## BASIC INFORMATION

### A. Basic Project Data

<table>
<thead>
<tr>
<th>Country</th>
<th>Project ID</th>
<th>Project Name</th>
<th>Parent Project ID (if any)</th>
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<td>P176781</td>
<td>Promoting Better Jobs through Integrated Labor and Skills Programs in Argentina</td>
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<td>24-Feb-2022</td>
<td>Social Protection &amp; Jobs</td>
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<th>Financing Instrument</th>
<th>Borrower(s)</th>
<th>Implementing Agency</th>
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<tr>
<td>Investment Project Financing</td>
<td>Argentine Republic</td>
<td>Ministry of Labor, Employment and Social Security</td>
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### Proposed Development Objective(s)

Improve the employment of targeted groups and strengthen the quality and availability of training and employment services in Argentina.

### Components

- Expansion and Strengthening of a Labor Competency-based Training and Certification System
- Stipends to promote participation in selected ALMPs
- Strengthening the network of OEM
- Strengthening evaluation and information systems
- Project Management and Monitoring

## PROJECT FINANCING DATA (US$, Millions)

### SUMMARY

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount (US$ Million)</th>
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<td>of which IBRD/IDA</td>
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<td>Financing Gap</td>
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### DETAILS
B. Introduction and Context

Country Context

1. Argentina has a historically large and strong middle-income class, with social indicators that are in general above the regional average; however, persistent social inequalities, volatility of economic growth and underinvestment have limited the country’s development. Urban poverty in Argentina reached 40.6 percent of the population in the first semester of 2021, and 10.7 percent of Argentines live in extreme poverty. Childhood poverty, for children under 14 years old, is at 54.3 percent. In the metropolitan area of Buenos Aires, the high vulnerability of low-income population can be illustrated by its crowded living conditions and high dependence on informal economic activities. Decades of chronically low investment have led to sizeable gaps in capital stock vis-à-vis other countries, with public capital expenditures as a share of Gross Domestic Product (GDP) at historically low levels, despite a slight increase in 2021.

2. The country’s economy is vulnerable¹ to a variety of climate stressors and extreme weather events. Argentina’s varied geophysical landscapes are exposed to different climate change effects. It ranks 75 in vulnerability and 107 in preparedness for climate change according to the ND-GAIN Country Index.² Climate-related natural hazards resulted in over US$4 billion in losses since 2006.³ Important economic and wealth-related losses from flooding (US$22.500 million since 1980) and droughts (reducing up to 2.5 percent of the country’s yearly economic production) continue to increase. In the future, floods are expected to cause economic losses of US$700 million every year and can potentially affect 14.2 million people.⁴ The rural poor whose livelihood choices are limited and highly dependent on natural resources are disproportionally vulnerable to risks associated with expected climate change impacts. The expected decreasing crop yields and reduced access to drinking water due to climate change are likely negatively affect the health of poor people and pose a real threat to food security, pushing them even further into poverty.

3. The Coronavirus Disease of 2019 (COVID-19) outbreak hit Argentina at a time when its economy faced significant macroeconomic imbalances and a highly uncertain outlook. Following a two-year recession, high inflation, and lack of access to capital markets, the COVID-19 outbreak led to the implementation of a strict lockdown to contain

1 For the purpose of this project, vulnerability will be addressed as vulnerability to climate change unless otherwise stated.
2 https://gain.nd.edu/our-work/country-index/
the spread of the pandemic while preparing the health care system. This situation implies one of the biggest global economic crises in recent time and triggered in Argentina a GDP loss of 9.9 percentage points in 2020, the largest retraction since 2002. The implementation of a fiscal stimulus package to support families and firms – equivalent to 6.5 percent of GDP\(^2\) – in 2020. In a context of restricted market access, financing the response to the COVID-19 shock required an important monetization of the deficit. This has exacerbated macroeconomic imbalances, notably by exerting pressures on reserves and on the persistent large gap between the official and parallel exchange rates.

