



Project Information Document/ Integrated Safeguards Data Sheet (PID/ISDS)

Concept Stage | Date Prepared/Updated: 30-Oct-2017 | Report No: PIDISDSC22876

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

Country Sierra Leone	Project ID P163723	Parent Project ID (if any)	Project Name Sierra Leone Skills Development Project (P163723)
Region AFRICA	Estimated Appraisal Date May 07, 2018	Estimated Board Date Jul 24, 2018	Practice Area (Lead) Education
Financing Instrument Investment Project Financing	Borrower(s) Republic of Sierra Leone	Implementing Agency Ministry of Finance and Economic Development	

Proposed Development Objective(s)

The Project Development objective (PDO) is to increase access to demand-led skills training and build the foundations for a demand-led skills development system in Sierra Leone.

Project Beneficiaries. The beneficiaries of the project will include employees and employers of businesses in productive sectors, industry associations, students and staff of public and private TVET institutions and polytechnics, and relevant Government agencies engaged in skills development.

B. Key Results

Progress towards meeting the PDO would be measured through the following key outcome indicators:

- Increased number of youth (disaggregated by gender) having successfully completed demand-led skills development training programs.
- Foundations for a demand-led skills development system developed in pilot sector(s), i.e. process for accreditation of training programs using competency standards and industries' participation established.

Financing (in USD Million)

Financing Source	Amount
International Development Association (IDA)	20.00
Total Project Cost	20.00

Environmental Assessment Category C-Not Required	Concept Review Decision Track II-The review did authorize the preparation to continue
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Other Decision (as needed)

B. Introduction and Context

Country Context

1. **Sierra Leone, a small low income fragile country with a population of 7.4 million, recorded a gross domestic product (GDP) per capita of US\$496 in 2016.** The country had experienced steady economic growth from 2001 to 2014, with an annual average growth of 5.9 percent, spurred largely by agriculture, growing at 8 percent per year, and in later years by mining production and exports.¹ In 2014, it was severely impacted by the Ebola Virus Disease² (EVD) outbreak and decline in international iron ore prices. The economy contracted by 21 percent and inflation grew to 17.4 percent by December 2016 largely due to the depreciation of the currency. Since 2016, growth has resumed at a slow pace, but the country remains fragile and extremely vulnerable to shocks, as evidenced by the floods and mudslides in 2017 which caused many injuries, deaths, and destruction of infrastructure, and disruption of services.
2. **Sierra Leone's population is young and rapidly growing, with the majority living below the poverty line.** Between 2004 and 2015, the population grew on average 3.3 percent per annum which resulted in almost one-half (45.8 percent) being under the age of 15.³ While the poverty rate declined from 66.4 percent in 2003 to 53.8 percent in 2011⁴, the number of poor remained relatively constant at around 3 million due to high population growth. Though more than 75 percent of these poor live in rural areas, urban poverty has also been growing-the capital of Freetown experienced a significant increase in poverty rates between 2003 and 2011, from 14 to 21 percent, due to increasing urbanization, rural-urban migration, slow creation of well-paid jobs in Freetown and high inflation in recent years.
3. **Despite its abundance of natural resources and coastal location, Sierra Leone remains uncompetitive.** Though the country is rich in resources like diamond, bauxite, rutile, gold, land, forests, fisheries, and so forth,⁵ it faces challenges in improving competitiveness due to lack of infrastructure, unavailability of skilled labor, market inefficiencies, and lack of governance and finance.⁶ The economy is largely dependent on natural resource exploitation for revenue and subsistence agriculture for employment. This lack of economic diversification has limited the creation of employment opportunities, particularly among youth.
4. **The labor market picture in Sierra Leone is complex - characterized by relatively high participation, low unemployment on one side, and high underemployment and informality on the other.** In 2014, the

¹ World Bank. 2017. Sierra Leone Systematic Country Diagnostic.

² <http://apps.who.int/ebola/current-situation/ebola-situation-report-9-december-2015>. The Ebola Virus Disease (EVD) resulted in the deaths of many people including skilled workers.

³ World Bank. 2017. Sierra Leone Systematic Country Diagnostic.

