Report Number: ICRR0023063

1. Project Data

Project ID	Project Name
P143995	BO Improving employability
Country	**Practice Area(Lead)**
Bolivia	Social Protection & Jobs

L/C/TF Number(s)	Closing Date (Original)	Total Project Cost (USD)
IDA-54610	31-Dec-2020	7,090,652.86
Bank Approval Date	**Closing Date (Actual)**	
15-May-2014	31-Dec-2021	

	IBRD/IDA (USD)	Grants (USD)
Original Commitment	20,000,000.00	0.00
Revised Commitment	8,925,005.88	0.00
Actual	7,090,652.86	0.00

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2. Project Objectives and Components

a. Objectives

The Project Development Objective (PDO) for the Improving Employability and Labor Income of Youth Project (IELIYP) as set out on page 6 of the Grant Agreement was *to improve employability and labor income of poor youth by supporting the expansion of the Skills Development Program in Selected Cities.* The PDO in the Project Appraisal Document (PAD) had the same formulation.

The Skills Development Program referred to in the PDO is a national public employment program for youth that consists of vocational in-class training coupled with internships in private and public sector firms.

There were four key indicators supported by four intermediate indicators to measure progress towards achievement of the PDO.

"Selected cities" were the nine departmental capital cities (Trinidad, Sucre, Cochabamba, La Paz, Oruro, Cobija, Potosi, Santa Cruz, and Tarija), the City of El Alto, and five intermediate cities with more than 50,000 inhabitants; a total of 15 cities.

For the purposes of this evaluation, efficacy will be assessed separately for *[improved] employability of poor youth* and *[improved] labor income of poor youth.* The phrase *"…by supporting the expansion of the Skills Development Program in Selected Cities"* denotes an intermediate outcome generated by outputs from project activities and considered as part of the Results Chain.

A split rating will be applied to the evaluation to reflect a reduction in the scope of the project, including its geographic coverage.

b. Were the project objectives/key associated outcome targets revised during implementation?
Yes

Did the Board approve the revised objectives/key associated outcome targets?
No

c. Will a split evaluation be undertaken?
Yes

d. Components
Component 1: Improving and Expanding the Skills Development Program (estimated cost at appraisal US$15.8 million; actual cost US$5.39 million). The component had three sub-components**:**

Sub-component 1.1: Improving and expanding the *Mi Primer Empleo Digno* Program (MPED), a skills development program providing vocational in-class training coupled with internships in private and public sector firms for medium and auxiliary level technical jobs. MPED stipends were available for all eligible MPED beneficiaries to finance the training.

Sub-component 1.2: Implementing a pilot skills training and technical assistance program (MESTTA) for micro-entrepreneurs in the selected cities by designing and implementing a training program to enhance *inter alia* math, language, communications, ICT knowledge and entrepreneurial skills; providing technical assistance to improve and strengthen entrepreneurs' skills in specific areas as needed, and support the development of business plans and access to finance, including award of stipends.

Sub-component 1.3: Providing on a pilot basis remedial secondary education in selected cities as a second chance at formal education for poor youth to improve their access to jobs. Stipends were available for eligible students who had previously completed at least primary education.

Component 2: Strengthening the implementation arrangements to administer, monitor and evaluate skills development programs (estimated cost at appraisal US$5.7 million; actual cost US$1.7 million). The component had two sub-components:

Sub-component 2.1: Strengthening the implementation arrangements and the institutional capacity of the Ministry of Labor, Employment and Social Prevision (*Ministerio de Trabajo, Empleo y Prevision Social,* MTEPS) to administer and coordinate the Skills Development Programs. This was to be achieved by providing technical assistance support for the design and implementation of management information systems to promote skills development programs. This included the provision of ICT equipment, training for MTEPS staff to operate and maintain the systems, and by designing and implementing related information and communications strategies.

