approval is requested from the Donors Committee for the amount of US\$5,550,000 million. The remaining value (at least an estimated US\$7 million) corresponds to projects that will be part of this Program and will be submitted individually to the Donors Committee for approval (see paragraph 3.14).

with other donors:

grant resources for learning, evaluation and strengthening the capacity of youth training service providers. IDB Youth will advise on communication activities. There will also be coordination with the Education Division of the Bank when specific projects deal with the school to work transition. Finally, the Office of Outreach and Partnerships (ORP) is MIF's key advisor regarding corporate engagement.

II. BACKGROUND AND RATIONALE

A. Context

- 2.1 **Youth unemployment and underemployment in LAC.** Approximately 148 million people in LAC are between the ages of 15-29 (ILO) and the region's youth unemployment rate is nearly three times that of adults (13% vs. 5% of the economically active population). However, a great concern for the region is that over 50% of youth who do have jobs are working in the region's large informal sector, earning less than minimum wage. By not gaining decent³ job experience during their formative years, youth are being set up for a lifetime of poor job prospects and limited earning potential, perpetuating their struggle for generations to come.
- 2.2 Additionally, approximately 32 million youth (1 in every 5 youth aged 15-29) in the region neither work nor study (known as “ni nis,” the Spanish term for “neither-nor”). Compounding this problem, schools are not preparing youth with the skills they need for decent 21st century jobs. Over 50% of students who do complete high school lack the basic math and literacy competencies that jobs require.
- 2.3 **Demographic bonus.** Currently, young people represent 40% of the region's working age population, a percentage that will continue to grow in coming years. The youthfulness of the region presents a “demographic bonus”, or a significant window of opportunity for economic growth; as the ranks of the workforce increase, the economic burden of the dependent population decreases, thereby freeing up resources for development. Therefore, conditions are ripe in LAC for taking advantage of the “demographic bonus” and addressing the related problems of youth un/underemployment and the need for skilled workers.
- 2.4 **The skills gap.** There is a common paradox in many countries where high jobless rates exist side-by-side with unmet demand for skilled workers in the labor force. A 2011 survey by the workforce consulting company Manpower of 40,000 private companies across LAC revealed that 50% are struggling to find qualified employees. Likewise, a 2010 IDB survey found that the majority of employers value life skills, such as responsibility and teamwork, over knowledge and technical skills, but at the same time, have a hard time finding young employees with these crucial capacities.⁴ In order to sustain high LAC growth, countries and companies need to fill the skills gap and take advantage of their youthful workforce to do so.

³ According to the ILO, decent work involves opportunities for work that is productive and delivers a fair income; provides security in the workplace and social protection for workers and their families; offers better prospects for personal development and encourages social integration; gives people the freedom to express their concerns, to organize and to participate in decisions that affect their lives.

⁴ See Bassi, Busso, Urzúa, and Vargas (IDB, 2012). “Disconnected: Skills, Education and Employment in Latin America”.

- 2.5 **Deficient coverage and quality of the region's youth employment programs.** However, in order to prepare a skilled workforce capable of filling this gap, the quality and reach of the region's overarching youth employment service system, made up of public, private and civil society stakeholders, needs to be improved. As it stands, the region's many vocational training and employment programs offer mixed quality services that often do not meet employer demand, churning out graduates with uncompetitive skills sets. Services are largely uncoordinated, due to the lack of incentives and mechanisms for collaborative programming in youth employability, causing inefficiencies and duplication of efforts. At the same time, there are small programs run by organizations across the region that have shown promising results, but limited by their size, cannot achieve impact at a larger scale.
- 2.6 Additionally, the lack of attention given to improving the quality of the region's youth employment system also has to do with prevailing negative perceptions of disadvantaged youth⁵ as unproductive, unprepared and unstable, easily dismissed by policymakers, employers and society at large. Because of these entrenched views, young voices go unheard and advocacy efforts are too weak to gain traction in policy debates. The problem boils down to both quality and scale; to make a dent in the huge problem that is youth un/underemployment, quality, collaborative solutions are needed at a larger scale.
- 2.7 **Need for multi-stakeholder partnerships.** This situation calls for building multi-stakeholder partnerships among public, private, civil society and youth actors, converging complementary interests and investments around the issue of youth employability and promoting the adoption of best practices, tools, methodologies and quality standards. After all, employers increasingly want to address the youth unemployment problem because stability, safety and a skilled workforce are good for business; governments and NGOs want to do the same because it's good for society; and youth are eager to seize opportunities as they aspire to become productive economic actors. But none of these actors can do it alone.

B. The MIF and the IDB: Complementary Work in Youth Employment

- 2.8 Through targeted support throughout the region, both the MIF and the Labor Markets and Social Security Unit of the Social Sector in the Bank (SCL/LMK) have made progress towards building partnerships and improving the region's youth employment services. The MIF has approached its interventions to ensure training and job placement services of youth-serving NGOs and private training providers meet private sector needs, building strong partnerships and collaboration mechanisms between these three actors – civil society organizations, training providers and the private sector. The Bank work has focused on improving the National Employment Service by strengthening the technical and regulatory capacity of public entities and ensuring its long-term sustainability. Nonetheless, these complementary actions have to be taken further in order to reach the quality and coverage necessary for a greater impact.

⁵ Disadvantaged youth are generally defined as poor, unemployed, underemployed youth with less than secondary education.

- 2.9 **MIF’s youth project portfolio.** The MIF has funded over 120 youth employment and entrepreneurship projects since 1994, training approximately 235,000 poor and low-income, disadvantaged youth (50% of whom were girls) between the ages of 16-29 in 22 countries, for a total investment of over US\$77 million. These projects were implemented and co-financed by over 100 executing agency partners, which together with other public and private donors, leveraged an additional US\$125 million.
- 2.10 **IDB-supported youth training programs.** The IDB has supported national youth employment training programs in Argentina, Chile, Colombia, Panama, the Dominican Republic, Honduras, Mexico, and Peru. It is also starting to support a new generation of youth employment programs in Chile, El Salvador, Paraguay, Bolivia and a revamped version of the existing program in the Dominican Republic. The IDB support to these new programs is always accompanied by strategic investments for the creation or strengthening of the National Employment Service. The IDB has also facilitated south-south technical assistance through the National Employment Service Network (13 countries).

