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ANNEX II

to the Commission Implementing Decision on the financing of the multiannual action plan in favour of Paraguay for 2024 and 2025

Action Document for “ Promote access to formal employment for young people (18-29 years old) in a vulnerable situation”

MULTIANNUAL PROGRAMME

This document constitutes the multiannual work programme within the meaning of Article 110(2) of the Financial Regulation, within the meaning of Article 23 of the NDICI-Global Europe Regulation.

1 SYNOPSIS

1.1 Action Summary Table

<p>1. Title CRIS/OPSYS business reference Basic Act</p>	<p>“Promote access to formal employment for young people (18-29 years old) in a vulnerable situation.” OPSYS number: ACT-62521 Financed under the Neighbourhood, Development and International Cooperation Instrument (NDICI-Global Europe)</p>
<p>2. Team Europe Initiative</p>	<p>No</p>
<p>3. Zone benefiting from the action</p>	<p>The action shall be carried out in Paraguay</p>
<p>4. Programming document</p>	<p>Multi-annual Indicative Programme (MIP) for the Republic of Paraguay 2021-2027¹</p>
<p>5. Link with relevant MIP(s) objectives / expected results</p>	<p>Priority area 2: Fighting against Inequalities. Specific Objective 2: To promote labour integration, employability and formalisation through the implementation of Social Protection programmes. Expected results: 2.1. Access to formal employment opportunities is increased, particularly for youth and women. 2.2. Vocational training that is relevant for labour market is provided (with special focus in green and digital jobs). 2.3. National Care Policy is implemented to remove barriers for equal access to employment. 2.4. Social Protection services are more digital and integrated (including digital financial services).</p>
<p>PRIORITY AREAS AND SECTOR INFORMATION</p>	
<p>6. Priority Area(s), sectors</p>	<p>Fight against Inequalities 160 - Other Social Infrastructure & Services 113 - Secondary Education</p>

¹ C(2021) 8988 final

7. Sustainable Development Goals (SDGs)	Main SDG (1 only): SDG 10 Reduced Inequalities Other significant SDGs (up to 9) and where appropriate, targets: SDG 1 no poverty; SDG 5 gender equality; SDG 8 Decent Work and Economic Growth; SDG 17 partnerships to achieve the goal			
8 a) DAC code(s)	11330 - Vocational training (30%) 16010 - social protection (20%) 16020 - employment creation (50%)			
8 b) Main Delivery Channel	13000 Third Country Government (Delegated co-operation) 41000 United Nations agency, fund or commission (UN) 23000 Developing country-based NGO			
9. Targets	<input type="checkbox"/> Migration <input type="checkbox"/> Climate <input checked="" type="checkbox"/> Social inclusion and Human Development <input checked="" type="checkbox"/> Gender <input type="checkbox"/> Biodiversity <input checked="" type="checkbox"/> Education <input type="checkbox"/> Human Rights, Democracy and Governance			
10. Markers (from DAC form)	General policy objective	Not targeted	Significant objective	Principal objective
	Participation development/good governance	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
	Aid to environment	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Gender equality and women's and girl's empowerment	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	Reproductive, maternal, new-born and child health	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Disaster Risk Reduction	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Inclusion of persons with Disabilities	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	Nutrition	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	RIO Convention markers	Not targeted	Significant objective	Principal objective
	Biological diversity	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Combat desertification	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Climate change mitigation	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Climate change adaptation	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
11. Internal markers and Tags:	Policy objectives	Not targeted	Significant objective	Principal objective
	Digitalisation	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>

		YES	NO	
	digital connectivity	<input type="checkbox"/>	<input checked="" type="checkbox"/>	
	digital governance	<input type="checkbox"/>	<input checked="" type="checkbox"/>	
	digital entrepreneurship	<input checked="" type="checkbox"/>	<input type="checkbox"/>	
	digital skills/literacy	<input checked="" type="checkbox"/>	<input type="checkbox"/>	
	digital services	<input checked="" type="checkbox"/>	<input type="checkbox"/>	
	Connectivity	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
		YES	NO	
	digital connectivity	<input type="checkbox"/>	<input checked="" type="checkbox"/>	
	energy	<input type="checkbox"/>	<input checked="" type="checkbox"/>	
	transport	<input type="checkbox"/>	<input checked="" type="checkbox"/>	
	health	<input type="checkbox"/>	<input checked="" type="checkbox"/>	
	education and research	<input type="checkbox"/>	<input checked="" type="checkbox"/>	
	Migration	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Reduction of Inequalities	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
	Covid-19	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
BUDGET INFORMATION				
12. Amounts concerned	Budget line(s) (article, item): 14.020140 Total estimated cost: EUR 10,157,895 Total amount of EU budget contribution EUR 10,000,000 This action is co-financed in joint co-financing by potential grant beneficiaries (rights holders) for an amount of EUR 157,895.			
MANAGEMENT AND IMPLEMENTATION				
13. Type of financing	Direct management through: Grants/Procurement Indirect management with the entity(ies) to be selected in accordance with the criteria set out in section 4.3.4			

1.2 Summary of the Action

<p>The action will promote access to formal employment for the Paraguayan youth population (18-29 years old), in order to support labour and productive inclusion, as one of the pillars of the Social Protection System, and expand contributory social security.</p> <p>The action will focus on the population living in poverty (moderate) and on the non-poor vulnerable population- such as women and persons with disabilities - so that they can access to formal employment, and will provide opportunities for young entrepreneurs to generate economic initiatives that employ people in micro (2 to 5 workers) and small (6 to 10 workers) establishments. The gender approach will be crucial because the main restriction in access to formal employment is amongst the female population, with less income and social protection, in many cases unpaid in occupations associated with <i>caregiving</i>.</p> <p>One of the objectives is to promote labour market insertion and sustain human capital formation, with special emphasis on the youth population. On the other hand, to strengthen job training in order to promote access to formal, paid and secure employment, as well as to certify competencies in care work for women engaged in such occupations. The Action will strengthen the governing body of public labour policy, as well as employment and</p>
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care policies, respectively. Additionally formal and innovative entrepreneurial activities, including care activities, will be supported by providing the initial capital.

Several institutions will be involved in the actions from the public and private sectors, the international cooperation and civil society organisations that are relevant to labour policy and the National Employment Plan. This Plan will be strengthened by supporting the implementation of existing programmes and generating new relevant ones. It is proposed to work with several public duty-bearers as key partners in the articulation and coordination of public programmes that promote access to and formalisation of employment. The Action will equally work with business associations, civil society organisations, universities and academic centers, as well as international cooperation actors, with recognition and legitimacy in the Paraguayan labour field.

By ensuring that the Action supports the generation of employment, it is intended to have an impact on the economic inclusion indicators and social welfare, which translates into the reduction of inequalities, the reduction of poverty and the improvement of living conditions.

The programme involves several components: 1) awareness raising and articulation, 2) capital formation and entrepreneurship, 3) advocacy in public incentive policies, 4) institutional strengthening of management and coordination.

The foreseen duration is 5 (five) years using the project modality with an estimated budget of EUR 10,000,000.

1.3 Zone benefiting from the Action

The Action shall be carried out in Paraguay. The country is included in the list of ODA recipients.

2 RATIONALE

2.1 Context

Paraguay is a politically and macro-economically stable country with a solid economic growth until 2019 (4% of GDP growth on average) that contributed to raising living standards of Paraguayans. With a per capita income of over USD 5,700, Paraguay is classified as an upper middle-income country. The country has a considerable endowment of natural resources, enormous energy potential, ample fertile land and a young population (50% of the population is under 30 years old).