Sub-component 2.2: Strengthening the institutional capacity of the Economic and Social Policy Analysis Unit (*Unidad de Analisis de Politicas Sociales y Economicas*, UDAPE) in the Ministry of Development Planning (MDP) to improve the evaluation of the Skills Development Programs. The subcomponent included support for mid-term process evaluations of the implementation of the skills development programs to identify and rectify problems; and for monitoring of program results through beneficiary surveys, an impact evaluation of the micro-entrepreneurs' program, and technical assistance to improve UDAPE's financial management and procurement capacity.

Significant Changes During Implementation

Two level 2 restructurings were undertaken, one in 2017 and another in 2019.

The first restructuring was motivated by slow project startup and implementation – at end-December 2017, three years after project approval, only 2 percent of the Grant had been disbursed; and by a reorientation of education policy. Activities were modified for both project components:

Project management was shifted from the two ministries initially involved (Labor, Education) to MDP. This addressed the significant delays that had occurred in the early stages of project implementation, and it also changed the focus of the project – away from in-class vocational training towards workplace training (internships, job insertion) and skills training to enhance employability – items that better addressed immediate job market needs. Project activities were modified accordingly:

- Under component 1, sub-component 1.1 was revised to emphasize workplace training (internships, on-the-job training) and skills training as means to facilitate access to formal employment. Sub-components 1.2 (support to micro-entrepreneurs) and 1.3 (remedial education) were dropped as not fitting into the National Employment Plan (NEP).
- At the same time, the results framework was revised:
    - With the elimination of sub-component 1.2 and 1.3, the relevant indicators were also eliminated. The indicator for sub-component 1.2 (average labor earnings of youth entrepreneurs) was replaced by an indicator to measure the share of registered vacancies filled by project beneficiaries, mainly relevant to sub-component 1.1.

Under component 2, mid-term process evaluations were dropped.

- The closing date was postponed by a year due to those early delays, in particular a year-long delay in effectiveness due to low government priority following Board approval (ICR, p 26); as well as slow start-up of key activities due to an inexperienced implementation team.

The second restructuring sought increased flexibility in beneficiaries' access to training and introduced gender considerations:

- Skills training was delinked from participation in subsidized on-the-job training, as private firms were reluctant to offer jobs to registered youth, making it difficult to sequence programs.
- Packages of interventions (for instance, training and internships, or specific training and on-the-job training) replaced one-off interventions. Subsidies for on-the-job training were differentiated for men and women to facilitate increased women participation.

e. Comments on Project Cost, Financing, Borrower Contribution, and Dates

Project cost. Total project cost at appraisal was estimated at US$21.50 million. The actual cost at Closing was US$7.09 million. The lower actual amount mainly reflects a drop in spending on Component 1 "Improving and Expanding the Skills Development Program", with only 35 percent of the approved amount for that Component being disbursed; and a drop in spending on Component 2 "Strengthening the Implementation Arrangements to Administer, Monitor and Evaluate the Skills Development Program", with 66 percent of the approved amount for that Component being disbursed.

Financing. The project was financed with a US$20 million IDA Credit of which US$7.09 million was disbursed.

Borrower contribution. There was no Borrower contribution.

Dates. The project was approved on May 14, 2014, and became effective on September 29, 2015. The 16-month delay in effectiveness reflects the low priority given to the project by the government in place at the time of Board approval. The original closing date, December 31, 2020, was extended to December 31, 2021, at which time the project closed.

3. Relevance of Objectives

Rationale

The PDO is aligned with country needs and government policy at the level of youth employment, and it accords with Bank strategy in Bolivia.

At project start-up, almost a quarter of Bolivian youths (men and women) were neither employed or in school; and of those who were, their labor force participation was characterized by high levels of informal and non-salaried employment. Due to low skills, this group, mostly belonging to poor families, had significantly lower labor incomes than what non-poor youth were earning. For the past ten to twelve years, the lack of access of young workers to well-paying jobs or to on-the-job training has been a central concern of the government at central as well as local levels. This has in particular been the case for poor youth who lack basic and technical skills or labor market experience. While many of them may have jobs, their lack of skills limits their access to formal jobs and better earnings.

