

Public call for Concept Notes

Finance for Jobs (F4J) Youth Employment Development Impact Bond (DIB 2)

May 2024

<https://form.f4jconsulting.com/app/>

Why an Impact Bond?

In many countries, donors are exploring Impact Bonds or other forms of results-based financing. Why?

- There is a local desire for higher accountability for donor funding, and results to be achieved.
- There is high local dependence on grants and input-based financing, which have no relation between Dollars spent and results/outcomes.
- The alternative is results-based financing, which creates a financing gap for local implementers (i.e. grantees or Service Providers).
- **An intermediary is needed to fill the gap:** *a social investor, with private sector mentality, that provides working capital, takes financial and performance risks, and provides performance management and delivery oversight, with a focus on outcomes: **jobs***

F4J DIB 1.0

- Aimed to achieve sustained employment for Palestinian youth by providing tailored, demand-driven employment programs.
- This results-based financing model emphasises employment, not training, i.e. outcomes, not outputs.
- It creates incentives for all partners to help them focus on employment, and not run any training unless there are vacancies waiting for the trained youth.



Outcomes Funders



The World Bank (WB), through a grant to the Ministry of Finance (MoF), managed by DAI Global, commits to paying investors for pre-defined employment outcomes for young Palestinians, only if achieved and independently verified.



Social investors through Finance for Jobs Consulting Services

Finance for Jobs Consulting Services



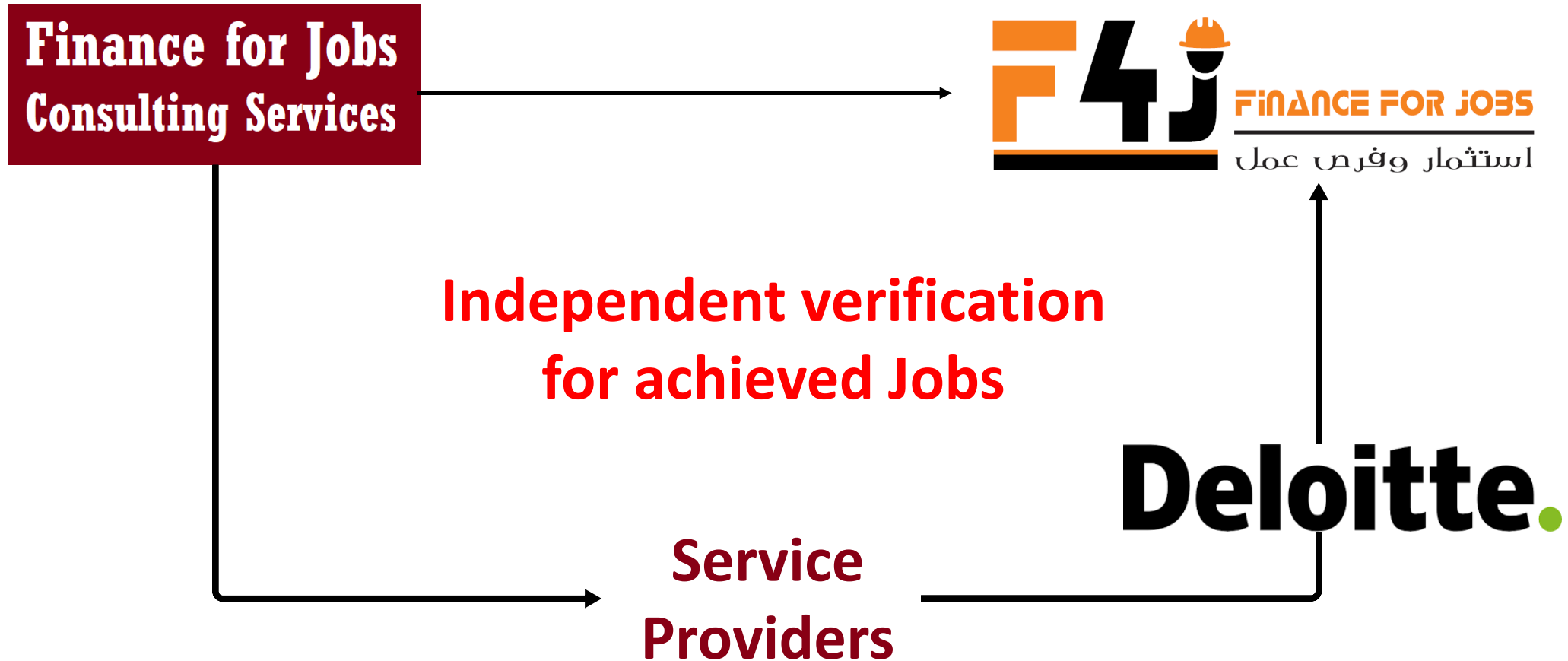
Through the DIB management company (F4J-CS), social investors provide the upfront 'working capital' required by local Service Providers to deliver employment services. The DIB was initially supported by Social Finance UK.

