



# Project Information Document/ Identification/Concept Stage (PID)

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Concept Stage | Date Prepared/Updated: 13-Oct-2023 | Report No: PIDC130079

**BASIC INFORMATION****A. Basic Project Data**

Project ID	Parent Project ID (if any)	Environmental and Social Risk Classification	Project Name
P165414		Moderate	TANZANIA: ECONOMIC INCLUSION OF YOUTH AND WOMEN IN ZANZIBAR PROJECT
Region	Country	Date PID Prepared	Estimated Date of Approval
EASTERN AND SOUTHERN AFRICA	Tanzania	13-Oct-2023	
Financing Instrument	Borrower(s)	Implementing Agency	
Investment Project Financing	Zanzibar Fighting Against Youth Challenges Organization (ZAYFCO)	Zanzibar Fighting Against Youth Challenges Organization (ZAFAYCO)	

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**PROJECT FINANCING DATA (US\$, Millions)****SUMMARY**

Total Project Cost	106.25
Total Financing	100.00
Financing Gap	6.25

**DETAILS****Non-World Bank Group Financing**

Trust Funds	2.96
Japan Social Development Fund	2.96

**B. Introduction and Context**

## Country Context

**Zanzibar enjoyed strong economic growth over the last decade, but it took a severe setback with the onset of the global COVID-19 pandemic and its dire effect on the tourism industry. The country's gross domestic**



product (GDP) growth rate averaged 6.9 percent between 2013 to 2019, compared to an average of 4.8 percent for Sub-Saharan Africa (SSA) during the same period. This GDP growth was mostly driven by services, particularly tourism and related activities such as accommodations, food, transportation, and real estate. Tourism is the largest economic sector in Zanzibar, contributing 27 percent of GDP, generating the largest share of private sector employment, bringing in 80 percent of foreign direct investment (FDI) and 80 percent of the country's foreign currency earnings. The onset of the COVID-19 pandemic brought the tourism sector to a standstill, with a devastating impact on the economy. The economic growth rate fell sharply to 1.3 percent in 2020 with sales in the accommodations and food services sub-sectors declining by 13 percent. Fortunately, the GDP growth rate has since picked up reaching 6.6 percent in Q2 of 2022, which is slightly lower than pre pandemic levels.

**Zanzibar's economic growth over the past decade, however, has not translated into a commensurate improvement in the population's welfare.** According to the 2022 World Bank Poverty Assessment, while income per capita grew at an average growth rate of 3 percent per year between 2009 – 2019 (from US\$712 to US\$950) for a total increase of 33 percent, real consumption per capita, as measured by the Household Budget Surveys (HBSs), grew by 1.8 percentage points per year during the same period, equivalent to only 18 percent. The gap between rural and urban poverty has widened, driven by differences between the islands of Unguja and Pemba. More than half of the poor (57 percent) live on Pemba Island, although only 27 percent of Zanzibar's population lives there. With a large percentage of people living in chronic poverty and transient poverty (19 percent and 22 percent respectively according to the National Panel Survey), there is a pressing need to work towards ensuring more inclusive growth.

**Finding jobs in the face of rapid population growth is a chronic concern.** According to the National Labor Force Surveys (NLFS) of 2014 and 2020-21, unemployment in Zanzibar went up from 17 to 19 percent with female unemployment increasing from 26 to 30 percent even though women's educational attainment is close to that of men. Youth constitute a relatively high segment with 35.5 percent of the population being younger than 35 years of age and characterized by high unemployment rates especially amongst women. Youth unemployment in 2021 stood at 36.6 percent for the 15-24 years age group and 21.8 percent for the 25-34 years age group. For ages 15-35 years, the female youth unemployment rate was 40.7 percent.

