



RESTRUCTURING PAPER
ON A
PROPOSED PROJECT RESTRUCTURING
OF
BOLIVIA: IMPROVING EMPLOYABILITY AND LABOR INCOME OF YOUTH PROJECT
APPROVED ON MAY 15, 2014
TO
PLURINATIONAL STATE OF BOLIVIA

SOCIAL PROTECTION & JOBS

LATIN AMERICA AND CARIBBEAN

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ABBREVIATIONS AND ACRONYMS

Bs	Bolivianos
CD	Country Director
FA	Financial Agreement
IDA	International Development Association
IE	Impact Evaluation
MoL	Ministry of Labor
MoP	Ministry of Development Planning
MPED	Mi Primer Empleo Digno
MIS	Management Information System
PDO	Project Development Objective
PREGIPS	Plataforma de Registro Integrado de Programas Sociales
PIU	Project Implementation Unit
PMEIL	Proyecto de Mejora de la Empleabilidad e Ingresos Laborales para Jóvenes
SDR	Special Drawing Rights
STEP	Systematic Tracking of Exchanges in Procurement
UDAPE	Economic and Social Policy Analysis Unit



BASIC DATA

Product Information

Project ID P143995	Financing Instrument Investment Project Financing
Original EA Category Not Required (C)	Current EA Category Not Required (C)
Approval Date 15-May-2014	Current Closing Date 31-Dec-2021

Organizations

Borrower Plurinational State of Bolivia	Responsible Agency Coordinacion General del Plan Generacion de Empleo, Ministry of Development Planning (Ministerio de Planificación del Desarrollo)
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Project Development Objective (PDO)

Original PDO

The objective of the Project is to improve employability and labor income of poor youth by supporting the expansion of the Skills Development Programs in Selected Cities.

Summary Status of Financing

Ln/Cr/Tf	Approval	Signing	Effectiveness	Closing	Net Commitment	Disbursed	Undisbursed
IDA-54610	15-May-2014	01-Oct-2014	29-Sep-2015	31-Dec-2021	20.00	3.09	14.69

Policy Waiver(s)

Does this restructuring trigger the need for any policy waiver(s)?

No



I. PROJECT STATUS AND RATIONALE FOR RESTRUCTURING

Background. The Project was approved on May 15, 2014 with an original Closing Date of December 31, 2020. The Project was restructured in 2017 at the request of the Government: the legal agreement amendment was signed in December 2017, Effectiveness Date of the Project restructuring was achieved in April 19, 2018, and the closing date was revised to December 31, 2021. The Ministry of Development Planning (MOP) replaced the Labor Ministry as the new executing agency. The Project became one of several programs under the umbrella "Employment Generation Plan", which is one of the main strategies of the Government to promote youth employment and improvement of skills. While the Project Development Objective (PDO) and its indicators remained the same, the change of the executing agency and design of interventions, the rebranding of the program, and introduction of new implementation arrangements required nearly the same amount of time that a new Project would require to get off the ground. Despite these challenges, a new Project Implementation Unit (PIU) was created relatively quickly and Project implementation has advanced, as evidenced in the number of direct Project beneficiaries.

Progress towards Achievement of the PDO. The Project is rated as Moderately Unsatisfactory on progress towards the PDO, given the initial implementation delays. The Project has four PDO indicators: two on labor market outcomes of the interventions, one on quality of supply and demand matching, and one on geographic coverage. The progress per PDO each indicator has been depicted in the table below.