C. Integral Youth Employment Training Models

- 2.11 The MIF youth employment training models that have shown the best results, “entra21” in partnership with the International Youth Foundation (IYF) and “A Ganar” with Partners of the Americas, take a comprehensive approach, combining technical and life skills training with internship experience and job placement and counseling services. It is the sum of these parts that makes for a quality, effective program. These models take a dual-customer approach, responding to both youth and employer needs and are flexible to allow for adaptation and scale in different contexts and with diverse types of youth beneficiaries.

Diagram 1. Integral Youth Employment Training Model



- 2.12 **The entra21 program.** In partnership with IYF, entra21 (phases I and II)⁶ is the MIF's largest initiative to support youth employment in the region. MIF's investment of US\$10 million for each phase has leveraged over US\$73 million from private and public entities, including Walmart, Nokia, The Caterpillar Foundation, Antamina, IDRC, USAID, the governments of Argentina and Chile, and the municipal government of Medellin, Colombia, among others. The program has been successful, with job placement rates of 54% and 45% (the lower rates representing placements for more at-risk youth in Phase II), and has trained over 135,000 youth in 22 countries through 59 projects (see Annex III for a complete list of entra21 Executing Agencies). In addition, some of these projects have successfully scaled methodologies and tools with public sector programs. For example, in Argentina, executing agency SES Foundation transferred know-how to the Ministry of Labor and Social Security, successfully mainstreaming entra21 methodologies into a national government employment program reaching upwards of 70,000 youth across the country. In Brazil, an entra21 life skills methodology developed by Instituto Aliança has been adapted and integrated into the curricula of 31 public schools in Ceara and Pernambuco, also with support from the Walmart Institute.
- 2.13 **The A Ganar program.** In partnership with Partners of the Americas, the "A Ganar" program⁷ uses sports to teach youth important life skills, such as teamwork, discipline, and communication, that can be transferred from the field to the workplace. It started as a three-country pilot in Brazil, Ecuador and Uruguay in 2005, and has since expanded into nine additional countries with support from the MIF, the Nike Foundation, USAID and other donors, and continues to grow. Over 50 local organizations have been trained in the methodology and form part of the growing A Ganar Alliance. The program has had successful results; in Phase I (2005-2009), the program reached over 3,200 youth and over 70% of graduates had a job, returned to school or started a business.

D. Lessons Learned

- 2.14 **Lessons learned from MIF youth projects.** The MIF will soon be publishing a document summarizing the main lessons learned from its youth employment and entrepreneurship portfolio⁸. The following is a summary of key lessons of youth employment projects:

⁶ Phase I (ATN/MH-7513-RG) was completed in 2007. Approved in 2007, entra21 Phase II (ATN/MH-10303-RG) included 24 projects: 6 projects to scale tools and methodologies with the public sector and 18 "new groups" projects targeting at-risk youth, such as gang-related and rural youth. These projects have trained over 116,000 youth, 60% of whom are girls. The average job insertion rate was 45% and the average school re-enrollment rate was 28%. Phase II will complete execution in March 2012.

⁷ Phase I, ATN/MH-8918-RG, completed; Phase II, ATN/ME-12242-RG and ATN/ME-12094-RG, in execution.

⁸ In 2011 the MIF conducted a Thematic Study of its Youth Portfolio and identified many lessons learned, best practices, effective models and areas of improvement. In addition, the MIF is about to release its new MIF Youth Strategy document which contains the most relevant lessons learned from its youth employment and entrepreneurship projects.

- **Comprehensive approach.** Youth employment programs with the best results take a comprehensive approach, combining technical and life skills training with internships, job placement services and counseling support.
- **Match program to youth needs.** Important to match program pace and content to the needs, capacities, and interests of different types of youth, including the specific issues facing girls and young women.
- **Employers value life skills.** Life skills, such as communication, teamwork, motivation and responsibility, are key for building youth employability and are highly valued by employers.
- **Creative approaches to teaching life skills work best.** Interactive teaching methods, using sport, art or technology, are especially relevant in learning and practicing life skills.
- **Training as a business solution for employers.** Youth job training must be market-driven and provide a business solution for employers.
- **Internships add value.** To convince employers to offer youth internships, the value proposition must be clear and formal agreements about expectations and responsibilities should be reached.
- **Link to jobs.** Job placement and counseling services are the critical link between training, internship completion and labor market insertion.
- **Shared vision for scale.** When civil society organizations partner with the public entities to address youth un/underemployment, trust and a shared vision of the core principles of the solutions and models proposed are key for a successful partnership.
- **Structure for scale.** In working with the public sector to scale up tools or methodologies, it is important to create a structure and process to oversee the expansion and plan for the transfer of responsibility to the public entity.

2.15 The IDB shares MIF's lessons and has also recently compiled lessons learned from its interventions in youth training and intermediation services⁹. By joining best practices, tools, methodologies, and private sector contacts developed through MIF projects with IDB-supported public sector programs and alliances, the IDB can take even greater strides towards improving youth employment services as a whole.

⁹ See Gonzalez-Velosa, Ripani and Rosas (2012) and Jacqueline Mazza (2012) which will soon be published.

E. The Proposed Program

- 2.16 The proposed Program, **New Employment Opportunities for Youth (NEO)**, will serve as a platform for the MIF’s youth employment scale efforts, in close collaboration with SCL/LMK. Together with the International Youth Foundation (IYF) and other key partners, NEO will build broad multi-stakeholder alliances, joining businesses, governments, youth employment service providers, and youth themselves to design effective youth employability strategies, with the common goal of significantly boosting job entry for 1 million disadvantaged youth in LAC¹⁰.
- 2.17 The public sector is a fundamental building block of the NEO platform, as governments have the greatest potential to reach scale. Therefore, NEO will place emphasis on the integration of best practices, tools, and methodologies into existing public sector programs. This will involve identifying countries with the appropriate conditions for scale (regulatory framework, public and private sector support, youth employment “ecosystem” sufficiently developed, etc.) and building relationships with potential public sector adopters at the municipal, state and national levels, in order to generate “buy in” for applicable youth training solutions. Hence the importance of having SCL/LMK participating in NEO.
- 2.18 Private sector companies also have a pivotal role in NEO as co-sponsors, funders, providers of internship and mentoring opportunities, and employers. They also have a stake in reforming public training and employment services and incentives for private sector engagement in youth training and employment programs. Ultimately, in order to ensure that youth acquire in-demand competencies, strong private sector connections are a necessary ingredient of any scaled youth employment program. The Office of Outreach and Partnerships (ORP) is MIF’s key advisor in its corporate engagement efforts for the Program.