**The rationale for leveraging JSDF for this activity is centered on the missing link between the approach and delivery method often utilized by existing programs, and the capacity needs of the most vulnerable youth and women in the poorest areas in Zanzibar.** Existing programs tend to be larger in scale, and entail (explicitly or implicitly) pre-requisites that the poorest and most marginalized youth do not possess preventing them from participating. These programs also fail to capture the feedback from those groups to respond to their immediate challenges. A multi-level community approach in which a local youth-led civil society organization operating in the poorest areas is actively implementing the program, with the intended beneficiaries and community leaders involved in the design and outreach, will help deliver the necessary livelihood support interventions to the most vulnerable youth and women living in two of the poorest areas in Zanzibar, Chake Chake in Pemba Island and Kaskazini-A, Nungwi in Unguja island.



### Sectoral and Institutional Context

**The RGoZ places significant importance on fostering an inclusive and sustainable tourism sector that serves as a reliable economic industry and catalyst for growth in various sectors.** Through its Zanzibar's Vision 2050 the government aims to foster decent job opportunities for local communities and enhance the retention of tourism revenue within Zanzibar. To address these challenges, the RGoZ seeks to cultivate a skilled local workforce within the tourism sector, with a specific focus on providing favorable employment prospects for young people through practical training and apprenticeships. Furthermore, the vision aims to promote the integration of local communities into the tourism industry by encouraging their ownership and active participation. However, the current state of the tourism sector lacks robust connections with the rest of the economy leading to the loss of employment and business opportunities. About 80 percent of hotel needs are sourced from outside Zanzibar due to the perceived superior quality and assured quantities. Additionally, hotels tend to hire skilled foreign nationals, particularly for management roles, and local tourism products suffer from inadequate marketing efforts.

**There is a significant gap in skills amongst youth in Zanzibar contributing to their low employability.** According to a youth-mapping exercise undertaken in mid-2017 as part of the preparations for this project, many businesses indicated that prospective young employees do not have the requisite hard and soft skills, necessary for the job. This finding was also corroborated by stakeholder consultations for Tanzania's Country Partnership Framework (CPF) and the World Bank Group's Transforming Zanzibar Long-Term Engagement Framework for 2019. In response to the youth unemployment challenge, the RGoZ prepared and launched key policy documents outlining streamlined strategies for tackling the problem. These include the Strategy for Growth and the Reduction of Poverty (MKUZA) III, the Zanzibar Youth Employment Action Plan (ZYEAP) II (2014-2018) and subsequent ZYEAP III currently under development, as well as the Zanzibar Education Development Plan II (2017/18–2021/22). These initiatives are centered on supporting the enhancement of skills through vocational training as well as introducing entrepreneurship training in the educational system. Between 2018 and 2022, the International Labor Organization (ILO) and the Norwegian Ministry of Foreign Affairs (NORAD) implemented the *Skill Up*[1] program focused on addressing the skills mismatch by linking education and training to market demands.

**Entrepreneurship is skewed towards survival-based entrepreneurship with most micro, small, and medium enterprises (MSMEs) created because of the inability to find employment.** In 2023, USAID launched the *Kijana Nahodha* program, which is aimed at providing business skills training. However, unlike in the more populous urban areas, poor areas in Unguja and the island of Pemba do not enjoy adequate programs and resources providing support to access economic opportunities. Most international donor youth employment interventions, including the IT-oriented, entrepreneurship incubator programs are concentrated in Zanzibar City. While educated youth have an easier time to participate in the multiple activities, marginalized and less educated youth amongst the poorer segments of the population face challenges requiring more specialized on-boarding programs. Given the increasing youth bulge, there is a need to undertake grass-root interventions that can prepare underserved youth segments (rural, less educated, and poor) to take advantage of the public and donor support measures.



