

RURAL YOUTH TRAINING PROGRAM

(TC-96-03-16-0)

EXECUTIVE SUMMARY

MIF FACILITY: Human Resources Facility (II)

EXECUTING AGENCY: RED RURAL, a rural network of private development organizations

BENEFICIARIES: Approximately 1,300 young people in rural areas and the training institutions (TIs) awarded the contracts for nonformal training courses.

FINANCING:

Form of financing:	Grant
MIF:	US\$1,260,000
Local counterpart funding:	US\$ 450,000
Other donors:	<u>US\$ 220,000</u>
Total:	US\$1,930,000

OBJECTIVES: The general objective will be to help consolidate participation by rural young people in the labor and production markets.

The program's specific objectives are to: (i) hone the skills of rural young people ages 15 to 30; (ii) improve the nonformal rural training that the TIs currently offer; and iii) encourage a sharing of information about improved farming techniques and labor training opportunities in rural areas.

DESCRIPTION: The program will have three components: (i) training for rural young people (US\$880,000): funding will be provided to defray the cost of instructors and materials to teach some 1300 young people life skills, farm management, and technical skills that match market demands; (ii) technical assistance for the TIs (US\$420,000): through workshops and courses the TIs will be institutionally strengthened with improved curricula and teaching methods and by acquiring the capability to design projects and prepare proposals so that they can compete for national and international resources; and (iii) an information and communication network (US\$250,000): the program will pay for equipment, materials and consulting services to create a network of approximately 10 information and communication centers (ICCs).

**THE BANK'S
COUNTRY STRATEGY:**

The proposed program fits into the Bank's strategy and program of operations for the country (document CP-1264) as its goal is to raise the standard of living of one of the most vulnerable sectors of the population through measures taken in two of the four strategic areas identified: modernization of the productive apparatus and support to the social sectors. The program also complements the activities planned under the Bank's Youth Program, the purpose of which is to promote youth programs as an integral part of development.

**APPROVAL OF
PROFILE I:**

February 26, 1997.

**SCHEDULE OF
EXECUTION:**

The program will be carried out over a period of 36 months, with a 42-month disbursement period.

**ENVIRONMENTAL
AND SOCIAL
IMPACT:**

The Environment and Social Impact Committee examined this operation at its meeting of June 20, 1997, and its recommendations were introduced into the design of the program (see paragraphs 5.6 to 5.8).

**BENEFITS AND
RISKS:**

This program is expected to improve the work skills of rural young people and, with a better qualified labor force and the spread of improved practices relevant to the productive agricultural sector, strengthen the productive activities carried out. The program will equip the TIs with services that are better suited to the market and endow them with more internal capacity to compete for national and international resources, thereby making themselves more sustainable.

One risk to the program would be underutilization of the information and communication network, either because rural farmers' are unaccustomed to accessing information by this means or because technical problems might occur within the network itself. The program will minimize this risk by promoting the system in the orientation workshops and by hiring two data processing specialists to provide technical assistance and training while the program is under way.

**SPECIAL
CONTRACTUAL
CONDITIONS:**

Conditions precedent to the first disbursement (see paragraph 4.5).

RED RURAL is to submit evidence to the Bank that:

- (i) The program's operating regulations (OR) have been adopted;

- (ii) The program's general coordinator has been contracted; and
- (iii) The Program Advisory Board (PAB) has been constituted.

**EXCEPTION TO BANK
POLICY:** N/A

PROCUREMENT: Bank procedures and standards will be observed for procurement of goods and services. Given the nature of the training courses that the program will fund, the procedure used to contract for those services will be especially designed for the program, as was done with similar operations in the past (loans 816/OC-AR and 925/SF-AR), and identified as Annex D to the agreement.

I. COUNTRY ELIGIBILITY

- 1.1 At its meeting of September 16, 1994, the Donors Committee declared Paraguay eligible for all forms of Multilateral Investment Fund (MIF) financing.

II. BACKGROUND

A. The agricultural sector: Its potential and limitations

1. Potential for the future

- 2.1 Agriculture remains the leading economic activity in Paraguay. The agricultural sector currently generates 25% of the GDP and 68% of the foreign exchange earnings from recorded exports, the latter consisting mainly of cotton and soya. The country's industrial development has largely centered around the processing of agricultural products for export, which account for over 50% of the industrial value added.
- 2.2 With its geographic position, favorable climate, and abundant and relatively low-cost labor and energy, Paraguay enjoys a comparative advantage within MERCOSUR that is vital to its future economic development. If the potential in the agricultural, agribusiness, and forestry sectors is exploited, labor will be more productive and the rural population's economic circumstances will improve. The following potential is as yet untapped: (i) new fruits and vegetables and agribusiness systems; (ii) a more diversified livestock industry and dairy expansion; (iii) small industries developed for such products as starch and balanced foods; (iv) increased production of such items as tobacco, soya, sunflower, rice, peanuts, kidney beans, potato, sweet potato, banana, mate, and others; and (v) sustainable development of agroforestry for furniture making, crafts, and so on (Annex II-1, available in the RE1/S01 technical files).