Against that background, the Bolivian government in 2009 launched an employment services mechanism (*servicio plurinacional de empleo, SPE)* providing intermediation and counseling services, and started seeking ways of expanding skills development programs. The project under review follows on and continues the support provided under a previous Bank project – Investment in Children and Youth Project (P101084). It is also aligned with research and best practice for youth skills development reflected in the Bank's World Development Report for 2013 on jobs. The Project is consistent with the latest World Bank Country Partnership Strategy (CPS) for FY16-FY20 (a new one is under preparation), where it responds to the first of two pillars guiding World Bank engagement – the promotion of broad-based and inclusive growth. Within that pillar, Objective 3 aims at improving income generation.

While the project was relevant to the needs of national youth, it did not generate the expected response from private sector companies. The ICR (ICR, page 24) notes that, while the project carried out consultations with the private sector to design interventions that would better meet company needs, companies still were reluctant to participate in implementation: they were just not interested in training/contracting people without skills or experience.

Rating

Substantial

4. Achievement of Objectives (Efficacy)

OBJECTIVE 1

Objective

To improve employability of poor youth in selected cities

Rationale

The theory of change held that improved employability of poor youth was to be achieved by improving and expanding the MPED skills development program in the selected cities through the provision of (i) training for medium and auxiliary level technicians; and (ii) MPED stipends for training participants. These outputs would plausibly contribute to improving employability and labor income of poor youth, as measured by increased in beneficiaries' employment rate and labor income.

Outputs and intermediate results

- The number of youths who benefited from the project was 5,626, short of the original target of target of 14,900.
- The number of cities covered by the program increased from 6 to 9, short of the original target of 15.

- The number of youths beneficiaries who completed skills certification was zero, not achieving the original target of 6,560.
- The number of youths who benefited from micro-entrepreneurs' skills training and technical assistance program (MESTTA) was zero, not achieving the original target of 2,000. This indicator was dropped with the 2017 restructuring that eliminated sub-component 1.2.
- The number of youths who completed secondary education with project support was zero, short of the original target of 2,240. This indicator was dropped with the 2017 restructuring that eliminated sub-component 1.3.

Outcomes

The share of beneficiaries with jobs with at least a minimum salary one year after completing participation in the project was 60 percent, exceeding the original target of 40 percent. According to an impact evaluation, youth who benefited from the project had a higher chance of obtaining employment than youth in a control group. Using a difference in difference method, the evaluation found that that participating in the project contributed to a 20-percentage point increase in employment rate. Although the project met its placement rate target, this was achieved for a smaller population than originally planned (5,262 vs. 14,900). For this reason, the overall efficacy rating for this objective is modest.

Rating
Modest

OBJECTIVE 1 REVISION 1
Revised Objective
To improve employability of poor youth in selected cities

Revised Rationale
The project maintained the same objective – to improve the employability of participating poor youth, albeit within a smaller geographic area (from 15 to 7 cities) and with a lower target population (from 14,900 to 6,500).

Outputs and intermediate results

- The number of youths who benefited from the project was 5,626, short of the revised target of 6,500.
- The number of cities covered by the program increased from 6 to 9, exceeding the revised target of 7.
- The number of youths who received on-the-job training was 4,368, exceeding the target of 4,000. This indicator was introduced at the 2017 restructuring.
- The number of youths who participated in internships was 1,052, short the target of 1,500. This indicator was introduced at the 2017 restructuring.
- The number of youths who completed the employability training course was 877, short of the target of target of 6,500. This indicator was introduced at the 2017 restructuring. The 2019 restructuring revised the target downwards to 3,500. The ICR notes that the were no formal assessment of the training outcomes (para. 41).

- The share of youths who completed the on-the-job training and / or internship was 43 percent, short of the target of 60 percent. This indicator was introduced at the 2019 restructuring.

Outcomes

The share of beneficiaries having jobs with at least a minimum salary one year after completing participation in the project was 60 percent, exceeding the revised target of 50 percent.

The percentage of employment vacancies registered during the project that are filled with a project beneficiary was 100 percent, exceeding the 50 percent target. This indicator was introduced at the 2017 restructuring.