The JSDF grant with its mandate to support those at the bottom of the pyramid and, improve the livelihoods of marginalized and vulnerable groups, will support the design of a community-driven mechanism to help marginalized youth and vulnerable groups from the poorest areas in Zanzibar, bridge the skills gap to benefit from economic opportunities with a focus on the tourism sector and related value chain. The project will be implemented in the town of Chake Chake on Pemba island which is the poorest island in Zanzibar and in Kaskazini-A district which is the poorest area in the town of Nungwi, Unguja the main island. Crucial to the success of the proposed project is reliance upon the beneficiaries themselves as well as on local community leaders and non-government organizations (NGOs), in the design, implementation, and monitoring of the project activities. Also crucial is the ability to engage in real-time course corrections based on beneficiary-led, participatory monitoring and evaluation (M&E) mechanisms and leveraging technology to ensure that interventions are: a) reaching the most hard-to-reach youth and, b) assisting them in participating in Zanzibar's socio-economic development. In this respect, the proposed project is innovative offering much-needed flexibility and agility which would allow for rapid deployment of resources at the micro-level, adaptation to local conditions and real-time beneficiary response, and incorporation of evolving market demand.

[1] [https://www.ilo.org/africa/countries-covered/tanzania/WCMS\\_702229/lang--en/index.htm](https://www.ilo.org/africa/countries-covered/tanzania/WCMS_702229/lang--en/index.htm)

#### Relationship to CPF

**The proposed project aims to enhance employability and entrepreneurship skills of youth and women.** The project is therefore aligned with the Country Partnership Framework (CPF) strategic focus areas: (1) enhancing productivity and accelerating equitable and sustainable growth; and (2) boosting human capital and social inclusion. It is also aligned with the Systemic Country Diagnostic (SCD), which calls for enabling inclusive growth and raising household incomes through improving productivity of the informal sector among others. Additionally, the project emphasizes the tourism sector as a driver for Zanzibar's structural transformation and economic development, aiming to create job opportunities and develop local value chains. By focusing on human capital development, the project aims to equip vulnerable populations with necessary skills, provide opportunities for leveraging those skills, and promote social inclusion. By equipping the poor, most vulnerable and underserved youth and women in Chake Chake, Pemba and Kaskazini-A, Nungwi/Unguja, with skills and technical assistance, the project aims to address poverty and social exclusion challenges.

**The proposed project supports the recommendations of the Tanzania Gender Assessment and the Zanzibar Poverty Assessment on providing skills training, including business skills and soft skills to improve job and entrepreneurship outcomes and improve access to financial services for youth and women-owned enterprises.** This proposed project also aligns with and will be able to leverage two other World Bank pipeline Projects - Advancing Gender Equality in Tanzania (PAMOJA) - P178813, and Financial Access for Sustainable And Transformational Growth (FAST Growth)- P500471 potentially expanding the services available to youth and women in underserved areas.



**The activities envisaged in this project fall under the universally aligned activities with the Paris Agreement's mitigation goals. The project is consistent with the country's Nationally Determined Contribution (NDC).** In the latest NDC submitted to the United Nations Framework Convention on Climate Change (UNFCCC), Tanzania commits to reduce greenhouse gas emissions economy-wide by about 138 - 153 million tons of Carbon dioxide equivalent (MtCO<sub>2</sub>e) gross emissions on mitigation, and on adaptation, to embark on a climate-resilient development pathway to reduce negative impact to climate change variability. The project contributes to the NDC by promoting sustainable livelihoods in the tourism sector and supporting diversification from climate-sensitive livelihoods. In addition, the project supports Tanzania's National Adaptation Plan (NAP)[1] by supporting the implementation of sustainable tourism activities and strengthening community-based management programs.

[1] The NAP process was established in July 2015 where a comprehensive stocktaking of climate information, vulnerabilities, capacities, and gaps at national and sub-national levels was carried out. The process aimed at integrating climate change adaptation into medium- and long-term cross-sectoral coordination, integration of adaptation into development planning, and strategic access to climate finance.

### C. Project Development Objective(s)

#### Proposed Development Objective(s)

The Project Development Objective (PDO) is to improve livelihoods support for better skills and access to opportunities in the tourism sector for the most vulnerable poor and marginalized youth and women in underserved target areas in Unguja and Pemba.

