

YOUTH PRODUCTIVITY AND EMPLOYABILITY SUPPORT PROGRAM

(AR-0169)

EXECUTIVE SUMMARY

BORROWER AND GUARANTOR: The Argentine Republic

EXECUTING AGENCY: The Ministry of Labor and Social Security (MTSS) and the Ministry of Culture and Education (MCE)

AMOUNT AND SOURCE:

IDB (OC):	US\$370 million
Local	<u>US\$267 million</u>
Total:	US\$637 million

FINANCIAL TERMS AND CONDITIONS:

Amortization period:	20 years
Grace period:	3½ years
Disbursement period:	3 years
Interest rate:	variable
Inspection and supervision:	1%
Credit fee:	0.75%
Currency:	U.S. dollars

OBJECTIVES: To support the Government of Argentina in its efforts to increase the productivity and employability of young people from low-income families in the short, medium and long term.

DESCRIPTION: The program calls for implementation of the following subprograms: (1) job training and orientation; and (2) student retention scholarships and improvement of the educational quality of schools included in the Social Program for Education (PSE).

1. Job training and orientation subprogram
(US\$300 million)

This subprogram includes funding for (a) job training; (b) experimental development of vocational training councils; and (c) job-search support, as described below.

a. Job training (US\$254 million)

Approximately 9,000 courses will be funded for a target beneficiary population of 180,000. Training courses with a **generic design** will be used for regular jobs, while **specifically designed** courses will be used for preparation for special occupations.

In both cases, courses will be designed to respond to demand in the production sector. The courses will cover the core operational and technical competencies (reading comprehension, writing, arithmetic, logical reasoning, and problem solving) required for performing the job, according to the demand identified in the market.

Courses with a generic design. Funding will be provided for roughly 6,000 courses based on the use of training modules. Approximately 30 prototype models will be designed for the occupations and areas of specialization for which demand was highest under the PARP-I program, e.g., industrial services, process industries, construction, organizational management, health and environment, recreation and tourism, farm production and information technology. The design will take into account such features as (i) production requirements in each occupational area, (ii) the linkage of core competencies and management and technological skills required in a given professional career path, (iii) common and optional contents, with a view to fostering the development of flexible training programs, and (iv) necessary guidelines for training and updating the skills of instructors and support staff at training institutions that would be using the modules to train beneficiaries.

Courses with a specific design. Funding would be provided for roughly 3,000 courses in occupations that require a special level of technical preparation or management not provided in the modules. These courses will be designed on a case-by-case basis by the training institutions and the production sector, as demand for them materializes.

Supervision, follow-up and monitoring. Follow-up reports will assess the subprogram's implementation status based on such measurement variables as (i) employment situation, time spent seeking a job, and income and formal-employment status of course graduates vis-à-vis a control population (comparable population in terms of age, socioeconomic level, education, geographic location, and gender), and special arrangements to ensure the participation of women and ethnic groups (see paragraphs 4.15 through 4.19); (ii) performance of the vocational training councils and efficiency in the delivery of their services, e.g., service type, quality, quantity, internal funding budgeted and actually spent; (iii) for job search activities, the operation of strengthened employment offices: number of offices,

location, and caseload by type, area, solution found, guidance provided, and quantity, among other factors.

b. Vocational training councils (US\$4 million)

The development of a self-sustaining private institutional framework in the medium term would improve the occupational profiles of the active labor force and facilitate retraining of workers displaced by technological and organizational change. Such institutions would be private, not-for-profit entities established by entrepreneurs and workers of a region or locality and their areas of influence and charged with identifying basic and specific qualification requirements (occupational standards) by area of competency and type of job, as well as the sets of skills common to a variety of jobs. Funding would be provided to set up six such councils in different regions of the country.

c. Job-search support (US\$17 million)

The aim of this component is to consolidate and develop the national network of employment offices so as to improve intermediation, orientation, training and placement support services for the benefit of approximately 400,000 people. Technical support would be extended to the MTSS and to 100 employment offices by hiring consulting services and procuring work materials and equipment in order to enhance the management, planning and supervision of control, monitoring and evaluation programs and systems; 30 training courses in organization, methods and control would be offered for employment office staff.

2. Subprogram for student retention scholarships and improvement of the educational quality of PSE schools (US\$333.3 million)

The goal of this subprogram would be to reduce the dropout rate for poor students 13 to 19 years of age by approximately 10%, improve their future employability and provide them with additional study time and better-quality education. The following activities are to be financed:

a. Student retention scholarships
(US\$214.3 million)

Scholarships would be awarded to roughly 197,000 potential dropouts to enable them to stay in school and complete their secondary education. As a special feature, the subprogram includes a targeting

mechanism whereby scholarships will be awarded to poor students with a high probability of dropping out of the school system. In an initial round, the funds will be distributed by province to PSE schools according to a formula based on dropout and repetition levels; the second round of scholarship awards will be based on the findings from the evaluation of scholarship awards in the second half of 1997. The scholarships will be awarded to students who apply for them and who qualify in terms of poverty status and school performance (see paragraphs 2.15 through 2.17).

b. Improvement of the educational quality of PSE schools (US\$114 million)

Since 1993 the government has been implementing a package of measures and activities focused on the poorest schools with the aim of improving the quality of instruction in basic and instrumental areas and reducing repeater and dropout rates among children and youths in low-income families. This set of projects, known as the Social Plan for Education, is being conducted through the MCE in the context of compensatory policies designed to ensure the quality of results for those children who enter school at a disadvantage owing to the precarious socioeconomic status of their families. To this end, the program will finance the procurement and distribution of instructional materials for students and faculty, career development for faculty, and expansion and improvement of physical infrastructure of the neediest public schools at the initial, primary and secondary levels.

Schools receiving grants to implement institutional student retention projects (PIREs) assume a commitment to: (i) present a PIRE proposal or the results of a PIRE if one is currently under way; and (ii) submit periodically to the MCE such data as are required for the purpose of measuring the impact of the scholarship program (attendance, dropout and repetition rates, performance (grades) and promotions) from basic general education to the multimodal system; and (iii) provide specific follow-up for scholarship recipients.

Schools that show signs of progress with respect to the indicators of attendance, promotions, retention and performance will participate in a three-tiered incentive program (for schools, students and faculty) based on progress shown (average, high, or very high). The incentives will be extended: (a) to

faculty, in the form of libraries, teaching-career points, and career development support; (b) to students, in the form of support for travel by graduates and recreation and sports activities; and (c) to the school as a whole, in the form of funds for the improvement of infrastructure and equipment and for non-program activities.

c. Technical support for the MCE (US\$5 million)

Funds will be used to provide technical support to the MCE for the scholarship program by helping to identify the beneficiaries and in setting up and operating the information system.

**THE BANK'S
COUNTRY AND
SECTOR STRATEGY:**

The Bank's strategy in Argentina is focused on three basic areas: (i) reducing poverty and improving the quality of life through job creation and expanded coverage of services; (ii) raising the productivity and competitiveness of the tradable goods sectors; and (iii) continuing to implement state reforms and decentralize services toward the provinces and municipalities. The characteristics of the program proposed herein are consonant with that strategy, especially as regards improving the quality of life for the unemployed low-income population in the short, intermediate and long run.

**DATE OF APPROVAL
OF THE ESIR:**

The ESIR was approved by the CESI on June 20, 1997, and forwarded to the PIC on the same day (see paragraph 4.20).

BENEFITS:

From the job training subprogram, two types of benefits are expected: (i) as a direct benefit, job income will be higher as a result of the training, which reflects the improvement in the productivity of young workers; and (ii) as an indirect benefit, training costs will be lowered and there will be less social marginality and associated effects among the poorest young people.

Under the scholarships subprogram, the subsidy element of the scholarship offers two significant economic benefits: it makes it possible to offset a portion of the short-term opportunity cost and to shorten by approximately six years the period of time during which the student would incur a net loss of income as a result of remaining in school, by advancing the time at which he or she can expect to begin receiving net benefits as a consequence of having attained a higher level of schooling. From a social standpoint, the following benefits are expected: (i) a lessening of the impact that

unemployment and the attendant decline in family income have on the basic schooling of young people; (ii) postponement of the student's initial employment until completion of his or her secondary schooling; (iii) a reduction in job-training costs; and (iv) improvement in the skills levels of young workers and in the country's market competitiveness.

RISKS:

Experience gained in other scholarship programs indicates that, in the absence of an appropriate beneficiary identification instrument that makes it possible to differentiate between students who are eligible and those who are not, subsidies awarded through the school system are apt to be granted to the entire universe of students in the system and to perpetuate themselves as an entitlement. To lessen this risk, a targeting instrument and scholarship-delivery mechanism that takes the lessons learned into account was designed and is expected to evolve into the sole instrument for targeting poor families; the Bank is providing support in this regard under the assistance program for vulnerable groups (AR-0161).

**SPECIAL
CONTRACTUAL
CONDITIONS:**

In order that the executing agency for each subprogram may receive, independently of the others, the first disbursement of funds from the financing, it must first put its Operating Regulations into effect, to the Bank's satisfaction (see paragraph 3.24). In addition, a 20% advance is proposed for disbursements in the second and third year of the scholarships subprogram (see paragraph 3.21).

The contract will likewise include such provisions as are needed to ensure adequate monitoring and evaluation of the program (paragraph 3.25), submission of audited financial statements (paragraph 3.26), and utilization of the Bank's procedures in the procurement of goods and the hiring of consulting services (paragraph 3.22).

**TARGETING OF LOW-
INCOME GROUPS
AND SOCIAL
CLASSIFICATION:**

Inasmuch as the benefits of the job training and orientation subprogram will be received by poor unemployed people, and since the subprogram on scholarships and improvement of the quality of PSE schools will ensure the targeting of households below the poverty line in Argentina, the proposed program is deemed to exhibit the characteristics of a program targeted toward the low-income sectors, as stipulated in the Eighth Replenishment document (AB-1704, paragraph 2.15). In keeping with paragraph 2.13 of that document, the program falls within the category

of social justice and poverty reduction, given that its investments are in the education sector and are focused on low-income groups (see paragraph 4.20).

**EXCEPTIONS TO
BANK POLICY:**

In order to expedite implementation of the program, prior approval by the Bank will only be required in the following cases: (i) course contracts exceeding US\$1 million; (ii) service contracts for more than US\$50,000 for individual consultants or US\$100,000 for consulting firms; and (iii) purchases exceeding US\$350,000 in goods for institutional support and strengthening. The supporting documents for transactions below the aforementioned amounts will be reviewed by ex post sampling (see paragraph 3.22).

