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MULTILATERAL INVESTMENT FUND

REGIONAL

SKILLS FOR THE FUTURE

(RG-T3351)

DONORS MEMORANDUM

This document was prepared by the project team consisting of Elena Heredero (GRU/MIF) and Mariel Sabra (GRU/CAR), Project Team Co-leaders; Claudia Vazquez (LMK/CAR), Andrea Bergamaschi (EDU/CAR), Elizabeth Minaya (GRU/CPE), Tatiana Virviescas (GRU/CME), Ana Castillo Leska (KMU/CUR), Carolina Carrasco (GRU/CCH), Carolina Lustosa (LEU/CAR), Gabriela Aparicio (DSP/DVF), and George Rogers (GCL/GCL).

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PROJECT SUMMARY
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Advances in new technologies are drastically changing the labor market, not only generating new opportunities for young people but also creating significant challenges in terms of not widening the social inequity gap. The youth unemployment rate in Latin America and the Caribbean is nearly three times the adult rate, affecting primarily the socioeconomically vulnerable population, especially women.

To meet new labor market needs, young people will have to learn twenty-first century skills: (1) soft skills, such as empathy, creativity, and critical thinking; and (2) digital skills to work in technology-rich environments, such as basic computational thinking, connecting devices, and responsible and productive social media use. Currently there is a high risk of widening the social gap if informal and formal education systems do not manage to find scalable solutions in time to meet these needs. This opens the door for new stakeholders dedicated to innovation and social impact, for profit or not, to develop solutions that merge education and technology—edtech—and help reduce the differences between the skills the market requires and the skills socioeconomically vulnerable youth can offer.

To do that, Fondation Forge, an organization with extensive experience preparing vulnerable youth for their school-to-work transition, will develop a digital platform to teach soft and digital skills. In conjunction with the entrepreneurial ecosystem, Forge will codevelop or adopt digital solutions that use disruptive technology such as machine learning or artificial intelligence to provide vocational guidance and labor intermediation services, exponentially scaling up the model for a quality school-to-work transition.

That is the foundation of this innovative operation that seeks to use the latest technology to exponentially scale up a highly effective classroom model that is highly valued by businesses. Having digital and soft skill training platforms for a large segment of the region—vulnerable youth—is also innovative given that many digital solutions are for other population segments. With the support of IDB Lab in its role as a connector, links will be forged with edtech ecosystems and promising technology-based solutions from within and outside the region.

The project will benefit 100,000 vulnerable young people from the region (an estimated 15,000 youth per country on average in addition to those from other countries in the region that use the platform), as well as trained instructors, educational institutions where the solutions will be used, government programs, and partner businesses.

The project has a one to three leverage ratio (for every dollar IDB Lab contributes, the counterpart will contribute three), with Accenture as a strategic partner.

ANNEXES

APPENDICES

AVAILABLE IN THE TECHNICAL DOCUMENTS SECTION OF THE IDB LAB PROJECT INFORMATION SYSTEM

ABBREVIATIONS

B2B	Business to business
B2C	Business to consumer
B2G	Business to government
NGO	Nongovernmental organization
SDG	Sustainable development goal

REGIONAL
SKILLS FOR THE FUTURE
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EXECUTIVE SUMMARY

Country and geographic location:	Argentina, Chile, Mexico, Peru, and Uruguay		
Executing agency:	Fondation Forge		
Focus area:	Knowledge economy		
Coordination with other donors/Bank operations:	This project is aligned with the IDB Social Sector initiatives "The future of work" and "Twenty-first century skills," led by the Labor Markets Division (LMK) and Education Division (EDU), respectively, with IDB Lab participation. It complements IDB Lab digital skills operations.		
Beneficiaries:	The project will directly benefit 100,000 socioeconomically vulnerable young people by providing them with access to building soft and digital skills, formal employment, and/or opportunities to continue studying. The project will also benefit instructors, public schools, government programs, and partner organizations.		
Financing:	Nonreimbursable technical-cooperation:	2,000,000	25%
	Other IDB Lab financing:		
	TOTAL IDB Lab CONTRIBUTION:	2,000,000	25%
	Counterpart:[1]	6,000,000	75%
	TOTAL PROJECT BUDGET:	8,000,000	100%
Execution and disbursement periods:	36 months for execution, and 42 months for disbursement		
Special contractual conditions:	A condition precedent to the first disbursement of nonreimbursable funds will be the contracting of Forge Digital's Director. For Mexico, the government's no objection to the project will be an additional requirement.		
Environmental and social impact review:	This operation was screened on 19 October 2018 and classified in accordance with the requirements of the IDB's Environment and Safeguards Compliance Policy (operational policy OP-703). Since the impacts and risks are limited, the proposed classification for the project is category "C" (low risk).		
Unit responsible for disbursements:	MIF staff at the Country Office in Argentina (MIF/CAR); Country Office in Chile (MIF/CCH); Country Office in Mexico (MIF/CME); Country Office in Peru (MIF/CPE); and Country Office in Uruguay (MIF/CUR).		