2. Employment in rural areas

- 2.3 It is not surprising, then, that the agricultural sector employs 35% of Paraguay's workforce. Almost 60% of the economically active population (EAP) in the agricultural sector are small-scale farmers or self-employed workers. Paraguay's rural sector is a diverse collection of structures, procedures, and institutions, dictated by the variety of soil types, farm sizes, land tenure arrangements, types of products, and interaction with the labor and product markets. One finds four general categories of producer/employers: (i) modern farmers who specialize in grains, are making inroads into agroindustrial export production, and make heavy use of seasonal skilled labor; (ii) traditional farmers who are switching

from cotton to other fruit and vegetable crops, thus opening up significant opportunities for development of microagribusinesses; (iii) newly settled subsistence farmers contending with serious environmental degradation; and iv) traditional ranchers with relatively little demand for labor.

- 2.4 Another notable feature of the agrarian labor structure in Paraguay is that wage earners now account for a larger share of the economically active population (EAP), increasing from almost 17% in 1972 to 24% by 1992. 1/ The numbers of nonfarm wage earners have also increased, especially in the less settled farm sector and particularly during certain times of the year when the seasonal demand for labor peaks.
- 2.5 As for the distribution of the rural EAP by gender, men tend to gravitate towards farming activities such as harvesting cotton and other income-producing pursuits, whereas women run the family farm, which means preparing the soil, harvesting the crops, and raising small livestock. However, employment figures for rural women have increased substantially, principally in the area of temporary farm labor. While in 1981 they accounted for 18.8% of the seasonal workforce, by 1991 that figure had climbed to 42.3% (agricultural census). In the more modern regions, women are playing a more active role in preparing the soil for the soy and cotton crops. 2/

3. Limitations

- 2.6 With the agricultural sector so prominent in Paraguay's present and future economy, problems in the sector could slow the country's future socioeconomic development.
- 2.7 One reason why Paraguayan agriculture is not more dynamic is that its production structure is not very diversified and is thus very vulnerable. For the most part, it relies on two main products, cotton and soya. Prices for these two commodities are highly unstable and both are very susceptible to blights.
- 2.8 Then, too, the tendency towards single-crop farming and the practice of rotating crops with very short life cycles and planted over large tracts of fragile soil, are causing serious soil depletion and erosion. Also, the Chaco, where most of the country's indigenous peoples live, is rapidly being stripped of its vegetation.

1/ *La Pobreza Campesina del Paraguay de Cara al Siglo XXI* [Rural poverty in Paraguay on the threshold of the twenty-first century]: Asunción, Paraguay, November 1996, page 9.

2/ Study by Graziella Corvalán, prepared for the IDB (1995).

- 2.9 Farm management is quite poor, which makes the business inefficient, further limiting its growth potential. Unfamiliarity with such basics as financial management, marketing, business organization, and product quality control limits the farm's capacity to produce earnings.
- 2.10 One factor that has retarded the modernization of farm production is that farmers, especially small- and medium-scale farmers, have limited information. Two factors might explain this problem: (i) no systems are in place to circulate information and farmers are unaccustomed to using information, and (ii) no incentives have been created to encourage the use of information on a day-to-day basis.
- 2.11 However, the main factor impairing the growth of the agriculture and livestock sector is the lack of skilled human resources, particularly young people, who account for a significant share of the rural population. According to the 1992 census, 78% of the rural population have only an elementary-school education, and 12.6% have had no formal schooling whatever. And while nationwide the average number of years of schooling is 6.3 years for both working men and working women, over half (53%) those enrolled in elementary school are boys. As well, the fact that nearly 40% of the population speaks only Guaraní means that they lack access to most education and training services, since those services are provided in Spanish.

B. Training services available in rural areas

- 2.12 The shortage of skilled labor is due in large part to the fact that very little training is targeted at the rural sector. The bulk of the formal and nonformal technical training in the country is in urban areas and is provided mainly by the Ministry of Justice and Labor, through the National Professional Advancement Service [Servicio Nacional de Promoción Profesional] (SNPP) and over 400 training institutions (TIs), some of whose courses are State subsidized.
- 2.13 Formal training is of two types: (i) rural practical training, which is the junior secondary education level (for adolescents 12 to 15 years old), and (ii) agricultural technical training, which is the senior secondary education level (for adolescents 16 to 18 years old). The Ministry of Agriculture [Ministerio de Agricultura y Ganadería] (MAG), through the Agricultural Education Directorate [Dirección de Educación Agropecuaria] (DEAG), supervises 25 officially recognized institutions consisting of 17 secondary schools and eight basic-level training centers.
- 2.14 Nonformal training is provided by nongovernmental organizations (NGOs) and is of two types: (i) training given in innovator schools, offering regular courses that may or may not be officially recognized, and (ii) training carried out as part of rural

development programs and consisting of a variety of short- and medium-term courses, workshops, and seminars. An estimated 1500 people each year participate in this type of training.