**PROCUREMENT OF
GOODS AND
SERVICES:**

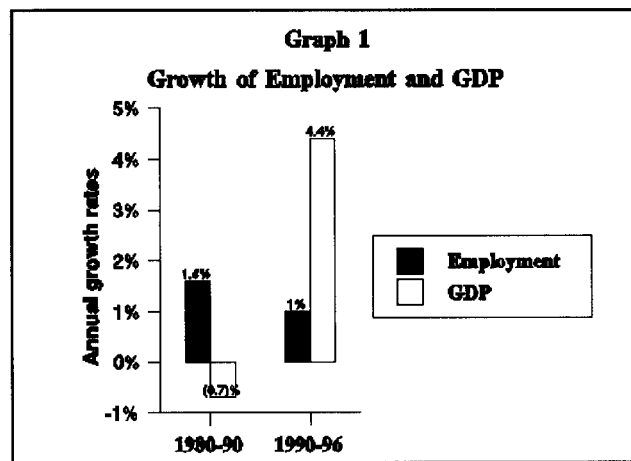
International competitive bidding is recommended for: (i) course contracts exceeding US\$1 million; and (ii) purchases of goods for institutional support and strengthening in an amount exceeding US\$350,000 (see paragraph 3.22).

MTSS-UNDP agreement: For the PARP-I program, the IDB approved the contracts without UNDP competitive bidding, and the results were satisfactory. It is accordingly recommended that the existing MTSS-UNDP agreement be increased to US\$2.5 million, in order to facilitate program implementation and administration, given that the UNDP offers the institutional advantages described in section GS-403 of the procurement manual, i.e.: (i) it has a good working relationship with the borrower; (ii) it has the ability to coordinate the work of a number of individual specialists effectively and to prepare consolidated reports in simultaneous coordination with a number of governments if a case so requires; (iii) it can offer continuity of support subsequent to completion of the program when the services rendered need improvements and maintenance; (iv) it is able to provide assistance to the borrower in the administration of the loan contracts and compliance with their provisions; (v) it has the ability to facilitate program execution and the disbursement of funds; (vi) it has access to a roster of qualified consultants and an effective and efficient contracting mechanism; (vii) it offers an efficient administrative support system as a means of providing quality control during the performance of the consulting services; and (viii) the average rating in the evaluation of services under similar efforts undertaken by the Bank or the borrower has been at least "Good" according to the Bank's system for the evaluation of services (see paragraph 3.20).

I. FRAME OF REFERENCE

A. Macroeconomic adjustment and the labor market

- 1.1 Beginning with the Convertibility Plan and the stabilization of 1991, the Argentine economy entered upon a resumption of growth to a level exceeding 4.5% in 1996, with prospects for achieving sustainable growth rates of roughly 5% a year in the next three years. Inflation, which in 1989-1990 was over 2,000% per annum, leveled off at approximately 1% a year in 1995-1996. These indicators are evidence of the positive impacts of the economic stabilization program and the economic benefits flowing from the vigorous structural-transformation effort being put forth by Argentina since 1989.
- 1.2 Within this panorama, however, the performance of the labor market stands out as the area of greatest vulnerability, for while the GDP was attaining an average annual growth rate of 4.4% over the period from 1990 to 1996, employment was only growing at 1% a year (see Graph 1). The rate of unemployment climbed from 6.3% per annum in 1990 to a peak of 18.6% in mid-1995 and settled at rates of roughly 17% in 1996. The high joblessness rate is a widespread concern of society and has even dampened the enthusiasm over advances stemming from the economic stabilization program and weakened the political support for economic structural reforms.



- 1.3 The present labor situation should not be attributed to the structural reform process, not only because the reforms were needed but also because the current levels of unemployment are a result of the collapse of a non-sustainable growth model that kept employment at artificially high levels at the cost of a drastic decline in the productivity and competitiveness of the economy, thereby generating

high levels of hidden unemployment and underemployment. 1/ However, the political sustainability of the reforms and the ongoing structural transformation process are jeopardized by the high unemployment rates and the social cost of the decline in labor earnings, particularly among the poor. 2/

B. Strategy of the government

- 1.4 In this context, the government has made substantial efforts to counter the effects of high unemployment rates, especially on the poorest households, by means of proactive policies. These policies include the generation of minimal jobs of a temporary nature under the "Trabajar" program, which is being financed with resources from the National Employment Fund and with World Bank support, and also under specific job training and student retention programs targeted to low-income youth, which is the group that accounts for the highest joblessness rates and the group that the present operation is designed to support.

C. Rationale for the operation

- 1.5 This operation seeks to support the government's short- and medium-term strategy efforts to increase the employability and improve the income levels of low-income youth, who make up the population group with the highest rates of unemployment. These goals would be addressed in the short term by training young people from low-income households and keeping them in school and by providing scholarships to ease the burden of the drop in household incomes and reduce the pressure on the labor market. In the medium term, they would be addressed by improving the levels of job training and productivity and by providing student-retention scholarships, thereby helping to improve the future employability of labor, particularly for youths from low-income households.
- 1.6 Buoyancy in the generation of jobs in Argentina is dependent, inter alia, on macroeconomic and structural factors and also on the continuity of labor legislation reforms. Insofar as the macroeconomic determinants are concerned, the structural reforms that the country has been implementing have already succeeded in bringing about a substantial improvement in the investment climate and the economy's competitiveness. The process aimed at modernization of the labor laws, while lagging to some extent, has already made some important strides and needs to be further intensified in the future in order to enable Argentina to avail itself of the opportunities and cope with the challenges of

1/ See Morley and Márquez, "Poverty and the Employment Problem in Argentina," February 1997.

2/ Indeed, 50% of the rise in unemployment from 1993 to 1995 is explained by unemployment in households in the first two quintiles of income distribution.

economic globalization and reduce the social cost of labor-market adjustment.

- 1.7 Against this backdrop, the situation of the poorest households and of least-skilled labor is especially unfavorable and is tending to worsen progressively as the challenges posed by globalization raise the formal-education and training requirements faced by labor. Accordingly, in the absence of specific efforts such as those supported by this project, the employability prospects of the least-favored group would be increasingly poor, exacerbating the regressive distributional impact of labor-market adjustment with high unemployment rates. To the extent that this is so, the training and student retention efforts supported by this operation will help to narrow the human capital gap between the poorest groups and the rest of society by providing the former with more effective preparation for seeking employment in a labor market in flux.
- 1.8 By providing funding for efforts directed concurrently to raising the income levels of the poorest of the unemployed, in the short term, and to improving the productivity and employability of members of households in comparable circumstances, in the short and medium term, the project seeks to ensure sustainable impacts and strengthen the internal cohesiveness and focus of training and education programs specifically addressed to the groups at greatest risk. The project would help in the short term to reduce the pressure placed on the unemployed by the growing participation of youths from such households in gainful employment. It is hoped, also, that the financial support for the government's initiatives will lighten the social pressure on the economic model and thereby improve its prospects for political sustainability.

1. The evolution of job training in Argentina

- 1.9 Vocational training in Argentina has reached a critical juncture at which decisions are bound to have strategic consequences in the medium and long term. The economic, political and cultural changes taking place in the present decade, the country's opening up to the world market, and the processes involved in its regional integration in MERCOSUR have drastically changed the context of public policy on training, to the extent that new orientations are now called for. The old system of vocational training – represented by the technical schools and the vocational training centers of the National Technical Education Council (CONET) – has become obsolete given its inability to produce a systemic output of job and vocational training for the labor force consistent with the requirements of the new economic and production scenarios. This situation was compounded by the effect of the dramatic rise in unemployment rates, which impacted particularly on individuals with lower skill levels or with competencies ill-attuned to the requirements of the labor market.

- 1.10 Society's demand for human resources training was covered in part by situational initiatives aimed at addressing the problem of unemployment and increasing the employability of labor and by training activities conducted by municipalities, labor unions, NGOs and business groups. The training programs conducted by the Ministry of Labor and Social Security (MTSS) from 1993 to 1996 have made it possible to support the on-the-job training efforts of certain companies and unions, have helped to meet the training needs of unemployed adults, and have fostered efforts to modernize job-training institutions. In conjunction with the Ministry of Economic Affairs and Public Works and Services (MEOSP), important advances were brought about in the training of workers at small and medium-sized firms. In this context, the support program for the transformation of productive processes (PARP-I), financed in part by loans 816/OC-AR and 925/SF-AR totaling US\$154 million, performed a key function addressed virtually nowhere else: not only did it set up a training alternative for those who had been forced to leave the formal training circuits too soon but it also offered a chance to compete in society to one of the population groups at greatest risk. The Ministry of Culture and Education (MCE), for its part, has endeavored to professionalize basic general and multimodal education by designing the so-called "vocational technical career paths" which are aimed at raising the technological and scientific level of technical education and which are currently being discussed at the National Education-for-Work Council. The essence of the phase that begins with the support of this program is the implication that these policies are to be directed toward the construction of a national vocational training system as the key to raising the productivity and quality of the human capital available in the Argentine economy. The design of the job training and orientation subprogram responds to this strategy in the sense that it constitutes a policy instrument that seeks to impact, in the medium term, on the productivity of workers and to improve the employability of the country's labor force.

2. School dropout rates in the context of the education reform

- 1.11 The Government of Argentina is making substantial efforts to improve the efficiency and quality of the education system and adapt its present structure to requirements of the Federal Education Act of 1993, which, inter alia, extended the period of compulsory primary schooling from seven years to nine as part of the basic general education (BGE) system and shortened the period of secondary education (now known as multimodal education) from four years to three (the 10th to 12th grades). This vigorous educational transformation effort was instituted in 1994 with the support of the IDB (for the BGE level) and the World Bank (for multimodal education). The institutional, technical and pedagogical consolidation of the old primary and secondary educational cycles and their linkage with the new BGE and multimodal cycles has been a complex process and has proceeded at an extremely deliberate pace. Efforts to date have been focused on

curricular changes, design and preparation of textbooks and other teaching materials, adaptation and improvement of schoolbuildings, training of faculty and school administrators, and the design and installation of school administration, monitoring and evaluation systems. These efforts will require a relatively long period of time to show results, given that provincial and municipal educational structures which are concurrently undergoing a process of change will participate in them.