Local Service Providers



Coordinate with employers and private sector to identify employment opportunities, understand the skills gap, and provide training and job placement services.

Independent Verification of jobs achieved



Outcomes Funders



Deloitte.

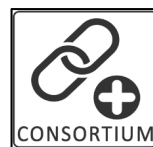
Jobs Verification Report



Jobs claims

Outcomes Payment

Local Service Providers:
Training & job placement Services



Working capital
& performance
management

**Finance for Jobs
Consulting Services**

Social Investors



Role of outcomes funders vs investors

- **Outcomes funders** promise to pay if certain results are achieved, providing outcomes funding, strategic direction, determine target beneficiaries and service parameters, and review and approve all proposed Service Provides Proposals.
- **Investors, through their DIB manager**, take the financial risk, provide upfront working capital, and overall implementation oversight.
- **The DIB manager:** provides 'performance management' of contracted SPs to help them focus on delivering jobs through frequent follow-up, using a centralized (data-rich) real-time data management system, allowing immediate response to field challenges.



Role of lead Service Providers

- **Co-design:** All shortlisted Service Providers must go through iterative co-design (proposal writing) with the DIB manager, followed by investors & outcomes funders approval.
- SPs bring together youth, training providers, and employers in one holistic program.
- The lead SP manages the whole youth journey from recruitment/acceptance, throughout training, individual services, then employment, and on-the-job support.
- Works closely with the DIB manager to ensure compliance with investors, outcomes funders and IVA requirements.
- Deliver services in cohorts to allow lessons learned to improve future trainings/services.



Key DIB 1.0 Facts

- DIB Outcomes Contract (OC) was initially \$5M.
- The DIB targeted unemployed Palestinian youth, with minimum of 30% female participation.
- Service Delivery launched in June 2020, along with covid-19, which was a serious threat to physical training delivery and employment potential.
- Through 9 local Service Providers, the DIB worked with employers in multiple sectors to serve youth from various educational backgrounds.



Service Providers partners in DIB 1.0

	Organization	Project/Sector/Job Type
1	Education for Employment (EFE-P)	Nursing & Health sector employment Program
2	Juzoor for Health & Social Development	Intern Doctors Program
3	Palestine Engineers Association (PEA)	Health & Safety Specialists (construction & industrial facilities)
4	Center for Continuing Education at Birzeit University (CCE/BZU)	Teachers and education sector employment Program
5	Palestine Construction Industries Union (PCIU)	Materials Quality Assurance Specialists & Construction-related jobs
6	Palestinian Vision (PalVision)	Commercial & Business Skills Employment Program
7	Juhoud for Community and Rural Development	Furniture Sector employment Program: (TVET training in Carpentry, upholstery, etc.)
8	Palestinian Information Technology Association of Companies (PITA)	Tech Savvy Program: employment in the ICT sector
9	Education for Employment (EFE-P)	Employment in Finance, microfinance, value chain, etc.