[1] Accenture is arranging an additional contribution in cash and/or in kind, which it will confirm at the end of this year.

I. THE PROBLEM

A. Description of the problem

1.1 Advances in new technologies, such as machine learning and artificial intelligence, are changing a large number of jobs and job descriptions, as certain tasks have become automated and new digital knowledge is needed. To compete in global labor markets[2] and reduce youth unemployment,[3] Latin America and the Caribbean must develop a young talent base with two types of twenty-first century skills: (1) soft skills, such as empathy, creativity, and critical thinking; and (2) digital skills to work in technology-rich environments, such as basic computational thinking, connecting devices, and responsible and productive use of social media.

1.2 The technological trends and advances of the fourth industrial revolution highlight the importance of teaching these types of skills to young people, but education systems and companies alike face challenges adapting to the needs of this new age. This opens the door for new stakeholders dedicated to innovation and social impact, for profit or not, to develop solutions that merge education and technology—edtech—and fill in the gaps of the formal systems.

1.3 Socioeconomically vulnerable youth in Latin America and the Caribbean face numerous barriers to finishing secondary school and successfully transitioning from school to a quality job.[4] In its current form, Fondation Forge already bridges these two worlds. Forge offers students in their last year of school between 110 and 160 hours of training to instill good habits, strengthen their soft skills, and teach them the technical skills that are in demand in their respective job markets. As part of its mentoring process, Forge then assists the young people as they enter the labor market. The Forge program has proven to have a positive impact on students' skills, training over 8,000 young people in 2018, and employers have viewed it positively.[5] However, since Forge holds only classroom training courses primarily in Forge centers and assists students one on one with their job placement, there are limits to its ability to grow and impact even more people. From a technical standpoint, this offering is outdated for the changes of the fourth industrial revolution.

1.4 This project aims to address the gap between the digital and soft skills of socioeconomically vulnerable youth, especially women, and the skills needed for the jobs with the best wages and with growth potential in the future. The various causes of this problem are:

(i) The skills built in formal education systems are of a low quality and not relevant for the jobs of the future. Digital literacy is still not part of the region's formal education curriculum—or is only just starting to be incorporated—and young people, especially those who are vulnerable, lack the necessary skills to use information as a resource and produce

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[2] According to Manpower, 40% of Latin American businesses have trouble finding job candidates with the right skills.

[3] The region's youth unemployment rate reached 19.5% in 2018—nearly three times the adult rate.

[4] Education and Early Childhood Development Sector Framework Document. June 2016, pp. 12-13.

[5] A study on the return on investment for companies that hired a Forge student found that Forge students are more employable and have less turnover and, in some cases such as in Peru, companies even pay to recruit Forge students.

and exchange knowledge.[6] Soft skills in particular have been gaining in relative importance and increasing the return on investing in them compared with other skills.[7] Employers are increasingly valuing skills like critical and analytical thinking, teamwork, problem solving, computational thinking, creativity, taking initiative, and knowing how to learn.

(ii) Companies and young people have insufficient information about the changes to come in the labor market (types of jobs and skills required), the availability of continuing education, and the mechanisms and ways to link these to jobs. This is due in part to a lack of prospective analyses of the future labor market. Especially now that the digital transformation is under way, businesses are struggling to reconfigure the job descriptions of their future "digital operators" and to find the right talent, including vulnerable youth, for their workforce. According to the Accenture study "The Digital Impact on Vulnerable Groups," of the 26 jobs that were analyzed and traditionally held by vulnerable groups, an estimated 19% will have a high degree of digitalization, 58% a medium degree, and the remaining 23% a low degree. The lack of knowledge on the matter has also undermined the inclusion of relevant skills in school curricula: in general, businesses are finding it difficult to tell education systems exactly which skills will be most relevant for the jobs of the future.