Revised Rating
Substantial

OBJECTIVE 2

Objective
To improve labor income of poor youth in selected cities

Rationale
The Theory of change can be seen under Objective 1.

Outputs and intermediate results

See outputs and intermediate results reported above for Objective 1 (under original outcome targets and intermediate results indicators).

Outcome

Youth who benefited from the project had, on average, monthly labor income that was 10 percent higher than youth in a control group. This result fell short from the 20 percent target and was achieved for 5,626 youth, short of the original target of target of 14,900.

Rating
Modest

OBJECTIVE 2 REVISION 1

Revised Objective
To improve labor income of poor youth

Revised Rationale

The project maintained the same objective – to improve the labor income of poor youth, albeit within a smaller geographic area (from 15 to 7 cities) and with a lower target population (from 14,900 to 6,500).

Outputs and intermediate results

See outputs and intermediate results reported above for Objective 1 (under revised outcome targets and intermediate results indicators).

Outcomes

Youth who benefited from the project had, on average, monthly labor income that was 10 percent higher than youth in a control group. This result fell short from the 20 percent target and was achieved for 5,626 youth, short of the revised target of 6,500.

Revised Rating
Modest

OVERALL EFFICACY

Rationale
The two objectives to improve employability and labor income of poor youth were partly achieved. The achievements are consistent with a modest efficacy rating.

Overall Efficacy Rating	Primary Reason
Modest	Low achievement

OVERALL EFFICACY REVISION 1

Overall Efficacy Revision 1 Rationale
The objective to improve employability of poor youth was almost fully achieved while the objective to improve labor income of poor youth was partly achieved. The achievements are consistent with modest efficacy rating.

Overall Efficacy Revision 1 Rating	Primary Reason
Modest	Low achievement

5. Efficiency

The ICR did not include a quantitative economic analysis in the absence of sufficient data at the time of the Review. However, the PAD did undertake a benefit-cost analysis for sub-components 1.1 and 1.3. The internal rate of return for the former was estimated at 13.5 percent and 9.8 percent for the latter. The assumptions underlying the calculations were detailed in the PAD and are considered reasonable.

There were shortcomings in implementation efficiency early on in the project, as project effectiveness was delayed, and the project, once effective, experienced slow implementation resulting in its first restructuring. Underlying factors were uncertain government commitment (according to the ICR) and initially weak organizational arrangements. These factors were reflected in a low disbursement rate (2 percent of project funds) during the first three years of implementation. Later, social unrest elated to elections in 2019 and the negative effects of Covid 19 also reduced project efficiency.

The ICR reviewed unit costs of program delivery (ICR, pages 21 and 22), finding that the unit cost of job insertions at US$1,161 compared well with similar programs in other countries at similar levels of development and ranging between US$1,000 to US$2,000. Unit costs of training programs were low at US$73 and US$62, respectively, for soft skills and technical programs. At US$256, the ICR notes that the cost of internship programs was relatively high.

Efficiency Rating

Modest

a. If available, enter the Economic Rate of Return (ERR) and/or Financial Rate of Return (FRR) at appraisal and the re-estimated value at evaluation:

	Rate Available?	Point value (%)	*Coverage/Scope (%)
Appraisal	✓	13.50	0 ☑ Not Applicable
ICR Estimate		0	0 ☐ Not Applicable

* Refers to percent of total project cost for which ERR/FRR was calculated.

6. Outcome

In accordance with OPCS/IEG guidelines for restructured projects, the final Outcome rating is determined by the ratings for the original project and the restructured project, weighted by the percentage of Bank funds that disbursed before and after the restructurings. In this case, 82% of Bank funds were disbursed under the revised outcome targets.