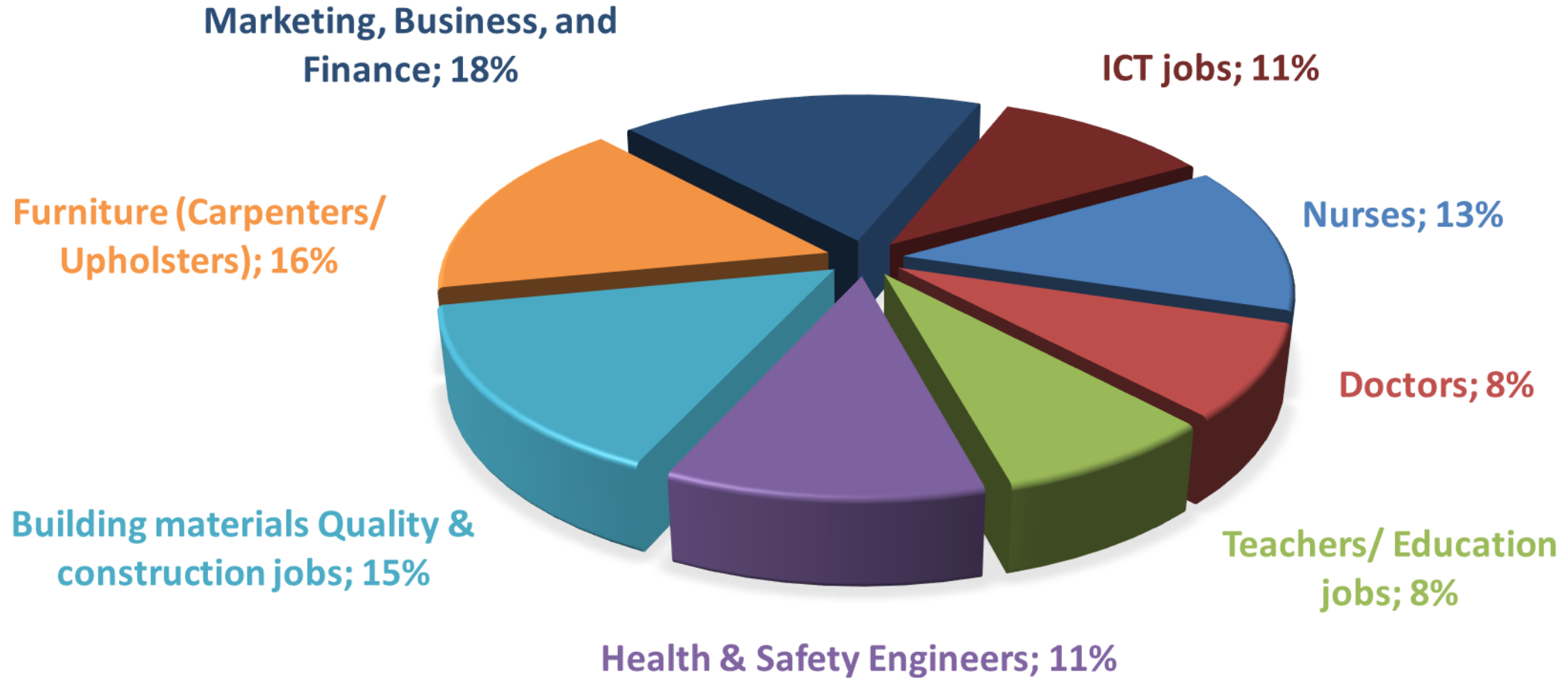
DIB 1.0 results

- To date, the DIB has created 660 jobs, of those 540 has been sustained for 6 months.
- Women achieved 40% of all employment results.
- On Average, the DIB graduates earn 50% above minimum wage.
- Due to its success, DIB 1.0 value was increased to \$6.25M. It also expanded to Gaza but was stopped in Oct 2023 due to the war.

F4J DIB Jobs: a diverse jobs portfolio

Total documented jobs = 657

**There are over 30 additional jobs that lack official documentation, making the total jobs achieved close to 700.*





F4J DIB 2.0



**Eligibility:
Who can apply?**



1. Be legally registered for at least three years, whether locally or internationally,
2. Be a private organization, whether for-profit or non-profit,
3. Have official presence and experience in the West Bank,
4. Have strong financial management systems and clean audit reports for the past 3 years,
5. Have a valid 'deduction-at-source' certificate,
6. Have an official bank account, preferably in the West Bank.

To lead or not to lead?