- 1.12 In addition, and in the interests of equity, the Social Plan for Education (PSE) was instituted in 1993 as a program of direct assistance by the MCE to 40% of the poorest public schools, the aid taking the form of educational materials, improvements to schoolbuildings and teacher training provided to the schools. In the period from 1993 to 1996, benefits were received by 14,000 schools, 2.7 million students and 150,000 teachers.
- 1.13 Efforts to date have not sufficed to check the impact of unemployment on secondary school dropout rates, which rose from 40% in 1991 to 48% in 1996, particularly among the poorest strata, primarily because spouses and children in poor households devoted their time to looking for work to offset the drop in household income. More than 50% of the change in the rate of unemployment over the period from 1993 to 1996 is explained by the rise in the rate among non-heads of household in the three poorest quintiles. In fact, the proportion of poor adolescents in the 14-19 age group who were either employed or seeking employment increased from 25.5% in 1991 to 30% in 1996, and over the same period of time unemployment rose to 36% among the economically active young population and 50.5% among teenagers. These situations had an especially strong impact on teenage girls from low-income families, who went from a figure of 3 out of 10 unable to find a place in the labor market in 1991 to 6 out of 10 in 1996.
- 1.14 In spite of the fact that the rate of employment for the young climbed from 53% in 1991 to 67.6% in 1996, many of the youngsters who dropped out of school to look for a job failed to find one. The percentage of youths between 15 and 19 who were neither studying nor working increased from 11% in 1992 to 19% in 1996. Youngsters in this group are at great risk because they end up with one or more years less of schooling than those who enter the labor force at 18 and earn about 20% less than the latter during their adult working life. The profile of school dropouts shows that: (i) the dropout rate for poor youths is higher than the rate for their non-poor counterparts (40% and 12%, respectively, in secondary school); (ii) 55% of the youngsters from homes in which the head of household 3/ is unemployed drop out of school to look for a job; (iii) dropout rates rise among students who are

3/ "Head of household" as used herein refers to either a man or a woman.

older than their classmates, either because they were late entrants into primary school or because they repeated a year or more; and (iv) dropout rates are higher in families with a low average number of years of schooling and in single-parent homes.

- 1.15 More secondary-school dropouts means that more youngsters will be starting their working life inadequately prepared, which obliges them to settle for unskilled work and lower wages. This raises the demand for and costs of training and also subjects the country to a loss of competitiveness on the international markets.

D. Strategy and rationale for the Bank's participation

- 1.16 The Bank's strategy in Argentina is focused on three basic areas: (i) reducing poverty and improving the quality of life through job creation and expanded coverage of services; (ii) raising the productivity and competitiveness of the tradable goods sectors; and (iii) continuing to implement state reforms and decentralize services toward the provinces and municipalities. The characteristics of this project are consonant with that strategy, especially as regards improving the quality of life for the unemployed low-income population in the short, intermediate and long run.
- 1.17 The operation proposed herein would provide continuity to the support program for the transformation of productive processes (PARP-I) (loans 816/OC-AR and 925/SF-AR, for US\$154 million), the funds for which are committed in full, with 86% of the financing disbursed. This program attained the goal of training 100,000 unemployed youths from households with per capita incomes of less than US\$120 a month; 5,600 courses were conducted (with 90% of the participants completing the course and 30.5% securing a job); and 1,400 training institutions and 20,500 firms participated in the courses and internships, respectively. This operation would expand the youth-training effort initiated under PARP-I, provide support for the development of institutional pilot programs, and provide job-search orientation.
- 1.18 Under loan 845/OC-AR for US\$300 million, the Bank has been providing support since 1994 for educational reform at the basic (primary) level in the country's 24 jurisdictions, with financing of a second phase planned for 1998-1999.
- 1.19 The World Bank has been contributing to the development of multimodal (secondary) and university education by means of two loan operations that began execution in 1994 and 1995 respectively.

II. THE PROGRAM

A. Objective

- 2.1 The aim of the program is to support the Government of Argentina in its efforts to increase the productivity and employability of poor people from low-income families in the short, medium and long term.

B. Description

- 2.2 The program calls for the implementation of a training and job orientation subprogram and a subprogram for student retention scholarships and improvement of the educational quality of schools in the social program for education (PSE).

1. Training and job orientation subprogram (US\$300 million)

- 2.3 Objective. The principal objective is to increase the productivity and employability of people faced with situations of unemployment, underemployment or major restructuring of production processes.

- 2.4 Description. Financing will be provided for: (a) job training; (b) experimental development of vocational training councils; and (c) job-search support. Each of these activities is described below.

a. Job training (US\$254 million)

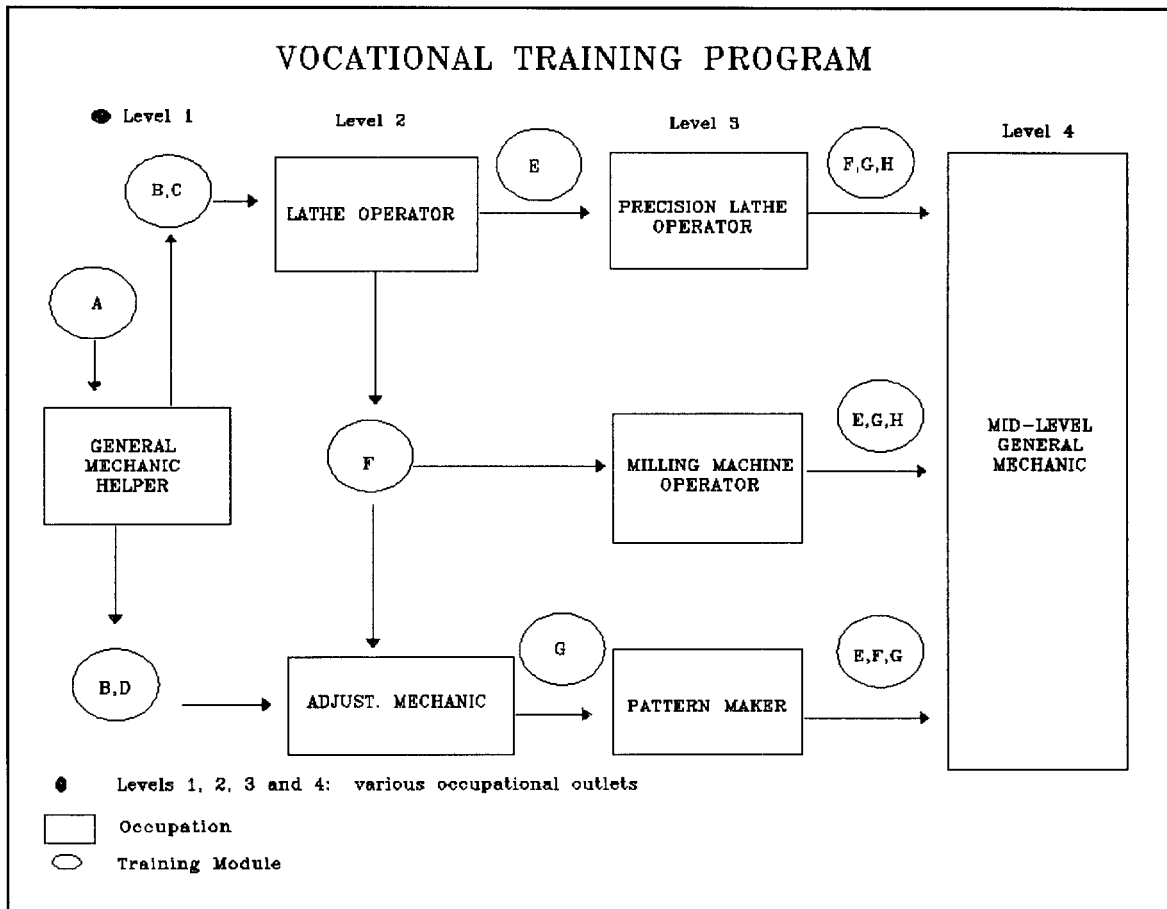
- 2.5 Objectives. The objective here is to increase the chances of approximately 180,000 people to enter the labor market, by helping them to acquire skills required for the performance of occupations, either independently or as employees. This would include the following activities:

- 2.6 Training courses. Approximately 9,000 courses, including generically-designed courses to offer training applicable to regular jobs and specifically-designed courses intended to meet requirements of specific occupations, will be financed. In both cases, the courses will be geared to production-sector demand. The courses will cover the core operational and technical competencies (reading comprehension, writing, arithmetic, logical reasoning, and problem-solving) required for performing the job, according to the demand identified in the market and by ethnic and gender interest groups.

- 2.7 Generically designed courses. Approximately 6,000 courses based on the use of training modules will be financed. The modules will be developed during the first year of the program, taking into account the experience gained under PARP-I and the specifications of the MCE's professional technical career paths. Funding will be

provided for the design of some 30 prototype modules on the occupations and specialties in greatest demand, e.g., industrial services, processing industries, construction, organizational management, health and environment, recreation and tourism, agricultural production, and information sciences. The following factors will be taken into account in the design: (i) production requirements in each occupational area; (ii) the linkage of basic, managerial and technological skills in a given professional career path; (iii) common and optional contents, with a view to fostering the development of flexible training paths; and (iv) the requisite standards for training and updating the skills of instructors and staff of training institutions who would use the modules to train the beneficiaries.

- 2.8 The prototype modules will serve as terms of reference for acquiring as many modular courses as are needed to meet the demand. This is expected to lead to the following benefits: (i) creation of a national collection of courses of this type in the MTSS; (ii) heightened efficiency in terms of the quality of the training offered and its relevance to current demands; (iii) teaching support in the form of training materials for the development of the core competencies required in the area covered by the module; (iv) a reduction in the costs of designing such courses; and (v) greater opportunities for the market to improve the course offerings and play a larger role in the supply of goods and services for them.
- 2.9 The overall set of training modules is designed to lead to the creation of a system of continuous vocational training, offering a variety of occupational outlets so that a trainee's progression from one module to another will not involve a duplication of studies. The following scheme clearly shows that, under such a structure, a lathe operator can readily function as an adjustment mechanic after taking modular course D and a precision-lathe operator who has studied modules D and G can qualify as a patternmaker. Each module would add increasingly complex skills in calculation, communications and problem-solving, with no unnecessary repetition involved.



2.10 Specific-design courses. The subprogram includes funding for the design of approximately 3,000 training courses to provide training for occupations involving a given degree of technical or managerial specificity and not included in the modules; these courses will be designed on a case-by-case basis by the training institutions and the production sector as demand for them materializes.

b. Vocational training councils (US\$4 million)

2.11 The development of a self-sustaining private institutional framework in the medium term would improve the occupational profiles of the active labor force and facilitate retraining of workers displaced by technological and organizational change. Such institutions would be private, not-for-profit entities established by entrepreneurs and workers of a region or locality and their areas of influence. The councils would be charged with the following responsibilities, among others: (i) identifying basic and specific qualification requirements (occupational standards) by area of competency and type of job, (ii) identifying sets of skills common to a variety of jobs, (iii) identifying areas of competency and jobs which are of critical importance to the programming of

training activities by sector or establishment; (iv) determining the minimum level of proficiency in each skill required for hiring and promoting workers; (v) facilitating the preparation of curricula, guides and learning methodologies and promoting their dissemination among training institutions; (vi) promoting alliances between companies and training institutions; (vii) supporting the private sector in arriving at cost-benefit evaluations of training programs; and (viii) disseminating information on experiences. Funding will be provided for the installation of six councils in the following sequential order: (i) support, supervision, monitoring and evaluation for the installation of a council in Rosario (province of Santa Fe); and (ii) implementation and evaluation of five councils in various jurisdictional areas of the country and country-wide dissemination of the results. The funding will be earmarked for setting up the councils, hiring technical personnel, purchasing equipment, educational materials, and information systems, and developing and implementing organizational systems and methods for detecting and analyzing demand and providing service to clients.

c. Job-search support (US\$17 million)

- 2.12 Objective. The aim of this component is to consolidate and develop the national network of employment offices so as to improve the intermediation, orientation, training and placement services ^{4/} for the benefit of approximately 400,000 people. Technical support would be extended to the MTSS and to 100 employment offices through: (i) the hiring of 1,500 expert-months of consulting services in the management, planning and implementation of control, monitoring and evaluation programs and systems; 30 training courses in organization, methods, control and monitoring will be offered for employment office staff; (ii) procurement of work and study materials, instruction manuals and guides, computer systems and software for control and monitoring of activities; and (iii) procurement of furniture for and minor repairs to the premises of employment offices benefitted. The agreements to be entered into by the MTSS and the beneficiary employment offices will be submitted for the Bank's approval.