4. **The economy has started to recover building on the broad reach of the vaccination campaign and the targeted fiscal support that was maintained during 2021, surpassed pre-pandemic levels (February 2020) by 2.1 percent in October 2021, though in a very heterogeneous manner across economic sectors.** According to the national authority projections, Argentina’s GDP is expected to grow at least 8 percent in 2021 and 4 percent in 2022. Economic recovery has gradually picked up as containment measures have been progressively lifted, building on the economy’s ample idle capacity. Uncertainty as well as price and capital controls could put a lid on the strong investment growth that occurred during the first stages of the economic recovery, however, according to the strategy of the Ministry of Economy, the fiscal deficit reduction is expected to be gradual, in order to maintain demand stimulus and support for vulnerable sectors. A reduction in the primary fiscal deficit is materializing in 2021, due to: the unwinding of emergency programs implemented to fight the pandemic; to extraordinary resources stemming from the increase in commodity prices and an exceptional tax on large fortunes. Nonetheless, the economy continues to display large unresolved macroeconomic imbalances. Annual inflation stood at 51.2 percent in November 2021 and the gap between the official and alternative exchange rates are close to 100 percent.

5. **Regarding external debt, the government successfully restructured the sovereign debt denominated in foreign currency held by private creditors in 2020.** The restructuring was agreed by creditors holding 99 percent of the bonds under external and domestic law. The swap significantly improved Argentina’s maturity profile for the next five-to-eight years, but debt service obligations are going to increase after 2028. Authorities are holding conversations with the International Monetary Fund (IMF) on a successor program to refinance debt owed to this institution and will later have to negotiate with Paris Club member outstanding debt.

6. **Despite the early and strict lockdown measures during 2020, the health impact of COVID-19 in Argentina has been severe.** The country ranks second in the region and ninth in the world in the number of confirmed total cases. As of November 5th, the country accounts for more than 5.3 million cases and almost 116,000 cumulative deaths. In April 2021, the country experienced the beginning of a second wave with an average of more than 20,000 new cases per day–with a peak of 41,000 daily cases by the end of May 2021, putting the country’s health system under major stress with the intensive care unit occupancy rate reaching a peak of 79 percent nationwide on June 9, 2021. By January 10, more than 87 percent of the population have received one dose of COVID-19 vaccine, 75 percent of the population are fully vaccinated, and 14 percent have already received a booster shot. After a smooth semester, Argentina entered a third wave of the pandemic. In December 2021, cases have increased exponentially from 1,500 to 35,000 cases by the end of the month, based on a seven-day moving average. As of January 4, cases reached their highest number since March 2020 with more than 80,000 confirmed positive and positivity tests increased from less than 5 to 50 percent in a month. Luckily, the number of cases so far have not translated into a sharp increase of hospitalization rates. Currently, hospital bed occupancy are around 35 percent nationwide.

7. **Climate change is posing additional threats to recovery from the impacts of the pandemic.** Observed and anticipated climate change impacts coupled with changing precipitation patterns are expected to lead to more frequent natural disasters, such as floods, droughts, tropical storms, and heat waves. These events will have diverse impacts on different aspects of work and employment, especially on the poor. The health of workers will be one of the most affected
aspects, especially with regard to professions undertaken outdoors. In addition, populations such as women and youth, indigenous peoples, and people with disabilities, many of whom are vulnerable, will disproportionately suffer the economic consequences, considering that these groups have limited participation in decision-making and are overrepresented in the informal economy and unemployment. Furthermore, the transition to a low-carbon and climate-resilient economy, will demand changes in skills sets to ensure a just transition. Guaranteeing these groups access to training and re-skilling will allow them access to better employment options and sustain them during the transition to more sustainable production methods, thus, improving their resilience and livelihoods.\(^4\)

Sectoral and Institutional Context

8. **Sustained improvements in welfare in Argentina will require improvements in labor market outcomes.** Low productivity growth limits the ability of the Argentine economy to create quality employment opportunities for all and sustain long-term poverty reduction and income growth. These impediments have negative implications for the ability of households to generate income and risks feeding the cycle of limited growth and persistent poverty. These risks are particularly high for poorer households that tend to work in lower productivity jobs in the informal sector. These are the same households that have been most negatively affected by COVID-19 and that are more exposed to the impacts of climate change.