Informality and limited diversification of the economy hinder sustainable and inclusive development. Inequalities persist and have been further exacerbated by COVID-19 and recent inflation. The country ranks 105 out of 191 countries on the UNDP development index. Despite a reduction of income inequality between 2003 and 2020, significant inequality persists. 1% of the population holds almost 20% of national income, with the top 10% holding more than 50%². Indigenous people (120,000 representing 1.6% of the population) are the most affected by different types of inequalities. In Latin America, Paraguay ranks as the country with the fifth highest income inequality in 2023, in addition to the per capita Gross Domestic Product (GDP), among 11 countries, the country together with Haiti, recorded a drop of 1.1% and 3.2%, respectively (CEPAL, 2023). The gender pay gap in Paraguay is a source of inequality. In 2023, Paraguay scored 0.7 in the gender gap index, the second highest one since 2014. This shows a gender gap of approximately 30% (women are 30% less likely than men to have equal opportunities). During this period, the gender gap in the political empowerment area in Paraguay amounted to 88%³. The integration of women in the workplace occurs unequally, with markedly different rates of economic activity or effective or potential involvement in the labour market between men (87.1%) and women (62.0%), 25.1 percentage points lower for women. For those living in poverty, the proportion of economically active women is considerably reduced (50.9%), while it remains virtually unchanged for men (86%). Women's monthly incomes are equivalent to only 71.0% of those of men, the majority of women working in the informal sector with highly vulnerable working conditions and no access to social security⁴.

With regard to people with disabilities, it is important to mention that the National Institute of Statistics (INE) is responsible for collecting information on people with disabilities through the National Population and Housing Censuses, the only source of information in the country that highlights the characteristics and needs of this

² World Inequality Database

³ [Gender gap index in Paraguay from 2014 to 2023, Statista Research Department, July 2024](#)

⁴ [Paraguay, UN Women, Americas and the Caribbean, 2023](#)

population. According to the latest census in 2012, 10.7% of people have some type of disability. Furthermore, the illiteracy rate among the population with disabilities aged 15 and over is 17.2%, while the national rate is 5.5%. As for the census population aged 10 and over with disabilities, according to economic activity status, 38.2% are employed; 0.7% are unemployed, and the inactive represent 61.0%⁵.

Although economic growth has been consistently above the regional average, there is a need to diversify economic production by integrating marginalised populations that are excluded from productive employment (poor, rural, remote and indigenous populations). It is necessary to move towards a more diversified and sustainable production matrix, as well as to include education and social welfare at the core of development strategies.

Paraguay is one of the most economically and socially unequal countries in Latin America. The country continues to depend heavily on agriculture and livestock, characterised by the high concentration of land in the hands of the elite. A basic indicator of inequality is the distribution of land. The distribution model, based on land concentration, leads to the expulsion of the rural population and migration to urban areas, which, added to the low industrialisation of the country, results in few opportunities for access to salaried work for the displaced population, especially young people. This situation contributes to poverty, inequality and social exclusion. Poverty rates have decreased in the last 25 years, from 40.5% in 1998, to 22.7% in 2023 (INE 2024). Moreover, while the Human Development Index (HDI) in 2022 was 0.731, it decreases until 0.582 when accounting for inequalities.⁶

Social protection is very limited in Paraguay, as demonstrated by the restricted access to formal work (covered by social security), the persistent vulnerability of ample segments of the population (especially childhood and adolescence), and the discrimination against women and persons with disabilities in the labour sphere.

Restricted access to formal employment

The labour market is segmented. Only a small portion of the economically active population (23.2%) is employed in jobs that pay at least the current minimum wage, have an employment contract, benefit from health insurance, and contribute/have access to a pension. 13.2% people between 15 to 29 have no access to employment or education, representing some 258,830 people (INE- National Statistic Institute, 2021).

There are two types of entities involved with contributory social policy, namely, a) the Social Security Institute (IPS) that covers social security for the economically active population in the private sector and, b) a number of fiscal funds that covers the social security of the population employed mainly in the public sector and part of the private sector (financial sector). The IPS provides health and retirement coverage, while the set of fiscal funds only covers retirement. Both types of entities cover only about a quarter of the economically active population. This contributory-based system excludes the working population that is not formally employed.

In 2022, out of a population of 1,063,000 people between 10 and 17, approximately 64,000 were working, with high levels of unpaid work (especially girls, either in their homes or as servants) (INE, 2023). This is mainly due to the poverty condition of these households, which cannot ensure that basic needs of their young family members are met and lead them to work at a such young age.

Women's disadvantage and caregiving responsibility

Women labour indicators in terms of type of occupation, position and income are worrisome, mainly due to traditional gender roles.

Out of every 10 men, 8 are employed, while out of 10 women only 6 are employed. Unemployment affects 9.4% of women and 4.8% of men (INE, 2021). At the national level, the gap between men and women in managerial positions is 25% in favor of men: this gap is even greater in rural areas (INE, 2021). As for remuneration, women's income represents 83% of men's income.

Inactivity mainly affects women (tripling that of men and accentuating in the rural area). This difference is associated with the traditional distribution of roles. Women explain the reason for their inactivity not because of their dependence on others - as is the case of men: elderly, sick, disabled - rather to fulfill household duties and family reasons (care activities). 26.2% of men vs. 8.8% of women report to be inactive due to "studies".

⁵ [National Institute of Statistics Paraguay, Government of Paraguay](#)

⁶ UNDP 2022

Traditional gender roles puts women at the core of caregiving (unpaid) activities. According to INE (2022), of the total number of people who perform unpaid activities, 7 out of 10 are men while 9 out of 10 are women. Men spend 8.6 hours per week on this type of work, while women spend 36.9 hours. These proportions change very little when considering the area of residence (Time Use Survey, 2016).

Situation and difficulties in employment access for persons with disabilities

In Paraguay, the National Constitution in Article 58 guarantees all its inhabitants the right to lawful work, freely chosen and conducted under dignified and just conditions. However, those with disabilities do not enjoy these guarantees and face difficulties in obtaining adequate employment opportunities in both public and private enterprises. Similarly, in Chapter VIII of Labour Law, Article 88 on non-discrimination states that no discrimination among workers based on ethnic reasons, sex, age, religion, social status, or political or union preferences will be permitted. It also guarantees that the work of people with physical or mental limitations or disabilities will be especially protected (National Constitution, 1992). By ratifying and incorporating international conventions and treaties, the Paraguayan State commits to the disability sector, ensuring it is not excluded from the country's laws. However, despite the existence of protective laws, persons with disabilities are not adequately protected, and there remains a lack of awareness of these laws, particularly regarding employment inclusion in the public sector. In identifying the employment situation of persons with disabilities in Paraguay, it is observed that the country has 316,324 persons with disabilities of economically active age, of which 15,816 are in conditions to be integrated into the workforce. Of this population, only 1% have successfully been employed. The population of persons with disabilities seeking employment is evenly distributed between sexes, aged between 26 and 35 years, and mostly have incomplete secondary education⁷.

2.2 Problem Analysis

Informality and instability in employment are structural problems of the Paraguayan labour market identified in the National Development Plan. According to this Plan, despite relatively low unemployment levels, there is a high proportion of the population with precarious employment (especially young people and women) (INE, 2022).

34.2% of youth population aged between 15 and 29 years was outside the labor force in 2021, and the average schooling of this group was only 10 years (INE, 2022). Furthermore, in 2022, 29.8% of the population between 15 and 19 years, 66.8% between 20 and 24 years and 85.9% between 25 and 29 years did not attend school. These data make Paraguayan youth amongst the most vulnerable in Latin America, and impacts on productivity and competitiveness of the country. This, added to the rate of labour evasion (avoiding to search a job), leads to critical problems in terms of job quality (labour precariousness).

The main problems for which the Action proposes short and medium-term responses are as follows:

- **Informality in employment is the result of low human capital development and, consequently, precarious insertion into the labour market, resulting in low productivity and low salaries.**

Regarding human capital, educational indicators are critical. The main cause of school dropout is work, critically affecting adolescents, with 40% excluded from the educational system due to the imperative need to generate income for their families. In the case of adolescent women, this often imply carrying out domestic and care activities. According to a UNICEF study, about 457,844 children and adolescents between 5 and 17 years are out of the education system, 25.3% of the child-adolescent population (UNICEF, 2022).

In 2022, youth labour informality reached approximately 628,000 people, representing 33.9% of the total number of employed in the informal segment of the labour market, which summarises the incidence of labour informality in this segment of the population (INE, 2023). In the same year, 29.8% of young people between 15 and 19 years of age did not attend any educational establishment, which implies that close to 450,000 young people were outside the educational system (INE, 2023). 10.4% of young people between 15 and 24 years old do not study, work or receive training (INE, 2023).