2. Subprogram for student retention scholarships and improvement of the educational quality of PSE schools (US\$333.3 million)

- 2.13 The goal of this subprogram would be to reduce the dropout rate for poor students 13 to 19 years of age by 10% by instituting the following activities:

^{4/} The information and orientation services would adopt a gender and ethnic approach designed to foster equitable participation among potential beneficiaries.

a. Student retention scholarships (US\$214.3 million)

2.14 Objectives. The objectives here would be to: (i) reduce dropout rates by awarding scholarships to potential dropouts to enable them to stay in school and complete their secondary education; and (ii) improve these students' future employability and provide them with additional study time and better-quality education.

2.15 Scholarships will be awarded to approximately 197,000 beneficiaries and will be allocated on a province-by-province basis for distribution among the poorest public schools included in the Social Plan for Education (PSE) in accordance with a formula based on repeater and dropout levels. The scholarships will be distributed in two stages: 150,000 in the first stage and approximately 47,000 in the second stage (see paragraph 3.13). For the selection of individual scholarship beneficiaries, the applicants will be required to complete a SISFAM-BECA scholarship eligibility form that gauges the indicators shown in Table II-1. The students with the highest point totals from the form will be selected to receive a scholarship.

Table II-1
SISFAM SCHOLARSHIP ELIGIBILITY
FORM INDICATORS FOR SELECTION OF
BENEFICIARIES

UNIT OF MEASUREMENT	INDICATORS
Household: Poverty status	1. Housing conditions, income and education 2. Occupational status of head of household
Student: dropout risk	1. Average years of schooling of family 2. School performance (grade point average, attendance, repetitions, temporary dropouts) 3. Working at the same time as studying 4. Age status compared to classmates

2.16 The SISFAM scholarship eligibility form will be used to create a roster of beneficiaries ranked by level of socioeconomic risk (poverty) and school-dropout risk. Prior to award of the scholarships, the community will have received information on the terms of the scholarships and the conditions to be fulfilled by their recipients. The poverty indicators (beneficiary and household) on the scholarship eligibility form are based on those to be used in the definitive national SISFAM record ^{5/} and their implementation would be a strategic input for the design of such a system. Accordingly, no problems are foreseen in using the SISFAM beneficiary rosters to allocate scholarships during the period in which the SISFAM system is becoming operational at the national, provincial and municipal level.

^{5/} The definitive SISFAM record differs from the SISFAM scholarship eligibility form in that, while the latter identifies the poorest on the basis of their socioeconomic status, the SISFAM system will construct poverty indexes based on the same set of variables plus others drawn from living condition surveys.

- 2.17 Within this context, continuous use and evaluation of the SISFAM scholarship eligibility form would be part of the process of constructing the final SISFAM system, since the following features of the process would be put to the test: (i) the system's major poverty indicators and their respective weights; (ii) the ability of the SISFAM system to identify beneficiaries and validate the targeting criteria; (iii) the data collection and processing tools (design of the form, instruction booklets on the standardization of procedures, software, and manuals); and (iv) the ability of the SISFAM system to establish operational ties with decentralized targeted programs of other ministries. It is believed that the combined effect of these findings will make it possible to strengthen the installed institutional capacity of the Social Development Secretariat (SDS) with a view to using the SISFAM system in the financing of targeted projects in its area of influence and will encourage the provinces to use that instrument in targeted programs they are funding with resources of their own.
- 2.18 For the twofold purpose of adding new students to the scholarship program and of renewing existing scholarships from the previous year, applications will be received at the start of each school year and the SISFAM scholarship eligibility form will be used to select beneficiaries on the basis of the previously described poverty and dropout-risk indicators. In order to renew a scholarship, the student must meet the following conditions: (i) continue to be at socioeconomic risk and school-dropout risk as gauged by the form; (ii) be in compliance with the attendance requirements of the pertinent jurisdiction; (iii) have been promoted to the next educational level. An additional requirement for a student moving from the ninth grade of basic general education to the first year of the multimodal (secondary) level will be that the student's grades must be among the top 20% of the grades of applicants requesting scholarship renewal. A student must comply with the pertinent attendance requirements in order to keep his or her scholarship through the end of the school year. The performance of a student moving from the ninth grade of basic general education (BGE) into the multimodal level will be measured by the grade point average for the last three years (seventh, eighth and ninth grades) of BGE, and the performance of a student applying for renewal of a scholarship in the multimodal cycle will be measured by the average of his or her final grades, which will reflect the evaluations of the teachers for the various subjects and which should not be lower than seven. (Six is the minimum passing grade.)
- b. Improvement of the educational quality of PSE schools
(US\$114 million)
- 2.19 The scholarships program should not be regarded exclusively as a source of added income for poor households. The MCE and the Bank agree that the program can and should contribute to improving the quality of secondary education. This makes it essential that the

program be viewed as a supplement to the work being done by the Government of Argentina since 1993 under the PSE. The PSE is a package of activities and measures focused on the poorest schools with the aim of improving the quality of instruction in basic and instrumental areas and reducing repeater and dropout levels among children and youths in the low-income population.

- 2.20 Description. Within the PSE, three supplementary activities would be financed with local resources under this program: (a) **"More and Better Education for Everyone,"** designed to improve classroom conditions through the distribution of educational materials for students, classes and schools, teacher development activities, and institutional organization guidelines; (b) **"Improvement of School Infrastructure,"** aimed at expanding coverage by increasing the number of available classroom spots and increasing the number of classroom hours by eliminating the shifts of only two and a half hours of classroom instruction per day. Execution of this program entails constructing new classrooms (US\$20,000 per classroom) and repairing and remodeling classrooms in poor condition; and (c) schools receiving grants to implement institutional student retention projects (PIREs) will assume a commitment to: (i) submit a PIRE proposal or the results of a PIRE if one is currently under way; (ii) submit periodically to the MCE the data needed for measuring the impact of the scholarship program (attendance, dropout and repetition rates, performance (grades), and promotions from BGE to the multimodal level; and (iii) provide specific follow-up for scholarship recipients.

- 2.21 Incentives for participating schools. Schools that show signs of progress with respect to the indicators of attendance, promotions, retention and performance will participate in a three-tiered incentive program (for schools, students and faculty) based on progress shown (average, high, or very high). The incentives will be extended: (i) to faculty, in the form of libraries, teaching-career points, and career development support; (ii) to students, in the form of support for travel by graduates and recreation and sports activities; and (iii) to the school as a whole, in the form of funds for the improvement of infrastructure and equipment and for non-program activities.

c. Technical support for the MCE (US\$5 million)

- 2.22 Funds will be used to extend technical support to the MCE in implementing the scholarship program in the following areas: (i) identification of beneficiaries: design and application of the individual targeting form; hiring and training of survey workers, supervision of data collection and verification of information via sampling and use of the SISFAM scholarship eligibility form; (ii) information system: design and updating of data processing software for use in schools, training and supervision of faculty and students with responsibility at selected schools for the

processing and issuance of beneficiary records after ranking; (iii) day-to-day management of the system: identification of new beneficiaries and continuous updating of the database to include entries on former beneficiaries, maintenance of the system of additions, deletions and adjustments to school records, verification of the eligibility of schools and beneficiaries, publication of eligibility requirements and lists of scholarship recipients, and supervision and control of scholarship payments through the banking system; (iv) strengthening of the program's auditing, financial control and dissemination systems; and (v) procurement of materials and equipment for day-to-day operation of the scholarship program.

C. Scale

2.23 The following criteria were taken into account in determining the scale of the program:

2.24 Job training and orientation. Based on 1991 census data, projections, and information from household surveys conducted in 1995, the size of the accessible population for training activities, which is the main component, was estimated at 1.5 million. Sixty-eight percent of that population is in the 16-24 year age group and the remaining 32% in the 25-35 age group. Overall, 69% of that population is unemployed and a further 16% is underemployed in terms of hours of work or earnings. It is estimated that approximately 180,000 of the 700,000 unemployed individuals in the 16-24 age group will correspond to the profile of beneficiaries who applied for training under PARP-I and the availability of funds for meeting the demand.

2.25 The target population for occupational guidance and intermediation and job-search assistance has been estimated at 400,000. In addition, a substantial number of people would access the 100 employment offices and six centers to be supported through this operation.

2.26 Student retention scholarships. The target population consists of 225,000 poor teenage students (13-19 years of age) enrolled in public intermediate schools who are at risk of dropping out. The number of seventh- to tenth-grade dropouts in PSE schools is estimated at 167,000. The projected scale of 197,000 appears to be reasonable from both of these standpoints.

D. Cost and financing

2.27 The total cost of the program has been estimated at US\$637 million. This cost and its sources of financing are broken down in the following table.

Table II-3
COST AND SOURCES OF FINANCING
(US\$ millions)

	IDB	LOCAL	TOTAL	%
1. Job training and orientation	150.0	150.0	300.0	47
1.1 Administration	10.0	15.0	25.0	3
1.2 Job training	128.0	126.0	254.0	40
1.3 Vocational training councils	2.0	2.0	4.0	1
1.4 Job-search support	10.0	7.0	17.0	3
2. Student retention scholarships and improvement of the educational quality of PSE schools	216.3	117.0	333.3	52
2.1 Student retention scholarships	214.3	-	214.3	34
2.2 Improvement of the educational quality of PSE schools	-	114.0	114.0	17
2.3 Technical support for the MCE	2.0	3.0	5.0	1
3. Financial costs	3.7	-	3.7	1
3.1 Inspection and supervision	3.7	-	3.7	1
TOTALS	370.0	267.0	637.0	100
Percentages	60	40	100	

- 2.28 The Bank's financing would be drawn from the ordinary capital resources. The local contribution would come from the following sources: (i) for job training and orientation activities, from the National Employment Fund; and (ii) for student retention scholarships and the improvement of the educational quality of PSE schools, from the budget of the Ministry of Culture and Education. The administrative outlays under the job training and orientation subprogram would go to cover the operating and personnel costs of the executing unit that implemented the PARP-I program and the payment for UNDP services. The 60:40 pari passu ratio of IDB to local financing is justified by the fact that most of the program's beneficiaries are low-income individuals.
- 2.29 In view of the fact that the IDB resources are intended, in the case of the scholarships subprogram, to finance as many scholarships as are necessary to attain the goal of reducing student dropout rates by 10%, any proposal to transfer funds to any other category or subcategory of the program would represent a substantial change in the program's objective.