(iii) There is no additional training that can both strengthen the digital and soft skills of socially vulnerable youth and be scaled up exponentially. In addition to the survey about existing platforms that Forge conducted with the project team,[8] Forge carried out one-off studies with IBM and Accenture to identify the best online training platforms. In none of these studies could they find a digital platform that included an effective and proven way to teach soft skills. The tools Forge develops will therefore be some of the first of their kind in the region.[9]

B. Beneficiaries

1.5 In the past year, Forge has worked with more than 8,300 young people ages 17 to 21 in Argentina, Chile, Mexico, Peru, and Uruguay, over 56% of whom are women. In all, 60.6% of those students were in secondary school, and 32% had already finished. Only 7.5% of the students were studying at university.

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6 The INTAL research project "The Millennial Beat. Generation Y in the Age of Integration 4.0" found that over 50% of young people do not use technology as part of their jobs and that the number of millennials from lower socioeconomic segments without computer skills largely surpassed that of people with greater purchasing power.

7 Deming, David. "The Value of Soft Skills in the Labor Market." The National Bureau of Economic Research. Reporter 2017 No. 4. https://www.nber.org/reporter/2017number4/deming.html.

8 https://fondationforge-my.sharepoint.com/:b:/g/personal/od-argentina_fondationforge_org/EY9B90x0Dh5Bv7WoKyy3pk0BtA_-MEFvuKDiA3TViWiWRQ?e=wp5x2D.

9 IDB Lab is currently developing a digital solution for soft skills through Fundación Monge's *Soy Cambio* program in Costa Rica (operation CR-T1151). The program is training low-income, at-risk students ages 15 to 19 who are living in poverty and are in technical training at secondary school on six soft skills using virtual reality, augmented reality, and gamification.

Socioeconomically, 28% of the students stated their family benefited from a social program or plan, over half of the students and their families did not have health insurance, 77% lived in households of three to six people, and around half of the students indicated there was only one wage earner supporting the family.

1.6 Against this backdrop, Forge has decided to work on an education model that uses disruptive technologies to scale up its program exponentially and provide 100,000 young people with training, guidance, and job placement. Of those, at least 80% would come from socioeconomically vulnerable segments.[10] Forge developed a Socioeconomic Status Index to determine the students' degree of vulnerability.

1.7 The project is also expected to benefit 1,000 human resources team members by providing job placement tools that allow companies to recruit Forge students who have been properly prepared for jobs that will be impacted by technology.

1.8 Lastly, the project should bolster the edtech ecosystem in general by strengthening connections between organizations like Forge, entrepreneurs, and the most vulnerable youth—a particularly large segment of the region's population—with a view to finding scalable solutions that can close existing gaps in skill sets and promote social inclusion.

II. THE INNOVATION PROPOSAL

A. Description

2.1 The project objective is to narrow the gap between vulnerable youth and the future job market. To do this, digital tools for blended learning or virtual programs on soft and digital skills, guidance, and job placement would be developed to more quickly scale up the Forge model. This would produce a better, more up-to-date product for the beneficiaries that would meet their needs and have been designed for new jobs or for jobs that have been transformed by technology. It could be adapted to new trends, with widespread, efficient implementation in new areas.

2.2 Forge will coordinate effectively with edtech ecosystems and solutions, given that new ventures are now emerging to facilitate, improve, and streamline guidance, training, and labor intermediation processes through machine learning and artificial intelligence. Providing such edtech solutions to more vulnerable youth would be innovative.[11] With these collaborations, Forge will be able to adopt technological solutions available on the market, create solutions in conjunction with other interested entrepreneurs, and hold challenge competitions for specific problems, such as developing solutions for vocational guidance. Once the solutions are identified, Forge will be able to launch pilot programs with the students and

[10] Forge uses a Socioeconomic Status Index as one criterion for admission into the program. It was developed using data collected when students enter the program, through three subindices: an educational subindex (both parents' highest level of education), a wealth subindex (which includes factors like household overcrowding and whether the family has health insurance), and a work subindex (based on how many people make up the household and how many work to support the family). Young people with a Socioeconomic Status Index score less than or equal to 0.6 are considered socioeconomically vulnerable.

[11] For example, IDB Lab has used the "Venture Innovation Fund II" (EQU/MS-14412-ME) to finance APLI, a Mexican business that provides low-demand labor intermediation services. In recent months, the project team has discovered the very promising guidance and labor intermediation solutions of Fundación Telefónica and Brazilian company Taqe.

businesses in the Forge network to test, adjust, evaluate, and scale the most promising ones.

2.3 As part of this operation, operating model centers that serve as model spaces for innovation and scaling in each country will be developed and will actively put local entrepreneurs in touch with the needs of companies and young people, thereby promoting innovation and the knowledge generated in the region through Forge.

2.4 **Last mile**. The program is geared towards socioeconomically vulnerable youth from primarily public schools in Latin America. Using virtual platforms will make it possible for young people in remote areas to have access, thus providing them with training solutions that will improve their employability.