⁴ World Bank. 2017. Sierra Leone Systematic Country Diagnostic.

⁵ It is ranked among the world's least competitive countries (132 out of 138 countries assessed) according to *Global Competitiveness Index 2016-2017* From: http://www3.weforum.org/docs/GCR2016-2017/05FullReport/TheGlobalCompetitivenessReport2016-2017_FINAL.pdf.

⁶ World Bank. 2013. Sierra Leone Growth Pole Diagnostic.



labor force participation rate was 65 percent⁷ with only 2.8 percent of labor force participants unemployed.⁸ This low unemployment rate, especially in rural areas is misleading. Though 90 percent of the workforce is self-employed, it is mostly in small-scale agriculture (59 percent). Informality is widespread: over 35 percent of wage employment and most (88 percent) of non-agricultural self-employment jobs are in the informal sector.⁹ The youth unemployment rate is two times higher than that among adults. While the differences between genders in labor market outcomes are small, there are substantial differences in labor market outcomes between urban and rural populations and by different levels of education.

5. **Human capital development is at the core of the Sierra Leone's Poverty Reduction Strategy 2013-2018 "The Agenda for Prosperity" (A4P).**¹⁰ Developed as the main tool guiding approaches to cope with the medium to long term challenges, the A4P highlights the development of human capital by improving quality education and ensuring skilled labor as principal requirements for accelerating economic growth and reducing poverty. Since the EVD crisis, the Government has refocused the A4P to increase labor productivity by developing the skills of its workers and improving the population's overall level of education.

B. Sectoral and Institutional Context

6. **Acquisition of skills among the population is linked to the Sierra Leone's education system.** The system currently consists of primary schooling (6 years), junior secondary schooling (JSS) (3 years), senior secondary schooling (SSS) (4 years) and higher/tertiary education (duration varies). Pre-primary schooling (3 years and fee-based) is optional, and usually available only in urban areas. Primary and junior secondary education is compulsory, but access remains a challenge, especially for girls. At the JSS level students select two pre-vocational subjects in the areas of home economics, business studies, introductory technology and electronics. Upon completion of JSS, those who do not meet entry requirements for SSS may enroll in a Trade or Vocational Centers (TVEC) or a Rural Agricultural Institute (RAI) and, subsequently, continue their education at polytechnics and universities. In 2008, a situation analysis of technical and vocational education and training (TVET) reported 390 institutions registered with the Ministry of Education, Science and Technology (MEST) serving 27,055 students. However, a hundred or more were not registered with MEST and therefore outside its scope of regulation and quality control. At tertiary level, enrolment was 31,103 the 2011/2012 academic year, out of 1.7 million students in the education system overall.
7. **The main challenges of the Sierra Leonean skills development system include:** (1) low access to training programs, especially for women and rural populations because of the small size of the sector; (2) supply-driven approach with little or no inputs from employers into training, curricula and delivery; (3) inadequate resources resulting in poor quality and relevance of TVET programs, duplication of courses, outdated curricula and equipment, and inadequate faculty/instructors; (4) lack of reliable information on system's performance (M&E) and information about labor market outcomes to guide skills development policy; and (5) fragmented and complex system coordination and management.

⁷ Margolis, David; Nina Rosas, Abubakarr Turay, and Samuel Turay. 2016. *Findings from the 2014 Labor Force Survey in Sierra Leone*. World Bank Studies. Washington, DC: World Bank.

⁸ The unemployment is defined using "strict" definition, i.e., not working, but willing to work and actively searching.

⁹ The time related underemployment captures whether workers working less than 40 hours but are willing to work more.

¹⁰ The Agenda for Prosperity is Sierra Leone's Third Generation Reduction Poverty Reduction paper 2013-2018.