The chances of formalisation are low without an academic diploma and/or labour skills certifications. Given that training costs are high, the chances of companies investing in the formalisation of the workforce that does not have academic diplomas and/or certifications of work skills are low. This also discourages the establishment of medium

⁷ [Employability of Persons with Disabilities from the Governance Framework of the SENADIS, Paraguay](#)

and high productivity companies, for which the return on investment in physical and human capital must be ensured by the competitiveness of the activities.

According to data from the Ministry of Labour, Employment and Social Security, out of almost 180,000 people enrolled in 2022 in various training courses offered by the Ministry, 41,982 people (less than a quarter) graduated (MTESS, 2022).

Employment informality is also due to low investment on worker training and low productivity of companies. The latter has an impact on limited expenses to cover the formalisation of employment, including working conditions and social security contributions.

- **The weakness of the labour policy implies disarticulation of programmes and lack of coordination of actions to promote employment, in addition to the youth of the governing entity.**

Paraguay has made progress in strengthening public institutions and policy planning and development. The development of the National Employment Plan and the National Care Policy, the commitment of the MTESS and the INE to establish the Labour Market Information System, the implementation of the Social Protection System, are some examples. However, social protection coverage remains rather limited, and is far from reaching the entire population that, when unemployed, underemployment or in conditions of informality, lacks of social protection. This has three main causes: i. low financing; ii. difficult articulation/coordination of public actions/actors; iii. mismatch between labour demand and supply.

The National Employment Plan (MTESS, 2021) is structured around three axes, with the purpose of developing workforce productivity and qualification. These are: 1: Promotion of the demand for decent work; 2: Increase in employability and work productivity; 3: Improvement of labour institutions around decent work. While the conceptual approach of the labour policy is consistent, the measurement criteria of the indicators would deserve some improvement.

The implementation of a comprehensive labour policy, as a pillar of productive insertion, still suffers from serious problems to face the lack of protection. In this sense, the contributory circuit of social protection through the Instituto de Previsión Social (IPS) and the set of fiscal funds reached only 23.2% of the economically active population in 2020, according to the (INE, 2021).

Labour policy is unbalanced because the weight of social protection that falls on the non-labour component of the set of unprotections is very high, i.e., the non-contributory social policy currently has little capacity for self-sustainability. It lacks resources based on the contribution of all workers, given that most of them are in the informal segment of the labor market.

Labour policy involves at least two key actions: 1) the generation of financial and fiscal incentives for the generation and formalisation of employment, 2) the creation of labour conditions, especially the contribution to social security. This policy, articulated in a social protection system, protects the population from risks and vulnerabilities.

Labour and employment policies are also important for care activities. Since 2022 there has been a National Care Policy, approved by the Social Cabinet of the Presidency of the Republic, which establishes economic care activities as an object of recognition, formalisation and professionalisation. The Policy recognises that, as part of the strengthening of the public labour and employment policy, it is necessary to address: 1) care services, 2) competencies for education and training in the provision of care and 3) information and knowledge related to care.

- **The magnitude of micro-enterprises that absorb employment with low income and lack of labour protection reproduces informality due to the lack of various types of incentives.**

70% of the employed population earns less than the legal minimum wage, and only 60% of the salaried population has an employment contract. 23.3% of this population contributes to health insurance and only 22.7% contributes to a retirement fund (INE, 2022). Micro and small enterprises, representing the highest proportion of establishments in the labor market, have a high tax and fiscal burden to formalise employment (VAT registration, social security contributions).

According to data from the Ministry of Industry and Commerce (MIC), of the nearly 870,000 companies existing in Paraguay, 810,487 are microenterprises, which means that they make up 93.1% of the economic units. Of these microenterprises, it is estimated that 607,492 (75%) are informal, i.e., they are not registered in the single taxpayer registry and do not include their workers in the social security system (MIC, 2021).

Workers with low levels of income value more their actual income rather than social security, preferring to receive the amounts that would go for social security contributions rather than deducting them from their salaries. Liquidity, possibly for the capitalisation, is crucial for the owners/workers of micro and small enterprises. For this reason, subsistence self-employment is extremely high in Paraguay, representing almost 67% of the total self-employed working population (CADEP, 2020). This segment is characterised by its informal nature, working to meet basic needs, and generally earns an income below the current legal minimum wage (CADEP, 2020).

In this context, the youth population is inserted in a labour market characterised by non-compliance with labour legislation, with a high proportion of enterprises that are not registered in the tax contribution system, and a low level of social security due to the low weight of the contributory system. It goes without saying that youth labour remuneration is significantly below the minimum legal remuneration established by the law.

As a consequence of these problems, the main challenge identified in Paraguay is the *low proportion of the working youth population, aged 18 to 29, who have access to formal employment and benefit from social security*.

The Action will be articulated around these challenges.

Key players: institutional framework, capabilities and roles, collaboration with other duty-bearers.

Ministry of Labour, Employment and Social Security (MTESS)

The MTESS was created in 2013. It is mandated to guide labour policy and articulate public and private efforts to expand access to formal employment, job training, to promote adequate working conditions and labour rights.

Under the Action, the MTESS will lead the activities foreseen to strengthen labour policy, the consolidation of existing instruments and the development of new ones, as well as to articulate the different State entities in charge of labour insertion, employment promotion and labour formalisation programmes.

In this sense, the MTESS will have a key role in promoting regulations, inter-institutional coordination, design of training programmes, construction of an information system, reform of the labour observatory, promotion of public-private dialogue, among others.

Ministry of Women's Affairs (MM)

The Ministry of Women was created in 2012, elevating the Secretariat for Women to the rank of Ministry. It is in charge of gender equality and mainstreaming the gender policies and actions.

Its main role in the Action will be to accompany and participate in the development of the care component of the public policy, ensuring that occupational training and labour insertion of caregivers are strengthened. The National Care Policy (PNC), under the responsibility of this State portfolio, foresees a set of activities, some of which are aligned with the programme and will be supported and developed by it.

Therefore, the MM will coordinate with the MTESS in the implementation of the National Employment Policy, identifying other public sector entities that directly or indirectly address care activities within the framework of their institutional missions.

Ministry of Social Development (MDS)

The MDS was created in 2018 and coordinates all public social policies of the State, particularly in fighting against poverty and vulnerability. Likewise, it articulates public actions aimed at strengthening human capital capacities to face the lack of protection as well as collective social capital.

Its role in the Action will be to articulate with programmes that promote the human and social capital of the “graduates” and cash transfer programmes, improving employability and formalisation. Through its poverty reduction Plan and the Tenonderâ programme, it will implement the component of the National Employment Policy of the MTESS, which aims at labour insertion and formalisation.

Ministry of Economy and Finance (MEF)

The MEF was created in 2023, merging different Ministries to create a big structure with the purpose of articulating all spheres of economic planning and financial execution of the resources of the State Treasury, as well as governing public policies and planning economic development. In particular, it is responsible for planning of economic policies, the administration of tax and revenues and spending.

The role of the MEF in the Action is to provide political-institutional support to guide the National Employment Plan towards the achievement of its goals, especially with regard to regulatory, financial and institutional aspects of economic policy. It will also coordinate actions with other ministries involved in the Action, facilitating budget programming and financial execution of public resources allocated to labour policy, and promoting the reduction of the social security contribution burden, which is key to the incentive for the formalisation of enterprises.

Ministry of Industry and Commerce (MIC)

The MIC was created in 1963 with the purpose of becoming the governing entity of industrial and commercial policy for economic development of Paraguay. Its main objective is to promote the country's economic growth through policies and programmes that promote the competitiveness of companies, investment in key sectors of the economy and the promotion of trade, both nationally and internationally.

Its role in the Action will be to cooperate with the activities related to seed capital, supporting the establishment of formal enterprises. In addition, it will facilitate interaction with regional and municipal governments based on its experience in the microenterprise promotion programme.

It will coordinate actions with entities from the public sector, civil society and the private sector, supporting from the experience of promoting microenterprises.

National Secretariat for Youth (SNJ)

The SNJ was created in 2013, as the entity in charge of designing, implementing and evaluating youth policies in Paraguay. It leads the National Youth Council and the National Youth Network.