The PDO will be achieved through provision of a sustainable community based platform facilitating skills and entrepreneurship training as well as linkages to private sector firms for potential employment or access to a market. Entrepreneurs who successfully graduate with a viable business plan will also be eligible for a grant and support to help them establish their business.

Three thousand beneficiaries (1,700 female and 1,300 male) aged 15 – 35 years from the Kaskazini-A district in Nungwe, Unguja and Chake-Chake in Pemba will benefit from the grant. The selected areas have high poverty rates: 22% -31% in Nungwi, Kaskazini A district; and 31% - 43% in Chake Chake Pemba which has higher incidence of poverty and unemployment due to its relative isolation from both Unguja and Mainland Tanzania. The specific groups included are rural youth, school dropouts (particularly girls), young women, orphans, and recovering addicts. These groups were identified through stakeholder engagement and an employment-mapping exercise commissioned by the World Bank and conducted by the implementing agency, as the ones that are regularly excluded from mainstream assistance programs.

\*According to the National definition, “youth” comprises young men and women from the age group of 15 to 35.

#### Key Results

**The PDO will be achieved through:** i) the development of Youth Community Centers (YCCS), in existing facilities, to provide inclusive community-level resources, including services to underserved youth; ii) upskilling of youth,



especially young women, to become wage employees or entrepreneurs in the tourism sector; and iii) development of market linkages through apprenticeships, startups, and access to finance.

Outcome 1: inclusive community level resources for marginalized youth		Baseline	End target
	YCCs providing community services (training, market information) in Chake-Chake, Pemba and Nungwi, Unguja	0	2
	Improved participation and civic engagement of poor and marginalized groups	0 (0)	3,000 (1,700 women)
Outcome 2: Upskilling of youth especially women			
	Number of youths and women with increased entrepreneurial, hospitality and digital skills (focus on the tourism sector)	0 (0)	3,000 (1,700 women)
Outcome 3: Development of market linkages			
	Number of youths placed in apprenticeships with local businesses	0 (0)	300 (180 women)
	Number of micro and small enterprises (including those led by women) created by participants	0 (0)	100 (40 women)

Target beneficiaries are youth (males and females) ages 15-35 years from Unguja and Pemba.

The process for selecting beneficiaries will be discussed and agreed upon with relevant stakeholders including local government authorities, local NGOs and beneficiary communities, to ensure a transparent and competitive process based on published selection criteria.

## D. Preliminary Description

### Activities/Components

**Component 1: Establishment of the YCCs (US \$ 655,000)** - The objective of the YCCs, one in Chake-Chake, Pemba, and one in Nungwi, Unguja, is to fill in the void of a physical communal space that will support youth and generate a sense of belonging and community ownership through socializing, learning, and connecting.

*Subcomponent 1.1 YCCs:* The YCCs will foster positive relationships among peers and with the broader community, including the business community. The YCCs will be located in the existing spaces, easily accessible to the community, and in a central location. Goods and works will be procured based on the condition of the buildings and other needs. The community will be actively involved in the design of the space and improvements. The Government of Zanzibar has expressed its commitment to providing the needed physical spaces. The project will support the development of a robust business model with consultation and involvement of beneficiaries and stakeholders to design a business plan, budget, and activities, among others, to successfully establish a sustainable YCC. The beneficiaries (including other youth organizations in addition to the implementing partner) will have opportunities to participate in the operations and running of the YCCs, to develop a community-level sense of ownership of and inclusion in the YCCs.





**Component 2: Provision of soft, technical and entrepreneurial skills training to disadvantaged youth (US \$ 1,011,600 )** - The objective of this component is to build the capacity of local youth along two dimensions – employability skills and skills for self-employment/entrepreneurship, with a focus on the tourism sector. For women, who tend to face disproportionate constraints in access to services and support programs, the outreach will take a gender-sensitive approach, working for example in partnership with local women’s organizations, female community leaders and local mobilizers.