F. MIF Youth Strategy and Agenda: Program Justification

- 2.19 **The new MIF Youth Strategy.** In 2011, the MIF assessed its work in youth employment and entrepreneurship, with both internal assessments of lessons learned, project results and studies produced by projects still in execution, and an externally conducted portfolio review aiming to identify which intervention models have worked best and why. With these inputs and others, the new MIF Youth Strategy was created, focusing on three key areas: multi-stakeholder partnerships for scale, innovative and tested models, and evaluation and knowledge sharing. Scale is a central piece of this new strategy, with NEO as its cornerstone.

¹⁰ Though the NEO program will be launched as a 10 year initiative for 1 million disadvantaged youth, the proposed Program has been designed for half a million youth over a five year period. Based on the results of this initial phase, the NEO Program may be renewed to deliver the 1 million youth goal.

- 2.20 **A strategic partnership between the MIF and IYF.** After 11 years of working together and building the capacity of local youth employment stakeholders, the MIF's and IYF's approach has evolved from an emphasis on pilot projects to test, adapt and consolidate innovative models to a focus on scaling these models to reach more youth. The MIF and IYF now have sufficient experience, knowledge and partners to promote the application of best practices, tools and methodologies at a greater scale. The next step is to take a systemic approach to tackling the job insertion barriers facing disadvantaged youth, building strong multi-stakeholder partnerships and influencing how public and private actors collaborate, fund, learn, and achieve efficiencies around youth employability.
- 2.21 **Value added of the MIF, SCL/LMK, and IYF.** The MIF's participation in NEO is critical to bringing all key youth employability stakeholders together to tackle shared challenges. For over 18 years, the MIF has been at the forefront of youth employment and entrepreneurship program development in LAC, building deep connections with the private sector, youth employment service providers and youth-serving NGOs. SCL/LMK complements the MIF's private sector connections through its relationships with public youth employment programs and policymakers. The MIF's long collaboration with SCL/LMK becomes even stronger now that MIF's objective in the youth employment field has moved from piloting to mainstreaming and transferring proven models to the public sector.
- 2.22 IYF brings expertise in the design, execution, monitoring and evaluation of youth employability programs, the ability to partner with global and national companies and leverage resources from multilateral organizations. IYF also has a wide network of partner organizations throughout the region (and world) and access to opinion leaders in media, government, the private sector, and leading NGOs.

III. OBJECTIVES AND COMPONENTS

A. Objectives

- 3.1 At the impact level, the Program will increase opportunities of securing decent employment for disadvantaged youth. At the results level, the Program will increase the scale and quality of youth employability programs and systems in the region.
- 3.2 **The Program – also referred to as New Employment Opportunities for Youth (NEO) -** will serve as a platform for the MIF's youth employment scale efforts in close collaboration with SCL/LMK. In partnership with IYF and other key partners, a group of multinational corporations such as Caterpillar, Microsoft, Walmart and Arcos Dorados, and governments, NEO aims to significantly boost job entry for disadvantaged youth in LAC.
- 3.3 To start, NEO will be primarily focused on youth employability, but youth entrepreneurship could also become part of NEO if new partners with a particular interest in self-employment and entrepreneurship decide to join.¹¹

¹¹ Currently the MIF is considering a proposal from another long-time partner, Youth Business International, to include its entrepreneurship model as part of the Program.

- 3.4 NEO will build multi-stakeholder partnerships, bringing together businesses, governments, youth training and employment service providers, and youth themselves, to design common youth employability strategies. NEO will be implemented at the local, state and/or national levels to promote the adoption of best practices, effective models and tools by stakeholders in the youth employment system, in order to create quality, high-impact training services that meet both employer and youth needs. At the regional level, this multi-stakeholder partnership will also take advantage of economies of scale for knowledge dissemination and communication, while remaining flexible and responsive to local demands. To facilitate achievement of the stated impact and result, the Program includes four key components: (i) youth employability policy dialogue and establishment of multi-stakeholder partnerships at the country level; (ii) knowledge application and transfer; (iii) financing of youth employability projects; and (iv) learning, monitoring and evaluation.

B. Components

Component 1: Youth Employability Policy Dialogue and Establishment of Multi-Stakeholder Partnerships at the Country Level (MIF US\$720,000; Counterpart US\$175,000).

- 3.5 The objective of this component is to identify and prepare key stakeholders in at least ten countries of the region to work in a collaborative and coordinated way. It will facilitate the creation and support of multi-stakeholder Partnerships whereby youth employability is approached in a systemic way and not as a series of isolated services, programs or projects. Each NEO Partnership will join businesses, service providers, such as training entities and job counseling services, youth development organizations, youth themselves, and the public sector, to design a common youth employability strategy and financing plan¹². IYF will ensure that the efforts of these diverse actors result in the delivery of coordinated, high quality and accessible services for disadvantaged youth. The size and configuration of these Partnerships will vary by country and may operate at a municipal, regional or national level.
- 3.6 These Partnerships will share the following common elements: (i) be comprised of private (profit and not-for-profit) and public sector entities; (ii) mobilize resources (financial and in-kind) from within the country; (iii) develop cost-sharing mechanisms with the private and public sector; and (iv) coordinate instruments and promote strong collaboration among service providers, employers and youth.
- 3.7 The component will finance the creation of a common methodology to address youth employability issues (how to develop a shared vision and agenda, define strategic work areas and coordination mechanisms, and design shared financing strategies and sustainability plans), as well as consultants to help the Partnerships implement this methodology. The members of each Partnership will define their respective roles and responsibilities, expected contributions, outcomes and governance structure. This planning process will also define the areas of knowledge capacity building in which

¹² For the purpose of the Program, a financing plan refers to the collective contributions of the members of the Partnership.

each Partnership will prepare proposals for NEO support under Component 3 (see 3.19 and 5.2).