2.5 **Innovation.** The operation is innovative because it aims to scale up and more quickly expand the Forge model by using the latest technology throughout its process of training and guiding vulnerable youth towards the jobs of the future, where both soft and digital skills will be essential. Making it possible for these groups of young people to access and use disruptive technologies is innovative in that it involves a segment that still does not have access to large-scale solutions. With the support of IDB Lab in its role as a connector, links will be forged with edtech ecosystems and promising technology-based solutions from within and outside the region. As opposed to other edtech ecosystem initiatives, this operation is innovative because the proposal has been specifically structured with the needs and specific circumstances of socioeconomically vulnerable youth in mind.

Component I: Accessible training offerings with quality methodologies (IDB Lab US$1,119,125; Local counterpart US$3,439,402)

2.6 The objective of this component is to develop and modernize the soft and digital skills training offering by using a digital platform that combines virtual formats, blended learning, and classroom teaching so that vulnerable youth may be better prepared for the jobs of the future. The component will work heavily on the content; review the teaching methods, channels, and devices that will be used to provide the training as well as the learning environment; and ensure that the Forge team responsible for providing training and teaching other instructors has the latest skills.

2.7 The activities covered by this component would be to: (i) determine which soft and digital skills businesses require (through a prospective study on the new labor market) and what digital solutions already exist, using Forge's network of companies—especially those with a focus on technology; (ii) update, codevelop with edtech entrepreneurs, and/or develop new material for virtual, blended, or classroom learning in keeping with the environment, channel, or device used; (iii) create a certificate for students and partners that use the Forge methodology; (iv) develop or implement a platform to provide Forge training; (v) adapt the spaces, equipment, and materials that will be used for the operating model centers and innovation hubs; and (vi) train mentors and counselors on the new teaching methodologies and materials.

2.8 The expected outcomes of this component are that 100,000 vulnerable young people will have access to Forge's services for building soft and digital skills, Forge will have a functioning training platform with up-to-date teaching material, five Forge operating model centers with innovation hubs will be founded (one in each country),

and 140 mentors and counselors from Forge centers and franchise partners will be Forge-trained and certified (see Component III about franchise partners).

Component II. Using fourth industrial revolution technologies to connect, place, and assist young people as they enter the labor market (IDB Lab US$342,375; Local counterpart US$441,352)

2.9 Through this component, solutions that use technology to function at scale will be implemented. These vocational guidance and job placement solutions will also support continuing education; they may already be available on the market or may need to be developed, which can be done in conjunction with entrepreneurs in the edtech ecosystem.

2.10 Research will be conducted to determine which tools and solutions are already available on the market. Based on that, different methods for Forge and entrepreneurs to collaborate will be suggested so that they can select and begin using existing solutions (with cofinancing models, licenses, or other similar means to ensure the service is sustainable and can operate at scale) or create new solutions in conjunction with edtech entrepreneurs through calls for proposals and challenge competitions, for example.

2.11 These tools are fundamental for young people to better understand their interests, skills, and knowledge, as well as what jobs will be most in demand, require a high level of digital and soft skills, and have good prospects for professional development and wage growth. That way, they can take the online or classroom training courses they need to accomplish their goals. To do this, solutions that use technology such as big data, blockchains, machine learning, and artificial intelligence and that are cost effective, relevant, and scalable will be considered.

2.12 Activities will include: (i) mapping existing vocational guidance, job placement, and continuing education solutions that use technology like machine learning and artificial intelligence; (ii) a call for proposals to cocreate solutions with edtech entrepreneurs; (iii) once a solution has been identified, creating pilot programs with companies and Forge youth in each of the countries, using an iterative process of trial and error until the solution can be implemented at scale; (iv) developing a digital identify for Forge youth that is valued by employers and will help the students find a good quality first job;[12] and (v) working with Accenture's support to raise companies' awareness of the digital transformation, the diversity in their policies for recruiting talent, the changing job descriptions for future employees and digital operators, and their participation in the pilot programs for recruiting talented Forge youth.

2.13 The expected outcomes are: (i) 80,000 young people will participate in vocational guidance and labor intermediation processes through digital solutions; (ii) 1,000 representatives from at least 300 companies will participate in the pilot programs; (iii) a digital identity will be developed for the students; (iv) a pilot program will be developed to test and scale up the vocational guidance, continuing education, and/or labor intermediation solutions; and (v) rules on the ethical use of data will be implemented.