- 2.15 The lack of training opportunities in rural areas is compounded by qualitative problems. The schools have serious deficiencies, as indicated by the following: (i) the course offerings never change and do not have the flexibility needed to respond to the demands and requirements of the production apparatus; (ii) the schools are not efficient at introducing changes to the traditional course content or developing new areas of specialization; (iii) there is a lack of coordination between the public and private training available; (iv) the physical infrastructure is underutilized; (v) the dropout rate is high, ranging from 20% to 80%; (vi) no refresher training program is available for teachers; and (vii) activities specifically targeted at young people are lacking.
- 2.16 In short, the poor preparation of the agricultural workforce limits the country's capacity for economic diversification and its chances of achieving the competitiveness that it must have to operate on the world market, particularly in MERCOSUR.

C. Rural young people: Keys to future growth

- 2.17 The challenges that today's young people face naturally affect the future socioeconomic development of the country in which they live. These challenges are compounded in Paraguay where, according to the 1992 national census, some 45% of its 4.2 million people are youth, defined as people between the ages of 5 and 24. In rural areas, the population under 30 years of age breaks down as 52% men and 48% women.
- 2.18 Accounting for 29% of the labor force, the economically active youth population is distributed by sector as follows: services (33%), agriculture (30%), and manufacturing (27%). As a rule, the following are the opportunities that rural young people have to earn income: (i) the family farm, which is today regarded as a microenterprise requiring skilled labor; (ii) the services area associated with the large estates around these farms, such as technical assistance and promotion, marketing, construction, processing plants, and so on, and to a lesser extent (iii) private companies that need semiskilled labor for positions such as machine operator, foreman, and so forth, and (iv) as electric power service extends into small rural villages, salaried positions such as electrician and other related occupations.
- 2.19 Recent studies point up a number of growing problems for Paraguayan young people. Specifically, under the auspices of the International Youth Foundation (IYF), an international nongovernmental

organization, a diagnostic study ^{3/} was conducted in 1996 and its preliminary findings discussed at a seminar held in September of that year. Unemployment was found to be one of the most critical problems for Paraguayan young people today. Some 64.7% of the rural workforce is either underemployed or unemployed, which is over half the youth between the ages of 10 and 24 who are not in school. Even more alarming is the fact that almost 40% of these youth are under 19 years of age.

- 2.20 With so few opportunities to acquire better qualifications and/or new skills, a young person's productive potential can be handicapped for the rest of his or her life. As a result, rural young people migrate to the cities and neighboring countries in search of work, where most often conditions are even worse and the obstacles to becoming productive members of society even greater. The situation is particularly grave for young women, who migrate to neighboring countries for economic reasons and almost invariably end up in domestic service. Even more alarming is the fact that almost 40% of these young women are under the age of 19.

III. THE PROJECT

A. General objective

- 3.1 The general objective of the proposed program is to help consolidate participation by rural young people in the labor and production markets.

B. Description of the program

- 3.2 The program consists of the three components described below:

1. Component I: Training of rural youth (US\$880,000)

- 3.3 The specific objective of Component I is to hone the skills of rural young people between the ages of 15 and 30. The program will bear the cost of the instructors and materials needed to train some

^{3/} José Jiménez and Carlos Gauto, "Estudio de la situación infanto-juvenil y su relación con los grupos cívicos" ["Study of the situation of children and adolescents, and their relationship with civic groups"], Asunción, Paraguay, Centro de Información y Recursos para el Desarrollo [Development Information and Resources Center], August 1996. As a result of the seminar, a working group was formed to follow up on the topics discussed and devise a youth-oriented strategy. It is hoped that the present program would be one of the main pillars of that strategy.

1300 young people in nonformal courses designed to introduce new technologies and generate innovative productive activities. These will be short courses (from 24 to 160 hours) and will include apprenticeships, followup methods and field work.