- 3.8 This component will also finance the following activities that will lead to country-level NEO Partnerships: (i) develop and implement a region wide communication strategy to engage strategic partners and increase awareness of youth employability issues and how NEO can be a powerful tool; (ii) organize policy dialogue meetings and workshops with key stakeholders; (iii) identify key stakeholders and assess country enabling environments to select potential Partnerships; (iv) solicit expressions of interest (proposals) for support (financial and non-financial) from groups of stakeholders interested in forming NEO Partnerships; (v) assess the capacity building needs of each Partnership; and (vi) mobilize resources and develop financing plans for each Partnership.
- 3.9 Key outputs under Component 1 are: (i) at least 10 Partnerships with clear strategic objectives established to work collaboratively to increase the quality and scale of their joint youth employability actions; (ii) 10 financing strategies and sustainability plans developed for each Partnership; and (iii) at least 50 stakeholders per country have participated in the Program’s awareness events.

Component 2. Knowledge Application and Transfer. (MIF US\$585,000; Counterpart US\$643,000).

- 3.10 The objective of this component is to systematize and package a set of tested tools and methodologies, such as life skills curricula, job counseling guides, M&E manuals, among others, and train consultants/trainers so that they will be able to work with service providers to apply these tools and methodologies and deliver quality youth employability services at scale. As a core element of its strategy, NEO partners will be required to implement already tested best practices and will identify and share new approaches to be tested and evaluated to become best practices.
- 3.11 This component will finance the following knowledge products and training: (i) develop a suite of guides, quality standards, tools, and a menu of capacity building services; (ii) develop and systematize a series of best practices as market-ready youth employment solutions; and (iii) provide training of trainers seminars and instructors’ guides.
- 3.12 The key outputs of this component are: (i) one suite of youth employability guides, quality standards, tools and menu of capacity building services developed; (ii) at least 40 best practices systematized as market-ready youth employment solutions¹³; and (iii) approximately 20 trainers trained to support service providers.

Component 3. Financing of Youth Employability Projects. (MIF US\$7,000,000; Counterpart US\$21,000,000).

- 3.13 The objective of this component is to ensure each Partnership mobilizes sufficient resources to develop and implement a systemic approach to increase the number of

¹³ Market-ready solutions will be available through the MIF’s soon-to-launch online platform “NEXSO”, a user-friendly public good that captures, systematizes and disseminates knowledge generated in successful projects. The platform will simplify access, adoption and transfer of these solutions across NEO Partnerships.

trained and employed disadvantaged youth. To this end, the NEO Program will provide grants (at least one per Partnership) to help increase the scale of Partnerships' efforts and attract public and private investment. The main activities under this component will be the selection, approval and implementation of grants that apply the principles of NEO in select locations across the region. The projects under this component will be submitted individually to the MIF Donors Committee for approval, following normal internal project development cycles. An estimated MIF contribution of at least US\$7,000,000 will be needed to implement the projects in Component 3.

- 3.14 **Criteria for project selection.** To select the projects, the MIF, IYF and SCL/LMK will develop a set of criteria and will invite organizations to submit project proposals. All projects will have to meet impact and/or job placement targets and incorporate proven best practices in the development and delivery of training and job placement services. The projects will be assessed using the due diligence instruments of the MIF and IYF. The projects will be assessed based on these key criteria¹⁴: (i) clear potential to work at scale and sustain activities once project funding terminates; (ii) a leverage of at least 3 to 1 of resources; (iii) complementarity with SCL/LMK programs and loans; (iv) potential to be adapted and replicated in other parts of the country; and (v) technical merit and coverage of the project's objectives and target population.
- 3.15 **Eligible institutions** will be public entities, NGOs, or private non-profit organizations with a minimum of five years of operation in the region, proven financial solvency, and ability to enter into a grant agreement with the MIF and IYF. The eligible institutions will have proven management and execution capacity to provide job training for disadvantaged youth, including: (i) capacity to form alliances with other stakeholders needed for the effective execution of the proposal, with particular emphasis on private sector alliances for internships; (ii) capacity to provide or coordinate the provision of training services to a large number of youth participants; and (iii) commitment to maintain adequate and up-to-date information through the Program's M&E system.
- 3.16 **Target beneficiaries** will be youth who are between the ages of 16 and 29 at the beginning of the training, and are from poor and low-income families, according to surveys used in each country¹⁵.
- 3.17 **Gender.** The MIF is developing a gender strategy for its youth projects to identify gender differences, ensure gender equality, and monitor progress in this area. Enrollment rates of females in MIF projects have been on a par with males, reflecting a good gender balance. Nonetheless, there are certain "markets" where female enrollment is lower (or, in other cases higher) than males, such as in rural areas where access to land is part of the employability/income generation strategy, in areas hard hit by violence, and where the training is in traditionally male-dominated sectors (e.g. heavy machinery). To mitigate any gender imbalance NEO will focus on

¹⁴ Detailed information on grant selection criteria are part of the Operating Manual.

¹⁵ Based on MIF's largest youth employment program, entra21 phase II (ATN/MH-10303-RG), 82% of the youth reached were poor, and 3% extremely poor.

areas where barriers have existed in the past and develop specific strategies to address them, including issues of child care for young mothers.

- 3.18 **Financing.** The MIF will provide grants for specific eligible projects. The MIF contribution in each project will generally be up to US\$ 700,000; in exceptional cases the MIF contribution may be higher than US\$ 700,000, for example when the proposed project will be implemented in more than one country or the expected level of impact is exceptionally high¹⁶.
- 3.19 **Typical project structure.** Each project will be structured to support a systemic approach and will include all or some of the following components: (i) strengthening and monitoring the technical capacity of training and job placement service providers; (ii) provision of training and job placement services; (iii) promotion, advocacy and strategic communications; and (iv) learning, cost-benefit analysis and evaluations. Each project will allocate specific resources for capacity building services, which will be provided by IYF and financed by the MIF.
- 3.20 **The expected key outputs** under Component 3 are: (i) at least 20 project proposals submitted for approval; (ii) 10 projects selected and executed; (iii) an estimated 200 service providers and/or networks of service providers trained to deliver quality job training, counseling and placement services to disadvantaged youth; and (iv) up to 40 entities receive seal of excellence based on the Program's quality standards.