[12] The digital identity or scorecard aims to build a digital identity for the young people that comprises the skills they have developed and credentials they have obtained in the Forge program. This identity will serve as a type of virtual résumé as well as a benchmark for employers that hire Forge youth.

Component III: Scaling up high-impact solutions (IDB Lab: US$438,500; Local counterpart US$1,404,882)

2.14 The objective of this component is to more quickly scale up the Forge model using knowledge, evidence, business models, events, and strategic communication campaigns to spread Forge's solutions, results, and impact. To date, Forge has achieved good results and impact but has maintained relatively low public visibility. The return on investment calculated for the previous IDB project showed that companies that hired Forge youth benefited economically. Those findings should be analyzed further, and communication and visibility should be promoted with a specific strategy in each country in order to improve Forge's positioning locally and regionally, gain more partners and, most importantly, reach more vulnerable young people.

2.15 A model with fully developed components and processes will be documented, including proof of results and impact, and with business models and differentiated strategies depending on the entity to which the Forge model is transferred or extended. Forge could, for example, develop a social franchising model with other NGOs or businesses that wish to replicate the model in their region or country in exchange for paying for the implementation costs (B2B model); a model with local, state, or national government entities through partnerships and specific agreements (B2G model); or a model directly with young people using a digital platform (B2C model).

2.16 Another important activity under this component will be to form a regional community or coalition that addresses topics related to the future of employment for young people where other social entrepreneurs, NGOs, businesses, and public decision-makers can share trends, knowledge, and good practices and carry out advocacy actions in government institutions.

2.17 The activities to be financed include: (i) a mass communication campaign for young people on the fourth industrial revolution, labor market trends, and the skills of the future; (ii) a communication strategy that will be designed and implemented in each Forge model center; (iii) development of different business models based on the scaling strategy to be used; (iv) Forge methodology training for instructors from formal and informal education systems; (v) update the Forge monitoring and evaluation system to function at scale; (vi) studies; and (vii) a regional coalition on soft and digital skills.

2.18 The outcomes will be: 200,000 young people will be informed of the fourth industrial revolution; 2,000 teachers and mentors from the formal education system will be trained; 18 agreements and strategic partnerships based on the business models will be entered into; at least three business models will be developed (B2B, B2G, and B2C); a functioning coalition on soft and digital skills will be formed; two studies will be published; and one rigorous assessment will be performed.

B. Project outcomes, measurement, monitoring, and evaluation

2.19 In terms of impact, the project is expected to transfer the program methodology to at least 10 government programs in the education system and replicate the social franchising model with eight new partners. The expected outcome is that 10 times as many young people, i.e., 100,000 students in total (at least 60% of whom are women), will have access to Forge services, with an 80% graduation rate. In all, 70%

of the students from Forge model centers are expected to obtain quality jobs, at least 30% of which will have job descriptions featuring digital content.

2.20 Forge has developed a management system and a monitoring and evaluation methodology with its respective indicators that allows it to thoroughly monitor processes and outcomes, such as the strengthening of beneficiaries' soft skills. The system could also incorporate variables from employers' evaluations of Forge youth, which could be added to the first return on investment study carried out on companies in the region that had hired Forge students, the preliminary results of which were positive.

2.21 This new program will include a set of indicators to monitor scaling actions and the innovations to be integrated into the educational program. This will all be incorporated into the management system so that up-to-date information can be available online and all participants can adequately monitor progress and have data available in order to manage learning and knowledge.

2.22 Evaluations will be conducted primarily to test the effectiveness of the scaling-up model. They will be able to examine each country or the region as a whole. To do this, the following questions will be addressed: (i) Do the Forge model digital solutions effectively and efficiently strengthen soft skills vis-à-vis the classroom model?; (ii) What effect does Forge's soft and digital skills training have on beneficiaries' employability and jobs (including from a gender perspective)?; and (iii) Does Forge's soft and digital skills training model give Forge youth access to jobs that are being changed by technology, or are students working the same types of jobs they did with the classroom model?

III. ALIGNMENT WITH THE IDB GROUP, SCALABILITY, AND PROJECT RISKS

A. Alignment with the IDB Group

3.1 **IDB Lab.** This project is part of the knowledge economy pillar, because it promotes the creation of new technological solutions to prepare young people for the challenges of the future labor market, which will be increasingly based on technological knowledge and use.

3.2 The project is related to the current portfolio of projects focused on digital skills, which form a knowledge community. Forge has joined that community, having presented its model, benefited from the knowledge generated by peers, and built partnerships with others, such as Plan Ceibal in Uruguay (operation UR-T1168). IDB Lab also has various operations to strengthen entrepreneurial and innovation ecosystems as well as social impact funds in the countries where Forge operates, which will serve as a highly valuable source of contacts, solutions, services, and knowledge when implementing this project. IDB Lab will thus act as a connector by bringing business leaders from the innovation ecosystem in on the project. The IDB Lab team's work will be crucial to developing these synergies and improving project outcomes.