III. THE BORROWER AND THE EXECUTING AGENCY

A. The borrower

- 3.1 The borrower and guarantor would be the Republic of Argentina, which would designate the Ministry of Labor and Social Security (MTSS) as executing agency for the job training and orientation subprogram and the Ministry of Culture and Education to serve in the same capacity for the student retention scholarships and improvement of the educational quality of PSE schools subprogram.

B. Execution and disbursement period

- 3.2 The term for execution of the program and disbursement of the funds from the financing would be a three-year period beginning on the effective date of the contract for the proposed loan.

C. Basic execution scheme

- 3.3 The program would be implemented by currently existing MTSS and MCE units in keeping with criteria and guidelines set forth in the Operating Regulations. The salient aspects of the execution of each subprogram are described in the following paragraphs.

1. Job training and orientation subprogram

- 3.4 This subprogram will be executed by the unit that successfully implemented the PARP-I program and in accordance with provisions similar to those of the Operating Regulations applied to that phase, which have been modified to upgrade the requirements for the selection of participant training institutions and identification of the courses of highest technical quality and lowest cost. The principal features of the Operating Regulations are as detailed below.

- 3.5 Course administration. The courses will be conducted in two phases, 6/ designated as training and internships. The training phase will have a maximum duration of 350 hours and a minimum duration of 150 and will meet five days a week for a minimum of four hours per daily session. In the internships phase, beneficiaries will acquire workplace experience in the performance of tasks consistent with the occupation for which they have been trained. The internships will last two months, and the length of the working day will be six to eight hours. The training institution will monitor interns' performance and provide technical assistance to the host facilities in the course of periodic visits.

6/ These phases could run either successively or alternately, depending on the nature of the activity.

In addition, fortnightly meetings would be held with the group of beneficiaries to evaluate the progress of activities. 7/

- 3.6 Contractual arrangements for the courses. (i) **Generically-designed courses:** The contracts for designing and reproducing the modules for the occupations indicated in paragraph 2.7 will be entered into during the first year of the program, and those for conducting the modular courses will be made with training institutions later on. To this end, as in the case of the PARP-I program, the contractual arrangements for design of the courses will be governed by the Bank's procedures for the contracting of services; those for reproduction of the modules, by the Bank's provisions on the contracting of goods; and those with training institutions for conducting the courses, by procedures to be set forth in Annex D to the prospective loan contract. Approximately 30% of the total cost of the training courses is accounted for by payments for the services of the training institutions winning the bids and 70% by payments for the procurement of equipment, instructional materials, fungible supplies and other training inputs for the courses. Accordingly, the bidding on the courses cannot be governed by the Bank's provisions for either service or goods contracts, but rather by a combination of the two sets of procedures that makes it possible to regulate the bidding on this special "good". Consequently, the aforementioned Annex D would replace the term "good" with the term "course", thereby making it possible to select the best course proposals on the basis of quality and price. The document would include the following provision: "In cases in which the bidding includes courses of different kinds, a claim presented by a bidding training institution with respect to the evaluation of its proposal shall not delay the awards for other unrelated courses." The MTSS will charge the beneficiary training institutions a fee equivalent to the cost of producing the module; and (ii) **specific-design courses:** the contracting for these courses will be governed by Annex D, cited above.
- 3.7 Beneficiaries and subsidies. Most of the beneficiaries would be individuals of either sex between 16 and 35 years of age whose education has not progressed beyond the completion of secondary studies and who come from low-income households and have little or no working experience. Beneficiaries will be granted a scholarship to cover the cost of transportation and a light meal and, in the case of women with minor children, a subsidy as well; both of these payments will be calculated per day of attendance. The costs of an initial medical examination for each beneficiary and of insurance against the risk of accidents during the beneficiary's practicum at a company would also be defrayed. The amount of the subsidies

7/ In the case of internships in areas which are nontraditional for women, consultations will be held with respect to any work experiences that may need to be corrected.

would be calculated at the following rates: (i) US\$4 per day of attendance during the training phase and US\$8 during the internship phase; 80% attendance would be required in both cases; (ii) the daily subsidy would be increased by US\$2 during the training stage and US\$3 during the internship in the case of women with one, two or more than three children, respectively. In addition, US\$9 per beneficiary will be paid for the medical checkup and US\$2.75 for the accident insurance.

- 3.8 Disbursement schedule. The following table shows the amount of funds to be disbursed for training course procurement over the three years of this subprogram.

Table III-1
DISBURSEMENT SCHEDULE
(amounts in millions of U.S. dollars)

Job training	Year 1	Year 2	Year 3
Courses	50	110	94
Quantity (courses)	2,000	4,000	3,000

- 3.9 Flexibility measures. In order to facilitate the implementation of this program, it is recommended, with the concurrence of COF/CAR, that the measures outlined below be taken in the interest of introducing a greater degree of flexibility into the operations management provisions, responsibility for the application of which has been delegated to COF/CAR.

Table III-2
ADMINISTRATIVE FLEXIBILITY MEASURES

Rule	Description	Proposed Measure
GS-307 and GS-401	Information System	The contracts between the MTSS and the training institutions that win the bids on courses are to be entered into the Bank's information system as a single operation for each bid, specifying the number of participating institutions.
GS-103	Filing of protests	Given the diversity of courses to be bid upon each time, and considering that different types of courses will be awarded to different bidders (training institutions), a claim presented by a training institution with respect to the evaluation of its proposal is not to delay the awards for other unrelated courses.
GS-307	Award of the bid and signature of the contract	Concurrence of the Bank: The contract is to be awarded to the bidder or bidders whose proposals have been adjudged to be the most advantageous and conform to the requirements of the bidding documents. The executing agency will keep the pertinent documents at the disposal of the Bank to enable it to review them by sampling subsequent to the award and determine the eligibility for Bank financing. Signature of the contract: The bidder is to forward a list of the contracts signed to the Bank and keep a copy of each such contract at the Bank's disposal.
OA-550	Disbursements. Documentation required	The executing agency is to keep the payment vouchers covering payments for expenses charged against the financing at the Bank's disposal to enable it to review them by sampling. 1/

1/ Will be applicable also to the student retention scholarships subprogram.

- 3.10 Supervision, follow-up and monitoring. The follow-up reports will examine the status of the subprogram and include information on measurement variables such as: (i) employment situation, job-search duration, income and formal-employment status of a representative sample of the graduates vis-à-vis a control population (comparable population in terms of age, socioeconomic level, education, geographic location, and gender), and special instruments to secure the participation of women and ethnic groups (see paragraphs 4.15 through 4.19); (ii) performance of the vocational training councils and efficiency in the delivery of services: type, quality, quantity, and funding, with an indication of source, amounts budgeted and amounts spent, and so forth; and (iii) in the area of job-search support: performance of the strengthened employment offices: number of offices, location, cases handled: type, region, solutions, orientations and number, inter alia.

2. Student retention scholarships and improvement of the educational quality of PSE schools subprogram

- 3.11 This subprogram will be executed by the MCE through the Education Operations Undersecretariat, which: (i) showed efficiency in implementing the Social Plan for Education (PSE) from its

inception; (ii) developed constructive relationships with the PSE schools; (iii) has acquired experience in the transfer of funds directly to schools; (iv) has an excellent follow-up and monitoring system; and (v) maintains up-to-date accounting records. In this operation, the undersecretariat will receive support from the Social Development Secretariat and other experts in compiling, validating and processing data collected through the SISFAM scholarship eligibility form and in the follow-up, monitoring and evaluation of the scholarships. The salient features of the scholarship subprogram are as described below.

- 3.12 Beneficiaries and subsidies. Funds from the IDB financing will be used to provide student retention scholarships during the period 1997-1999 to approximately 197,000 students in the 13-19 age group who are at risk of dropping out of the school system owing to unemployment and a reduction of household income. Benefits would accrue to families in which the head of household is unemployed and/or families with incomes of less than US\$500 a month who run the risk of a teenage child ^{8/} leaving school to look for a job. In such cases, the family will receive a US\$600 allowance payable in partial installments over the 10 months of the school year. A family with more than one student in secondary school will receive US\$600 for the first child plus US\$100 for each additional child up to a maximum of three children. Eighty percent of the subsidies will go to students in the eighth and ninth grades of basic general education, which is compulsory, and the other 20% to tenth, eleventh and twelfth grade students (secondary education).
- 3.13 Scholarship distribution. With a view to distributing the scholarships throughout the country, the MCE will assign quotas by province, locality (in groups of as many as five neighboring schools) and individual schools on the basis of the public school enrollment in each jurisdiction and indicators of school risk factors (percentage of students who are older than their classmates, percentage of students moving up from primary to secondary school, secondary-school dropout rate, and quality-evaluation findings). The scholarships will be distributed in two stages: in the first stage, 50,000 scholarships valued at US\$300 each, or US\$15 million in all, will be awarded for the second half of 1997; in 1998, 50,000 additional scholarships, valued at US\$600 a year, will be awarded, making the total commitment for the year US\$60 million; and in 1999, another 50,000 scholarships, valued at US\$600 per annum, would be awarded, bringing the total first-stage commitment to US\$90 million. The following table shows the distribution of the first 150,000 scholarships by jurisdiction. In the second stage, approximately 47,000 scholarship with a total value of US\$50 million will be distributed to those provinces in which the schools exhibited the highest level of performance in the use of the SISFAM scholarship eligibility form and in meeting the

^{8/} Used throughout to refer to children of either sex.

needs of the beneficiaries according to the progress evaluation to be carried out in 1997 at the end of the second semester (see paragraph 3.18).