- 3.4 The instruction will be provided by private TIs in Paraguay, such as NGOs, private technical schools, farmers' organizations, cooperatives, etc. A mechanism will be introduced for TIs to register and prequalify for contracts to deliver courses (Annexes III-1 and III-2, available in the REI/SOI technical files). The criteria to be used to get on the list will include: (i) experience in rural development and farm assistance; (ii) targeting of rural young people as beneficiaries; and (iii) an approach that takes gender and ethnic considerations into account. The list must be kept permanently open either to update the information about the registered TIs or to add new TIs. Also, TIs that apply for the program must agree to incorporate the program's other two components: technical assistance and an information system.
- 3.5 The training needs in a particular area will be ascertained by means of participatory rural diagnostic studies (PRDSs) (Annex III-3, available in the REI/SOI technical files) in the TIs' focus areas, and analysis of the municipal and regional picture so that young people's immediate training can be tailored for trends and demand in the broader economy, job opportunities, and new productive activities.
- 3.6 Open invitations are planned calling for proposals for rural youth training projects that cultivate innovative approaches and training activities tailored to the market's diversified trends and that draw upon or validate the successful youth training programs identified. While the primary concern will always be the extent to which the training improves the young person's chances of finding work, the following are other criteria that could be used to rank these proposals by priority: (i) how well suited a course is for the target population, given their academic profile and the supply of similar training available; (ii) how closely it is tied in to the production sector and its stated needs; (iii) support for production, whether for the microentrepreneur in the services sector or for the farmer; (iv) the efficiency cost of the project; (v) the extent to which the activities involved can be duplicated elsewhere; (vi) the sustainability of the activities; (vii) the presentation of a diagnostic study at the district (municipal) level; and (viii) the inclusion of mechanisms to detect possible causes of absenteeism amongst participants, and identify measures case by case whereby this problem can be reduced - for instance, by reimbursing transportation costs.
- 3.7 Notwithstanding other issues that might come up during the PRDS, the technical topics of the five types of courses will be as follows: (i) farm management, accounting, and management of small businesses; (ii) soil management and sustainable agriculture and

agroforestry; (iii) marketing techniques; and (iv) development of organizations and a cooperative movement. Also, every course the program finances will include training in life skills and work-related skills such as objective self analysis, the work ethic, self esteem, leadership, and human relations in business partnerships and commerce, thereby helping to develop initiative.

3.8 The courses are of five main types:

- a. Basic courses in theory and practice, given in three- to four-day block sessions, each course lasting some 20 days (160 hours/contact). With environmental sustainability as a constant theme, these courses will also stress farm management and administration, as well as basic agricultural extension techniques to build up the trainee's capacity to share what he/she has learned from the course, within the immediate area of his/her own farm. Some trainees might eventually become local extension workers in rural development programs, a strategy that is in the process of being applied in Paraguay. Approximately 500 young people will take part in these courses.
- b. Mid-level courses to teach specific techniques for the farm and for managing small businesses. These will last an average of 10 days (80 hours/contact). The courses will operate in three- to four-day sessions, using a combined theoretical and practical approach and involving apprenticeships. These courses will train up to 250 young people.
- c. Short courses to develop specific technical skills and given in five-day training events (40 hours/contact), including field work and followup visits. The direct beneficiaries of these courses will be some 200 young people.
- d. Courses for young women. Although women will participate in the above-described courses, given the recent change in women's participation in the rural labor market (paragraph 2.5) and in order to make them more productive, plans have been made to set aside funds to design and carry out projects that specifically address the demand for technical and job training among young women. These will be at least five-day courses (40 hours/contact), the goal being to train approximately 250 young women.
- e. Courses for indigenous young people. Like the provision being made to ensure women's participation in the courses, funds have also been earmarked to design and carry out projects targeted at indigenous young people and that take linguistic and cultural factors into account. The method of instruction will be determined after conferring with specialized institutions in Paraguay and with the help of international consultants engaged in activities with this sector of society. These courses will train some 120 young people.

- 3.9 The procedure for selecting the young trainees will be an integral part of the proposals presented by the TIs and must take into account the impact that the newly acquired knowledge will have on the young people's microcosm. The young people themselves will undertake to share the knowledge and know-how they acquire with at least five farms in the vicinity of their own family farms, where they might eventually work, lease property, process products and influence their production strategy (Annex III-4, available in the RE1/S01 technical files).

2. Component II: Technical assistance to the TIs (US\$420,000)

- 3.10 The purpose of Component II is to upgrade the quality of the non-formal instruction offered by TIs that are either already, or are about to be, training rural young people.

- 3.11 The following types of workshops and courses will be held with resources from the proposed program:

- a. Orientation and informative workshops. The purpose of these workshops will be to circulate information and publicize the program's objectives and modus operandi. The various mechanisms for TI participation in the program will be explained. Every effort will be made to reach the NGOs that work with women and indigenous groups and to make the TIs' teams aware of the advantages of adding women and indigenous groups to their target populations (see paragraph 5.8).
- b. Courses in technical assistance and sharing of successful experiences. Three courses will be held to demonstrate participatory methods of diagnostic study and project preparation, and to share training methods that can compensate for what is lacking in the TIs' own methods. Technicians from successful institutions will be invited to explain their methods, introduce their training materials and share their experiences. This will be done in coordination with and with the support of the Red de Juventud Rural del Cono Sur (REJUR) [Southern Cone Rural Youth Network]. By participating in the planned workshops, the TIs will learn from other institutions' experiences and put together an evaluation method that analyzes what their own experience has been, so that their technique can be duplicated elsewhere in the country and in other countries of the region (Annex III-5, available in the RE1/S01 technical files).