*Subcomponent 2.1: Outreach, public engagement and recruitment (US \$ 46,000 ).* Substantive and continuous outreach to marginalized youth especially in the project areas will leverage both traditional (newspapers, radio) and social media tools (Facebook, Instagram, etc.), WhatsApp in addition to community mobilization and peer-to-peer outreach. Young women will be a focus target group. Public engagement will include orientation activities to encourage involvement with the YCCs (by volunteering at the YCCs for example), and engagement with community leaders and other community-level organizations. Private sector engagement with the broader business community will be undertaken to raise awareness of the project and its objectives. There will be a special focus on engagement with financial services providers, around what constitutes a viable MSMEs and suitable financing options in addition to financial education.

*Subcomponent 2.2: Design and delivery of employment and entrepreneurship training (US \$ 965,600).* Under this sub-component, the project will support design and delivery of a series of trainings to upskill project beneficiaries. Recruitment will include a range of interactive activities including self-assessment for skills and behaviors. Market-driven technical training (for the hospitality sector) and entrepreneurial skills (management, business planning, accounting etc.) training will be provided through ‘experiential’ learning methods. Dedicated components on financial skills, including financial literacy and management, will be integrated into both employment and entrepreneurship trainings, to address demand-side knowledge and capacity constraints in access to finance for individuals and MSMEs. For example, the program will incorporate “workplace simulation training” to recreate the work environment and soft skills training, including communication and leadership skills, delivered through interactive models used successfully in several countries. This approach can also be utilized in stimulating interactions with financial intermediaries (FIs) for example on how to obtain credit for MSMEs. The provision of computer training will depend on access to and affordability of digital infrastructure for beneficiaries.

*For entrepreneurship training, special efforts will be undertaken to identify potentially successful entrepreneurs through psychometric testing and/or panel screening.* Leveraging global experience, FIs may be brought in to deliver workshops that allow beneficiaries and frontline FI staff to interact, demystify the process of obtaining financial services, and deepen knowledge about the financial products available in the local market. In addition to technical skills, training offered will incorporate psychological skills methodologies and techniques and personal initiative skills to enhance the efficacy of the technical training offered while also equipping and empowering all participants with the confidence, social skills, and mindset they need to excel. Partnerships and collaboration with national and international social enterprises such as *Planeterra* will be explored to enhance peer learning opportunities and increase the sustainability of project initiatives.





The project will also leverage a peer learning and networking approach successfully piloted in Nigeria and Pakistan for women entrepreneurs (and adaptable to other target segments) that has yielded significant improvements in self-confidence and self-efficacy among participants. This approach is particularly applicable to the vulnerable youth in Zanzibar who do not have access to mainstream business networks and are geographically and socially isolated from their peers and the predominantly urban skills development programs and job opportunities. In the context of the project, this will take the form of a national network coordinated by the project implementing agency. The network will be composed of project beneficiary youth groups, non-government organizations (NGOs), private sector and banks from the community and wider sub-national and national areas focused on stimulating peer learning and providing the foundation for a local support system which shares knowledge, expertise, and economic opportunities.

**Component 3: Linking youth with markets. (US \$ 598,000)** - the objective of this component is to facilitate access to youth and women to economic opportunities

*Subcomponent 3.1: Wage Jobs (US \$ 38,000)* . Existing job opportunities will be identified in partnership with the private sector, as part of an apprenticeship program, and classified to match with the candidates and their training needs. Needs assessment of potential job candidates (e.g. for training purposes) and of available jobs in the tourism sector will be undertaken to align skills with demand. Monitoring and evaluation (M&E) will be embedded in the programs in order to respond to emerging training needs. This will complement component 2.2.

*Subcomponent 3.2: Catalytic Fund (US \$ 560,000).* Grants to support the establishment of new, viable businesses will be provided to beneficiaries who have undergone training in the program and who demonstrate the potential for growth in accordance with defined criteria. The grants will be allocated competitively based on specific criteria including use of funds defined in the project operations manual (POM) and proposals will be evaluated by a panel of local entrepreneurs, staff from financial institutions, professionals, and international experts. This sub-component is expected to create a 'demonstration effect' for local financial institutions to enhance access to finance for MSMEs more broadly and explore opportunities for the use of more market-based instruments. Opportunities to integrate digital finance e.g. for assessing creditworthiness or delivering financial services will also be explored.