Component 4. Learning, Monitoring and Evaluation. (MIF US\$ 1,550,000; Counterpart US\$837,000).

- 3.21 The objective of this component is to create knowledge in strategic areas where knowledge gaps prevent policy makers and program developers in the region from reaching disadvantaged youth at sufficient scale with high-quality services. By filling knowledge gaps through targeted research, NEO will inform decision makers at all levels of government, business and civil society leaders to invest their resources more cost-effectively. The areas in which knowledge is still lacking include: (i) the most effective mix of training elements and lengths (dosage - minimum number of hours required to prepare youth for the labor market, relative value of life skills versus other types of training and assistance); (ii) how to successfully implement broad multi-stakeholder partnerships like NEO; (iii) how to increase the employability of young people living in the most at-risk environments; and (iv) follow up studies of specific youth to assess the long-term impact of the training on their professional development.
- 3.22 In addition, NEO will generate new learning around how to achieve and sustain scale and high-quality services through a systemic approach to youth employability. This component will finance: (i) the definition and monitoring of a learning agenda; (ii) development and maintenance of a unified monitoring and evaluation system so that data collected across the different initiatives supported through NEO and by the MIF are consistent and comparable; (iii) funding of targeted research studies and

¹⁶ The MIF is currently discussing a regional proposal for a phase III of *A Ganar* with Partners of the Americas, and a proposal with the National Confederation of Industries (CNI) in Brazil. Both proposals will most likely have a MIF contribution higher than US\$ 700,000.

evaluations consistent with the learning agenda; (iv) organization of international events to share lessons generated by NEO; and (v) strategic communication of knowledge products, research and evaluations.

- 3.23 The expected outputs of Component 4 are: (i) a learning agenda for NEO¹⁷; (ii) M&E system comprised of smart indicators¹⁸, with guidelines and easy to use interface; (iii) five studies to address critical knowledge gaps and at least three impact evaluations of selected projects financed under Component 3 (see paragraph 6.8); (iv) organization of two international events to showcase results and lessons learned through NEO; and (v) at least five case studies, briefs, promotional materials and videos, among other communications products, on select NEO initiatives.
- 3.24 **Audiences.** The project will seek to reach the following audiences in order to share knowledge generated through NEO: (i) private sector employers (large corporations and small and medium businesses) that increasingly want to address the youth un/underemployment problem because stability, safety and a skilled workforce are good for business; (ii) the public sector at municipal, state and national levels to find solutions to address the problem of youth un/underemployment and the economic and social cost of not targeting disadvantaged youth; (iii) civil society/ intermediate organizations (foundations and NGOs) to support their efforts to improve socioeconomic opportunities for disadvantaged youth; (iv) youth themselves to improve their access to economic opportunities and improve their quality of life; and (v) the general public to benefit from a safer, more inclusive society.
- 3.25 **Knowledge return.** NEO seeks to create and disseminate knowledge products that can be shared with stakeholders across the region and replicated in other youth employment initiatives. The knowledge benefits are expected to include: (i) practical guides of youth training and job placement models implemented in different contexts and with different types of beneficiaries; (ii) a practical guide on how to successfully implement broad multi-stakeholder partnerships like NEO; and (iii) useful materials to promote learning and increase the impact of projects, including case studies, best practice publications, documentation of training programs, etc.
- 3.26 **The overall results of NEO** will be: (i) 500,000 youth enrolled in NEO Program training courses; and (ii) 425,000 youth graduated from NEO Program training courses.
- 3.27 **The impact expected of NEO** will be: (i) 70% of program graduates are either working, in an internship and/or studying within four months after graduation; (ii) at least 50% of program graduates who are working have obtained formal jobs; and (iii) program graduates have increased their income by 20%.

¹⁷ A learning agenda is a document that establishes the general guidelines, learning objectives and the cross-cutting studies and evaluations to be carried out as part of the Program.

¹⁸ A smart indicator is specific, measurable, attainable, relevant and time-bound.

IV. COST AND FINANCING

- 4.1 The total cost of the Program is US\$37,165,000 of which US\$12.55 million will come from the MIF. The approval of this Program will allow for up to US\$5.55 million of the MIF contribution to be committed. The remaining US\$7 million represent the estimated amount of MIF resources needed to finance the implementation of the individual projects under Component 3, which will be submitted individually to the MIF Donors Committee¹⁹ for approval. IYF, with support from the IDB/MIF, will be responsible for counterpart resources of US\$24,615,000 million which may come from companies such as Walmart, Microsoft, Caterpillar, and Arcos Dorados, as well as from local partners. SCL/LMK estimates it could contribute an additional US\$2 million in grant resources²⁰. At least half of the counterpart resources will be in cash.

Budget Items in US\$	MIF	Co-Financing	TOTAL
Component 1: Youth Employability Policy Dialogue and Partnership Development	720,000	175,000	895,000
Component 2: Knowledge Application and Transfer	585,000	643,000	1,228,000
Component 3: Financing of Youth Employability Projects	7,000,000	21,000,000	28,000,000
Component 4: Learning, Monitoring and Evaluation	1,550,000	837,000	2,387,000
Administration	2,175,000	1,960,000	4,135,000
Auditing	100,000		100,000
Evaluations and supervision	275,000		275,000
Contingencies	95,000		95,000
SUBTOTAL	12,500,000	24,615,000	37,115,000
<i>Percentage</i>	33.68%	66.32%	100%
Impact evaluation account	50,000		50,000
TOTAL	12,550,000	24,615,000	37,165,000

- 4.2 The Policy Dialogue and Partnership Development Component includes US\$720,000 from the MIF, of which US\$205,623 will be executed by the MIF for communication activities and national policy dialogues. The remaining MIF funds for Component 1 will be executed by IYF. Similarly, the Learning, Monitoring and Evaluation Component includes US\$1,550,000 from the MIF, of which US\$275,000 will be executed by the MIF for learning and communication activities.

¹⁹ The projects that will be developed under this program will meet all the requirements described in Component 3, including a leverage of 1:3 in counterpart financing.