Once their proposals are approved, the TIs may request one-off technical cooperation from institutions that have successful programs, either elsewhere in the region or the country. These requests for technical cooperation must be properly substantiated, specifying the institution from which they hope to receive the new knowledge. Technical assistance may be requested for the following: (i) assistance with teaching

methods; (ii) monitoring and evaluation systems; (iii) sharing and preparation of materials; and (iv) mutual exchanges of specialists to visit successful programs.

- c. Evaluation workshops. Two exercises will be conducted to evaluate the findings regarding the program's impact on the beneficiaries. The TIs and other interested institutions will be brought together and informed of the program's progress, based on the background information compiled (see chapter IX, "Evaluation"). Another purpose of the workshops will be to make the participating institutions better able to examine and reach agreement on development proposals that emphasize modernization of agriculture in the new international scenario.
- 3.12 At the end of the program, the experience acquired will be systematically organized and a report of the final evaluation workshop published. That report will include material useful for duplicating the program's activities elsewhere.
3. Component III: Information and communication network
(US\$250,000)
- 3.13 The specific objective of Component III is to increase the exchange of improved practices in the area of agricultural productivity and training for employment in rural areas.
- 3.14 A portion of the program's funds will go towards equipment, materials and consulting services to set up a network of information and communication centers, which will mean installing and operating a communications server and 10 information and communication centers (ICCs). These 10 centers will be placed in the TIs contracted to provide training courses, which are to demonstrate their commitment to keep the ICCs in operation. Priority will be given to institutions that can circulate information and reach the largest number of young people. Also, the program execution unit (PEU) will approach other TIs, NGOs, business organizations and cooperatives, agricultural technical schools, farm associations, and associations of farm producers, as well as businesses that agree to participate in the network, to solicit cofinancing for other ICCs. The first institutions in which the network will be operational will be those that have adequate computer equipment; modems will be donated when there is proper financial justification. The network should finance itself by selling information-technology training services and data services.
- 3.15 As mentioned in chapter II, the dissemination of information on technology and markets is a critical element for modernizing and diversifying the farm sector, and accordingly nontraditional methodologies can be introduced for this purpose. However, because there is no tradition of using computer systems for disseminating such information, the network has been designed on a modest scale.

This is being regarded as a pilot effort, and its results will be evaluated and disseminated so that the lessons learned can be shared.

- 3.16 The network will contain information about this program and other training opportunities and/or technical assistance resources for young farmers; registered young people seeking employment and their skills; available jobs; the new product lines that offer opportunities for creating microenterprises, and improved practices for projects whose beneficiaries are young people and the names of those running these projects. The ICCs and other network participants will use flyers, posters, radio programs and other means to circulate this information within the farm communities and in the towns so that young people might apply for these opportunities.
- 3.17 The program will also finance: (i) instruction for TIs and other youth organizations in the use and applications of modern data sharing and processing systems; and (ii) creation of a computer system to monitor the program.
- 3.18 The program's beneficiaries will include: (i) agricultural development, education, and training institutions; (ii) the young people associated with these institutions; (iii) farmers' organizations; and (iv) agricultural production businesses and organizations. The network will integrate rural youth into the job world through contact with national organized labor groups like the Asociación Rural de Paraguay (ARP) [Paraguayan Rural Association], the Federación de Cooperativas de la Producción (FECOPROD) [Federation of Production Cooperatives] and other small-scale farmer organizations.

C. Cost and financing of the project

- 3.19 The program's estimated total budget will be US\$1.930 million. Of that amount, US\$1.260 million will be the contribution from the MIF (Annexes III-6 and III-7, available in the REL/SOL technical files). There will also be a local contribution and contributions from the following international donors: the Danish Government Consultants Fund (US\$120,000), the IYF (US\$50,000), and the Japan International Cooperation Agency (JICA) (US\$50,000).

PROGRAM BUDGET
(in US\$ thousands)

COMPONENTS	MIF	COUNTERPART		TOTAL
		LOCAL	DONORS	
Component I: Training of rural young people	600	230	50	880
Component II: Technical assistance to the TIs	150	100	170	420
Component III: Information and communication network	195	55		250
Program execution unit (PEU)	211	40		251
Evaluation	60			60
Contingencies	44	25		69
TOTAL	1,260	450	220	1,930

IV. EXECUTION

A. Agencies involved in program execution

- 4.1 The program will be carried out by RED RURAL, a private, nonprofit umbrella organization that coordinates a group of 14 NGOs and another 10 associate institutions. It has an established record of carrying out rural development programs (Annex IV-1, available in the REI/SOI technical files) and is run by an executive committee made up of representatives of its member institutions.
- 4.2 RED RURAL will create a program execution unit (PEU) to carry out the program. The latter's main function will be the following: (i) management and administration of the program's resources; (ii) followup and monitoring of the training projects under Component I; (iii) administration of the workshops and technical assistance courses under Component II; and (iv) administration and direct execution of the information and communication network planned under Component III. The PEU will have a general coordinator, an executive secretary, an accountant/administrator and two information-systems specialists.
- 4.3 The PEU will get support from the Program Advisory Board (PAB), composed of representatives of such institutions as the ARP, NGOs that work with young people and whose emphasis is rural, small farmers' organizations, public and private agricultural education institutions, the Inter-American Institute for Cooperation on Agriculture, the Colegio de Agrónomos [Agricultural Engineers' Association], and others. For better coordination with activities in the public sector, the Youth Department [Subsecretaría de Estado de la Juventud] of the Ministry of Education and Religious Affairs [Ministerio de Educación y Culto] and the Agricultural Education Directorate of the Ministry of Agriculture will be invited to be

members of the PAB. The most appropriate size for the Board will be determined by the PEU in consultation with the Bank.

