**TC ABSTRACT**

1. **Basic project data**

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| * Country/Region: | Argentina/CSC. |
| * TC Name: | Human Capital Development to improve the competitiveness of the textile sector in Argentina |
| * TC Number: | AR-T1223 |
| * Team Leader/Members: | Graciana Rucci (SCL/LMK), team leader; Andrea Bergamaschi (EDU/CAR) co-team leader; Kim Dohyung (SCL/LMK); Ethel Muhlstein (SCL/LMK); and Tania Gaona (SCL/LMK). |
| * Indicate if: Operational Support, Client Support, or Research & Dissemination. | Client Support |
| * Reference to Request: (IDB docs #) | NA |
| * Date of TC Abstract: | October 15, 2018 |
| * Beneficiary (countries or entities which are the recipient of the technical assistance): | Government of Argentina. |
| * Executing Agency and contact name (Organization or entity responsible for executing the TC Program) {If Bank: Contracting entity} {If the same as Beneficiary, please indicate} | Inter-American Development Bank, Social Sector, Labor Markets Division (SCL/LMK). Graciana Rucci, gracianar@iadb.org |
| * IDB Funding Requested: | US$ 500.000 |
| * Local counterpart funding, if any: | US$400.000 |
| * Disbursement and execution period | 36 months. |
| * Required start date: | April 2019 |
| * Types of consultants (firm or individual consultants): | Firms and individual consultants. |
| * Prepared by Unit: | SCL/LMK |
| * Unit of Disbursement Responsibility: | CSC/CAR |
| * Included in Country Strategy (y/n); | No. |
| * TC included in CPD (y/n): | No. |
| * Alignment to the Update to the Institutional Strategy 2010-2020: | Social inclusion and equality |

1. **Objective and Justification**

**2.1 Background.** The production chain of the textile industry in Argentina includes two main stages: (i) the manufacture of fibers, yarns, and fabrics, and (ii) the elaboration of clothing and household items. The upper stage of the chain is relatively intensive in capital and its competitiveness is linked to the scale of production and technological updating. The manufacture of fibers, yarns and fabrics in Argentina, and their inputs from the cotton-wool agroindustrial complex, are distributed across the five regions of the country, with a strong impact on the economic and social development of the provinces. The elaboration of clothing and household items, on the other hand, is intensive in labor and presents a low requirement of investment for the generation of employment. The production is atomized into small units located next to the consumption centers (mainly the metropolitan area of Buenos Aires). In total, about 7,000 firms participate in the textile industry in Argentina, generating an annual gross value added of around ARS70,000 million (Source Ministry of Finance). The Korean community has a prominent role in this industry. The strong presence of SMEs along the textile chain places it as strategic for the implementation of policies aimed at promoting employment and social development. Also, the textile chain is, after the food and chemical industries, the largest generator of formal employment within the industrial sector, creating more than 110,000 quality jobs directly. The chain has a high female participation in the labor force, being one of the main employers of women within the industrial sector in Argentina.

2.2 **Justification and objectives**. The shortage of qualified personnel and the lack of relevant skills is one of the biggest obstacles firms face in this industry. According to the National Survey on Employment and Innovation Dynamics (ENDEI) of 2012, there is a significant difference in the qualification of jobs and in labor productivity when comparing the textile chain to the industrial sector. Professionals and technicians represent, respectively, 4% and 6% of the employment in the textile chain, against 10% and 11% in the industry as a whole. In turn, the productivity of the textile chain, measured as the value added per employee, represents only 51% of the industry average. There is consensus among firms engaged in the production of yarns and fabrics in Argentina on the difficulties in finding adequately qualified staff, particularly in the technical or non-professional segment. At the same time, there is a void in the training offer by universities and technical schools for these specific profiles in Argentina. Firms grouped in “Fundación Protejer”, the chamber of textiles, have identified this gap and its impact in the productivity of the sector. The main objective of this project is to improve the competitiveness of the textile industry in Argentina and increase the creation of quality jobs through the development and upgrade of skills in the workforce. To achieve this goal, a new training program tailored to firms' demands will be developed within a public university located in the province of Buenos Aires (University of San Martin), together with the implementation of a scholarship and internship programs.

1. **Description of activities and outputs**

3.1 The activities to be financed are grouped into two components, corresponding to the supply and demand of training.

3.2 **Component 1** aims to develop a relevant and quality training offer that will help to close the skills gap of the middle managers in the upper stage of the textile chain. The training will be part of the graduate offer of the University of San Martin (UNSAM), a public and free university created in 1992 that offers a wide range of undergraduate and graduate careers. To date UNSAM has signed more than 250 agreements with foreign universities for the exchange of students, teachers and researchers. The inclusion of the training program within the activities of the university is strategic for the sustainability of the project. The specific activities in this component include the curricula development of the of the training program with the advice of international experts, to ensure quality, technological updating and its alignment with the skills needs of the local firms, and the acquisition of equipment to train students in the management of machinery that incorporates state-of-the-art technology.