3.3 **IDB. Social Sector.** The project is closely related to the labor market and social security sector framework, whose main goal is to promote successful career paths. More specifically, it is aligned with the principles identified in its strategy, which includes a focus on vulnerable groups and young people, as well as the adoption of

new technologies and innovation. The project could generate synergies with the operations AR-T1165: Support for Skills Development Policies for Productive Transformation, CH-T1189: Support to Labor Policy and Competency-based Training System in Chile, and ME-T1333: Support to the Management and Evaluation of Active Labor Market Policies. The project is also aligned with the IDB Education Sector's main goal to promote the education and skills necessary for the region to reach its full potential. More specifically, the project has high potential to create synergies with the following projects: UR-L1141: Generation C: Consolidating Educational Innovations for 21st Century Skills and Competencies; UR-T1168: Youth Programmers; and AR-T1143: Support the Expansion of an Educational Innovation Model. Under the Social Sector's leadership and with IDB Lab participation, the "Twenty-first century skills" initiative has been rolled out with an aim to equip individuals with crosscutting (primarily soft and digital) skills that are fundamental to live healthy, productive, and happy lives. The Forge project aligns perfectly with that initiative and could be one of the first projects to be incorporated into it. The project is aligned with the education sector framework, given that it contributes to the objective of ensuring that all youth have the skills they need to maximize their potential in the workplace.

3.4 **Update to the Institutional Strategy.** The project is also aligned with the Bank's Update to the Institutional Strategy 2010-2020 in that it will help reduce poverty and inequality by: (a) finding a tool to narrow the gap between the skills learned in school and those required for the labor market; (b) strengthening the soft skills needed to be employable during educational stages; and (c) strengthening young people's capacities for new job positions affected by technological advances and new private sector needs.

3.5 **Sustainable Development Goals (SDGs).** The project is aligned with the SDGs, specifically: (i) SDG 4—quality education; (ii) SDG 5—gender equality; (iii) SDG 8—decent work and economic growth; and (iv) SDG 10—reduced inequalities.

B. Scalability

3.6 The current Forge model can reach between 8,000 and 10,000 beneficiaries each year, costing on average US$400 per student. With its classroom model, the organization is growing at a steady rate year after year. This project was conceived to scale up. The content that will be incorporated into the Forge program can be applied to all the countries in which the organization is currently present (with adjustments to fit the context) as well as countries where it may operate in the future.

3.7 Digitalizing part of the content will make it possible for the courses to reach people who do not currently have access. Digitalization and using platforms to close the gap between labor market supply and demand will also play a part in the model's exponential growth, at much lower costs for each student reached. Lastly, the primarily virtual component of the instructor training program gives the project an almost unlimited reach, making it possible for all the lessons to be made available to public institutions.

3.8 The expansion model with third parties, or "social franchising," will make it possible to implement the Forge model in new geographic areas. Partners would include other NGOs and/or businesses that wish to contribute to the proposal for the benefit

of the young people and employers in their communities. In 2017 and 2018, successful pilot tests were conducted in Argentina, which led to centers managed by third parties being opened in the provinces of Chaco and Corrientes (through the NGO Cruzada Argentina) and in the city of Balcarce in Buenos Aires Province (through the company McCain). In initial talks, parties expressed interest in taking the model to Colombia, Paraguay, and some cities in countries where Forge is already present (Guadalajara, Mexico and Neuquén, Argentina). More in-depth discussions will take place under this project.

3.9 The partnerships with national, state, and municipal governments, education ministries, and workplace training and education subsystems for the activities Forge is currently working on will be key to creating experiences in which soft and digital skills are successfully integrated into education systems, resulting in work agreements with public institutions. In recent months, agreements have been signed with the Chilean Ministry of Education, the National College of Technical Professional Education of Mexico (Conalep), Plan Ceibal and the National Institute of Employment and Professional Training (INEFOP) in Uruguay, and Argentina's Ministry of Social Development. Each of these agreements sets out an action to reach young people using the Forge methodology.

3.10 By the end of the project, Forge will have reached 10 times as many beneficiaries by working in new areas and forming new partnerships with a more flexible process tailored to each audience, leaving installed capacity, using a public-private partnership model, and managing to increase its growth rate more efficiently and sustainably over time. Once the project is over, it will be ready to be scaled up exponentially, having identified partners that will provide resources to continue increasing the scope of the proposal.