- 4.4 During the first six months of the program, the PAB will set up a selection committee to approve the projects that apply for program support. This committee will have four members, one of whom will be the general coordinator. The other three will be named by institutions that, although not proposing program training projects, have ample experience with training rural youth.

B. Rules for use of the contribution from the Bank and the MIF

- 4.5 Conditions precedent to the first disbursement. Prior to the first disbursement, RED RURAL is to submit evidence to the Bank to the effect that: (i) the program's operating regulations (OR) have been adopted; (ii) the program's general coordinator has been hired, and (iii) the PAB has been formed. The preliminary OR have been discussed and agreed upon with RED RURAL.

- 4.6 Procurement. Bank procedures and rules will be observed for procurement of goods and services. Given the nature of the training courses that the program will finance, the contracting of those services will be done according to a procedure exclusively designed for that purposes, as has been done with similar operations in the past (loans 816/OC-AR and 925/SF-AR) and shown as Annex D of the Agreement.

- 4.7 Time periods. The proposed program will be carried out over a 36-month period, with a 42-month disbursement period. The first six months will be devoted to getting the execution unit and the respective committees and boards under way, and to preparing and presenting the proposals for training projects. Also, during this first six months, visits will be made to the countries of the Southern Cone to find rural youth training programs that have had success. Also, the first workshop for analysis and exchange will be held with the successful projects identified. A 24-month period will be used for the actual field training activities. The final six months will be used to complete the financial and results reports, do a final evaluation and to examine, circulate and publish a report on the program's results (Annex IV-2, available in the RE1/S01 technical files).

C. Monitoring

- 4.8 Reports. The program's executing agency will submit the following reports to the Bank for approval:
- a. An initial report containing the program's plan of action, including the timetable for hiring consultants, a description of activities, the expected results and their timetable.

- b. Progress reports submitted within sixty (60) days after the close of each six-month period and covering, *inter alia*, the agreed upon objectives and results achieved.
- c. Financial reports submitted within sixty (60) days after the close of each year of the program and sixty (60) days after the last day of program execution and containing a breakdown of the program's financial execution. Those financial statements will be audited by an outside firm authorized by the Bank.
- d. A final report submitted within sixty (60) days after the final day of program execution and containing the activities carried out, the products that the program and each subprogram contributed and the results obtained in relation to the planned objectives.

V. VIABILITY AND RISKS

A. Viability of the operation

- 5.1 The program's viability is evident from the fact that: (i) the institution found to carry out the program has a long and proven record in the field of rural development; (ii) proper criteria have been established to select the TIs that will participate in the program, which will ensure the minimum standard of quality needed for the program's training requirements, and (iii) an advisory board, the PAB, has been proposed, on which the public and private sectors will be represented with a view to ensuring the relevance and transparency of the program's activities.

B. Risks

- 5.2 Failure to make good use of the information and communication network, either because rural farmers are unaccustomed to getting information via this means or because technical difficulties occur within the network itself, could prove to be problematic for the program. The latter will minimize the risk by providing information about the network during the orientation workshops and by hiring two data processing specialists to supply technical assistance and training during the program.

C. Sustainability of the program's activities

- 5.3 It is hoped that both RED RURAL and the other participating NGOs will have gained more experience working with national and international development agencies on preparation of project proposals and on their design, execution, and evaluation. They will acquire skills and methods needed to expand their youth training activities and that experience will, in turn, enable them

to raise resources from and participate in other programs sponsored by international institutions. For example, in the IDB-financed rural settlements program (694/OC-PR and 891/SF-PR), the Paraguayan government is starting to outsource technical-assistance services for small-scale farmers in two areas, with a view to expanding the operation.