The SNJ will be involved in the Action both at the level of planning of activities that are relevant for the target group (young people between 15 and 29), as well as the support of the dissemination of results through the youth network, thus ensuring ownership of the Action. In the component for strengthening public labour and employment policy, it will be one of the entities participating in the articulation of programmes aimed at the formalisation of youth employment, where it will coordinate with the MTESS and the Ministry of Women's Affairs.

Secretary of Human Rights for Persons with Disabilities (SENADIS)

This secretariat is a governing body for public policies in the field of disability, responsible for the promotion, observance, and defense of the rights of persons with disabilities and their environment, with a human rights-based approach.

The SENADIS, in coordination with the other Ministries and duty-bearers, will ensure that the rights of young persons with disabilities in employment are promoted and respected, aiming to guarantee their inclusion and participation in the labour market without suffering any discrimination or limitation due to their condition.

Paraguayan Federation of Micro, Small and Medium-Sized Enterprises (FedeMiPyMes).

FedeMiPyMes is an association that brings together business organisations of micro, small, and medium-size enterprises, established in 2022 whose mission is to represent all the associations that bring together the different companies in the sector.

Its role in the Action will be to articulate the companies that make up the federation to participate in the activities related to the objectives of labour insertion of the trained population, and the creation of new enterprises with seed capital. The role of articulation is crucial for the programme to have dissemination, visibility and participation. It will closely articulate with other civil society entities to mobilise initiatives and activities for the creation of enterprises that stimulate employment for the youth population.

Paraguayan Industrial Union (UIP)

UIP is the most representative industrial business organisation. It brings together medium and large companies, and was founded in 1936. Its mission is to protect and promote the interests and rights of its members.

Its role in the Action, from the youth branch organisation, will be to disseminate the programme and articulate the companies to participate in the activities related to labour insertion of trained population, specifically with the promotion of technical and labour training. The articulation role is crucial for the Action to have dissemination, visibility and participation. There will be close coordination with other business organisations and civil society in the entrepreneurship component (creation of enterprises) to absorb and formalise the youth labour force.

Comunera University and academy

The Universidad Comunera was founded in 1992. It is a civil entity of public interest, privately managed, which provides higher education. Early on, it implemented careers and training programmes related to computer science.

It will ensure the articulation between the academy and other actors involved, especially the development of the digital technology component. It will support virtual training programmes under objective 1. It will contribute to strengthen the labour observatory under objective 2 with the design and implementation of an integrated labor information system, and will support the development of enterprises with digital components under objective 3. It will work closely with academic centers such as the Center for Analysis and Dissemination of the Paraguayan Economy (CADEP), a reputed think-tank.

Horizonte Positivo Association.

Horizonte Positivo is a non-profit association founded in 2022, whose purpose is to promote public policies and dialogue between public and private sector, empower civil society and the private sector.

Its participation in the Action will consist of coordinating with entrepreneurs' associations, in particular with the FedeMiPyMes to promote the mobilisation of initiatives and activities in the creation of enterprises that stimulate employment for the youth population. It will also be involved in actions coordinated by academic centers such as the Universidad Comunera and the Centro de Análisis y Difusión de la Economía Paraguaya (CADEP) to support civil society entities for the development of information systems and specialised studies and researches oriented to the labour insertion and formalisation of the youth, as well as the development of human capital.

International Labor Organization (ILO - Regional representation in Santiago de Chile)

The ILO is a specialised agency of the United Nations dealing with labour and industrial relations. It promotes workers' rights, dialogue between employers and employees, the design, implementation and evaluation of labour policies, and contribute to social peace.

The ILO will help in articulating actions between the public and private sectors to fulfil two objectives of the programme: labour insertion of the youth trained population, and capitalisation of micro-enterprises and small businesses through seed capital. It will play a key role in the strengthening of the MTESS.

Italian-Latin American Institute (IILA)

The IILA is an intergovernmental Italian organisation with the aim of promoting and enhancing relations between Italy (Europe) and Latin America in the cultural, socio-economic, technical-scientific and cooperation fields, by organising specialised meetings, sponsoring events and grants, as well as implementing cooperation projects. Since 2017 IILA is active in promoting the Sustainable Development Goals.

Its role in the Action is to actively support the training and labour insertion component, articulating activities with the MTESS, public and non-governmental labour training services and Paraguayan academia entities for research.

The National Organisation for Persons with Disabilities of Paraguay

Is a non-profit organisation dedicated clearly and exclusively to the aid, strengthening, and improved quality of life for persons with different disabilities, without any distinction.

Through the organisation, in conjunction with the other organisations and Ministries, the inclusion of persons with disabilities will be ensured from the initial phase of this Action. This approach aims to design the Action with their specific needs in mind from the outset, guaranteeing their complete inclusion in the proposed objectives and activities.

3 DESCRIPTION OF THE ACTION

3.1 Objectives and Expected Outputs

The **Overall Objective** (Impact) of this action is to increase formal employment for the youth population (18-29 years old) in situation of vulnerability.

The **Specific Objectives** (SO) of this action are to:

1. Promote the labour market insertion of young people in situations of vulnerability and who have not completed school who are trained in technical training programmes, with an emphasis on young women.

2. Contribute to the strengthening of the labour and employment policy, including some components related to formalisation, and the articulation with the national care policy.

3. Promote formal and innovative entrepreneurship with a digital component for young workers, including care activities.

The **Outputs** to be delivered by this Action contributing to the corresponding Specific Objectives are:

1.1.: Increase of vocational training programmes offer and greater graduation of the target population.

1.2.: Increased access to formal employment for young graduates of vocational training programmes.

2.1: Instruments and tools of labour policy developed and disseminated.

2.2: Mechanisms for the articulation of public actions for the promotion of youth employment implemented.

3.1.: New formal enterprises involving youth and including care activities constituted.

3.2.: New formal enterprises with digital operating technology involving the youth population constituted.

3.2 Indicative Activities

Activities related to Outcome 1.1: *Increase of vocational training programmes offer and greater graduation of the target population.*

1.1.1. Support the design of training curricula that include care activities, as well as technological-digital skills.

1.1.2. Support the implementation of a Training and Certification Programme for skills including caregiving, with an emphasis on digital-technological skills.

1.1.3. Strengthen public and private dual training programmes aimed at companies that enroll and hire young workers through scholarships.

1.1.4. Promote research and studies on access to and dropout rates in training and education programmes for youth population in coordination with the Social Protection Roundtables in the selected districts.

1.1.5. Develop the interoperability of the Social Information System (SIIS) with the Labour Observatory, the Occupational Observatory, the Emplea PY platform of the MTESS and the Centralised Integrated System of the Administrative Career (SICCA), to improve the access to employment offers, both public and private.

Activities related to Outcome 1.2: *Increased access to formal employment for young graduates of vocational training programmes.*

1.2.1. Design and implement programmes for the insertion and formalisation of people trained including caregiving, with a cross-cutting focus on technological-digital competencies.

1.2.2. Develop first job initiatives, aimed at young graduates from the training and certification programmes.

1.2.3. Support the implementation of labour insertion strategies of public social programmes, strengthening their respective employment formalisation potential.

1.2.4. Evaluate the participation, graduation and insertion into the labour market of participants in training programmes.

Activities related to Outcome 2.1: *Instruments and tools of labour policy developed and disseminated.*

2.1.1. Strengthen the MTESS, including youth employment intermediation and public work placement programmes.

2.1.2. Strengthen the capacities of public offices, both regional and local, to implement youth employment programmes and policies.

2.1.3. Support the implementation of the National Employment Plan .

2.1.4. Design an inter-ministerial programme in coordination with other labour market insertion programmes, as and strengthen joint work between governing entities.

2.1.5. Strengthen the MTESS Labour and Occupational Observatories.

2.1.6. Support actions aimed at MTESS institutional strengthening in areas related to the national care policy.

Activities related to Result 2.2: *Mechanisms for the articulation of public actions to promote youth employment implemented.*

2.2.1. Provide technical support to youth employment and entrepreneurship State programmes promoted by the State (e.g. Tenonderã) with emphasis on the youth population and care activities.