²⁰ The SCL/LMK contribution will come from technical cooperation resources allocated in youth training loans (Operational Input), but the exact amount cannot be defined ex-ante. The final amount will depend on the definition of the countries, size of the projects and other factors.

The remaining MIF funds for Component 4 will be executed by IYF. In addition, IYF will execute Component 2 entirely. Component 3 for at least an estimated US\$7 million of MIF resources will finance the individual projects.

- 4.3 The NEO Implementation Team, which includes personnel, travel, and meetings for the Steering and Advisory Committees, will cost US\$1,989,703 of MIF resources. The MIF will fund and hire the NEO Program Coordinator and the Project Specialist for the five year duration of the Program (US\$1,221,101). The Financial Specialist and Administrative Assistant will be hired by IYF, and MIF resources will partially finance the Financial Specialist and fully finance the Administrative Assistant position (US\$381,099). Administration costs directly attributable to the Program account for US\$2,145,297 and cover facilities, accounting, contracts and IT services, among others costs. IYF will cover 79% of the total Administration costs.
- 4.4 **Sustainability.** The NEO Program is in itself a strategy to sustain quality and strategic investment in youth employability programs. At the regional level, the MIF, IYF, SCL/LMK and other strategic partners will provide leadership, best practices and training models for job placement, knowledge sharing and dissemination, and strategic funding to country-level Partnerships. The country Partnerships are expected to be sustainable once the Program's support ends. First, the youth employability actors in these Partnerships at the country level will be strengthened to address youth under/unemployment holistically with the establishment of new coordination and funding mechanisms. Secondly, youth employment service providers, public entities and other key stakeholders, will be strengthened through the application of best practices and job training models, creating a culture of constant improvement in the sector. Finally, each Partnership will have to develop and implement a sustainability plan, identifying services to be supported or created under NEO, which have permanent funding streams post NEO.

V. PROJECT IMPLEMENTATION

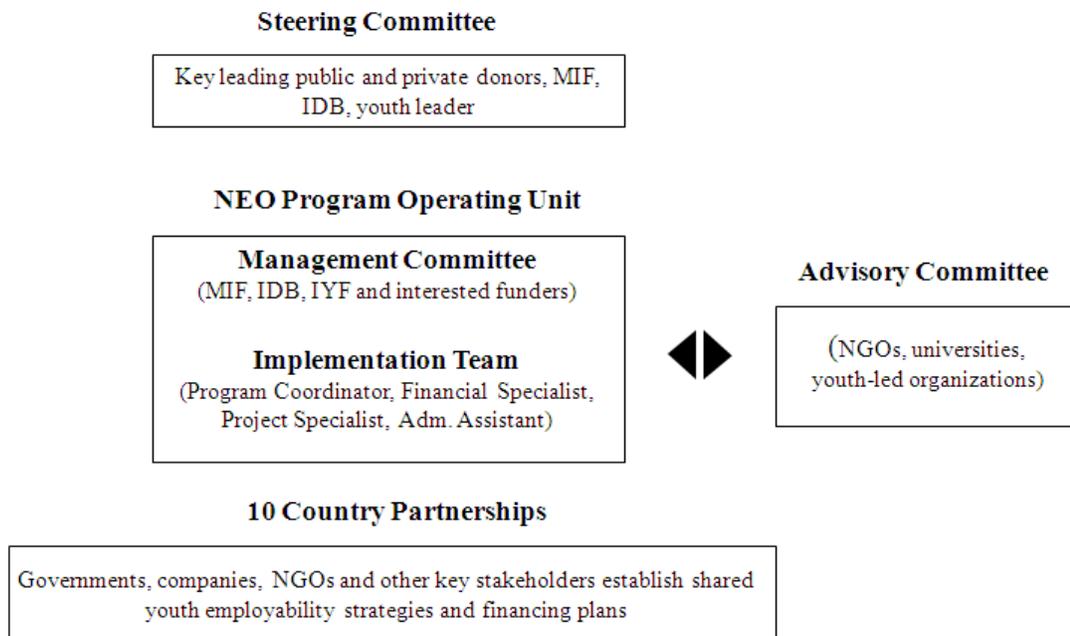
A. Executing Agencies

- 5.1 The NEO Program will be executed and managed by the Bank through the MIF Office and IYF. The IDB/MIF will sign a cooperation agreement with IYF, establishing: (i) how each institution will execute the resources it contributes to the project, and the additional resources contributed by other partners; and (ii) the cross-licensing for the two institutions to make use of the knowledge, products and materials generated through program execution.
- 5.2 IYF will also sign a Technical Cooperation agreement with the MIF outlining its role in Components 1, 2, 3 and 4. IYF will execute most of the activities in Components 1 and 4, and all the activities in Component 2. Component 3 comprises only projects which will be executed by each executing agency selected and approved by the MIF Donors Committee.

- 5.3 The MIF will execute activities related to strategic communications and organization of national policy dialogue meetings in Component 1, as well as learning, communication products and evaluations in Component 4.
- 5.4 The projects selected under Component 3 will be carried out in each case by executing agencies. MIF and IYF will sign separate agreements with the executing agencies, as each will provide funds to the project (see 5.11). The IDB country offices will supervise execution of individual projects and IYF will also provide technical support regarding the application of best practices and strengthening of institutional capacity.
- 5.5 The Social Sector of the IDB will be involved in the execution by participating in the selection of the projects, and working on a country-by-country basis to add value to both Bank operations and NEO-financed projects.
- 5.6 The **International Youth Foundation (IYF)** was founded in 1990 as a not-for-profit organization headquartered in Baltimore, USA. IYF’s mission is to prepare young people to be healthy, productive and engaged citizens. IYF builds and maintains a worldwide community of businesses, governments, and civil society organizations — now spanning 73 countries — committed to helping young people obtain a quality education, gain employability skills, make healthy choices, and improve their communities. Prior to entra21, IYF managed a grant from the Youth Unit of the IDB, for a three-country program designed to increase youth leadership. IYF also currently serves as the Secretariat to the World Bank’s Global Development Fund for Youth Development, which is focused primarily in the Middle East and Africa.