C. Project and institutional risks

3.11 The **main risks** identified are that: (i) transferring knowledge through a virtual medium will not meet the minimum standards necessary for young people to enter the labor market, especially for the jobs of the future; and (ii) it will be difficult to scale up the model through government institutions given the instability of the teams responsible for public management in the areas of education and employment and the lack of state institutions in the region.

3.12 **Mitigation actions:** (i) create a Forge certificate as an asset of value for the organizations that implement the program and the students who graduate, with evaluation criteria that certify that the quality is the same as a classroom-based system; (ii) consult with experts in the area to adapt the content and determine what can be taught virtually as opposed to what should continue to be taught in a classroom; (iii) have the agility to implement, measure, and adjust different variants of virtual/classroom training; and (iv) conclude agreements identifying the most appropriate interlocutors and develop processes for public institutions that can be implemented relatively efficiently in various contexts.

IV. INSTRUMENT AND PROPOSED BUDGET

4.1 The total cost of the project is US$8 million. Of that amount, US$2 million (25%) will be contributed by IDB Lab in the form of nonreimbursable technical cooperation funding, and US$6 million (75%) will be contributed by the counterpart.

Project components	IDB Lab	Counterpart	Total (US$)
Component 1: Accessible training offerings with quality methodologies	1,119,125	3,439,402	4,558,527
Component 2: Using fourth industrial revolution technologies to connect, place, and assist young people as they enter the labor market	342,375	441,352	783,727
Component 3: Scaling up high-impact solutions	438,500	1,404,882	1,843,382
Coordination and administration	50,000	714,364	764,364
Audits and ex post reviews[13]	50,000		50,000
Total	**2,000,000**	**6,000,000**	**8,000,000**
% financing	**25**	**75**	**100**

V. EXECUTING AGENCY AND IMPLEMENTATION STRUCTURE

A. Description of the executing agency

5.1 Fondation Forge will be the partner for this project. It is an NGO with 12 years of experience and a presence in Argentina, Chile, Peru, Uruguay, and Mexico. Its mission is to help place youth from low-income families in quality jobs through an innovative training and employment program. Its founder is a successful entrepreneur with a humanistic and holistic vision who has embedded values such as excellence, ethics, respect, effort, and empathy in Forge's mission, along with the principles of cost-effectiveness and results-based management.

5.2 Forge has a solid network of over 400 companies in the region and a high level of financial commitment from them and other donors, which has grown stronger in recent years. Forge is currently self-sustainable, receiving ongoing revenue from Just Latinoamérica as well as contributions from other companies that cover 50% of its operating costs at the regional level. It employs a solid team of professionals dedicated to quality, as seen in the results obtained.

5.3 In the past four years, with the support of IDB Lab in part,[14] Forge has obtained excellent results in assisting and teaching socioeconomically vulnerable young people soft skills and in placing them in the labor market. It has extended its program's reach from 1,900 beneficiaries per year (in 2014) across three countries to more than 8,300 beneficiaries across five countries. This progression over the past few years is as follows:

[13] Contribution funds for commissioning ex post reviews will be administered by the Bank.

[14] Regional operation RG-M1256 and agreements ATN/ME-14600-RG Argentina, ATN/ME-14601-RG Uruguay, ATN/ME-14603-RG Peru, and ATN/ME-14604-RG Mexico.

Year	Young people
2015	4,200
2016	6,700
2017	8,000
2018	8,300

5.4 Accenture will be a strategic partner from the private sector for this project, contributing its comprehensive knowledge on trends, its clients, and its special interest in the digital transformation and inclusion of vulnerable people. It is currently arranging an additional contribution in cash and/or in kind, which it will confirm at the end of 2018.

5.5 Under the project, Forge plans to create a Regional Digital Office, which will be very important in the structure, with major influence in line with the volumes of students expected. Forge will also restructure its indicator-based monitoring mechanism and its knowledge management, incorporating a new structure to coordinate the operating model centers and innovation hubs. Three experts in education and technology from the Advisory Committee will give specific support to Forge Digital.

B. Structure and implementation mechanism

5.6 The project will be regional in scope based on Forge's current presence in Argentina, Uruguay, Chile, Peru, and Mexico. Thus far, the program has managed to develop a proposal that can be applied in each of these countries, using a core model that is adjusted at the local level.

5.7 The Fondation Forge offices in each country—all of which have legal status and, apart from Chile, have already executed projects with IDB Lab—will be responsible for executing the project at the country level. To that end, each of the five organizations will sign an agreement with the Bank, in its capacity as administrator of IDB Lab, and the projects will be supervised by the corresponding IDB Country Office in each country.