PDO indicator	Original target	Progress to date	Comment
Increase in the average labor income of Project beneficiaries one year after completing on-the-job training	20%	Impact evaluation (IE) strategy defined; ongoing preparatory activities for IE.	Measured on the cohort of beneficiaries who entered the program between January 2018 and June 2019. The cutoff is necessary so that the data can be collected and processed by the time of the project's closing (December 2021). At least 1500 young people will be measured for these indicators.
Increase in the placement rate of Project beneficiaries in a job with at least minimum salary 12 months after completing the on-the-job training	50%		
Percentage of vacancies registered during the Project that are filled with a Project beneficiary	50%	100%	Since the supply of vacancies is relatively small compared to the number of registered applicants, identifying suitable candidates has not been a major challenge. The indicator is tracking the number of vacancies covered by the Project beneficiaries in regard to the total of vacancies reported by the firms during the last 6 months.
Expansion of geographical coverage of the Project	7	8	The program has offices and beneficiaries in El Alto, La Paz, Cochabamba, Santa Cruz de la Sierra, Oruro, Tarija, Potosi, and Sucre.



Assessment of the Implementation Progress. The Project's implementation progress is rated Moderately Satisfactory. Following the restructuring in April 2018, the Project has registered significant implementation progress in terms of the expansion of coverage activities, reduced fiduciary risk, and improved institutional capacity to carry out Project activities to reach the intended goals. Disbursements and beneficiary numbers have significantly increased from 2018; the Loan disbursement has reached US\$ 2,63 million to September 2019 and the remaining amount has already been committed. The number of direct Project beneficiaries has increased from 573 in September 2018 to 2,200 (33 percent out of target 6,500) in August 2019. A first assessment of beneficiaries' profiles based on registry data highlighted that more than 95 percent of the program's applicants are classified through the PREGIPS algorithm (proxy means-test) as poor or extreme poor. This suggests that the program is very well targeted. While the subsidized job placements may not necessarily create new jobs (as there may be a substitution effect), this data confirms that the wage subsidies are benefitting the poorest segment of the labor market, which is one of the main value-additions of the Project. This segment includes youth with the same socio-economic status who would rarely find a formal job otherwise, as reflected in the latest household survey labor market analysis.

The main intervention under Component 1 consists of an 11-month wage subsidy (equivalent to 30 percent of the gross minimum wage labor cost in formal enterprises), which in turn commits to providing on-the-job training. The progress in implementation has already been recorded with the increased number of beneficiaries participating in this activity and related disbursement. The call for proposals for the employability skills training, another key activity under Component 1, was published in late March and the contract was awarded in early June 2019. The implementation of the employability skills training will further advance Project implementation. Under Component 2, the MoP's institutional capacity has improved with a fully staffed team, greater organizational ability to anticipate and resolve implementation problems, as well as stronger Government ownership of the Project, including its full commitment to the ongoing preparatory activities for impact evaluation (IE). The client had taken concrete steps in the definition of an appropriate identification strategy through administrative data that would lead to close-to-experimental design. To measure the impact of the on-the-job training program, the MoP will field a follow up survey with treatment and control groups 12 months after completing their training.

The following key sections of the Management Information System (MIS) are fully developed: the online Registry of Beneficiaries youth and firms bounded with the Plurinational Identification Service (SEGIP); the eligibility screening tool connected with PREGIPS; and, the firm vacancies registration portal articulated with the National Tax Service (SIN). The system to manage subsidies to firms for on-the-job training and intermediation of demand and supply is still under development. The MIS is already generating on line records and is also regularizing the former data.

The PIU is recording all procurement processes in STEP and the procurement capacity assessment rated the PIU satisfactory. The financial management arrangements under the Project are adequate and acceptable to the Bank, and there are no overdue audits under the project.

Rationale for restructuring

The Project aspires to align with the emerging international good practice of offering different packages of services to different subgroups of beneficiaries based on needs and opportunities. The main challenge in implementation so far has been in identifying enough employers that would offer as many vacancies as registered youth. Moreover, the employers have shown limited ability to plan sufficiently in advance their workforce needs, making it more challenging to nest technical and employability training between the confirmation of the job match and the beginning of the on-the-job learning period. The project design and implementation have emphasized, yet not completely achieved, gender equality



in hiring during the on-the-job training. Finally, many young people have expressed need and availability to partake in training programs regardless of the availability of government subsidized vacancies.