- 5.4 The use of the PRDS method will create a sense of ownership among the TIs and the communities *vis-à-vis* the program-funded projects. In this case, the participatory rural diagnostic study will also serve as a means of social mobilization within the communities, both among the private sector and with the government, to carry out youth job training activities.
- 5.5 Finally, apart from the high incidence of poverty in rural areas 4/, the current cotton crisis has weakened most families' purchasing power. The direct fee charged to the user for training services is beyond their means. However, the young people will make a contribution in kind in the form of: (i) tools and materials needed to hold the courses; (ii) their travel expenses to attend the courses; (iii) their time spreading the new knowledge learned (see paragraph 3.9). As for the information system *per se*, as noted in chapter IV, some thought will be given to the idea of charging different categories of users at different rates.
- 5.6 Environmental and social impact. Given the nature of this program, no negative social or environmental impact is anticipated. Quite the opposite, as measures have been included that will have a positive impact in two areas. Specifically, where environmental impact is concerned, the program is actively promoting the introduction of sustainable soil-management practices in general, and forestry products in the case of the indigenous peoples.
- 5.7 As for the social impact, as Paraguay's indigenous peoples are largely concentrated in its rural areas, this program is expected to help improve their quality of life because it will improve their opportunities for earning an income and help preserve their environment. Also, as young women in rural areas become better prepared, they will improve their own earnings potential, which will in turn ease the high numbers currently leaving the countryside for the cities and other countries, a practice that exposes young people to legal problems and creates overcrowded conditions.
- 5.8 To encourage women and indigenous people to participate in the program, the following has been planned: (i) include a gender and ethnic focus in the orientation workshops to ensure that indigenous people and women will be properly counseled to get the kind of

4/ Estimates on rural poverty in Paraguay indicate that around 60% of households have monthly per capita incomes of less than US\$60. IDB country paper for Paraguay (document CP-1264), May 1997.

training in demand on the job market; (ii) sensitize all the participating TIs so that they do not discriminate against any beneficiaries by reason of gender or ethnic affiliation; (iii) introduce gender and ethnic considerations in the promotional activities; (iv) ask indigenous and women's organizations to support the program's promotional work; (v) make certain that the information system provides gender- and ethnicity-specific data; and (vi) include indicators in the evaluations that can measure the participation of indigenous youth and women in the program and identify potential problems that might arise. To make certain that these measures are carried out, experts on gender, ethnicity, and the environment will be contracted using funds from the Danish Government Consultants Fund.

VI. FULFILLMENT OF THE PROJECT ELIGIBILITY CRITERIA

A. General criteria to qualify for the program

- 6.1 Bearing in mind the program's objectives and expected results, the financing earmarked for training and job placement of young people, and the strengthening of private training institutions, which in turn will lead to greater economic productivity, it is entirely consistent with the MIF's overall objective, particularly Article I(d)(ii) of the Agreement Establishing the MIF, which has to do with bearing certain of the costs associated with investment reforms and an expanding private sector, and increasing employment opportunities, thereby helping alleviate poverty and improve income distribution.

B. Criteria to qualify for the Human Resources Facility

- 6.2 This proposal meets the financing criteria of the Human Resources Facility, especially the provisions of Article III, sections 3(b) and 3(e), which state that grants are to be provided to develop the basic human capital to meet the needs of a changing competitive economy and strengthen vocational training and other similar institutions.

VII. COMPATIBILITY WITH THE BANK'S STRATEGY IN THE COUNTRY

- 7.1 The proposed program is consistent with the strategy and program of operations that the Bank has proposed for Paraguay (CP-1264) in that its goal is to improve the standard of living of one of the most vulnerable segments of the population through measures in two of the four strategic areas identified in the strategy: modernization of the production apparatus, and support to social sectors.

- 7.2 One of the actions that the Bank will prioritize is diversification of the productive structure by developing the agricultural and agribusiness sectors. The strategy indicates that the MIF will be used to further development of micro- and small enterprises by introducing technological modernization in the industrial and agricultural sectors. Measures are also planned in the labor market area, supporting training aimed at creating a supply of manpower with the proper qualifications to bring about productive employment and reduce the costs of the skilled personnel. The job training program (851/OC-PR and ATN/MH-4760-PR) currently under way in this area is geared more towards training in services in urban areas, mainly Asunción, and reforming the public system in charge of these services. The parallel technical cooperation financed with MIF funds includes activities to strengthen the technical and administrative staff of the TIs. This program complements these operations because (i) it focuses exclusively on the sector and, therefore, the type of training is different, and (ii) it provides targeted technical assistance to build up the TIs' capacity to prepare training projects, better ascertain their clientele's needs, and employ modern and more suitable teaching methods.
- 7.3 Another specific strategy is to diversify the structure of agriculture. That strategy is dictated by the immediate need to improve the income of the rural farm sector and diversify farm production, considering the sector's importance in production and export businesses and as a source of employment. The rural settlements program (694/OC-PR and 891/SF-PR) under way in this area is working to create the conditions needed to improve the production and productivity of the agricultural sector.
- 7.4 Execution of the proposed program will be linked and coordinated with the above mentioned programs, thereby creating greater synergism among activities that the Bank is promoting to correct unemployment in rural areas. The operation also complements two other MIF projects under way in the training area, as it focuses on solving the dilemma of young people who live in or come from rural areas, as they represent a large segment of the EAP.
- 7.5 Finally, the program complements the activities planned by the Bank's Youth Program, the purpose of which is to promote programs for young people as an integral part of development, by supporting business and leadership programs, among others.