9. **Argentina’s labor market has been weak in recent years.** The unemployment rate remained fairly stable at around 7.0 percent in the first half of the 2010s, but has increased since 2017 reaching 9.8 percent before the COVID-19 outbreak. During the outbreak, unemployment spiked to 13.1 percent in the second quarter of 2020 before falling back to 9.6 percent in the second quarter of 2021.\(^5\) Informal employment remains persistently high at around one-third of salaried workers after a decline from historic highs at the beginning of the 2000s. Job creation has been driven mainly by public employment and self-employment, while wage employment in large firms has stagnated. From 2011 to 2019, family incomes across the distribution failed to increase because of a contraction in labor incomes. Rising inflation also reduced the real value of wages with the largest losses among the self-employed and wage employees in small firms.

10. **Several groups face particular challenges in the labor market.** The government has recently placed significant priority on improving the outcomes of young people, women, and older men based on their challenging labor market prospects. Each of these groups has struggled in recent years to fulfill their potential in the labor market.

11. **Young people have high unemployment rates and high rates of informality.** Young people between the ages of 18 and 24 had an unemployment rate of 26 percent in 2019, more than three times that of the population older than 24 years.\(^6\) When they do find employment, young people are much more likely to work informally: 62 percent were employed informally in 2019 versus 30 percent of the working age population. Education is a significant factor in informality: 79 percent of young people with less than secondary education worked informally in 2019 versus 56 percent of those with secondary education and 24 percent of those with tertiary education. A large proportion of young people are not employed or in school, particularly affecting young girls and those in the poorest regions of the country. Approximately 19 percent of young people were not in employment, education, or training (NEET) in 2019, and 22 percent of young women were NEET versus 17 percent of young men. Subnational analysis shows that, in 2016 in the Partidos of Greater Buenos Aires, 23 percent of all young people and 28 percent of women were NEET.

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\(^6\) The working age population is defined here as between the ages of 18 and 64.
12. **Women have low labor force participation rates and high rates of underemployment and informality.** In 2019, women in the prime of their working ages, between ages 25 and 59, had a labor force participation rate gap with men of 21 percentage points (71 percent for women compared to 93 percent for men) and an unemployment rate that was 1.7 percentage points higher (8.6 percent for women compared to 6.9 percent for men). Women are underemployed at greater rates than men with 46 percent of women able and willing to work more in 2019 versus 22 percent of men. Women also had higher rates of informality (32 percent for women compared to 28 percent for men). Women in these prime working ages earn 26 percent less than men in the same age group. (ARS 1,499 per month in their main job for women compared to ARS 2,038 per month for men). Education level is an important factor in determining the labor market outcomes of women. The labor force participation rate of women without secondary education in 2019 was 57 percent versus 71 percent for women with secondary education and 89 percent for those with tertiary education. Unemployment rates follow the same pattern, with an unemployment rate of 12 percent for women without secondary education, 10 percent for women with secondary education, and 4 percent for women with tertiary education.

13. **While labor market outcomes are better for older men, job and income loss among this group can have significant consequences for their households.** Three-quarters of men older than 45 years are household heads. This means that job and income loss for individuals in this age group can have serious consequences for the entire household. For instance, average household incomes fell across all income deciles during 2019, but the poorest decile was further affected by a fall in male employment. Approximately 70 percent of households with unemployed male heads of household are in poverty. The presence of dependents in the household is associated with significantly higher levels of poverty (19 percent for those without dependents versus 48 percent for those without). Moreover, job loss among male primary income earners affects the human capital development of children in Argentina with job loss leading to increases in employment and dropout among sons and daughters. Additionally, older men can struggle to find new jobs once they are unemployed. Nearly 35 percent of unemployed men between 45 and 64 years were unemployed for more than a year in 2019 versus 28 percent of men between 25 and 44 years. The labor market challenges facing less-educated men are more significant. Those with less than secondary education have unemployment rates that are more than two times higher than those with tertiary education (8 percent versus 3 percent in 2019). One-third of those without secondary education worked informally in 2019 versus 17 percent of those with secondary education and 10 percent of those with tertiary education.