1. Examples of eligible SPs (and their partners) include career centers, training centers or companies, youth-focused NGOs, universities, private sector companies, etc.
2. Applicants are encouraged to form a meaningful consortium of partners to complement each other's services. The form should be ideally completed by the lead entity (partner) of the Consortium.
3. *The DIB will contract the lead SP, that is usually responsible for helping youth in job placement.*
4. Partners must provide valuable and critical services related to the proposed solution.



Envisioned services

1. **Group training**, both in-class or in simulation labs, etc.
 - Sector specific: technical/ vocational training
 - Non-sector specific: soft/life skills,
2. **One-on-one services**: job intermediation, case management, coaching, mentoring, career planning, family engagement,
3. **On-the-job training**, and/or internships, apprenticeships (if applicable),
4. Job-placement and Job-search support
5. In-work support for 6 months, or as needed.
6. A mix of the above.

Note: Dual 'work and learn' models would be considered if they meet labor market needs, such as 'day-release' programs, work-trials, etc.



Envisioned services

- An internship is not a job. It is part of the youth journey to employment. It must be technically justified, and not done as temporary employment.
- The DIB does not provide any subsidies to employers or youth during their employment.
- Employers cannot play the role of Service Providers.

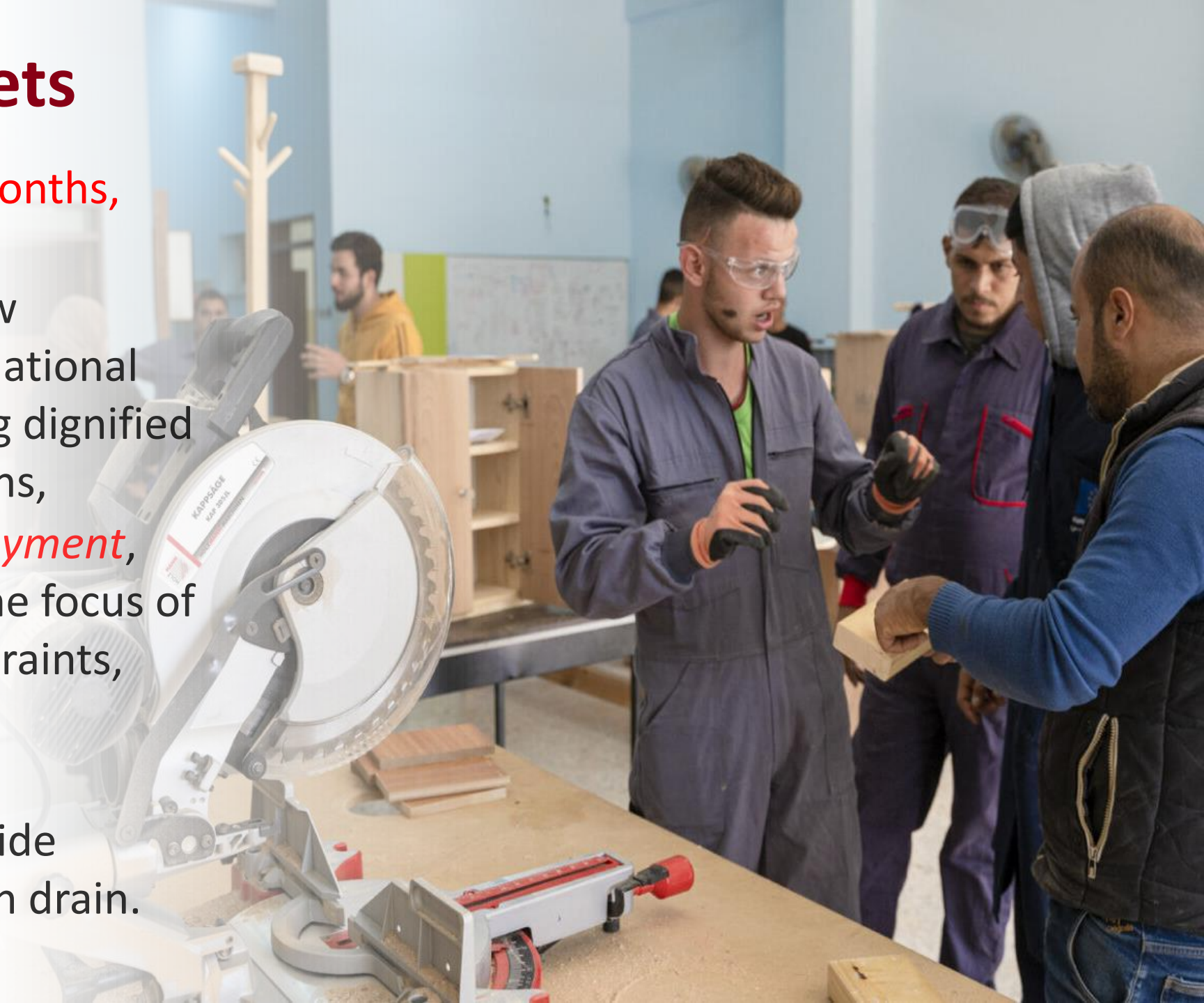
What is a good application?

