

PROJECT SUMMARY

SOCIAL IMPACT BOND: VULNERABLE YOUTH EMPLOYABILITY IN SOUTH BUENOS AIRES

(AR-L1297)

The average unemployment rate in the Ciudad Autónoma de Buenos Aires [Autonomous City of Buenos Aires] (“Buenos Aires”) is 9.4%, and as high as 15.8% among young people, and 24.9% among young people in districts of South Buenos Aires. Concern over the disadvantages of these young people prompted the Government of the Autonomous City of Buenos Aires (GCABA) to think about alternative forms of employment and instruments to finance policies and programs more efficiently.

With assistance from the MIF (under regional program RG-M1244 approved in 2014) and international experts, the “**First Social Impact Bond**” was designed in 2017, to improve the employability of moderately to extremely vulnerable youth in those districts. A **Social Impact Bond (SIB)** is a public-private contract with the objective of efficiently financing high-impact social projects through a **pay-for-success contract**. Pay-for-success (PFS) financing is a contracting approach that links the payment for services to measurable outcomes achieved, such as the number of people who get a job rather than the number of people who receive training.

The GCABA has pre-awarded implementation of the SIB to a consortium of social investors and service providers with a proven record of helping young people enter the labor market. The consortium investors will create the Trust, contributing funds to be used for training, job placement, and mentoring for 1,000 young people with limited opportunities in Buenos Aires.

The final objective of this project is to test the effectiveness of an innovative, results-oriented tool for the financing of public programs to improve vulnerable youth employability and employment. The implementation of the GCABA’s first SIB will be financed with a loan of up to US\$1 million to the Trust, supplementing the resources to be contributed by the investors.

If successful, this initiative can change the traditional culture of pay-for-process to one of pay-for-success and open up new horizons for subnational governments, as well as the national government, in this and other areas of interest for social investment.

The main expected outcomes of the project are as follows: (i) at least five committed social investors have contributed resources of US\$675,000 equivalent in Argentine pesos; (ii) 728 young people from the poorest communities of Buenos Aires have been trained, and 459 of these have found formal employment; and (iii) an innovative and replicable financing facility has been implemented.