14. **Each of these groups faces constraints that make finding productive employment challenging.** Women’s lower labor force participation and lower quality of work is related to several factors including lower wages and educational and occupational segregation, which results from gender norms and is itself linked to lower wages. As the world of work becomes more digitized, this educational and occupational segregation could create further disadvantages for women.

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8 Significantly higher levels of poverty for those with dependents versus those without is also found in young people between the ages of 18 and 24 (55 percent versus 28 percent) and for women between the ages of 25 and 59 (43 percent versus 17 percent).


Women in Argentina, for example, represent just 22 percent of information technology (IT) professionals.\(^{11}\) Lack of access to child and elder care and relatively short maternity and paternity leave is also a challenge for women, limiting higher employment and labor force participation.\(^{12}\) This can be particularly true for young women: most inactive young women in Argentina report not working because of household duties.\(^{13}\)

15. **Lack of skills is a challenge facing each group, though the exact nature of the challenge varies.** Because many young people drop out of school before finishing upper secondary levels, they lack the necessary skills to secure a formal sector job and settle, instead, for informal employment.\(^{14}\) Lack of skills also plays a role in women’s lower labor force participation rate and higher rates of informality. The participation gap between women and men is substantially larger among less educated workers (29 percentage points) than among workers who finish university degrees (10 percentage points). While training has been shown to increase formal employment among women in Argentina, women have less access to it.\(^{15}\) Informality is also more common among less educated women. Older workers are at greater risk from technological changes, in part because the skills they have learned in school and at work are no longer in demand as the nature of work and the skills demanded at work evolve, particularly away from routine tasks and toward more cognitive, interpersonal, and specialized technical skills.

16. **The labor market outcomes of these three groups were affected substantially by COVID-19 with young people experiencing the most severe impacts.** The labor force participation rate of young people declined significantly during the height of the pandemic in the second quarter of 2020. Their unemployment rate also spiked and remained 7 percentage points higher in the final quarter of 2020 compared with a year earlier versus an increase of just 1 percentage point for older people. Negative labor market impacts from crises are particularly worrisome among young people given the potential for scarring in terms of lower employment and wages in the longer term.\(^{16}\) The impact of the pandemic on prime-age women was also severe with a decline of 12 percentage points in the labor force participation rate in the second quarter of 2020 compared to a year earlier, though impacts were fairly similar between prime-age men and women. Alongside a 14-percentage point decrease in labor force participation in the second quarter of 2020 compared to a year earlier, older men between 45 and 64 years had an underemployment rate that remained 7 percentage points above levels a year earlier at the end of 2020 versus just 2 percentage points for men between 25 and 44 years.


\(^{15}\) Castillo, Victoria, Moira Ohaco, and Diego Schleser. 2014. “Evaluación de impacto en la inserción laboral de los beneficiarios de los cursos sectoriales de formación profesional.” Serie Documentos de Trabajo 6, ILO, Buenos Aires.

17. Despite the potential for continued impacts from a prolonged COVID-19 outbreak, a return to growth would begin to provide the jobs necessary to improve household welfare. Emerging global evidence suggests that labor markets have been able to bounce back from the COVID-19 outbreak fairly quickly once transmission control measures are eased.\(^{17}\) Before the outbreak, the Argentine economy was generating hundreds of thousands of private sector jobs at a rate at or above population growth—168,000 in 2018 and 240,000 in 2019—in a weak economy. Thus, though the quality of jobs created is a concern, even a modest recovery from the COVID-19 outbreak would imply the creation of jobs that need to be filled by workers with the right skills. A more robust recovery would see job creation to compensate for the nearly 1 million jobs lost in 2020, in addition to the jobs typically generated by a growing economy. Indeed, the 10 percent GDP growth estimated by the Bank for Argentina in 2021 implies creation of 470,000 jobs.\(^{18}\) This would be followed by an additional 120,000 jobs in 2022 given the projected growth of 2.6 percent. In the three years leading up to the COVID-19 outbreak, the financial services, hotels and restaurants, and business sectors had the fastest average annual growth rates. These sectors could be expected to return to growth after the outbreak.