B. Execution Mechanism

Diagram 2. Governance Structure of the Program



- 5.7 A **Steering Committee** will be formed by leading public and private sponsors of NEO. It includes representatives of the MIF, IYF, the Social Sector of the IDB, companies that have made a cash and in-kind contributions, such as Caterpillar, Walmart, Microsoft, and Arcos Dorados, governments of the region with a special interest in youth employment and a youth leader(s), with the NEO Program Coordinator as its Secretary. The Steering Committee will: (i) define the program's vision and strategy; (ii) help to build alliances among key public, private and civil society stakeholders; (iii) establish best practices and models for training and job placement; (iv) set country priorities; (v) review annual reports produced by the Operating Unit; and (vi) support the mobilization of resources. The operating rules, including how many members the committee will have and decision-making processes will be defined in the first meeting of the Steering Committee. During the first year of Program implementation, the Steering Committee will hold quarterly meetings via telephone/video conference, or with the frequency they deem necessary. The Committee will also meet in person at least once a year. The Committee will review the frequency of the meetings after the first year.
- 5.8 An **Operating Unit** will be created to implement the NEO Program. This Unit will have a Management Committee with representatives of the primary sponsors of the Program, MIF, IYF, SCL/LMK and interested funders, and an Implementation Team. The **Management Committee** will provide direction, support and networks to the Implementation Team. It will also serve to ensure that progress is on track to achieve agreed upon objectives and milestones. The Management Committee will meet via teleconference periodically, every two weeks or with the frequency deemed necessary, and the NEO Program Coordinator will organize the meetings with input from its members.
- 5.9 The **Implementation Team** will be responsible for the day-to-day implementation of the Program, including preparing and executing annual work plans, designing operating procedures, processing project proposals for grant funding, ensuring counterpart financial support for all Program activities, ensuring local counterpart support on each of the grants, contracting the proposed learning and dissemination activities, hiring and supervision of Program consultants, and preparing financial, administrative, and technical reports for submission to the MIF.
- 5.10 The **Implementation Team** will be composed of a Program Coordinator, a Financial Specialist, a Project Specialist and an Administrative Assistant. The MIF will contract and finance an individual consultant as NEO Program Coordinator. The Program Coordinator will coordinate the Implementation Team and will report to the Management Committee. Except for the Program Coordinator and Project Specialist, which will be new hires and will be fully dedicated to the implementation of the Program, the Financial Specialist and Administrative Assistant charged with overseeing the financial and administrative implementation of entra21, will take on the financial and administrative implementation of the proposed Program. The justification to continue with the same team is based on the demonstrated know-how and technical capacity of the team which is necessary to continue building upon the best practices and learning of entra21. In addition, IYF will provide office space for the Implementation Team and general support services at its offices in Baltimore.

- 5.11 The program will also have an **Advisory Committee** which will include IDB Youth, Partners of the Americas, and other NGOs, youth-led organizations, youth employability think tanks or research institutions, companies and individuals invited by IYF, the MIF, and SCL/LMK. The Advisory Committee will meet in person at least once a year with the Operating Unit²¹.
- 5.12 NEO will be open to other partners and sponsors interested in participating. ORP will act as MIF's main liaison with private companies and will continue to support the MIF in bringing interested companies to the Program. Similarly IYF will continue to support strategic fundraising activities and will make available to the Program its structure for receiving funds from corporate, foundations and bilateral or multilateral donors, in the most appropriate manner.
- 5.13 **Program implementation readiness.** The program execution period will be 60 months with a disbursement period of 66 months. An institutional and risk assessment was undertaken to review IYF's existing financial management and procurement capacity in terms of systems, controls and documentation, which were assessed as being suitable for supporting Project implementation. The executing agency was rated low risk in terms of procurement of goods and services as well as administrative, accounting and financial management (see Annex VI for full details).
- 5.14 **Disbursements by results.** The disbursements of the project will be contingent upon the achievement of milestones, which will be agreed upon between the IYF and the MIF along with their means of verification. Achievement of milestones does not exempt IYF from the commitment of reaching the Program's objectives. Under this modality, disbursements will be made through an advance of funds. The amount will be determined by calculating the funds necessary to complete the activities and tasks and reaching the agreed upon milestones of a six month period. Subsequent disbursements are calculated based on the funding needs for the planned activities, for the next six month period. Disbursement requests will be reviewed by an independent auditor on an annual basis using the ex-post review modality.
- 5.15 **Procurement and Contracting:** For the procurement of goods and contracting of consulting services, the executing agency will apply IDB policies (GN-2349-9 and GN-2350-9) and the Operational Guidelines aligned with IDB policies. To select two youth employability experts and two knowledge management experts from the current entra21 team, the single-source selection process will be used, given that the tasks performed represent a natural continuation of previous work carried out by these experts. Before engaging in procurement and contracting for the project, IYF shall submit a Procurement Plan for the first 18 months of the Program, which will be updated annually. The Diagnosis of Institutional Needs (DNA) found IYF's procurement systems to be satisfactory. Therefore, procurements and contracting practices will be reviewed annually by an independent auditor on an ex-post basis.

²¹ Detailed information about the functions, roles and responsibilities of the different Committees and Terms of Reference of the members of the Implementation Team are in the Operating Manual.

- 5.16 **Financial monitoring.** IYF is responsible for keeping the Program's specific accounts separate from other accounts, registering all transactions financed by the contribution and the local counterpart of the Program and for maintaining proper internal controls, accounting systems and preparing the required financial reports. IYF and the MIF will be responsible for the management of the Program as a whole and for coordinating and monitoring all activities related to Program development and achievement of goals and objectives.
- 5.17 The DNA found IYF's financial management capacity to be satisfactory so there is no institutional strengthening or training required. Audited financial statements will be required once 90% of the resources have been committed. The IDB/MIF will hire independent auditors to conduct the audit, as well as the ex-post reviews of the procurement and disbursement processes.