The proposed change involves the MoP's intention to decouple beneficiaries' participation in skills development trainings from participation in the subsidized on-the-job training. The eligible beneficiary youth will be able to participate in skills development training programs (either technical or general) even if they have not yet been assigned a subsidized on-the-job placement program. The Project will also expand the modality to provide technical skills to beneficiaries. While the original design anticipated only the provision of these skills through reimbursement vouchers for short programs, the client would like to also have the option to organize and contract out technical skills training to qualified institutions. The proposed activities fit with the existent Project description that are aimed at improving and expanding the program in selected cities through: (a) the provision of training in employability and job specific skills; and (b) the payment of stipends and subsidies to cover part of the cost of salaries and employer contributions for all eligible beneficiaries during their internships. The rationale for this change is that the programs with the most relevant skills remain under-supplied in the existing providers landscape or are prohibitively costly. Such changes will further increase the number of Project beneficiaries and disbursement levels (due to financing of new training programs), without jeopardizing the initial objective of offering subsidized on-the-job training and skills development. The proposed change necessitates a reallocation of limited proceeds among disbursement categories and adjustment of disbursement estimates, as well as introducing "Training" as an Eligible Expenditure. The Results Framework will be updated to better reflect developments on the ground, including the introduction of a few new strategies in line with the MoP's priorities that are consistent with the PDO. Those strategies are not affecting the Project Description and there is no need to include new expenditures categories, although a new type of Eligible Expenditure (Training) will be included under the existent Category 1.

In a letter dated June 7, 2019, the Government of Bolivia requested the World Bank to restructure the Project, including to revise the Results Framework, update disbursement estimates, and reallocate funds among expenditure categories. This restructuring is aimed at improving the implementation performance by introducing the adjustments and making it more consistent with Project realities. The proposed changes in the Results Framework and the reallocation of proceeds would allow the Project to better respond to the expectations and demands generated since the previous restructuring. With the proposed restructuring, the Project would achieve more adequately its stated objective and expected results. The revised and new indicators will enhance monitoring of Project implementation and progress towards achieving the PDO.

II. DESCRIPTION OF PROPOSED CHANGES

This proposed restructuring envisages the revision of the Results Framework, reallocation of proceeds, and adjustment of disbursement estimates:

1. **Results/indicators.** Based on the developments under the project, agreements reached during the mission, and the Government's written request, the restructuring will:
 - i) Clarify the explanation of how each one of the PDO indicators will be tracked. The wording of PDO indicators remain unchanged.
 - ii) Improve the tracking of each one of the interventions in the program, separately from each other, in order to better track implementation progress in every activity of the Project.
 - iii) Add two new intermediate indicators to track: beneficiaries that participated in the internships and, separately, those beneficiaries who completed the on-the-job-training or internship.



- iv) Include new indicator to measure the utilization by employers of the PMEIL programs compared to the other wage subsidies offered by the Employment Generation Plan.

The result matrix in annex 1 includes a detailed explanation of each change and of its rationale.