3.3 **Component 2** aims to encourage the training of workers in the sector. It will finance a student scholarship program and an internship program, in order to guarantee the training in a real work environment and promote labor insertion. The continuity of these programs after the project will be carried out through a scheme similar to the one that the firms in Fundación Protejer implemented with the National Technological University (UTN). Due to the scarce number of textile engineers graduated in 2004 and the strong demand for qualified employees, Fundación ProTejer developed a program of rented internships for those students of Textile Engineering at UTN.

3.4 **Outputs.** The expected outputs of the project are: (i) the transfer of knowledge by international experts to local actors (teachers, firms, universities); (ii) the development of a new training program for students with complete secondary education, (iii) the granting of 100 student scholarships, (iv) the implementation of an internship program in firms for training graduates, and (v) a dissemination event.

1. **Budget (US$)**

| **Activity** | | | **IDB/Fund Funding** | **Counterpart Funding** | **Total Funding** |
| --- | --- | --- | --- | --- | --- |
| **Component 1: Development of a relevant and quality training program that contributes to closing the skills gap in the upper stages of the textile industry chain in the country.** | | | **315,000** | **350,000** | **665,000** |
| 1.1 Report on the global trends and perspectives in technology applied to textile production, with focus on the Korean case. | | | 10,000 | 0 | 10,000 |
|  | Consultancy services | | 10,000 | 0 | 10,000 |
| 1.2Survey of Argentine textile firms in terms of unsatisfied demand for skills and main barriers to the incorporation of technology. | | | 15,000 | 10,000 | 25,000 |
|  | Consultancy services | | 10,000 | 10,000 | 20,000 |
|  | Travel expenses | | 5,000 | 0 | 5,000 |
| 1.3 Report analyzing national and international undergraduate and graduate programs (with focus on the Korean case) related with jobs in the textile industry. | | | 20,000 | 10,000 | 30,000 |
|  | Consultancy services | | 10,000 | 10,000 | 20,000 |
|  | Travel expenses | | 10,000 | 0 | 10,000 |
| 1.4 Development of the curricula for the training program and validation with the private sector. | | | 25,000 | 10,000 | 35,000 |
|  | Consultancy services | | 25,000 | 10,000 | 35,000 |
| 1.5 Training and updating of local teachers by instructors, experts or teachers from international institutions of excellence, with focus on Korean firms and schools. | | | 205,000 | 0 | 205,000 |
|  | Visits to Korean textile training institutions for the coordination of academic collaboration | | 35,000 | 0 | 35,000 |
|  |  | Travel expenses (2 consultants) | 15,000 | 0 | 15,000 |
|  |  | Consultancy services | 20,000 | 0 | 20,000 |
|  | Training of instructors and teachers in Korea by Korean experts for the teaching of three specific subjects | | 170,000 | 0 | 170,000 |
|  |  | Travel expenses (6 consultants) | 25,000 | 0 | 25,000 |
|  |  | Consultancy services | 145,000 | 0 | 145,000 |
| 1.6 Acquisition of machinery and inputs for the training of teachers and students. | | | 40,000 | 320,000 | 360,000 |
|  | Machinery and inputs (i.e, thread) | | 20,000 | 260,000 | 280,000 |
|  | Sorfware | | 20,000 | 60,000 | 80,000 |
| **Component 2: training incentives and internship programs for young workers in the upper stages of the textile industry.** | | | **185,000** | **50,000** | **235,000** |
| 2.1 Student scholarship program. | | | 100,000 | 0 | 100,000 |
|  | Payment of a stipend of approximately 1,000 dollars in financial aid to 100 students. | | 100,000 | 0 | 100,000 |
| 2.2 Training program through internships in the firm. | | | 80,000 | 50,000 | 130,000 |
|  | Training of tutors in firms. | | 5,000 | 0 | 5,000 |
|  | Non-remunerative payment of approximately 2,500 dollars for six months to 50 interns. | | 75,000 | 50,000 | 125,000 |
| 2.3 Activity for the dissemination of the training program | | | 5,000 | 0 | 5,000 |
| **Total** | |  | **500,000** | **400,000** | **900,000** |

1. **Executing agency and execution structure**

5.1 The IDB, through SCL/LMK, will execute this TC, due to LMK's expertise in labor markets and vocational training.

1. **Project Risks and issues** 
   1. TC execution may take more time than originally planned.
2. **Environmental and Social Classification**

7.1 The ESG classification for this operation is [C.