VI. MONITORING AND EVALUATION

- 6.1 **Monitoring.** The MIF Youth Agenda Team will monitor and supervise the NEO Program in conjunction with the MIF Specialists at the Country Offices where projects will be financed. NEO's Program Coordinator, together with the rest of the Implementation Team, will be responsible for presenting Project Status Reports (PSR) to the MIF within 30 days after the end of each semester.
- 6.2 For each individual project financed under Component 3, the executing agency will be responsible for presenting PSRs to the MIF within 30 days after the end of each six-month period. These reports will contain information on project execution, milestones met, and completion of project objectives as stated in the logical framework and other operative planning instruments. The PSR will also describe project issues encountered during execution and outline possible solutions. Within 90 days after the end of the execution period, the executing agency will deliver a final PSR to the MIF that highlights results achieved, lessons learned and project sustainability.
- 6.3 The MIF, SCL/LMK, and IYF will use these reports to monitor progress in implementing the Program. IYF will prepare the Final PSR within three months after the last disbursement.
- 6.4 The IDB/MIF program team with resources from the MIF contribution, in collaboration with IYF, will conduct annual review missions at IYF headquarters in Baltimore and in the region, to selected grantees, to assess Program and Grant Fund performance evaluations to determine whether the Program should be continued, suspended, or cancelled.
- 6.5 **Evaluations.** With resources from the MIF contribution and the technical expertise of the MIF, IYF and SCL/LMK, the current entra21 base line and information system will be enhanced to encompass other best practices from MIF and non-MIF M&E systems and tools. The MIF will be responsible for the design of the information system, with support from IYF, and IYF will be responsible for its maintenance.

- 6.6 The Program will be subject to a midterm evaluation to be carried out 24 months after the first disbursement or after 50% of the MIF resources have been disbursed, whichever occurs first. This evaluation will measure: (i) progress in achievement of results; (ii) difficulties encountered in project execution and corrective actions; (iii) soundness of the baseline and monitoring and evaluation system; and (iv) lessons learned and recommendations for effective implementation of NEO partnerships and projects. In measuring these factors, the indicators given in the Logical Framework (Annex I) will be taken into consideration.
- 6.7 The final evaluation of the Program will be conducted when 90% of MIF resources have been disbursed or three months before the last disbursement. This evaluation will review a sample of the country-level Partnerships and projects, analyzing the types of Partnerships and job training projects that worked best and why.
- 6.8 **Impact Evaluations.** As explained in Component 4, the Program intends to conduct at least three impact evaluations of selected projects financed under Component 3. These evaluations will use a mixed methods approach, which could include Randomized Control Trials or other quantitative impact evaluation methods that will provide a high level of rigor for a strong evidence base coupled with contextual explanations to generate valuable and practical knowledge. These evaluations will measure the increase in the probability of youth that participated in the training and job placement activities of finding a good job versus a comparison group that did not receive the treatment. They will also follow certain groups of youth for one to two years after they graduate to understand how long these benefits are maintained or increased. Taking advantage of technical cooperation support that usually accompanies loan operations related to youth training programs, the IDB will contribute technically and financially to the measurement of the impacts of NEO projects on a country-by-country basis.

VII. BENEFITS AND RISKS

A. Benefits and Beneficiaries

- 7.1 The Program will generate benefits for all stakeholders involved. The shared youth employability strategies and financing plans established by each multi-stakeholder partnership will strengthen the overall system for training, advising and placing youth in decent work through greater coordination, wider implementation of best practices, tools and methodologies, less duplication of efforts, and smarter use of resources.
- 7.2 Public youth employment programs, service providers and NGOs will benefit from the transfer and application of already tested best practices, tools and methodologies, building their capacity to provide high quality services at a greater scale. Disadvantaged youth will benefit from greater accessibility of quality services, which will help them build their employability skills, access decent job opportunities, and ultimately, realize their potential as productive members of the workforce and society. Finally, employers will benefit from the creation of a pool of qualified, well-trained young workers, which can help them to cut recruitment and in-house training costs and retain workers.

- 7.3 The **direct beneficiaries** of NEO include: 500,000 poor and low-income²² youth ages 16-29 mostly urban, unemployed, underemployed or neither working nor studying, 50% of whom are female. The **indirect beneficiaries** include: (i) at least 10 governments at various levels that adopt and scale up high-impact training models; and (ii) 200 service providers that improve the quality of their youth employment services.
- 7.4 The 500,000 direct beneficiaries include: (i) youth who benefit from the (at least) ten projects financed in Component 3; and (ii) youth who benefit from access to the scaled, high quality services provided by organizations strengthened through NEO, including IDB-supported public sector programs.

B. Risks

- 7.5 The first risk refers to the different types of contributions (in-kind and cash) and expectations of regional donors which may pose challenges in aligning them with specific NEO activities in terms of timeframes, programmatic and budgetary needs and geographic focus.
- 7.6 Mitigation: NEO needs to develop a clear inventory of needs and opportunities in order to "match" contributions from potential donors interested in joining NEO with opportunities. NEO also needs to ensure there are sufficient financial resources, to cover the cost of operating NEO at the regional level. The NEO fundraising team (ORP, MIF and IYF) need to articulate their messages, methods, targets and coordinate closely and regularly.
- 7.7 Second, public sector partners and socio-economic conditions are not receptive to creating successful partnerships. In many countries, excessive bureaucracy and low levels of trust between the public and private sectors could inhibit NEO's ability to promote a systemic approach among the public and private sectors. Further the "culture" of international cooperation whereby one organization or institution "owns" the funds needs to be redefined under NEO so that members of the partnership feel joint responsibility for and benefit from the funds invested from international sources (e.g. MIF/IDB, IYF or global companies).
- 7.8 Mitigation: develop clear assessment and selection criteria to determinate which initiatives comply with minimum requirements per NEO's goals and purpose. Communicate the purpose, vision and principles for collaboration under NEO effectively. Ensure each partnership's vision, goals and strategies are designed using participatory approaches that generate ownership and buy in from the very beginning among diverse stakeholders. Afterwards each initiative needs to develop MOUs that clearly define commitments and rules. The ability of the NEO team to assess each situation effectively and thereby diagnose impediments to collaboration will be key.

²² Given MIF's past experience, most youth beneficiaries will be poor. In entra21 Phase II, about 80% of youth were classified as poor.

VIII. ENVIRONMENTAL AND SOCIAL REVIEW

- 8.1 NEO expects to have positive social impacts by improving the labor performance of disadvantaged youth, which are more than three times as likely as adults to be unemployed. NEO is committed to a better evaluation system and has included impact evaluations to assess the impact of the projects. Also, grantees will have to adhere to national labor and environmental standards. According to the Environmental and Social Review, this project was classified as “C”.