2. **Reallocation of Proceeds.** Proposed changes in the reallocation of proceeds between categories have been summarized in the table below. They include the transfers among all categories, most notably the transfer of SDR 231,695 from Category (2) to Category (1) and Category (5) to finance implementation of prioritized Training and Operating Cost under Part A and Part B.1 of the Project. Under Category (3), the Government requested a lower amount (SDR264,820.50) than disbursed by the Ministry of Labor (MoL). The proposed amount was corrected to cover for full disbursed amount. In Category (4) the Government requested SDR 43,439.58 which is higher than the disbursed amount executed formerly by UDAPE. The proposed amount was corrected to match with the amount already disbursed. The amount of Category (6) has increased, given that the Government needs to have a greater contingency forecast to cover unexpected salaries, subsidies, stipends and other social contributions. The total amount left under this Category (SDR214,700.92) will be used by the Project; for using this unallocated Category a future restructuring will need to be processed to reallocate unallocated funds to existent Categories of Eligible Expenditures.
3. **“Training” as an Eligible Expenditure under Category 1.** The proposed necessitates introduction of “Training” as an Eligible Expenditure under Category 1 to finance the above discussed training needs.
4. **Changes in Disbursement estimates.** The adjustment of disbursement estimates reflects the higher resource allocation for 2019 that would allow the Project to catch up with lagged disbursements, increase the scope of planned activities, and speed up the Project implementation.
5. **Change in the definition of “Remuneration”.** In order to reduce the observed discrimination placed by employers against hiring female candidates, the subsidy for the on the job training will be differentiated between men and women beneficiaries, with an additional 5% of the total gross wage assigned for women beneficiaries (on top of the 30% already planned for).
6. **Other Changes.** The restructuring proposes certain adjustments aimed at broadening the options for target groups and, consequently, increasing the number of Project beneficiaries. The proposed adjustments are summarized as follows:
 - a. **Childcare Benefit for beneficiaries** with children under 5 is extended also for female beneficiaries that take part in formal training or internships (not only during the on-the-job training); the value has raised to 100 Bs per month per child.
 - b. **Technical training (*capacitación técnica específica*)** maintains the objective of strengthening the technical background of the beneficiaries with the view of improving their insertion in the labor market. Implementation modalities are broadened in the following ways: (i) the Program may pay the fees of a training course in which beneficiary youth take part, and not only reimburse it thereafter, in order to ease liquidity constraints; (ii) the maximum reimbursement price for training is increased from 500 to 700 Bs; (iii) Registered eligible beneficiaries can take part in a technical training regardless of their participation in a subsidized on-the-job learning; (iv) the MoP may contract out the provision of technical training programs.



- c. **Employability training programs.** The participants can receive a stipend up to 80 Bs per day in order to meet their basic subsistence cost. Registered eligible beneficiaries can take part in the employability training regardless of their participation in a subsidized on-the-job learning.
- d. **On-the-job training (*capacitación in situ*).** The 11 months of labor market insertion will no longer be preceded by 2 months of formalized on the job training by employers. This decision was reached after observing employer reluctance to participate in the Program due to this additional obligation to formally train the young person in the firm. Instead, the entire 11 months of work will be considered “on the job training”. Moreover, the program will distribute, at times of hiring, written material to the employers regarding the code of conduct and good practices to ensure the PMEIL beneficiary learns on the job.
- e. **Adjustment of the wage subsidy to the recent changes in the labor law.** In line with the recent changes in the labor legislation, the program will also offer a part-time job option, and reimburse employers for new non-wage costs, such as the 14th annual salary (Doble Aguinaldo), and pre-natality bonus and the new solidarity charge.

I. SUMMARY OF CHANGES

	Changed	Not Changed
Results Framework	✓	
Reallocation between Disbursement Categories	✓	
Disbursement Estimates	✓	
Other Change(s)	✓	
Implementing Agency		✓
DDO Status		✓
Project's Development Objectives		✓
Components and Cost		✓
Loan Closing Date(s)		✓
Cancellations Proposed		✓
Disbursements Arrangements		✓
Overall Risk Rating		✓
Safeguard Policies Triggered		✓
EA category		✓
Legal Covenants		✓
Institutional Arrangements		✓
Financial Management		✓
Procurement		✓



Implementation Schedule		✓
Economic and Financial Analysis		✓
Technical Analysis		✓
Social Analysis		✓
Environmental Analysis		✓