2.2.2. Generate capacities in public employment services to address the specific needs of young people seeking access to employment, taking into account particularly the specific needs of women and persons with disabilities.

2.2.3. Develop communication campaigns on existing programmes and services.

Activities related to Outcome 3.1: *New formal enterprises involving youth and including care activities constituted.*

3.1.1. Promote the insertion of SMEs that hire young people into value chains.

3.1.2. Strengthen the Entrepreneurship Support Centers (CAE) promoted by the National Directorate of Entrepreneurship (DINAEM), with a generational and gender focus.

3.1.3. Support the Seed Capital Fund promoted by DINAEM, through the hiring of young people in at least half of the staff.

3.1.4. Support the development of programmes and incentives that distribute care responsibilities in a way that facilitates young female caregivers access to study and/or formal work.

3.1.5. Provide support to enterprises for State administrative procedures, generate growth forecasts, for public and private financing and access to the national and international market.

3.1.6. Support SMEs in accessing public procurement (20% reserved for MiPyMEs).

Activities related to Result 3.2: *New formal enterprises with digital operating technology involving the youth population constituted.*

3.2.1. Implement a digital programme with emphasis on projects that hire youth, especially those from vulnerable backgrounds.

3.2.2. Develop a digitised database of new projects that include care activities.

3.2.3. Promote the set-up of an association of digital entrepreneurs.

3.2.4. Implement a programme on training, intermediation and job placement targeting people dedicated to care work.

3.3 Mainstreaming

Environmental Protection & Climate Change

Outcomes of the SEA screening (relevant for budget support and strategic-level interventions)

The Strategic Environmental Assessment (SEA) screening concluded that no further action was required.

Outcomes of the EIA (Environmental Impact Assessment) screening

The EIA (Environment Impact Assessment) screening classified the action as Category C (no need for further assessment). During the start-up or inception phase of the Action, the environmental impact of certain activities will be taken into account.

Outcome of the CRA (Climate Risk Assessment) screening

The Climate Risk Assessment (CRA) screening concluded that this action is no or low risk (no need for further assessment). However, intervention funded on a case-by-case basis under different outcomes may require an ERC or an ERC as part of an EIA.

Gender equality and empowerment of women and girls

As per the OECD Gender DAC codes identified in section 1.1, this action is labelled as G1. This implies that gender equality is an important and deliberate objective, but not the main reason for undertaking the project/programme.

The gender approach will be crucial since the main restriction in access to formal employment is for the female population, with less income and social protection and, in many cases, even unpaid, in occupations associated with care. The strengthening of labor and care policies will have a decisive impact on the visibility of women's work and a process of professionalisation of care activities at their charge. This programme is in line with the Youth Action Plan in EU external action and the Gender Action Plan III in EU external action.

Human Rights

The action will apply a human rights-based approach, and will contribute to reducing inequalities (based mainly on gender, age and ethnicity) by providing new employment or livelihood opportunities.

Human rights will be translated into a public policy approach of inclusion of all collectivities, consideration of cultural diversity and the adoption of an affirmative action perspective aimed at making socially disadvantaged sectors and ethnic minorities visible. This programme is also in line with the EU Action Plan on Human Rights and Democracy 2020-2024.

Disability

As per OECD Disability DAC codes identified in section 1.1, this action is labelled as D1.

Disability considerations will be mainstreamed in all the activities of the project. Attention will be focused on ensuring the active participation of persons with disabilities in the activities, to ensure their inclusion in the formal labour market and to guarantee that their access is not restricted or limited due to any form of discrimination and/or failure to consider their specific needs.

Reduction of inequalities

As per the Inequality Marker, this Action has been labelled as an I-2. Reduction of inequalities is the main objective. This Action is aimed at reducing the gaps in living conditions between sectors of the population and compensating for historical inequalities based on class, gender and ethnicity, which still have considerable weight in Paraguay.

Specifically, the programme will seek to reduce the gaps between sectors of the population with multiple resources and those sectors that, due to their social origins and the weakness of the Paraguayan State's action, are unable to access educational opportunities, vocational training and access to formal employment to ensure a decent life. Inequality in the exercise of rights is a central challenge that society and democracy have not yet managed to reduce or compensate for the disadvantaged social sectors.

Democracy

The main limit to the exercise of citizenship rights in Paraguay is inequality of opportunities and especially of results. Strengthening democratic institutions means promoting the exercise of citizenship rights that results in the participation and social control ("social accountability") of public officials (elected and career), public decision-makers and institutions that manage state resources.

Conflict sensitivity, peace and resilience

N.A.

Disaster Risk Reduction

N.A.

Other considerations if relevant

N.A.

3.4 Risks and Lessons Learnt

Category	Risks	Likelihood (High/Medium/Low)	Impact (High/Medium/Low)	Mitigating measures
1- To the external environment	Climate change may modify the production conditions of economic enterprises.	Low	Medium	Prospecting for training and investments in sectors and economic activities with less vulnerability to climate externality.
2- To planning, processes and systems	Public, private sector and civil society do not efficiently coordinate and execute the planned activities.	Medium	High	Ensure close monitoring of implementation and coordination of the three components. The EUD will have very pro-active in facilitating this articulation.
3- To people and the organisation	There is no sufficient demand for the services and weak engagement	Medium	High	Implementing partners will have to reach-out potential rights holders, also through awareness raising campaigns and workshops, as well as regular visits.
4- To legality and regularity aspects	The regulatory framework hampers the achievement of the expected results in terms of employment and formalisation	Medium	Low	Design and implementation of regulations that are applicable, ensuring the participation of all relevant duty-bearers in their development so to increase the likelihood of ownership.
5- To communication and information	The Action is victim of disinformation and is used to feed political and ideological debates.	Low	Medium	Ensure active communication, both by the implementing partners and the EUD, integrating a gender, a HRBA, and disability-inclusive perspective. Ensure that government is fully involved in communicating the progress and benefits of the Action.
6- To Gender Equality	A gender-blind, neutral, or negative context and problem analysis could reinforce existing gender inequalities and non-realisation of human rights in the sector, and hinder the efficiency and sustainability of the Action.	Medium	Medium	Knowledge and tools of gender mainstreaming are available. Gender-sensitive monitoring, use of sex-disaggregated data, and gender-sensitive indicators. Gender mainstreaming is applied in all phases of the support services.

Lessons Learnt:

The Action builds upon EU's experience and knowledge gained through the implementation of ongoing and previous programmes on Social Protection in Paraguay. The EU has been supporting the sector since 2009 through successive Budget Support Programmes along with technical assistance from regional programmes. Progress have been made, in particular with the set-up of the first ever integrated Social Protection System approved by the Social

Cabinet in May 2019. The implementation of the previous programme (budget support, last disbursement in 2023) was challenging, also due to lack of political will and institutional weaknesses of the main public bodies responsible for the Social Protection System. The Action builds also upon the experience from the Eurosocial + and the “Improving Synergies Between Social Protection and Public Finance Management Programme (SP&PFM)”.

The lessons learned from transitioning from budget support to a project modality have highlighted the importance of prioritising relevance of actions and focus on the impact on rights holders. In a context of limited resources and the need to focus in a limited number of domains, shifting to a project-based approach allows for a more targeted and tailored Action, enabling the EU to address specific needs and deliver tangible benefits. By designing projects on a public policy based, with a clear focus on the needs and aspirations of the rights holders, we can ensure that the interventions are responsive and aligned with their priorities. Ultimately, by embracing a project modality, we can maximise the positive changes experienced by the rights holders, empowering them and contributing to their long-term well-being and development.

Other lessons learnt include:

- It is necessary to support the articulation and coordination of public sector actors as well as the articulation between public and private sector actors.
- It is necessary to support strategic alliances and partnerships between different actors to replicate good practices, with an approach that combines capacity building and training exchange.
- Support to the private sector (MSMEs) through small grants is highly valued, in particular to finance innovative projects for which access to credit is very difficult.
- Communication is key, also to avoid instrumentalisation of the EU support to the sector.
- Consulting organisations that work with women’s rights and the rights of persons with disabilities is crucial from the initial phase, in order to include their specific needs and guarantee their rights throughout the entire implementation of the Action.