Table III-3
ALLOCATION OF SCHOLARSHIPS BY PROVINCE

INDEX PROVINCIAL AND/OR JURISDICTIONAL	PROVINCE (JURISDICTION)	NO. OF SCHOLARSHIPS
53.89	Buenos Aires	47,381
34.65	Capital Federal	4,428
58.25	Catamarca	1,827
63.54	Chaco	6,204
54.96	Chubut	2,129
57.38	Córdoba	12,185
65.89	Corrientes	6,078
54.86	Entre Ríos	4,890
62.97	Formosa	3,383
53.55	Jujuy	3,536
60.24	La Pampa	1,467
54.94	La Rioja	1,422
62.04	Mendoza	7,950
68.51	Misiones	5,917
53.31	Neuquen	2,527
58.22	Río Negro	3,081
56.47	Salta	5,714
57.02	San Juan	2,957
57.85	San Luis	1,650
49.57	Santa Cruz	823
56.33	Santa Fe	12,101
69.54	Santiago del Estero	5,029
59.98	Tierra del Fuego	510
64.80	Tucumán	6,631
TOTAL		150,000

- 3.14 The scholarships will be distributed within each province among the PSE schools selected on the basis of the province's unmet-basic-needs criteria and student dropout and repeater indicators. The schools will be grouped into circuits of five neighboring schools around a hub or lead school, which will be made responsible for overseeing the completion and processing of the SISFAM scholarship eligibility form. The lead schools will be selected for their solid performance and institutional responsibility as demonstrated by their execution of PSE projects, particularly the school information-systems project. The number of scholarships assigned to each circuit will be proportional to the total seventh- to twelfth-grade enrollment of the schools in the circuit divided by the total seventh- to twelfth-grade enrollment of PSE schools in the province. The circuit's quota of scholarships will be distributed among the poorest applicants in its schools, as reflected in the roster of applicants ranked by priority. Eighty percent of the scholarships will be awarded to students in the eighth and ninth grades of basic general education, which are

compulsory, and the other 20% to students in the last three years of secondary (presently multimodal) education.

- 3.15 The MCE will be responsible for the design of the form, for the development and application of rules to govern the identification of beneficiaries, for allocating benefits and for monitoring the scholarships. It will also provide information to the public and to the school system on the characteristics of the subprogram, the commitments assumed by the national government and by the school, and the conditions for applying, so as to secure the broadest possible involvement of the interested community and ensure transparency in the procedures. The forms will be processed at the lead schools with technical support from the Social Development Secretariat through the use of a software program to be approved and monitored by that secretariat. Once the lead schools have produced the roster of candidates ranked by priority, the MCE will award the scholarships in accordance with the quota for each circuit and will issue the payment order.
- 3.16 Beneficiary selection procedures. Once the aims and conditions of the scholarships have been widely disseminated, the MCE will notify the schools in each circuit as to the number of scholarships allocated to them and the socioeconomic vulnerability and student-risk criteria that will govern the final award of scholarships. Each school will open a registry of the students who voluntarily wish to apply for a scholarship and will notify them of the days and hours for registration and the place where they should go to fill out the form. The forms will be completed at the school, and the quality of the data will be verified by visits to the homes of a random sample consisting of 10% of the candidates. The lead school will receive the rosters of scholarship candidates from the circuit and distribute the lists of candidates to be interviewed and homes to be visited to specially-trained interviewers.
- 3.17 Sustainability of the scholarships. Based on the investment schedule described in paragraph 3.13, the MCE would be in need of funds to ensure the maintenance of scholarships awarded in the third year of the subprogram (August 1999-June 2000). According to indications from the MCE, a portion of the funds currently being invested in school infrastructure and materials would be redirected to fill that need as infrastructure and materials requirements were met. It is estimated on this basis that the MCE would be able to invest US\$90 million a year beginning in August 1999 for maintenance of the scholarships. Consequently, prior to approval of the scholarships for the third year of the program, the Bank would need to receive evidence that the funds required for maintaining them have been included in the MCE's budget for the year 2000 (see paragraph 4.14).
- 3.18 Follow-up, monitoring and evaluation. The scholarship subprogram will be evaluated at two points, as follows: (i) at the end of the second semester of 1997, the results of that cycle will be

evaluated, with consideration given to the design of the SISFAM scholarship eligibility form, the data-collection procedures, and the processing and efficiency of the system of scholarship payments. The findings of that evaluation will be used to make adjustments to the form's design prior to using it for awarding second-year scholarships, and will make it possible to determine the geographic areas of the country where the form can replace the SISFAM listing for use in the identification of beneficiaries and poor families; and (ii) at the end of each school year, an evaluation will be conducted at the level of the scholarship recipients and schools, in accordance with the following procedure, to determine the impact of the subprogram on the efficiency of the provincial and national school systems. **Scholarship recipients:** In addition to the record of efficiency indicators to be maintained by each school, a record will be kept of each scholarship recipient's attendance and academic performance during the period in which he or she is receiving the scholarship. The evaluation will include a sample-based comparison of the school history of the scholarship recipients with that of a selected control group of candidates who did not receive a scholarship, taking into account the initial conditions of poverty and dropout risk. The data will be recorded on the form, disaggregated by gender in order to measure the impact of the scholarships on the female population. **Schools:** The effectiveness of the actions undertaken by the schools will be evaluated in the context of the institutional student retention projects (PIREs) and the impact of the scholarships vis-à-vis the baseline to be established for attendance, promotion, repetition, dropout and academic performance in each school, following the guidelines set forth in the matrix in Annex III-4 which will be measured periodically. The census evaluations of the basic subjects in the seventh, ninth and third year of multimodal education, conducted by the MCE in all PSE schools, will be taken into account in the measurement of performance. **School system:** The impact on attendance and dropout rates and grade point averages will be measured by province and for the country as a whole.

D. Other aspects of implementation

- 3.19 Recognition of expenditures and retroactive financing. In the job training and orientation subprogram, courses with a total cost of US\$10 million would be contracted for over the next three months in accordance with the procedures agreed upon with the Bank for the first phase; in addition, the executing agency has incurred administrative costs totaling US\$2 million. It is therefore recommended that the sum of US\$10 million for the courses that are to be contracted and US\$2 million in administrative outlays be recognized against the local contribution. For the scholarships subprogram, the MCE has incurred costs equivalent to US\$400,000, which would be recognized against the local contribution under the component of technical support for the MCE.

- 3.20 MTSS-UNDP agreement. Contracts for the first phase of the job training and orientation subprogram were approved by the Bank without UNDP competitive bidding, and the results were satisfactory. It is accordingly recommended that the executing agency enter into a contract with the specialized agency (UNDP) for the amount of US\$2.5 million, without competitive bidding, in order to facilitate the implementation and administration of the program, given that the UNDP offers the institutional advantages described in section GS-403 of the procurement manual, i.e.: (i) it has a good working relationship with the borrower; (ii) it has the ability to coordinate the work of a number of individual specialists effectively and to prepare consolidated reports in simultaneous coordination with a number of countries if a case so requires; (iii) it can offer continuity of support subsequent to completion of the program when the services rendered need improvements and maintenance; (iv) it is able to provide assistance to the borrower in the administration of and compliance with the provisions of the loan contracts; (v) it has the ability to facilitate program execution and the disbursement of funds; (vi) it has access to a roster of qualified consultants and an effective and efficient contracting mechanism; (vii) it offers an efficient administrative support system as a means of providing quality control during the performance of the consulting services; and (viii) the average rating in the evaluation of services under similar efforts undertaken by the Bank or the borrower has been at least "Good" according to the Bank's system for the evaluation of services.
- 3.21 Advances of funds. It is recommended that fund advances equivalent to 10% of the Bank's financing be made for the job training and orientation subprogram. In the case of the student retention scholarships, advances of 10% for 1997 and 20% for 1998 and for 1999 are recommended, given that all of the scholarships would be financed solely with the IDB funding and that a minimum of US\$15 million would be paid in 1997 and the payments in 1998 and in 1999 would amount to US\$60 million and US\$90 million, respectively. These amounts would afford the MCE sufficient assurance of being able to fulfill its scholarship-payment commitments to the beneficiaries on a timely basis, thereby avoiding delays that could impair the reliability of the scholarships. It is felt that the MCE would be able to justify the recommended advances of funds within the time limits established in the pertinent regulations of the Bank, inasmuch as these payments constitute a direct subsidy to the beneficiaries.
- 3.22 Procurement of goods and services. The program calls for utilization of Bank procedures for tenders and contracts for consulting services; however, taking advantage of the experience acquired in the PARP-I program and wishing to expedite the program's implementation, it is recommended: (i) that international competitive bidding be conducted in the case of course contracts for amounts exceeding US\$1 million and

procurements of goods for amounts exceeding US\$350,000; (ii) that prior approval by the Bank be required only for course contracts exceeding US\$1 million, service contracts exceeding US\$50,000 for individual consultants or US\$100,000 for consulting firms, and procurements of goods exceeding US\$350,000. The supporting documents for transactions below these amounts will be reviewed by ex post sampling; and (iii) the tentative procurement plan is presented below:

TENTATIVE PROCUREMENT PLAN

Major acquisitions for the program	Financing	Method	Registration/ Prequalification	Year(s)
Local and international consultants (US\$13 million)	IDB (100%)	CB/ICB 1/	Y/N	1 and 2
Training courses for staff of MTSS and employment offices (US\$3 million)	IDB (100%)	CB/ICB	Y	2
Modular and non-modular training courses for beneficiaries (US\$254 million)	IDB (50%)	CB/ICB	Y	1, 2 and 3
Computer equipment and software (US\$10 million)	IDB (40%)	CB/ICB	N	1 and 2

1/ CB = Competitive bidding

ICB = International Competitive bidding

- 3.23 Opening of subaccounts to be used for program resources. Given the characteristics, diversity and independence of the actions that would be financed under each subprogram, it is considered extremely important that the executing agencies manage the funds for their respective subprograms through separate subaccounts.
- 3.24 Conditions precedent to the first disbursement. In order that the executing agency for each subprogram may receive the first disbursement of funds from the financing separately from the other executing agency, its Operating Regulations need to be in effect to the Bank's satisfaction.
- 3.25 Follow-up and monitoring reports. These reports will be prepared in conformity with the follow-up and monitoring systems pertaining to each subprogram, and each executing agency will submit its report to the Bank within the first 60 days of the year. Annex III-5 contains the logical framework of each subprogram with a listing of the progress indicators to be measured.
- 3.26 The contract for the proposed loan would include also the standard clauses of the Bank on lands and easements, accounting and audits, and inspection and supervision.

IV. BENEFITS, FEASIBILITY AND RISKS

A. Job training and orientation

- 4.1 The economic evaluation of this subprogram is an updated version of the evaluation used in the PARP-I program. The methodology employed (cost-benefit) includes some methodological refinements based on the findings of the impact assessment and updates the estimated parameters on the basis of October 1996 data from the ongoing survey of households. The methodology made it possible to estimate the net present value of the project as a function of two basic parameters: (i) the cost per student trained (including the cost of the scholarship-subsidy provided during the course and during the internship); and (ii) the earnings differential expected as a result of the training.
- 4.2 The unit costs include three basic components: (i) the direct costs of the courses; (ii) the costs of the scholarships, subsidies and insurance; and (iii) the costs resulting from the addition of new activities such as job orientation and the organization of vocational training councils, which were added as overhead. With respect to the direct costs (US\$747 per student), a 10% reduction in unit costs is expected vis-à-vis those in the first phase, as a result of economies of scale flowing from the introduction of modular designs for courses in continuing demand, and adjustments to the bidding and contract-award arrangements for the courses. Consolidation of some of the subsidies in the subprogram made possible a 6% reduction in the per-student cost of the subsidies and scholarships (US\$542 per student).
- 4.3 The earnings differential anticipated as a result of the training was estimated on the basis of October 1996 data from the ongoing survey of households, which was specially processed for the purpose of evaluating the subprogram; the over-16 population with completed secondary studies, which is the target population, was taken as the universe. Calculation of the rates of unemployment, average job-search times and levels of skill for this population provided a basis for estimating the probability of being employed. The average earnings and formal job status rates were estimated, also by age and skill level, and made it possible to complete the estimate of productivity differentials and expected earnings. The definition of benefits used was broad enough to accommodate both the wage differential as such, adjusted by the probability of being employed, and the formal status of employment and access, or absence thereof, to social benefits. Expected benefits were estimated over a horizon that assumed a 20-year working life for the beneficiary group, the age structure of which was based on the analysis of first-stage beneficiaries.