**Component 4: Project Management, M&E, and Knowledge Dissemination (US \$ 483,560)**

*Subcomponent 4.1: Project Management and Administration (PMA) (US \$ 412,560).* The ZAFAYCO will be the implementing entity managing the project. Specialists with demonstrated experience working on projects funded by international development partners in the areas of safeguards, procurement and financial management will be hired to ensure full environment and social framework (ESF) and fiduciary responsibilities are met. Annual audits will be conducted by an external, independent consultant or firm. A grievance redress mechanism comprising a feedback representative at each YCC will also be set up in order to provide an outlet for local communities to share feedback about the project and its implementation and register complaints.



*Subcomponent 4.2: Monitoring and Evaluation (M&E) (US \$ 56,900).* An M&E specialist will be hired to manage baseline, midterm, and final evaluation surveys and beneficiaries will be included in the process. At appraisal, the implementation plan will identify the budgeting, training, and (M&E) staff needed.

*Subcomponent 4.3: Knowledge and Dissemination (K&D) (US \$ 14,100).* Development and publication of the final report on the project results and lessons learned for the piloting and scaling up of activities elsewhere will be shared with all relevant stakeholders. At least one symposium event in Zanzibar will be held for all public and private stakeholders and donors presenting the project results and showcasing success stories from a select number of project beneficiaries who will have a dedicated table each where they will present their story including brochures, banners and materials needed.

## Environmental and Social Standards Relevance

### E. Relevant Standards

ESS Standards		Relevance
ESS 1	Assessment and Management of Environmental and Social Risks and Impacts	Relevant
ESS 10	Stakeholder Engagement and Information Disclosure	Relevant
ESS 2	Labor and Working Conditions	Relevant
ESS 3	Resource Efficiency and Pollution Prevention and Management	Relevant
ESS 4	Community Health and Safety	Relevant
ESS 5	Land Acquisition, Restrictions on Land Use and Involuntary Resettlement	Relevant
ESS 6	Biodiversity Conservation and Sustainable Management of Living Natural Resources	Relevant
ESS 7	Indigenous Peoples/Sub-Saharan African Historically Underserved Traditional Local Communities	Not Currently Relevant
ESS 8	Cultural Heritage	Relevant
ESS 9	Financial Intermediaries	Not Currently Relevant

## Legal Operational Policies

Safeguard Policies	Triggered	Explanation (Optional)
Projects on International Waterways OP 7.50	No	
Projects in Disputed Areas OP 7.60	No	



#### Summary of Screening of Environmental and Social Risks and Impacts

The project activities which include establishment of innovative youth centers will be undertaken in Zanzibar, most likely in Chake Chake, Pemba and Nungwi, Unguja. These will be hosted in existing structures, which will need to be refurbished. It is not anticipated that new construction will be undertaken. Given the size of grants (\$1,500) to be given to the youth for startup micro businesses, the project is unlikely to have significant environmental and social impacts. The project will prepare an operational manual, which will provide for a negative list of activities that cannot be funded. The project will prepare Environmental and Social Management Plans (ESMPs) to mitigate potential environmental, social, health and safety risks and impacts. A screening check list for enterprise eligibility will also be part of the manual and will include minimal environmental and social impacts. The renovation contractors will be required to prepare a Site-Specific Environmental and Social Management Plans (ESMPs) as part of the contract(s) to ensure that all the identified environmental, social, health and safety risks and impacts are mitigated. As per small grants guidelines and safeguards advice, the responsibility for further environmental and social risk management work will be transferred to the Practice Manager.

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##### Borrower/Client/Recipient

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##### Implementing Agencies

Implementing Agency :	Zanzibar Fighting Against Youth Challenges Organization (ZAFAYCO)		
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