IV. DETAILED CHANGE(S)**REALLOCATION BETWEEN DISBURSEMENT CATEGORIES**

Current Allocation	Actuals + Committed	Proposed Allocation	Financing % (Type Total)	
			Current	Proposed
IDA-54610-001 Currency: XDR				
iLap Category Sequence No: 1	Current Expenditure Category: NCS, CS and OP Costs - Part A			
720,400.00	0.00	840,663.00	100.00	100.00
iLap Category Sequence No: 2	Current Expenditure Category: Stipends, Remunerations, Employer Contribution - Part A			
10,243,800.00	629,919.32	9,998,144.00	100.00	100.00
iLap Category Sequence No: 3	Current Expenditure Category: GO,NCS,CS (audit),TR and OP Costs for MoL - Part B.2			
265,460.00	264,820.50	264,820.50	100.00	100.00
iLap Category Sequence No: 4	Current Expenditure Category: GO,NCS,CS (audit),TR & OP Costs for UDAPE - Part B.2			
43,440.00	43,439.58	43,439.58	100.00	100.00
iLap Category Sequence No: 5	Current Expenditure Category: GO,NCS,CS (audit),TR & OP Costs - Part B.1			
1,526,800.00	362,563.13	1,638,232.00	100.00	100.00
iLap Category Sequence No: 6	Current Expenditure Category: Unallocated			



	200,100.00	0.00	214,700.92	100.00	100.00
Total	13,000,000.00	1,300,742.53	13,000,000.00		

DISBURSEMENT ESTIMATES

Change in Disbursement Estimates

Yes

Year	Current	Proposed
2014	0.00	0.00
2015	0.00	1,000,000.00
2016	0.00	296,125.25
2017	296,125.25	400,000.00
2018	400,000.00	372,026.71
2019	4,400,000.00	566,496.00
2020	9,300,000.00	7,500,000.00
2021	3,825,727.75	8,046,415.86



Results framework

COUNTRY: Bolivia

Bolivia: Improving Employability and Labor Income of Youth Project

Project Development Objectives(s)

The objective of the Project is to improve employability and labor income of poor youth by supporting the expansion of the Skills Development Programs in Selected Cities.

Project Development Objective Indicators by Objectives/ Outcomes

Indicator Name	DLI	Baseline	Intermediate Targets			End Target
			1	2	3	
Improving Employability and Labor Income of Vulnerable Youth						
Increase in the average labor income of PMEIL beneficiaries one year after completing the on-job training. (Percentage)		0.00			20.00	20.00
Action: This indicator has been Revised	<p>Rationale: <i>"On the job training" is defined as the participation by the beneficiary in a subsidized job placement in a participating firm under the program for a maximum of 11 months.</i></p> <p>Clarification of the description of the indicator: <i>The indicator will compare the average income of the beneficiaries before and after entering to the program. On the job training takes place during the 11-month labor insertion cycle with economic incentives from the program.</i></p>					
Increase in the placement rate of PMEIL beneficiaries in a job with at least minimum salary one year after completing the on-the-job training. (Percentage)		0.00			40.00	50.00
Action: This indicator has been Revised	Rationale:					



Indicator Name	DLI	Baseline	Intermediate Targets			End Target
			1	2	3	
			<p><i>Clarification on the description of the indicator: The indicator will measure the number of beneficiaries that have a subsidized job placement earning at least the minimum wage over the total number of beneficiaries who answered the follow-up survey that will be carried out one year after the conclusion of the on the job training.</i></p> <p><i>"On the job training" is defined as the participation by the beneficiary in a subsidized job placement in a participating firm under the program for a maximum of 11 months.</i></p>			
Percentage of vacancies registered during the project that are filled with a project beneficiary (Percentage)		0.00				50.00
Action: This indicator has been Revised			<p>Rationale: <i>The indicator remains unchanged. Clarification of Description: vacancies may be filled either by an internship or through on-the-job training modality. The indicator will measure number of vacancies filled by a beneficiary over total number of vacancies registered by an employer the previous six months.</i></p>			
Expansion of geographical coverage of the PMEIL (Number)		0.00				7.00
Action: This indicator has been Revised			<p>Rationale: <i>The slight modification in wording updates the name of the program to PMEIL for consistency (instead of Skills Development Program).</i></p>			

Intermediate Results Indicators by Components

Indicator Name	DLI	Baseline	Intermediate Targets				End Target
			1	2	3	4	
Component 1 - Improving and Expanding the Skills Development Program (US\$15.38 million IDA)							