3.5 The Intervention Logic

This action is designed to contribute to the objective of promoting access to formal employment for the Paraguayan youth population (18-29 years), to support labour and productive inclusion as one of the pillars of the Social Protection System, and to expand contributory-based social security.

The activities are designed to support the increase in the number of young people graduating from training programmes and the access to formal employment of young people graduating from these programmes. This will in turn promote the insertion into labour market of young people without formal schooling who have acquired labor skills, with an emphasis on women and persons with disabilities.

The development and strengthening of labour policy instruments, as well as the implementation and institutionalisation of coordination mechanisms for public programmes to promote youth employment, will strengthen the mandated government body in charge of labour and employment policy. Care issues will receive more emphasis so as to facilitate women’s economic inclusion.

The launch of new formal enterprises involving youth people (with a care component) that mobilises digital technology, will have an impact on unemployment and labour informality indicators of young people between 18 and 29 years, generating a virtuous circle between capital investment, access to work and labour formalisation.

The activities will be accompanied by outreach activities, awareness raising and a communication strategy to ensure transparency and greater ownership.

The intervention has been formulated with the support of mandated public institutions such as, MTESS, MIC, MM, MEF, MDS, SNJ, to ensure that the programme is aligned with the objectives of the PND 2030. The private sector, CSOs and academia has also played a key role in the design of the Action.

3.6 Logical Framework Matrix

This indicative logframe constitutes the basis for the monitoring, reporting and evaluation of the intervention.

On the basis of this logframe matrix, a more detailed logframe (or several) may be developed at contracting stage. In case baselines and targets are not available for the action, they should be informed for each indicator at signature of the contract(s) linked to this AD, or in the first progress report at the latest. New columns may be added to set intermediary targets (milestones) for the Output and Outcome indicators whenever it is relevant.

- At inception, the first progress report should include the complete logframe (e.g. including baselines/targets).
- Progress reports should provide an updated logframe with current values for each indicator.
- The final report should enclose the logframe with baseline and final values for each indicator.

The indicative logical framework matrix may evolve during the lifetime of the action depending on the different implementation modalities of this action.

The activities, the expected Outputs and related indicators, targets and baselines included in the logframe matrix may be updated during the implementation of the action, no amendment being required to the Financing Decision.

Results	Results chain (@): Main expected results (maximum 10)	Indicators (@): (at least one indicator per expected result)	Baselines (values and years)	Targets (values and years)	Sources of data	Assumptions
Impact	<i>Increase formal employment for the youth population (18-29 years old), to underpin the bases of productive inclusion and contributory social security.</i>	1. Percentage of youth employment informality, diseggregated by sex and disability status.	1) 62.5% (2023) 2) 68.3% (2023)	1) to be determined in the start-up phase (2025) 2) to be determined in the initial phase (2025)	1) INE, 2023. 2) INE, 2023.	
Outcome 1	1. Labour market access and durability of the training of human capital graduates from training programmes, enhanced.	1.1. Number of young people (18-29 years of age) graduating from technical occupational training programmes, diseggregated by sex and disability status. 1.2. Number of graduates from occupational technical training programmes integrated in the formal labour market, diseggregated by sex and disability status.	1.1) 41.982 1.2) 22.000	1.1) to be determined in the initial phase (2025) 1.2) to be determined in the initial phase (2025)	1.1) MEC, MTESS, 2023 1.2) MTESS, INE, 2023	Programme availability and youth enrollment.

<p>Outcome 2</p>	<p>2. Strengthened labour and employment policy, along with Paraguay's caregiving policy.</p>	<p>2.1. Creation and strengthening of technical and operational capacities of the Ministry of Labour, Employment and Social Security in the planning and coordination of actions to promote formal employment.</p> <p>2.2. Number of labour and care policy instruments.</p>	<p>2.1) There is no coordination and information system for public programs for the promotion and formalisation of employment.</p> <p>2.2) 2 National Plans (Employment and Care).</p>	<p>2.1) to be determined in the initial phase (2025)</p> <p>2.2) to be determined at start-up (2025)</p>	<p>2.1) MTESS, 2023</p> <p>2.2) MTESS, 2023</p>	<p>Existence of real processes of planning and coordination of actions for access and formalisation of employment.</p> <p>Stability of technical staff in the processes.</p>
<p>Outcome 3</p>	<p>3. Formal and innovative enterprises, promoting young entrepreneurial profiles in the working population, constituted.</p>	<p>3.1. Number of companies (MSMEs) formalised and supported, with 20% specialised in care.</p> <p>3.2. Number of young people hired formally employed in incorporated MSMEs, disaggregated, by sex and disability status.</p>	<p>3.1) 0</p> <p>3.2) 0</p>	<p>3.1) to be determined in the initial phase (2025)</p> <p>3.2) to be determined in the initial phase (2025)</p>	<p>3.1) MIC, MEF, 2023</p> <p>3.2) MIC, MEF, 2023</p>	<p>Existence of newly qualified companies or companies in the process of incorporation available to get involved.</p> <p>Young people with sufficient training in different trades.</p>
<p>Output 1 relating to Outcome 1</p>	<p>Number of young participants in occupational technical training programmes, graduates.</p>	<p>1.1.1. Number of young people enrolled in technical occupational training programmes, disaggregated by sex and disability status.</p> <p>1.1.2. Number of young graduates of public programmes for human capital, disaggregated by sex and disability status.</p>	<p>1.1.1) 138.000</p> <p>1.1.2) 41.982</p>	<p>1.1.1) to be determined in the initial phase (2025)</p> <p>1.1.2) to be determined in the initial phase (2025)</p>	<p>1.1.1) MEC, MTESS, 2023</p> <p>1.1.2) MEC, MTESS, 2023</p>	<p>The dropout rates from training programmes by young people enrolled are within standard levels</p>
<p>Output 2 relating to Outcome 1</p>	<p>Number of young participants in technical occupational training programmes formally hired.</p>	<p>1.2.1. Number of young people hired from the population graduating from occupational technical training programmes, disaggregated by sex and disability status.</p> <p>1.2.2. Number of young people hired from the population graduated from occupational technical training programmes, who remain in their jobs after 1 (one) year of access to</p>	<p>1.2.1) 14.740</p> <p>1.2.2) 14.740</p>	<p>1.2.1) to be determined in the initial phase (2025)</p> <p>1.2.2) to be determined at start-up (2025)</p>	<p>1.2.1) MTESS, 2023</p> <p>1.2.2) MTESS, 2023</p>	<p>Sufficient incentives in the hiring companies to retain young graduates hired.</p>

		<i>employment</i> , disaggregated by sex and disability status.				
Output 1 relating to Outcome 2	Number of government programmes for labour market insertion and access to employment, including care activities, strengthened.	2.1.1. Extent to which the Action contributed to setting up the institutional system for the articulation and coordination of State programmes for the promotion of employment and care. 2.1.2. Extent to which the Action contributed to operationalisation of the labour information system	2.1.1) No articulated and coordinated State programme to promote employment. 2.1.2) Labour observatory in operation / There is no Labour and Employment Information System.	2.1.1) to be determined in the initial phase (2025) 2.1.2) to be determined in the initial phase (2025)	2.1.1) MTESS, MinMujer, 2023 2.1.2) MTESS, INE, 2023	Public programs for the promotion of formal employment disseminated and consistent.
Output 2 relating to Outcome 2	Number of MTESS labour policy and PNCUPA care policy instruments developed, implemented and strengthened.	2.2.1. Number of labour and care policy instruments governed by the MTESS developed. 2.2.2. Number of programmes for the promotion and formalisation of MTESS employment designed.	2.2.1) 1 National Employment Plan, and X regulations. 2.2.2) X employment promotion and formalisation programmes.	2.2.1) to be determined in the initial phase (2025) 2.2.2) to be determined in the initial phase (2025)	2.2.1) MTESS, 2023 2.2.2) MTESS, 2023	MTESS and MinMu plans linked to employment with operational plans prepared and disseminated.
Output 1 relating to Outcome 3	Number of new enterprises with a youth population between 18 and 29 years of age, of which 20% in care occupations, registered in the simplified business formation system, with a single IPS/RUC registry.	3.1.1. Number of companies (MSMEs) supported by the Action in the formalisation process. 3.1.2. Number of companies (MSMEs) specialised in care, supported by the Action, in the formalisation process.	3.1.1) No company established prior to the implementation of the Action. 3.1.2) No specialised care company established prior to the implementation of the Action.	3.1.1) to be determined in the initial phase (2025) 3.1.2) to be determined in initial phase (2025)	3.1.1) MIC, MEF, 2023 3.1.2) MIC, MEF, 2023	Favorable economic cycle and value chains available for most of the enterprises generated. Simplified company registration system established.