5.8 Fondation Forge Argentina will be responsible for executing the regional activities as well as those in Argentina, since it has a country team and regional team/general directorate.

5.9 Forge's directorate general and local offices and IDB Lab staff in each of the countries and Headquarters will meet twice a year to monitor the project's overall success. Half way through the project, the IDB staff responsible for project execution at the country level and for the project's overall progress as well as the IDB Lab staff in each country and at Headquarters will meet in person.

5.10 Forge's five executing units—Uruguay, Chile, Peru, Mexico, and Argentina—will report to Forge's executive management, which will in turn report to its board of directors. The five executing units will meet at least quarterly to monitor program implementation.

5.11 The national strategies will be consistent with regional planning for the project. For Forge's current operating model, teams from each of the countries help design the organizational strategy and project through their country directors.

5.12 At the regional level, Forge will have an advisory committee that will meet periodically with the president of Fondation Forge.

VI. Achievement of Milestones and Special Fiduciary Arrangements

6.1 **Results-based disbursements and fiduciary arrangements.** Based on the institutional evaluation carried out, Fondation Forge is a private nonprofit organization with its own administration and procurement policies that include criteria of transparency, economy, and efficiency. The organization has the fiduciary and financial capacity to carry out the project. For project supervision, Fondation Forge's[15] operational policies will be taken into account and applied for project administration and procurement.

6.2 The executing agency will enter into the following agreements with IDB Lab concerning disbursements, procurement, and financial management:

6.3 The disbursements will be made once the specific technical conditions are met (for the first disbursement and any subsequent disbursements) and the following are submitted to the Bank: (i) the disbursement request form; and (ii) the financial plan. To justify use of the funds, the executing agency will submit: (i) a certificate from an accountant acceptable to the Bank stating that the expenses match those agreed upon in the annual work plan;[16] and (ii) the reconciliation of the contribution funds.

6.4 Evidence of the following must also be submitted: (i) approval of the milestones for the corresponding calendar year; (ii) achievement of the milestones set for said year with the Bank; and (iii) use of the local funding as set out in the budget.

6.5 **Procurement.** The executing agency's policies will be used. These should uphold the principles of economy, transparency, and efficiency and result in competitive market prices. A plan for the procurements necessary to execute the project and achieve the milestones must be submitted annually. Those critical for IDB Lab from a technical standpoint will be determined, and the technical aspects will be reviewed ex ante. In the event of competitions for solutions or partnerships with entrepreneurs to run pilots with Forge, flexible and transparent mechanisms will be examined and implemented to select the best options from the entrepreneurial ecosystem. Partnerships and agreements may arise from these competitions or open calls for proposals, as may cooperation agreements with the entrepreneurs that submit the most suitable proposals with their corresponding contributions.

6.6 **Milestones.** A preliminary table of results-based milestones is annexed hereto. The milestones to achieve during the year will be approved at the beginning of the calendar year and may be modified if necessary but will not change the project objectives or outcomes.

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[15] In accordance with Appendix 4 of documents GN-2349-9 and GN-2350-9.

[16] Can be an accountant from the executing agency or one recommended by the executing agency. The Bank will evaluate the accountant's professional experience and other criteria to prevent ethical conflicts and conflicts of interest.

6.7 **Financial statements and reviews of contribution use.** The executing agency will prepare and make its annual financial statements available to the Bank. It will also keep a record of contributions in kind to be certified by a Bank-approved accountant.[17]

6.8 The Bank may use contribution funds to review financial statements and the use of resources allocated to the project with a view to verifying financial and procurement practices.

VII. ACCESS TO INFORMATION AND INTELLECTUAL PROPERTY

7.1 **Access to information.** Under the Bank's Access to Information Policy, this document is subject to public disclosure.

7.2 **Intellectual property.** The purpose of this project is to expand the methodology developed by Forge, which is Forge's intellectual property. However, Forge will grant IDB Lab a free, noncommercial, irrevocable license for an indefinite duration to use copyrights, patents, and any other intellectual property rights for products developed by Forge and its partners under this project. IDB Lab will be entitled to request a similar intellectual property license from Forge counterparties that develop products or fund their development in conjunction with Forge under the project. Also, all knowledge products created under the project will be licensed to IDB Lab, which may use them to create knowledge products aimed at further replicating the model.

[17] Can be an accountant from the executing agency or one recommended by the executing agency. The Bank will evaluate the accountant's professional experience and other criteria to prevent ethical conflicts and conflicts of interest.