18. Absence of the right skills could hinder labor market recovery. The lack of workers with the right skills is a challenge facing the private sector in Argentina. Approximately 40 percent of firms surveyed in the World Bank’s 2017 Enterprise Survey reported an inadequately educated workforce as a major constraint compared to an average in the Latin America and the Caribbean region of 29 percent. Indeed, firms seem unable to find workers with the skills they need. A 2016 survey found that 59 percent had difficulty finding workers with the right skills.\(^{19}\) The unmet labor demand survey, Encuesta de Demanda Laboral Insatisfecha, shows persistent skills gaps, especially for operational and professional workers.\(^{20}\) Problems arise as much because of under- as because of over-qualified workers. Argentina has the third-highest rate of ‘qualification mismatch’ among G-20 countries.\(^{21}\) While skills shortages are modest compared to other G-20 members, Argentina is still experiencing these shortages in many high-level cognitive and social skills, such as reasoning abilities and complex problem solving, and digital economy skills such as computer and electronics skills.\(^{22}\)

19. Ensuring that workers have the rights skills will be essential for a strong jobs recovery from the COVID-19 outbreak. Ensuring that workers displaced by the COVID-19 outbreak, as well as those facing challenges even before the outbreak, obtain the skills demanded in sectors recovering in the short term and growing in the longer term is an essential ingredient of the labor market recovery. This will require training and retraining programs that are adapted to address the needs of different vulnerable groups and that are informed by reliable, up-to-date information on labor market developments.

20. Before the COVID-19 outbreak, the Ministry of Labor, Employment, and Social Security (Ministerio de Trabajo, Empleo y Seguridad Social, MTESS) was working to connect disadvantaged jobseekers to jobs and more broadly to improve workforce skills by improving the capacity of its active labor market programs (ALMPs) to meet employers’

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\(^{18}\) The employment projections are based on calculation of employment elasticities for Argentina for 2010 to 2015. More recent years are not included because of a change in the Household Survey (Encuesta Permanente de Hogares, EPH) that prevents comparison in employment before and after 2015 and because of the economic crisis that affected economic growth in 2018 and 2019.


The MTESS has underpinned its training strategy with a competency-based training and certification system. Beginning in 2004, the MTESS has developed an occupational training and certification system with the support of the World Bank to help align the training system with employer demand. The system was created in close coordination with employers, unions, and workers (organized in 26 Sector Councils) to define and validate occupational standards, align competency-based training with the standards, and issue competency-based certifications. The certification system covers 594 occupations in 30 sectors and has certified more than 224,000 workers. Several practices of the MTESS aim to direct its financing to training of good quality. These include: prerequisites for financing; a technical evaluation of the quality and experience of the provider, and the social, technical and economic pertinence of the proposal; and the supervision of activities. Availability at the local level varies, but has been promoted through the system’s coverage of diverse sectors, including activities outside of urban centers, as well as by the participation of a wide range of registered providers. The increasing role of virtual provision will help to improve availability. The operational regulations for the Professional Training and Lifelong Learning System have been updated recently, with the inclusion of new priorities related to environmental protection and the green economy.