<p>Output 2 relating to Outcome 3</p>	<p>Number of new enterprises with a youth population between 18 and 29 years of age, with digital operating technology, registered in the simplified business formation system, with unified IPS/RUC registration.</p>	<p>3.2.1. Number of MSMEs companies supported by the Action hiring of young people, disaggregated by sex and disability status.</p> <p>3.2.2. Number of professionals in the care sector trained, hired, disaggregated by sex and disability status.</p>	<p>3.2.1) No young people hired in MSMEs established prior the Action.</p> <p>3.2.2) No young people recruited in MSMEs specialising in care provided prior the Action.</p>	<p>3.2.1) to be determined in the initial phase (2025)</p> <p>3.2.2) to be determined in initial phase (2025)</p>	<p>3.2.1) MIC, MEF, 2023</p> <p>3.2.2) MIC, MEF, 2023</p>	<p>Availability and expansion of connectivity.</p> <p>Increased access to internet-connected devices for vulnerable youth population.</p>
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4 IMPLEMENTATION ARRANGEMENTS

4.1 Financing Agreement

In order to implement this action, it is envisaged to conclude a financing agreement with the Paraguay.

4.2 Indicative Implementation Period

The indicative operational implementation period of this action, during which the activities described in section 3 will be carried out and the corresponding contracts and agreements implemented, is **60** months from the date of entry into force of the financing agreement.

Extensions of the implementation period may be agreed by the Commission's responsible authorising officer by amending this Financing Decision and the relevant contracts and agreements.

4.3 Implementation Modalities

The Commission will ensure that the EU appropriate rules and procedures for providing financing to third parties are respected, including review procedures, where appropriate, and compliance of the action with EU restrictive measures⁸.

4.3.1 Direct Management (Grants) Specific Objective 3

Grants: (direct management)

(a) Purpose of the grant(s)

The objective of the grant is to involve civil society actors in the implementation of Specific Objective 3 (Encourage formal and innovative entrepreneurship, which includes care activities, with a digital component that involves the youth working population) to increase impact and sustainability.

(b) Type of applicants targeted

To achieve outcomes 3.1 and 3.2. and implement related activities, a grant will be awarded to a lead applicant (coordinator) with possible co-beneficiaries. The target organisations to implement these activities are recognised local CSOs (productive associations, NGOs, universities, think tanks and academic centers). They have a national reputation, due to their solid knowledge and experience in the sector, as well as their continuous engagement with the public and private sectors. The lead applicant (coordinator) will have specific experience in social science and public policy research and will establish collaborations with relevant institutions in the field of action implementation.

(c) Justification of a direct grant

Under the responsibility of the responsible authorising officer of the Commission, the grant may be awarded without a call for proposals to a lead applicant and co-beneficiaries selected using the following criteria, in accordance with Article 195 of the Financial Regulation, case f: for activities with specific characteristics that require a particular type of body on account of its technical competence, its high degree of specialisation or its administrative powers, on condition that the activities concerned do not fall within the scope of a call for proposals".

This is due to the need to delegate the partial implementation of SO3 to a body that (a) is a civil society social science and public policy research entity; (b) has a national scope; (c) has strong technical, financial, and administrative capacity; (d) enjoys legitimacy in multi-stakeholder (duty-bearer) dialogue; and (e) has a strong position and resources both technically, financially, and administratively to allow for sustainability of activities after the end of EU grant funding. The technical expertise sought consists of experience and partnership with public and private institutions related to the sector.

The part of the action under the budgetary envelope reserved for grants may, partially or totally and including where an entity is designated for receiving a grant without a call for proposals, be implemented in indirect

⁸ www.sanctionsmap.eu. Please note that the sanctions map is an IT tool for identifying the sanctions regimes. The source of the sanctions stems from legal acts published in the Official Journal (OJ). In case of discrepancy between the published legal acts and the updates on the website it is the OJ version that prevails.

management with an entity, which will be selected by the Commission's services using the criteria defined in section 4.3.1.c above.

4.3.2 Direct Management (Prize(s))

Not applicable

4.3.3 Direct Management (Procurement)

Procurement for evaluation and audit planned in sections 5.2 and 5.3

4.3.4 Indirect Management with an entrusted entity

4.3.4.1. Indirect management with an entrusted entity – Specific Objective 1

A part of this action may be implemented in indirect management with an entity, which will be selected by the Commission's services using the following criteria: technical competence in regional and local interventions in the field of social protection and employment, as well as in the promotion of public-private partnerships; facility to identify and recruit experts, including those from the public sector, for exchange and peer learning; and strong administrative and financial capacity.

The implementation by this entity entails activities under SO1, addressed to promote the insertion into labour market of young people without formal schooling who have acquired labour skills.

4.3.4.2. Indirect management with an entrusted entity – Specific Objective 2

A part of this action may be implemented in indirect management with an entity, which will be selected by the Commission services based on the following criteria: technical competence in promoting dialogue efforts between workers and enterprises, supporting the design, implementation and evaluation of labour policies; with broad recognition and legitimacy in the Paraguayan labour arena; and strong administrative and financial capacity.

The implementation by this entity entails activities under SO2, addressed to the institutional strengthening of the governing entity of the public labour policy, as well as the strengthening of employment and care policies, respectively.

4.3.5 Indirect Management with the Partner Country

N.A.

4.3.6 Contribution to <name of the relevant Regional Investment Platform>

N.A.

4.3.7 EFSD+ operations covered by budgetary guarantees

N.A.

4.3.8 Changes from indirect to direct management mode (and vice versa) due to exceptional circumstances (one alternative second option)

In exceptional circumstances, where it is not possible to continue implementation by indirect management, the Commission will implement the action under direct management mode, by means of public procurement (technical assistance to public institutions).

If negotiations with the beneficiary organisations to implement the grant awarded directly fail or cannot be carried out due to circumstances beyond the Commission's control, the activities may be implemented under indirect management mode with an entrusted entity.

4.3.9 Other actions or expenditure

N.A.

4.4. Scope of geographical eligibility for procurement and grants

The geographical eligibility in terms of place of establishment for participating in procurement and grant award procedures and in terms of origin of supplies purchased as established in the basic act and set out in the relevant contractual documents shall apply, subject to the following provisions.

The Commission's authorising officer responsible may extend the geographical eligibility on the basis of urgency or of unavailability of services in the markets of the countries or territories concerned, or in other duly substantiated cases where application of the eligibility rules would make the realisation of this action impossible or exceedingly difficult (Article 28(10) NDICI-Global Europe Regulation).

4.5. Indicative Budget

Indicative Budget components	EU contribution (amount in EUR)	Third-party contribution, in currency identified
Objective 1: Promote the labour market insertion of young people in situation of vulnerability and who have not completed school who are trained in technical training programmes, with emphasis on young women.	3,500,000	N.A.
<i>Indirect management with a pillar-assessed entity - see section 4.3.4.1</i>		
Objective 2: Contribute to the strengthening of the labour and employment policy, including some components related to formalisation, and the articulation with the national care policy.	2,500,000	N.A.
<i>Indirect management with pillar-assessed entity – see section 4.3.4.2</i>		
Objective 3: Promote formal and innovative entrepreneurship with a digital component for young workers, including care activities.	3,000,000	157,895
<i>Grant (direct management) - see section 4.3.1</i>		
Evaluation – cf. section 5.2 Audit – cf. section 5.3	200,000	N.A.
Contingencies	800,000	N.A.
Totals	10,000,000	157,895
		10,157,895

4.6 Organisational Set-up and Responsibilities

The Action will be overseen by a Steering Committee in charge of strategic guidance to ensure the achievement of the expected results. It will be led by the Ministry of Labour, Employment and Social Security (MTESS) and, in principle, comprise the following members:

- The Minister of Labour, Employment and Social Security (MTESS), or a duly designated representative, who will chair the Committee;
- The Minister of Industry and Commerce or a duly designated representative;
- The Minister of Women or a duly designated representative;
- The Minister of the National Youth Secretariat or a duly designated representative;
- The Head of the Delegation of the European Union in Paraguay or a representative;

- The representative of the two entities evaluated by pillars;
- The representative of the coordinator (main applicant);
- The head of the Technical Committee who will act as Secretary of the Committee.