Dimension	Original Objectives	Restructured Objectives
Relevance of objectives	High	
Efficacy		
Objective 1	Modest	Substantial
Objective 2	Modest	Modest

Overall Efficacy	Modest	Modest
Efficiency	Modest	
Outcome Rating	Moderately Unsatisfactory	Moderately Unsatisfactory
Outcome Rating Value	3	3
Amount Disbursed (US$ million)	1.3	5.79
Disbursement (%)	0.18	0.82
Weight Value	0.54	2.46
Total Weight Value	0.54 + 2.46 = 3	
Overall Outcome Rating	Moderately Unsatisfactory	

a. Outcome Rating
Moderately Unsatisfactory

7. Risk to Development Outcome

The ICR assesses the risk to development outcome as substantial, and this ICR Review finds this plausible. While the government has indicated that it is committed to youth employment (and this is reflected in programs launched at the local and central level around the Public Employment Service), many of the initiatives are dependent on foreign financing and, for instance, it remains unclear to what extent initiatives introduced under the project under review will continue, and at what level, without external support. Moreover, the COVID-19 epidemic also introduces a significant risk factor.

8. Assessment of Bank Performance

a. Quality-at-Entry
Project design was relevant to the PDO and would remain relevant through restructuring. It was more generally aligned with the Bank's partnership strategies in Bolivia, including with its focus on promoting a more skilled labor force. The original design was appropriate for the circumstances, drawing on World Bank experience in designing similar projects elsewhere in Latin America and other regions, as well as on its implementation experience in Bolivia. It was designed to strengthening implementation of outputs from an already ongoing youth employment project (P10184), and it was firmly ensconced in relevant employment and labor market policies that were in force at the time in the country.

That said, other challenges, notably an effort to benefit from access to a final IDA blend window for Bolivia, and a subsequent delay in effectiveness would disrupt a potentially seamless overlap with the earlier, still ongoing youth employment project. This created an unintended hiatus in financial flows to the programs supported by the two projects and delayed start-up of this project. Early implementation would also be slowed down due to process (PIU) weaknesses (insufficient guidelines, accounts structure, signature registration, and so forth) that would delay start-up and execution progress during the first few years of project implementation. Progress would also be slowed down by insufficient mobilization of private firms to support workplace training and facilitate subsidized employment. (These aims would later be actively pursued as a result of revisions to project design during the 2017 restructuring that placed emphasis on insertion and workplace training.)

Quality-at-Entry Rating

Moderately Satisfactory

b. Quality of supervision

With the arrival of a new government in 2017 the emphasis of the project changed, in broad terms, from skills training to job insertion. This raised the need for a more active participation of private firms in the job market, something they had been reluctant to do with the earlier, strong link between in-class and on-the-job training. This was to require significant technical and field-level support to keep the project in line with the government's new priorities and maintain the focus on increasing employability. Here, the supervision effort appears to have been successful. Supervision missions with the appropriate skills content were organized every six months, including provision of technical assistance. They included two course corrections in the form of the restructurings, the first one significant (as noted in the Section on Significant Changes), the second one involving more technical adjustments; both were undertaken in close collaboration with the government.

Quality of Supervision Rating

Satisfactory

Overall Bank Performance Rating

Moderately Satisfactory

9. M&E Design, Implementation, & Utilization

a. M&E Design

Objectives were straightforward, and indicators were relevant and measurable. The M&E framework, while not specifically articulated, was nevertheless designed to allow tracking of performance, adjust implementation if needed, and demonstrate the impact of policy interventions. Process and impact evaluations as well as tracking survey analysis were undertaken to improve implementation by monitoring results and outcomes of the skills development programs. The Project Coordination Unit (NCU) in the Ministry of Labor served as the implementation entity with overall responsibility for project implementation. At local levels, the project was to be implemented by departmental project offices, supported by technical assistance from the project.

b. M&E Implementation

Monitoring of implementation was undertaken through World Bank missions and by client entities – initially the national coordination unit (NCU) which at the local level operated through project offices in the participating departments. Towards the end of the project, monitoring encountered problems – progress data was not readily available or on-time and was incomplete. The ICR (page 28) points out that this was partly due to the absence of a fully operational monitoring systems: monitoring data was collected from different sources and consolidated manually.

c. M&E Utilization

Information was gathered through supervision and used to adjust project activities. The information system consisted of several modules on different themes but was not fully completed and delayed delay data consolidation.