4.4 Based on the foregoing parameters, the evaluation shows that the job training subprogram would be cost-effective at the estimated unit-cost level of roughly US\$1,600, provided that the expected average wage differential exceeded US\$23 per month. The prospect of securing wage differentials of US\$23 or more obviously hinges on developments in the Argentine labor market. However, the first-phase impact evaluation, conducted during the period of heaviest unemployment, yielded an average earnings (or productivity) differential of US\$28.

4.5 It should be noted, finally, that the above calculations represent an estimate of the minimum cost-effectiveness of the subprogram, since the unit costs cover the entire range of the subprogram's cost, including overhead and the costs of activities other than training whose added benefits were not quantified (i.e., job orientation and vocational training councils); this was also the case with the subprogram's indirect benefits, such as lower in-house training costs, social marginality, and the positive impact on beneficiaries' self-esteem.

B. Student retention scholarships

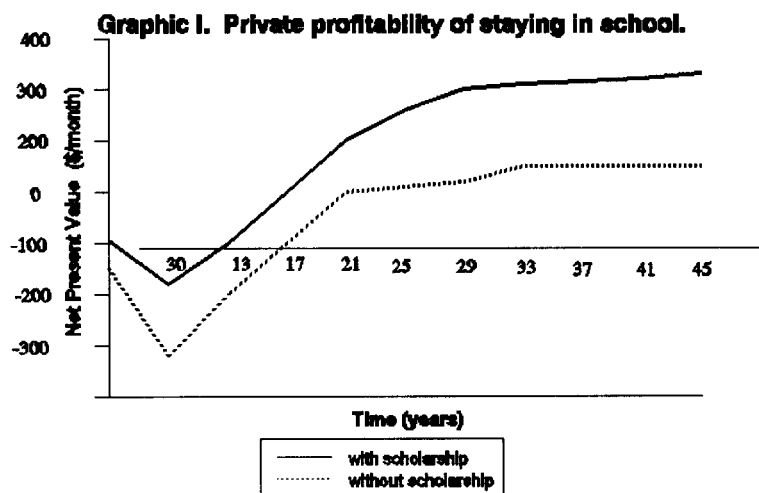
4.6 The methodology used (cost-benefit) made it possible to estimate both the private and the social cost-effectiveness of the scholarships. To this end, the flows of expected costs and benefits were estimated with and without the subprogram. The benefits of the subprogram would be measured as the earnings differential over the economically active life of an average youth in the target group per year of additional school attendance plus the benefit represented by the amount of the scholarship. The private costs would be those incurred for the purpose of staying in school an additional year, which include the opportunity cost (any income forgone as a result of working instead of attending school) and an estimate of the incremental private costs of school attendance (cost of transportation and school supplies). The social costs of the program also include the cost of the scholarship subprogram.

4.7 Private evaluation. The findings of the private evaluation show that under present conditions, for an average youth in the target group (a teenager aged 13 to 19 in a low-income family), a decision to stay in school one more year depends basically on two factors: (i) how much older the student is than his or her classmates (age compared with the reference age for the grade level); and (ii) the student's time horizon (the importance the student attaches to a loss of earnings in the short run as a result of staying in school additional years compared with the expectation of attaining a higher earnings level in the future as a result of additional schooling).

4.8 Given that one out of every three secondary school students is above the reference age for their grade, that this gap is, on

average, two years, and that the employment crisis creates an urgent need for families to secure additional income, the pressure to drop out of school is very strong. The calculations of private cost-effectiveness show that in the absence of a scholarship an average youth loses between 50 and 150 pesos a month (depending on his or her age) by not working and would need to have a very long time horizon (12 to 18 months after dropping out of school, depending on the age difference for their grade) in order not to drop out.

- 4.9 The subsidy represented by the scholarship has two important effects: (i) it makes it possible to partly offset the short-run opportunity cost; and (ii) it shortens by approximately eight years the period during which a student would incur a net loss of income by staying in school and advances the time when he or she can expect to begin enjoying a net benefit for having attained a higher level of schooling (see Graph 1).



- 4.10 The flow of benefits obviously depends on the number of additional years of schooling obtained as a result of the scholarship. Under a pessimistic assumption, the youngsters would remain in school only during the years for which they received a scholarship. Based on this assumption and applying the age structure and school-attendance profile of the target population (13-19 years of age), it was estimated that an average teenager would secure 2.8 years of additional school attendance. This supports the conclusion that the scholarship would provide sufficient incentive to ensure completion of the ninth grade of basic education, which covers the period of compulsory attendance, an important accomplishment in itself. This scenario holds true for students who are a year over-age for their grade, is less clearly valid for those two years over-age, and loses its validity for those three years over-age. The eligibility for scholarships was therefore restricted to students who are two years over-age for their grade.

- 4.11 Social evaluation. Once an assessment had been made of the way a scholarship operates in terms of creating incentives for an individual student to remain in school, the next step was to estimate the social profitability of the subprogram. For society at large, the net benefit of its members' acquiring additional education is highly positive because the time horizon of society is lengthier than that of an individual, which means that the expected benefits of increasing the number of years of schooling can more than compensate for the short-term costs of having students remain in school additional years, including the cost of the scholarships. The time horizon for society is the entire working life of its individual members. On this basis, the social evaluation made it possible to measure the increments in productivity in terms of the wage differentials expected as a result of the added years of school attendance by the target population. The findings show that society recovers its investment over a period of 18 years, following which it begins to reap the net benefits of its investment, which are more than twice as great (in terms of present value) as the total costs of the subprogram under the worst-case scenario, whereunder beneficiaries would remain in school only so long as they receive a scholarship. Under a more optimistic assumption, i.e. that scholarship recipients complete their middle-level education as a result of the stimulus they receive during the most critical years, the present value of the program's social benefits would be five times as great as the cost of the subprogram.

C. Institutional and financial feasibility

- 4.12 While the institutional framework for implementing the program involves a number of institutions, this is not regarded as a problem or impediment to implementation of the program along decentralized lines within the period planned. In the case of the job training and orientation subprogram, the executing unit is highly experienced in the conduct of similar projects and its responsibilities are clearly specified in the Operating Regulations. In the case of the scholarships, the Ministry of Culture and Education has extensive experience in working directly with the poorest schools and, in the present instance, would be assisted by the Social Development Secretariat in the design, development and implementation of the SISFAM scholarship eligibility form.
- 4.13 The financial feasibility of the job training and orientation subprogram is assured by means of the National Employment Fund (which is financed through a payroll tax equivalent to 1.5%); the fund currently has US\$230 million available and has forecasted revenue of US\$1.2 billion for the 1998-2002 period. Of this amount, US\$20 million would be used for job training in 1998; US\$55 million in 1999, and US\$75 million in the year 2000. To ensure the financial sustainability of training after the implementation period, the funding requirement is estimated to be on the order of

US\$100 million for 2001 and 2002 respectively. It should also be noted that, by the end of this subprogram's implementation period, the MTSS will have amassed a sizeable pool of modular courses, which can be used over and over to meet training demand; the only payments that will have to be made will be for training institution services, which are estimated at 30% of the course costs.

- 4.14 In the case of the scholarships subprogram, the MCE would make US\$90 million available to the PSE each year, drawing on the funds it is presently investing in school infrastructure, equipment and teacher-training, which amount to US\$400 million in 1997 (see paragraph 3.17).

D. Impact on women

- 4.15 In view of the progressively larger number of women in the country's labor force, and given that the rate of unemployment is higher for women than for men in all age groups, ^{9/} this program includes measures to expand employment opportunities for low-income women and prepare them for work in areas that enable them to obtain better compensation and benefits.
- 4.16 In April of this year the Ministry of Labor and Social Security and the National Women's Council concluded a framework agreement with the aim of promoting and enforcing equal opportunities for men and women in the workplace. Additional protocols to the framework agreement are now being signed for the Ministry's various programs. This should facilitate the Council's support in the identification of potential beneficiaries and the supply of information on the programs to women beneficiaries and women's organizations, as well as the provision of technical assistance. The Council would also provide assistance in the design of indicators and in assessing the programs' impact on the status of women in the various provinces.
- 4.17 The earlier stage of the training program (PARP-I) undoubtedly had a positive impact on the women who took part in it. However, it was hoped that more of these women would have joined the labor force. The present program will retain those measures that were effective in providing training benefits to women and institute new measures designed to improve their opportunities for entering the labor force. Such measures would include: (i) training activities for individuals in charge of conducting entry interviews with and offering vocational guidance to potential beneficiaries. This will enable the interviewers and guidance counselors to acquaint women beneficiaries with their rights as workers and to offer them appropriate advice that will help them opt for training in areas in

^{9/} Estimates of the System of Information, Monitoring and Evaluation of Social Programs (SIEMPRO) based on 1995 EPH-INDEC data indicate that the rate of unemployment in the 25 and over age group is 15.2% for women and 11.6% for men in the country's major urban centers.

which a demand for labor has been identified by the market and expedite their search for a job commensurate with the training received; (ii) visits to companies, meetings and events with business operators, managers, business associations and federations to discuss and exchange information on the experiences of women working in nontraditional areas in Argentina, with emphasis on the advantages and disadvantages that arise and the type of training these women are receiving; (iii) an advance commitment to accept women interns will be required; (iv) new mechanisms will be instituted to monitor and analyze the performance and participation of women periodically in each region and identify the difficulties they encounter during their training and job searches so that the necessary steps can be taken to correct such problems in advance. The results of this exercise will be written up and disseminated to other regions so that they may take similar preventive action; and (v) courses in areas registering serious employment problems will be discouraged.