Municipal employment offices (Oficinas de Empleo Municipal, OEMs) help deliver localized employment support to jobseekers. There are 630 OEMs distributed across all provinces whose function is to provide personalized attention and support to jobseekers, including information on the job market and potential job opportunities, as well as connect jobseekers with appropriate training opportunities to improve employability. The decentralized nature of the offices allows them to respond flexibly to the needs of the local labor market. This included in the case of a disaster the role of the OEMs to link the affected population to employment programs mobilized as part of the local or national response. OEM staff are mostly financed by the municipalities, while the provision of services is carried out with financial support from the national government.

The MTESS has also launched several programs in service of disadvantaged jobseekers. Youth with More and Better Work (Jóvenes con Más y Mejor Trabajo, JMyMT) takes an innovative integrated approach to address the multiple barriers that young people face connecting with the labor market. The program identifies training needs; defines individual activity plans; and then provides stipends as well as career guidance, job placement, and guidance on maintaining employment. Between 2008 and 2019, about 1.2 million young people participated, half of whom were women. Since 2015, the OEMs have enrolled and provided labor orientation and intermediation services to more than a million JMyMT participants of whom 24 percent have been connected to a formal job within 12 months.

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23. Competency standards are used by professions and governments to define the qualifications required to practice a profession or discipline. They are usually listed at different levels according to the capabilities of the individual and are defined independently of education standards, the assumption being that a combination of education and experience will enable professionals to progress through the various levels of competency.

24. Sector Councils are a fundamental building block in the system, convening relevant participants from industry, trade unions, employers, and training institutions and demonstrating a commitment to advancing competency-based training and certification in the sector.

25. The characteristics of training courses varies by sector, but generally does not exceed 240 hours over a maximum of 6 months, is oriented to entry- and mid-level operators, and, for the latter, may involve some prerequisites. While the institutions financed by the MTESS are required to provide an evaluation and certification of students’ performance, if available, certification of competencies by independent third parties is encouraged.
24. **Despite these efforts, challenges remain with the implementation of these initiatives.** While JMyMT expanded rapidly after its creation in 2008, more recently the program has suffered from weak demand due to changes in administration, creation of other programs targeting the same population, and, most recently, the COVID-19 outbreak. At the same time, delivering high-quality, relevant, carefully coordinated, and carefully sequenced services with acceptable standards in a framework of outcome-oriented management remains challenging. The decentralized nature of the OEMs gives them flexibility to respond to local needs but also means that there is heterogeneity in capacity and quality of services provided. This is particularly important because the OEMs, which receive technical assistance from the MTESS but have no direct administrative relationship with the ministry, are responsible for the main implementation activities under JMyMT. Finally, the process of developing occupational standards has stalled in recent years, and the system has not been used extensively.

25. **Overall, the provision of ALMPs, particularly of training opportunities, remains limited, fragmented, and insufficiently focused on employability.** Argentina’s spending on training based ALMPs is relatively low at around 0.05 percent of GDP versus over 0.1 percent in the OECD. ALMPs in general tend to focus more on crisis response and income support, rather than on helping vulnerable groups transition to employment. Vocational training services have a complex institutional framework. They are offered by a wide range of institutions including national and provincial governments and subsidized and unsubsidized private institutions. Generally, only formal employees have access to on-the-job training. Training quality is affected by insufficient links to employers, and employers complain of excessively academic and insufficiently practical curricula.

26. **In the context of the growing importance of, and persistent challenges with ALMPs, the government has requested the World Bank’s support to improve the operation and performance of its employment and skills programs.** The government has a vision of a renewed and expanded approach to ALMPs that supports employment in sectors with high growth potential (for example, digital economy jobs, climate-resilient and low-carbon jobs, jobs in the care economy, and jobs in industries of regional importance) and to ensure that the pandemic does not lead to long-term scarring. The government’s priorities are to (a) strengthen the quality and increase the coverage of the training and the employment system for adults 18 years and older with the objective of enhancing their employability, (b) strengthen and promote the intermediation services provided by the OEMs with special focus on small and medium enterprises, and (c) strengthen the labor market information system.