8. **Challenges start with general education.** One in three Sierra Leonean children are out of school, and gaps in access are significant for those in rural areas and for girls at higher levels of the education system.¹¹ In addition to regional and socioeconomic disparities of access, rates of repetition are high, and learning outcomes are low. Scores on internationally comparable tests show very low levels of achievement, even when compared to regional neighbors and countries with comparable income levels.¹² Adult literacy levels, estimated at only 41 percent, compare poorly with other well-performing African economies (e.g., Ghana with a rate of 67 percent).¹³ There is also a substantial difference between provinces in literacy rates outcomes – for example, the illiteracy rate in the Northern Province is 66.1 percent compared to only 22.6 percent in the Western Area. Furthermore, the illiteracy rate is higher among women (66.4 percent) than men (45.1 percent).
9. **Skill shortages and mismatches are among the major constraints for doing business and for private sector development in Sierra Leone.** The 2013 *Doing Business* report places an inadequately educated workforce among the most problematic factors in Sierra Leone for doing business after access to financing, weak infrastructure and corruption.¹⁴ Private sector stakeholders have difficulty finding “employable” graduates, and there is an acute shortage of technicians, such as auto repairmen and welders; health professionals, including doctors, nurses, birth attendants, and other health workers; science and math teachers; and those with skills in applied sciences, technology, and engineering.¹⁵ Additionally, a World Bank Report on Tertiary Education found a severe undersupply of skills in applied sciences, technology, and engineering sectors.¹⁶
10. **The skills development system of Sierra Leone is small, but complex and fragmented.** The official number of students in registered vocational and technical institutions was around 27,000 students, only one tenth of the number of students in junior secondary schools and less than one third of the number of students in senior secondary schools. In 2011 non-formal education was offered in 116 organizations across the country, providing courses to 126,842 beneficiaries. Eighty percent of these beneficiaries were taking adult literacy courses and the remaining following short-term non-accredited vocational courses.¹⁷
11. **Skills development in Sierra Leone is not, for the most part, demand-driven – having little or no input from employers in the design and delivery of skills development programs.** Currently, there is no formal mechanism to assess the demands for skills in key economic sectors. A recent World Bank higher education study concluded that the linkages between higher education institutions and employers were weak and often informal.¹⁸ For the most part, the Government and other relevant stakeholders identify critical skills constraints based on *ad hoc* assessments. Industries and businesses have a limited role in defining strategic workforce development priorities. There are weak links between TVET institutions and industries and businesses in post-basic training. While public TVET institutions have a significant degree of autonomy in curriculum and staffing, basic targets related to ensuring the relevance and quality of the

¹¹ World Bank. 2017. Sierra Leone Systematic Country Diagnostic.

¹² 2014 – an Early Grade Reading Assessment (EGRA) found that 87 percent of in grade 2 were unable to read a single word in a short passage (compared to 405 in Gambia, and 53% in Uganda).

¹³ UNDP. Human Development Report 2011.

¹⁴ World Bank. 2013. Sierra Leone Growth Pole Diagnostic.

¹⁵ World Bank. 2017. Sierra Leone Systematic Country Diagnostic.

¹⁶ World Bank. Sierra Leone Higher and Tertiary Education Sector Policy Note. Report No: ACS4393

¹⁷ Sierra Leone Education Sector Status Report 2013

¹⁸ World Bank SABER in tertiary education. 2017.



training programs have not been formalized and institutions are not yet rewarded for improving the quality and relevance of their programs. For the most part, industries only provide inputs on an informal basis (through *ad hoc* linkages) to the design of the training program curricula and facility upgrading for a small number of training programs. Industry experience is not an important factor in the recruitment of instructors which is done based on academic qualifications alone. Further, instructors receive little in-service professional development once hired.