- 4.18 In Argentina there are no significant differences between men and women in terms of the educational level attained and no observable gender-based differences in the school dropout rates. A number of studies have shown, however, that homes with a very low family income and a woman head of household run a higher risk of pulling their children out of school at an early age. The lack of income needed for the care of small children often has the result that older siblings are entrusted with that task (usually daughters) or required to contribute to the family income (usually sons). A woman-headed household is therefore regarded as an indicator of student-dropout risk and will accordingly be given priority treatment in awarding the scholarships. Also, since the number of teenage girls seeking to enter the labor market has been found to be rising as a percentage of the total adolescent population, rigorous surveillance and monitoring will be instituted to determine whether women have a stronger predisposition than men to drop out of school for this reason.

E. Ethnic impact

- 4.19 The following steps will be taken with a view to securing the participation of indigenous groups in this program in provinces with a high concentration of potential beneficiaries from these groups: (i) support for the National Indian Affairs Institute (INAI) will be promoted in the program's promotional drives; (ii) INAI will be requested to assist in sensitizing members of teams responsible for the evaluation, technical assistance and monitoring of the program to ethnic issues; (iii) staff of the MTSS's employment office will be sensitized and presented with recommendations for improving intermediation, orientation and job location services by eliminating discrimination in any form, including the exclusion of potential beneficiaries from indigenous groups; (iv) "mother tongue" will be added to the variables on accreditation forms for determining the participation of

beneficiaries from these groups in the various regions; and (v) monitoring instruments will be instituted to determine the number of program participants who are members of indigenous groups and identify the types of barriers that exist. These measures will be supplemented by actions under the vulnerable groups support program (AR-0161) to provide technical advisory services with a view to making materials in local languages available to potential beneficiaries when they do not read Spanish and providing tutors so that recipients of scholarships will perform as needed to continue receiving them in subsequent years.

F. Environmental and social impact

- 4.20 The program will have positive socioeconomic impacts. It will improve the quality of life of the beneficiaries by easing the problems of unemployment and low-income for at-risk sectors of the population through training, education, financial aid and employment guidance for the jobless. Notably, the program includes measures to expand employment opportunities for poor women and prepare them for work in areas that offer higher pay and benefits. It also includes measures aimed at securing the participation of indigenous groups in provinces having a high concentration of indigenous population. The annual program reports will evaluate the participation of and impact on women and indigenous groups in the various provinces. No negative environmental impacts are anticipated.

G. Program targeting

- 4.21 Pursuant to the Eighth Replenishment document (AB-1704, paragraph 2.15), it has been determined that the proposed program has the characteristics of a program targeted toward the low-income sectors. The Bank's poverty line for Argentina is the equivalent of US\$120 a month per capita, which represents approximately US\$500 a month of family income (average family size is four). The job training and orientation subprogram will pay a subsidy equal to US\$130 a month on average, i.e. one quarter of the poverty threshold and less than one half the average income of a head of household in the first income decile, in other words, an amount small enough to ensure that the subprogram will be self-targeting. The evaluation of the PARP-I program showed that 80% of the beneficiaries were poor. With respect to the scholarship subprogram, an eligibility requirement is that the monthly income of a beneficiary's household be less than US\$500, which coincides with the Bank's poverty definition; this income will be verified by using the SISFAM scholarship eligibility form. A further consideration is that the amount of the scholarship will be equal to US\$60 per month for 10 months, which is less than one half of the poverty threshold. According to paragraph 2.13 of the document cited above, the program falls within the category of social justice and poverty reduction because the investments target low-income groups.

H. Risks

- 4.22 Experience gained in other scholarship programs indicates that, in the absence of an appropriate beneficiary identification instrument that makes it possible to differentiate between students who are eligible and those who are not, subsidies awarded through the school system are apt to be granted to the entire universe of students in the system and to perpetuate themselves as an entitlement. To lessen this risk, a targeting instrument and scholarship-delivery mechanism was designed that takes account of the lessons learned and is expected to evolve into the sole instrument for targeting poor families; the Bank is providing support in this regard under the program to assist vulnerable groups (AR-0161).

**YOUTH PRODUCTIVITY AND EMPLOYABILITY SUPPORT PROGRAM (AR-0169)
SCHOLARSHIP SUBPROGRAM**

Impact Assessment 1/

OF IMPACT	INDICATOR	MEANS OF VERIFICATION	RESPONSIBILITY
te	<ul style="list-style-type: none"> - Percentage of school leavers, whether or not they go on to other schools - Percentage of dropouts among students with a scholarship, by school and province and for the country as a whole 	School records Surveys of school leavers	<ul style="list-style-type: none"> - School - MCE - Consultant - MCE
e	<ul style="list-style-type: none"> - Monthly attendance rate - Average monthly attendance rate for: <ul style="list-style-type: none"> * each school * scholarship recipients * unsuccessful scholarship candidates * non-scholarship students * total 	Random verification of school attendance records	<ul style="list-style-type: none"> - School - MCE
with passing grades	<ul style="list-style-type: none"> - Percentage of students with passing grades at the end of the school year, for: <ul style="list-style-type: none"> * scholarship recipients * unsuccessful scholarship candidates * non-scholarship students * total - At the school and province levels and for the country as a whole 	School records School database	<ul style="list-style-type: none"> - School - MCE
with failing grades	<ul style="list-style-type: none"> - Percentage of students with failing grades at the end of the school year, for: <ul style="list-style-type: none"> * scholarship recipients * unsuccessful scholarship candidates * non-scholarship students * total - At the school and province levels and for the country as a whole 	School records	<ul style="list-style-type: none"> - School - MCE

is to be used in setting up the mechanisms for accomplishing the following objectives: (i) determining the baseline for a series of education-system performance indicators for the scholarship program; and (ii) measuring the indicators with the greatest relevance to the impact of the scholarship program on PSE schools.

OF IMPACT	INDICATOR	MEANS OF VERIFICATION	RESPONSIBILITY
rates	<ul style="list-style-type: none"> - Percentage of students in grade X in year 1 enrolled in grade X+1 in year 2 	Registration and repeater lists by grade for years 1 and 2	<ul style="list-style-type: none"> - School - MCE
	<ul style="list-style-type: none"> - Percentage of students remaining in school from a given year to the next - Percentage of change in total enrollment 	School records	<ul style="list-style-type: none"> - School - MCE
	<ul style="list-style-type: none"> - Average scores, by school, in the national Spanish and Mathematics tests (taken in grades seven and nine of BGE and three of multimodal) 	MCE evaluation system	<ul style="list-style-type: none"> - MCE
n of parents, students	<ul style="list-style-type: none"> - Degree of satisfaction of parents and students with the way the scholar is being managed - Degree of satisfaction of parents, students and faculty with the school experience 	Surveys using satisfaction scales	<ul style="list-style-type: none"> - Consultant

**YOUTH PRODUCTIVITY AND EMPLOYABILITY SUPPORT PROGRAM
AR-0169**

LOGICAL FRAMEWORK

I. JOB TRAINING AND ORIENTATION SUBPROGRAM

OBJECTIVES	TARGETS	BENEFICIARIES	INDICATORS
TRAINING: Provide job training for occupations in the labor market for employability of the beneficiaries	Train 180,000 beneficiaries over a period of three years	Poor people of either sex between age 16 and 35 whose schooling has not progressed beyond the secondary level and who are in a marginal employment situation	(i) Number of beneficiaries trained; (ii) % entering the work force; (iii) time; (iv) % holding formal jobs; (v) growth; (vi) % of women participating; (vii) reentry into the formal and informal education system
REGIONAL TRAINING COUNCILS: Establishment of privately chartered training centers serving the economic groups in the local and regional level with the aim of helping to link the training with the demand for it and continuous job-training system	Six councils established as from the second year of the program. They will be located in the following regions: the northwest, the Cuyo region, the coastal region, the central region, the southern region, and in Buenos Aires.	Training institutions, companies and workers in each jurisdiction	(i) Entrepreneurs and workers from production sectors of the region are participating; (ii) other entities contributing to training, technological development and employment are participating; (iii) such outputs or services as the identification of job skills for occupational profile, validation of training modules and the formulation of training projects and studies on demand and the like.
TECHNICAL SUPPORT: (a) Assist in development of closer linkage among employment offices and consolidation of the employment-offices network with a view to providing the information on labor-market and demand and making the system effective	Linkage among employment offices and with the national employment offices network established in at least 14 of the country's jurisdictions in the second year of the program	The roughly 400,000 clients of the employment offices	Proportion of offices that refer beneficiaries to other offices of the locality or region; use and update the network's information system
Develop and improve the services offered by employment offices	100 employment offices involved in the development and improvement of services	The roughly 400,000 clients of the employment offices	(i) Number of users of the services offered by the employment offices; (ii) diversity and quality of the services offered by employment offices
Job-search support	Job-search assistance provided to 100,000 beneficiaries during the program	Low-income people of either sex in marginal employment situation who have skills to offer the labor market and require assistance in improving their job-search capabilities	Extent to which the beneficiaries are using the job-search tools and strategies

II. STUDENT RETENTION SCHOLARSHIP SUBPROGRAM

OBJECTIVES	TARGETS	BENEFICIARIES	INDICATORS
STUDENT RETENTION IPS: Provide financial aid to potential school-system dropouts to complete their studies and improve their future employability	Finance 197,000 scholarships over a three-year period	Teenagers of either sex between 13 and 19 years of age who belong to a poor family with an unemployed head of household and who, according to SISFAM scholarship form indicators, are at risk of dropping out of school	The following indicators will be compared with the baseline data, to be collected from participating schools at the end of the year: (i) retention rates; (ii) attendance rates; (iii) dropout rates; (iv) achievement rates measured by the National Educational Measurement System; (v) passing rates; (vi) promotion rates
STRENGTHENING THE MCE: Support the Education Operations Undersecretariat in implementing and evaluating the scholarship program	Target the 197,000 scholarships to poor students and households included among the candidates in accordance with the indicators on their forms	Administrative and technical staff of the Education Operations Undersecretariat and faculty and administrators of management schools	(i) Number of scholarship recipients as a percentage of candidates (make sure that candidates are accurately targeted according to the data on their forms); (ii) rose prioritizes candidates on the basis of their occupational status and dropout rate; (iii) form's validity in targeting beneficiaries; and (iv) percentage of checks cashed during the scholarship-allocation period.

PROPOSED RESOLUTION

ARGENTINA. LOAN ____/OC-AR TO THE REPUBLICA ARGENTINA
Support Program for the Productivity and Employability of Youth

The Board of Executive Directors

RESOLVES:

That the President of the Bank, or such representative as he shall designate, is authorized, in the name and on behalf of the Bank, to enter into such contract or contracts as may be necessary with the República Argentina, as Borrower, for the purpose of granting it a financing to cooperate in the execution of a Support Program for the Productivity and Employability of Youth. Such financing will be for the amount of up to three hundred and seventy million dollars of the United States of America (US\$370,000,000) from the Single Currency Facility of the Ordinary Capital resources of the Bank, and will be subject to the "Special Contractual Conditions" and the "Terms and Financial Conditions" of the Executive Summary of the Loan Proposal.