27. **Responding to the need to strengthen the tools to promote employment for the unemployed, in September 2021 the government of Argentina created ‘Fomentar Empleo’.** Fomentar is a new labor market program implemented by the MTESS as part of its employment, training, and intermediation policy and is aimed at the population between 18 and 64 years. The program provides an integrated approach by consolidating a set of interventions in labor orientation, skills, internships, and support for finding employment. It builds from and replaces a number of prior programs, including JMyMT. The target population is youth (men and women) from 18 to 24 years, women from 25 to 59 years, men from 45 to 64 years, and LGBTI+ people. Women comprise 70 percent of the target group. Implementation of the program will be supported by a recently launched Employment Portal and will provide monetary benefits, in the form of stipends to certain priority groups, as well as non-monetary benefits, through the provision of different orientation and training services.

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28 LGBTI+ = Lesbian, Gay, Bisexual, Transgender, and Intersex.
services. The government has also launched a complementary initiative that reduces the social security contributions for employers who employ people who have been supported under the program.29

C. Proposed Development Objective(s)

Development Objective(s) (From PAD)

Improve the formal employment of targeted groups and strengthen the quality and availability of training and employment services in Argentina.

Key Results

28. The key results to be tracked over the course of project implementation allow accurate measurement of achievement of both aspects of the PDO. The key results indicators to measure achievement of the PDO are as follows:

(a) Participants of Fomentar programs (number) - Disaggregation by gender/age groups.

(b) Increase in formal employment for Fomentar participants who have completed a training course or on-the-job training (Percentage)- Disaggregation by gender.30

(c) Fomentar participants receiving competency-based training out of total Fomentar participants trained (Percentage) - Disaggregation by gender.

(d) Employers registering vacancies in the Employment Portal (Number).

(e) OEMs meeting minimum service targets for vacancies and on-the-job training placements (Number).

D. Project Description

Legal Operational Policies

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<tr>
<td>Projects in Disputed Areas OP 7.60</td>
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Summary of Assessment of Environmental and Social Risks and Impacts

29. The environmental risks for this project are assessed as Low and social risks are assessed as Moderate; hence,

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29 Presidential Decree 493/2021 reduces the social security contributions for employers who employ people from a number of different social programs, including Fomentar.

30 This indicator will be measuring a formal labor market insertion rate of participants vis-à-vis of a comparison group, as a percentage points difference in the insertion rate in the formal labor market between both groups.
the overall environmental and social risk of the project is assessed as Moderate. The proposed project will neither finance nor support any physical intervention or other actions that could negatively affect the environment. It is expected that the acquisition of hardware to support digital services of the project under Component 5 and e-waste generation was identified as the main environmental risk that will require management procedures, accordingly. In this sense, the environmental risks and potential adverse impacts are likely to be minimal or negligible. The project is expected to have only positive social impacts on vulnerable and systematically excluded groups and no negative social effects. Its main objective is to improve employment opportunities for disadvantaged adults and strengthen the training and employment services in Argentina. The main social risks are associated with the potential exclusion of vulnerable groups such as indigenous peoples, Afro descendants, people with disabilities, persons within the LGBTI+ community, and migrants from participating from the benefits of the project and with possible weakness in communication, participation, and engagement capacity of the MTESS, which will need to be strengthened. Sexual exploitation and abuse and sexual harassment risk is Low. The country has a strong legal framework focused on gender-based violence (GBV) prevention and has a national referral pathway protocol for GBV service provision and an active GBV working group. In addition, the project is not expected to finance infrastructure works and therefore has no risk of labor influx.

30. The borrower carrying out an Environmental and Social Assessment that has been disclosed prior to Appraisal to assess the risks associated with the proposed activities under the project, incorporate mitigation measures, and propose actions to improve its design and/or implementation. The borrower also developed a draft Stakeholder Engagement Plan (SEP) disclosed prior to appraisal. The SEP will establish the consultations to be made during project preparation and implementation. In addition, the borrower also prepared a draft National Indigenous Peoples Plan disclosed prior to appraisal to make sure that all project-supported programs and activities are implemented in a culturally appropriate manner. Finally, the borrower will also identify project workers and develop the corresponding labor management procedures (LMP); to be finalized in a satisfactory manner to the World Bank before hiring any project worker. The project team also prepared an Environmental and Social Commitment Plan (ESCP), which includes any additional measures that may be necessary to address risks identified in the Environmental and Social Assessment. A draft ESCP was prepared and disclosed prior to appraisal and will be finalized and redisclosed by negotiations.