VIII. AVAILABILITY OF MIF RESOURCES

- 8.1 Form of financing. The program would be financed with a nonreimbursable grant. On September 16, 1994, the Donors Committee declared Paraguay eligible for all forms of MIF financing.

- 8.2 Allocation of MIF resources. Allocation of MIF resources either to Paraguay or to the specific program in question is not subject to any restriction.

IX. EVALUATION

- 9.1 Two evaluation activities will be carried out by an external consulting firm engaged by the Bank for this purpose: 24 months into the program a midterm evaluation will be done, and within 60 days after the end of the program's execution period, a final evaluation will be done. Both will measure the performance and impact of the program (see Annex IX-1).
- 9.2 The Bank will, jointly with RED RURAL, determine the appropriate indicators for followup and evaluation of the program. For this purpose, the Bank will, within the first three months after the effective date of the contract, engage the services of consultants who will devise the evaluation methodology for the program. This will preferably consider the following factors: (i) the operation of the PEU and of RED RURAL; (ii) the degree of cooperation achieved amongst the participating institutions; (iii) the types of training beneficiaries; (iv) the quality of the training services, and (v) the impact the program has had on the training market.
- 9.3 The evaluation of the impact that the training has had will measure participant satisfaction, examining the following variables: (i) the extent to which the new practices learned are being used on the farms and in other activities; (ii) the impact the learned practices have had on the immediate environment (neighboring farms and communities); (iii) the change in a trainee's job status (or prospects); (iv) the extent to which the information provided through program Component III is being used (e.g., the number of times the ICCs are consulted); and (v) the change in the income received by the young people and the impact on the family.
- 9.4 The method for evaluating the impact of the training in the field will consider an investigation of a sampling of students to determine how their job situation changed between the time the course began and six months following its completion. These surveys will be accompanied by interviews with the students' parents and other sources. Finally, the idea of measuring some of the variables mentioned above will be explored. A control group will be set up to better determine what the impact of the program's actions has been on its direct beneficiaries and thus measure the added value of their participation.

**LOGICAL FRAMEWORK
PARAGUAYAN RURAL YOUTH TRAINING PROGRAM**

OBJECTIVES	VERIFIABLE INDICATORS ^{a/}	MEANS OF VERIFICATION	ASSUMPTIONS
Objective: To help consolidate employment by rural young people in the production markets	1. Number of trained rural young people who have joined the ranks of the labor and business markets.	1. Basic study of the employment status of the young people who enroll in the training 2. Midterm evaluation 3. Final evaluation 4. Statistical information system (SIS)	1. Socioeconomic conditions in the area remain the same. 2. The reforms and modernization of the economy continue.
Activity I: Honing the skills of rural young people between the ages of 15 and 24	1. Number of trainees who apply what they learn. 2. Number of farms in a trainee's immediate surroundings that begin to use technologies learned and introduced by the trainee.	1. Analysis of information produced by the SIS concerning the young trainees participating in the program, with data on their families, farms and other businesses and salaried employment. 2. Field visits to check on how the new knowledge is being applied. 3. Sample survey to measure changes in production and employment.	
Activity II: Improving the quality of rural training available from Technical Institutions (TIs)	1. Number of young people who complete the course. 2. Number of young people who take more than one course. 3. Number of new or reformulated training courses that use participatory methods for their design, implementation and evaluation. 4. Number of additional projects that the TIs execute.	1. Analysis of training demands 2. Field work to monitor individuals. 3. Midterm evaluation 4. Final evaluation	1. Availability of funds for new training programs.
Activity III: Promoting an exchange of information about improved farming techniques and training for employment in rural youth projects.	1. Number of times the information and communication centers are consulted. 2. Number of individuals trained in the use of the network.	1. Data produced by the SIS.	1. Those institutions that have access to the network continue to add data to the database.

^{a/} Indicators are to be gender- and ethnicity-specific.

PROPOSED RESOLUTION

PARAGUAY. TECHNICAL COOPERATION PROGRAM FOR THE TRAINING OF
YOUTH IN RURAL AREAS

The Donors Committee of the Multilateral Investment Fund

RESOLVES:

1. That the President of the Inter-American Development Bank, or such representative as he shall designate, is authorized, on behalf of the Multilateral Investment Fund, to enter into such agreements as may be necessary with the Red Rural de Organizaciones Privadas para el Desarrollo, and to adopt such other measures as may be pertinent for the execution of the plan of operations referred to in Document MIF/AT-_____with respect to a technical cooperation, the purpose of which is the Training of Youth in Rural Areas in Paraguay.

2. That up to the amount of US\$1.260.000 is authorized for the purpose of this resolution, chargeable to the Human Resources Facility of the Multilateral Investment Fund.

3. That the above mentioned sum is to be provided on a non-reimbursable basis.