The Steering Committee should meet at least twice a year and provide overall guidance, coherent guidelines and coordination with other institutions, as well as ensure that follow-up actions are carried out with relevant duty-bearers. Representatives of other public or private institutions and other duty-bearers, as appropriate, may attend specific sessions of the Steering Committee, depending on the theme of the sessions.

A programme Technical Board would be established to oversee programme implementation and annual work plans to ensure coordination and coherent action among implementing partners. In the first meeting, the Steering Committee will establish the members of this Board, which will be made up of the technical liaison of the Ministry of Labor, Employment and Social Security, the technical liaison of the Ministry of Industry and Commerce, the technical liaison of the Ministry of Women and from other relevant ministries and institutions, representative of the EU Delegation, and from the entities in charge of implementing the action. The Technical Board must set the objective of meeting at least once every three months. If deemed necessary, additional working groups may be established.

As part of its prerogative of budget implementation and to safeguard the financial interests of the Union, the Commission may participate in the above governance structures set up for governing the implementation of the action and may sign or enter into joint declarations or statements, for the purpose of enhancing the visibility of the EU and its contribution to this action and ensuring effective coordination.

4.7 Pre-conditions

N.A.

5 PERFORMANCE MEASUREMENT

5.1 Monitoring and Reporting

The day-to-day technical and financial monitoring of the implementation of this action will be a continuous process, and part of the implementing partner's responsibilities. To this aim, the implementing partner shall establish a permanent internal, technical and financial monitoring system for the action and elaborate regular progress reports (not less than annual) and final reports. Every report shall provide an accurate account of implementation of the action, difficulties encountered, changes introduced, as well as the degree of achievement of its results (Outputs and direct Outcomes) as measured by corresponding indicators, using as reference the logframe matrix (for project modality) and the partner's strategy, policy or reform action plan list (for budget support).

Indicators shall be disaggregated at least by income. All monitoring and reporting shall assess how the action is taking into account inequality reduction. The Distributional Impact Assessment tool (DIA) will be applied, as a data source whenever other sources (national, regional, local data) are not available to monitor whether expected outputs have, to a large extent, benefited socio-economically disadvantaged groups, households and individuals. The DIA can also be performed at the start of the implementation phase to a) locate where the most vulnerable live and target them geographically; b) identify main drivers of inequalities (e.g. reasons for not accessing some services) c) unveil intersectionalities (e.g. bottom 40 income who are women, children etc.).

The Commission may undertake additional project monitoring visits both through its own staff and through independent consultants recruited directly by the Commission for independent monitoring reviews (or recruited by the responsible agent contracted by the Commission for implementing such reviews).

5.2 Evaluation

Having regard to the nature of the action, mid-term and final evaluations may be carried out for this action or its components via independent consultants contracted by the Commission.

In case a mid-term evaluation is envisaged, it will be carried out for problem solving and learning purposes with a gender responsive approach, in particular with respect to assessing the continued relevance and

progress made toward achieving the planned objectives, providing an opportunity to introduce modifications to ensure the achievement of the objectives and, in the event that a second phase of the action is envisaged.

In case a final or ex-post evaluation is envisaged, it will be carried out for accountability and learning purposes, analysing the programmes outcomes and impact achievements and formulating recommendations on lessons learned.

The Commission shall inform the implementing partner at least 30 days in advance of the dates envisaged for the evaluation missions. The implementing partner shall collaborate efficiently and effectively with the evaluation experts, and inter alia provide them with all necessary information and documentation, as well as access to the project premises and activities.

The evaluation reports may be shared with the partners and other key duty-bearers following the best practice of evaluation dissemination. The implementing partner and the Commission shall analyse the conclusions and recommendations of the evaluations and, where appropriate, apply the necessary adjustments.

The evaluation plan (or component in the foreseen evaluation) should assess the distributional impact of activities undertaken on the socio-economically disadvantaged individuals, households or groups. This can be done through the Distributional Impact Assessment tool (DIA). The DIA analysis looks at the effective targeting of beneficiaries of development interventions, identifying if more than 40% of beneficiaries are at the bottom two quintiles of the income or wealth distribution. It also allows to evaluate whether effective targeting has been done towards women, children and youth or other disadvantaged groups (e.g. ethnic minorities) or at territorial level. Expertise on inequality reduction will be ensured in the evaluation teams.

Evaluation services may be contracted under a framework contract.

5.3 Audit and Verifications

Without prejudice to the obligations applicable to contracts concluded for the implementation of this action, the Commission may, on the basis of a risk assessment, contract independent audit or verification assignments for one or several contracts or agreements.

6 STRATEGIC COMMUNICATION AND PUBLIC DIPLOMACY

The 2021-2027 programming cycle will adopt a new approach to pooling, programming and deploying strategic communication and public diplomacy resources.

In line with the 2022 [“Communicating and Raising EU Visibility: Guidance for External Actions”](#), it will remain a contractual obligation for all entities implementing EU-funded external actions to inform the relevant audiences of the Union’s support for their work by displaying the EU emblem and a short funding statement as appropriate on all communication materials related to the actions concerned. This obligation will continue to apply equally, regardless of whether the actions concerned are implemented by the Commission, partner countries, service providers, grant beneficiaries (rights holders) or entrusted or delegated entities such as UN agencies, international financial institutions and agencies of EU member states.

However, action documents for specific sector programmes are in principle no longer required to include a provision for communication and visibility actions promoting the programmes concerned. These resources will instead be consolidated in Cooperation Facilities established by support measure action documents, allowing Delegations to plan and execute multiannual strategic communication and public diplomacy actions with sufficient critical mass to be effective on a national scale.

Appendix 1 REPORTING IN OPSYS

A Primary Intervention (project/programme) is a coherent set of activities and results structured in a logical framework aiming at delivering development change or progress. Identifying the level of the primary intervention will allow for:

Articulating Actions or Contracts according to an expected chain of results and therefore allowing them to ensure efficient monitoring and reporting of performance;

Differentiating these Actions or Contracts from those that do not produce direct reportable development results, defined as support entities (i.e. audits, evaluations);

Having a complete and exhaustive mapping of all results-bearing Actions and Contracts.

Primary Interventions are identified during the design of each action by the responsible service (Delegation or Headquarters operational Unit).

The level of the Primary Intervention chosen can be modified (directly in OPSYS) and the modification does not constitute an amendment of the action document.

The intervention level for the present Action identifies as (tick one of the 4 following options);

Action level (i.e. Budget Support, blending)		
<input checked="" type="checkbox"/>	Single action	Present action: all contracts in the present action
Group of actions level (i.e. top-up cases, different phases of a single programme)		
<input type="checkbox"/>	Group of actions	Actions reference (CRIS#/OPSYS#):
Contract level		
<input type="checkbox"/>	Single Contract 1	foreseen individual legal commitment (or contract): SO 1
<input type="checkbox"/>	Single Contract 2	foreseen individual legal commitment (or contract): SO2
<input type="checkbox"/>	Single Contract 3	foreseen individual legal commitment (or contract): SO3
Group of contracts level (i.e. series of programme estimates, cases in which an Action includes for example four contracts and two of them, a technical assistance contract and a contribution agreement, aim at the same objectives and complement each other)		
<input type="checkbox"/>	Group of contracts 1	<foreseen individual legal commitment (or contract) 1> <foreseen individual legal commitment (or contract) 2> <foreseen individual legal commitment (or contract) #>