M&E Quality Rating

Modest

10. Other Issues

a. Safeguards

The project was rated Environmental Category C and did not have any safeguards triggered. During implementation, the environmental risk rating and environmental safeguard performance were defined as low and satisfactory, respectively.

b. Fiduciary Compliance

Financial management. Annual audits were consistently clean. There were delays in contracting and completing the audit for 2020. By project completion, the borrower had finalized all financial activities. The final audit and evaluation activities were completed by the closing date. All amounts due to the companies participating in the project were honored, and the borrower completed an inventory of the project's goods.

Procurement. Procurement activities were affected by frequent staff changes, requiring training by the World Bank of new staff joining the project implementation unit (PIU). Contracts of the original PIU were not signed on time, causing delays to project implementation. Migrating to new World Bank procurement guidelines, revised in 2017, also caused delays. Using the Systematic Tracking of Exchanges in Procurement was challenging and required substantial training. One key aspect during implementation was ensuring that the project archives and documents on procurement activities were formally transmitted between implementation teams and executing agencies.

c. Unintended impacts (Positive or Negative)

None noted.

d. Other

Gender. During project implementation, a total of 7,939 women applied to project programs, representing 46 percent of the total applicants. There was a steady increase in the number of women participating in the programs up to 2019, and in 2020, the number of applicant women surpassed the number of men, reaching 53 percent of the total number of applicants. The trend confirmed Government efforts to promote gender equity. The original PAD included support for women with children under six years of age, participating in the MPED, through stipends to cover subsistence, transportation, and day care costs. After the 2017 restructuring, the PMEIL included day care support for young mothers during the two-month training phase. For the on-the job training/job insertion, it included support for the first payment of the prenatal allowance (a monetary incentive for the birth of a child). In 2019 during second restructuring, the childcare benefit was extended to women who participate in the internship program (not only in the on-the-job training); the value of the benefit was set at BOB 100 per month per child; and the gross wage subsidy was increased by 5 percentage points for women in on-the-job training.

11. Ratings

Ratings	ICR	IEG	Reason for Disagreements/Comment
Outcome	Moderately Unsatisfactory	Moderately Unsatisfactory	
Bank Performance	Moderately Satisfactory	Moderately Satisfactory	
Quality of M&E	Modest	Modest	
Quality of ICR	---	Substantial	

12. Lessons

The following lessons are drawn from the ICR.

In a complex context, opt for a straightforward project design. While this project was well-grounded in country strategy, it nevertheless was challenged by a difficult institutional (and political) context: Two institutions, unfamiliar with the World Bank, were initially assigned to managing the project, generating significant delays and uncertainties about implementation, and requiring a rationalization of project design.

A successful project needs the involvement of all key participating parties, including public and private sector representatives. A constructive dialogue was developed between the Bank and the government, allowing agreement on two significant restructurings. However, insufficient attention was paid to involving private firms, which were a necessary ingredient in ensuring successful implementation. This would become a contributing factor to lower project targets.

Applying available targeting tools can ensure adequate beneficiary targeting. The project used existing targeting tools, applied under the previous project effectively reaching the relevant population – vulnerable youth from low-income families with low education levels.

13. Assessment Recommended?

No

14. Comments on Quality of ICR

The ICR provided extensive information on project implementation that allowed the project to be assessed, and the results and ratings of the operation to be summarized and evaluated. Still, the discussion around the split rating, as well as its application methodology made the drawing conclusions from it, difficult: conventionally, the achievement of objectives is assessed across the entire duration of the project for both sets of objectives; here, this did not seem to be the case. Beyond that, the ICR is candid, relatively concise, and followed the guidelines. The evidence and analysis are consistent with the evidence laid out in the ICR, as reflected in the similarity of ratings between the ICR and the ICRR. A notable exception is the rating of Bank performance, where the IEG is inclined to take a stricter approach to the weaknesses in design and their importance for project outcomes.

a. Quality of ICR Rating

Substantial