1. Has a *clear youth journey* from acceptance, to services (training, coaching, internships, etc.), followed by job placement, job start and 6-months sustainment.
2. *Promises a realistic number of jobs but aims to employ the maximum number possible of those accepted onto the program.*
3. Adds value to youth, or their families, employers, or society, etc. and solves a problem for the project stakeholders.
4. It avoids serving those youth that are able to find employment on their own (crème cropping). *Without your service, youth would not be able to find jobs on their own.*



Jobs the DIB targets

- Sustained for at least **6 months**, *without subsidy*.
- Meets minimum labor law requirements, including national minimum wage, providing dignified and fair working conditions,
- *Targets third-party employment*, self-employment is not the focus of the DIB due to time constraints,
- Does **not** target public (government) jobs,
- Does **not** target jobs outside Palestine, to prevent brain drain.



Selection criteria

First: DIB general acceptance criteria

- Unemployed Palestinian youth, ages 18-29.
- For this specific call, *targeted beneficiaries should be resident in the West Bank.*

Second: SP specific criteria

- Usually set in coordination with employers and tailored to the specific program

Women participation & marginalized groups

- 50% at acceptance & at least 35% in jobs, unless otherwise justified by program needs.
- Targeting marginalized groups is highly encouraged, even if they are older than 29. Marginalization must be clearly defined.



Service Provider contracts and the Payment Model

1. The contract will be with the lead SP, as a results-based service contract and is not a cost-reimbursement grant.
2. Payments will be pro rata (proportionate), based on the number of youth that move across stages of the training and employment journey.
3. The approved project budget (part of the Full Proposal) will be turned into a **Payment Model**, (along with the agreed KPIs and youth numbers), which is design to encourage job outcomes, not training outputs.
4. The **Payment model will be customized (during co-design when developing the Full proposal)** per the needs of the SP and its project design, to help its cash flow and stay cash positive. This includes:
 - adding new KPIs, based on the youth journey, such as internships for example,
 - Changing the payment structure (weights) for outputs and outcomes.

Sample Payment Model (an example)

Outputs	KPI	Base Case Targets	Unit Price	Earnings	Status	Target Case Targets	Earnings
Outputs	Accepted & start training	100	\$200.00	\$20,000	Capped	100	\$20,000
	Training Completion (50% of attendance)	96	\$260.00	\$24,960	Capped	96	\$24,960
	Training Completion	92	\$320.00	\$29,440	Capped	92	\$29,440
Outcomes	Job start	60	\$250.00	\$15,000	Variable	70	\$17,500
	Complete 3 months employment	56	\$300.00	\$16,800	Variable	66	\$19,800
	Complete 6 months employment	52	\$350.00	\$18,200	Variable	62	\$21,700
Total Base Case Budget =				\$124,400	al Target Case Budget=		\$133,400

The Payment Model is designed to pay SPs for more job outcomes, not more training outputs. In the sample above, if the service provider:

- achieves all promised KPI at "Base Case", they will get paid the total budget **\$124,400**.
- exceeds the promised job outcomes, the SP will get paid an amount above budget at "Target Case" up to **\$133,400**.



**Thank you for
listening**

Questions?