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Bolivia: Improving Employability and Labor Income of Youth Project (P143995)

Indicator Name	DLI	Baseline	Intermediate Targets				End Target
			1	2	3	4	
Direct Project beneficiaries (Number)		0.00					6,500.00
Action: This indicator has been Revised	Rationale: <i>No change in wording. Additional clarification provided: this indicator refers to the beneficiaries of all interventions/measures under the project: on-the job training, internship, employability skills training, specific technical training.</i>						
Percentage of female beneficiaries (Percentage)		40.00	50.00	50.00	50.00	50.00	50.00
Beneficiaries of labor market programs (CRI, Number)		0.00					6,500.00
Action: This indicator has been Revised							
Beneficiaries of labor market programs - Female (CRI, Number)		0.00					3,250.00
Action: This indicator has been Revised							
Beneficiaries that have received on-the-job training (Number)		0.00					4,000.00
Action: This indicator has been Revised	Rationale: <i>The wording has been changed to clarify that the indicator tracks beneficiaries which received of the on-the job training ("capacitacion en situ"). On-the job training is the 11 months subsidized employment intervention that is also measured in PDO indicators 1 and 2. The target value of this indicator has been adjusted to 4000 accordingly as there is now a separate indicator for internships and skills training. The indicator measures the number of youth that have received (i.e. participated) in the intervention regardless of whether they completed the 11 months term or ended earlier. A separate indicator measures completion rates. Additional indicators that are measuring the results of other activities included in the Project cycle.</i>						



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Bolivia: Improving Employability and Labor Income of Youth Project (P143995)

Indicator Name	DLI	Baseline	Intermediate Targets				End Target
			1	2	3	4	
Beneficiaries of internships (Number)		131.00					1,500.00
Action: This indicator is New	<p>Rationale: New Indicator: This refers to any beneficiary who participated in the internship program, regardless of whether the participant completed it. Completion rates are measured in a separate indicator. This new indicator tracks beneficiaries of internships separately from those of the on-the-job training since, after restructuring, the two modalities of learning inside firms can be administered independently from each other.</p>						
Beneficiaries that have completed the employability training course. (Number)		0.00	0.00	0.00	560.00	1,120.00	3,500.00
Action: This indicator has been Revised	<p>Rationale: The indicator remains unchanged, the target adjusted to 3500 to account for the fact that instead of measuring total training participants, the indicator measures only those who completed the training. Higher risk of desertion was detected during implementation pilots.</p>						
Beneficiaries that have completed the on-the-job training and/or internship (Percentage)		60.00					60.00
Action: This indicator is New	<p>Rationale: New indicator: This indicator measures completion rates (percentage completing over total who received) of the on-the-job training or internship. Completion is achieved when the beneficiary has spent the total planned number of months in the firm for that program.</p>						
Employers who registered vacancies in PMEIL over total employers who registered		50.00					50.00



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Bolivia: Improving Employability and Labor Income of Youth Project (P143995)

Indicator Name	DLI	Baseline	Intermediate Targets				End Target
			1	2	3	4	
vacancies in the Labor Insertion Program (Percentage)							
Action: This indicator has been Revised	<p>Rationale: <i>This new indicator tracks the percentage of employers that use any of the wage subsidy programs promoted by the Plan Generacion Empleo who make use of the PMEIL option. The goal is to have a balance between different instruments/ alternatives.</i> <i>The original indicator on number of employers posting vacancies proved to be uninformative since it would not track the actual number of vacancies and single employers could post multiple vacancies. Also, the two indicators on the number of internships and on-the-job training already give a more precise idea of the number of vacancies made available in the project. From inception all of the vacancies that employers registered are filled.</i></p>						
Number of Registered Vacancies (Number)		0.00					4,000.00
Action: This indicator has been Marked for Deletion	<p>Rationale: <i>This indicator was not part of the original results framework and is not being tracked.</i></p>						