31. The draft SEP and the draft National Indigenous Peoples Plan will be updated based on the feedback from consultations and redisclosed accordingly. The time frame for preparing the LMP will be reflected in the ESCP. It will also establish whether the LMP will be disclosed based on the agreement with the MTESS. The ESCP is also expected to include, among other things, specific actions related to (a) ensuring an organizational structure adequate to manage the environment and social risks associated with the project, (b) ensuring adequate monitoring and reporting procedures, including specific guidance to report Incidents, and (c) the operationalization of the project grievance mechanism.

32. The specific timing for the implementation of the activities identified in the instruments mentioned above will be described in the ESCP that will be finalized during negotiations.

E. Implementation

Institutional and Implementation Arrangements
33. The project will be implemented by the MTESS, which has been supporting the implementation of previous World Bank-financed projects. Administrative and financial matters would be managed by the Undersecretariat of Administrative Management (Subsecretaría de Gestión Administrativa, SsGA) in the MTESS, which was carrying out these functions for the recently closed Youth Employment Support Project (P133129). The SsGA will also host the general coordination for the project, would articulate with other relevant areas and staff in the MTESS and other agencies to facilitate the use of the loan resources to support the eligible activities mentioned above and would be responsible for the appropriate utilization of loan resources; handling of day-to-day activities; management of procurement; hiring of consultants; financial management (FM), including the preparation of FM reports; preparation of the documentation needed for reimbursement requests; and ensuring of compliance with audit requirements and environmental and social standards and reports. It would analyze and control the administrative documentation related to project implementation and would maintain all the documentation needed to support the project. The SE is responsible for the technical coordination of the Fomentar program covering all the services for the participants and will collaborate with the Undersecretariat of Territorial Articulation for activities in Component 3, and with the Undersecretariat of Planning, Studies and Statistics for activities in Component 4.

34. The social and environmental standards will continue being managed by qualified and experienced specialists within the MTESS, which has adequate resources and processes in place, and has demonstrated its capacity to screen, implement, monitor, and report on environmental and social commitments as part of World Bank-financed activities. The Argentina Youth Employment Support Project (8464-AR) has been rated ‘Satisfactory’ in safeguards during the project implementation period. Nevertheless, the preparation and implementation of this project will require the ministry to carry out a participatory approach and this might entail the strengthening of its social communication processes and citizen engagement and beneficiary feedback mechanisms, to ensure inclusion and active participation of all targeted populations, with a particular emphasis on beneficiaries from vulnerable groups.

29. In addition, given that this will be the first project of the MTESS under the World Bank’s Environmental and Social Framework (ESF), an assessment was carried out to determine any actions needed to strengthen the borrower’s capacity to meet the objectives of the ESF. The outcome of the World Bank’s capacity assessment is presented in the appraisal Environmental and Social Review Summary.

CONTACT POINT

World Bank

Marcela Ines Salvador
Sr Social Protection Specialist

William David Wiseman
Lead Economist

Borrower/Client/Recipient

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Implementing Agencies

Ministry of Labor, Employment and Social Security
Leonardo Di Pietro
Secretary of Employment
LDIPIETRO@trabajo.gob.ar

FOR MORE INFORMATION CONTACT

The World Bank
1818 H Street, NW
Washington, D.C. 20433
Telephone: (202) 473-1000
Web: http://www.worldbank.org/projects

APPROVAL

Task Team Leader(s): Marcela Ines Salvador
William David Wiseman

Approved By

Practice Manager/Manager: 

Country Director: Paul Procee 19-Jan-2022