12. **The financing of the training sector is very limited, resulting in inadequate quality and relevance of TVET programs.** Currently, the Government is the largest funder of TVET institutions in the country. The MEST only provides recurrent funding to public TVET institutions – with no funding available for upgrading and maintenance of training facilities, or curriculum (re)development. Many institutions lack key tools and equipment and where available, the machinery is often decades old, bearing little resemblance to those being used by the industry. The training programs have, thus, a more academic focus with students having limited opportunity to apply their learning. Without the opportunity or incentives to upgrade their own knowledge and skills, many instructors have limited knowledge of industries today and the needs of the labor market.
13. **Coordination and management in skills development is complex.** Technical and Vocational Education and Training (TVET) is coordinated at the national level by the Directorate of Higher Education Science and Technology with support from the Deputy Director of TVET. At the institutional level, it is under the respective Heads of institutions and centers and supervised by the respective Boards of Governors and school management committees as provided for in the Education Act of 2004. The National Council for Technical, Vocational and Other Academic Awards (NCTVA) is the TVET regulatory body which accredits and certifies graduates from polytechnics and TVET institutions (as well as teachers from Teacher Training Colleges). Monitoring and inspection of TVET institutions are done by the MEST Inspectorate Division. Under the revised Education Act of 2004, the National Council for Technical and Vocational Education (NCTVE) was to be the coordinating body for TVET but this body has not been established. Despite these assigned roles, there is limited clarity on specific responsibilities which has resulted in a proliferation of training institutions pursuing varied objectives, and applying different standards and procedures including for testing and certification.¹⁹ This makes coordination of TVET and its management challenging and largely ineffective.
14. **Data on labor market needs and skills provision (TVET and other training providers) are not collected and organized systematically,** hampering the coordination, policy development and resource allocation processes. The last TVET census data was conducted in 2004. Labor force surveys have been carried out more frequently (the latest was carried out in 2016) and the results of this consistently point to the fact that higher skilled individuals have higher probability of engaging in productive employment. Further data on sector-specific skills requirement by businesses will be needed to guide further development of the system.
15. **The country has, however, been making important strides in improving skills development policies.** The A4P includes a Labor and Employment Pillar, with the objective of providing productive and adequately remunerative employment opportunities for vulnerable groups. In 2010, the MEST drafted the TVET policy which is expected to guide the development of a National TVET Action Plan. This Plan will guide the Government and development partners' interventions in the TVET sub-sector in the country. However, both the TVET policy and the National TVET Action plan have not been finalized and launched. In addition

¹⁹ Draft National Policy for Technical and Vocational Education & Training(TVET), 2010, Ministry of Education, Youth & Sports.



to the development of these policies, the Government adopted a National Youth Policy in 2014, followed by the establishment of the National Youth Service Scheme (NYSS) in December 2016²⁰. NYSS is expected to mobilize and deploy young graduates for one-year compulsory service in different fields. The implementation framework of the NYSS is under preparation but it is expected to foster national unity, dignity of labor, self-reliance and enhance skills acquisition and entrepreneurship.

16. **There are several programs supporting employment promotion and skills development supported by several donor partners.** Notably: (i) the United Nations Development Program (UNDP) Youth Employment and Empowerment Program focuses on a graduate internships and microfinance; (ii) the German Corporation for International Cooperation (GIZ) and the Food and Agriculture Organization (FAO) provide support to agribusinesses and small ruminant production through the Employment Promotion Program; (iii) the United Nations Fund for Population Activities focuses on sexual and reproductive health issues among youth; (iv) the United Nations Industrial Organization (UNIDO) supports a Growth Centre; (v) the United Nations Educational, Scientific and Cultural Organization (UNESCO) provides financial, human, material and equipment to TVET and basic education; (vi) the International Labor Organization (ILO) supports capacity building, and (vii) the Islamic Development Bank and African Development Bank (AfDB) support TVET infrastructure development. However, most interventions are small, scattered throughout the country, and lack effective coordination to maximize their impact.
17. **The proposed project will be closely coordinated with other relevant projects in the World Bank portfolio being supported by the Education, Agriculture, Trade and Competitiveness, Social Protection and Jobs Global Practices.** Specifically, the Project will coordinate closely with the IDA-financed Revitalizing Education Development in Sierra Leone (REDiSL) Project (P133070), Sierra Leone Smallholder Commercialization and Agribusiness Development Project (P153437), First Productivity and Transparency Support Credit (PTSC-I) Project, Sierra Leone Agro-Processing Competitiveness Project (P160295), and the Sierra Leone Safety Nets Project (P143588).

Relationship to CPF

18. **The proposed Sierra Leone Skills Development Project is fully consistent with the Country Assistance Strategy (CAS) Progress Report²¹** prepared in 2012. The Report emphasized the centrality of skills to address the challenges of jobs for the labor market. Two of the CAS pillars, Growth and Human Development, emphasize investment in human development. The new Systematic Country Diagnostic (SCD) emphasizes the importance of skills development in improving individuals' employment outcomes and increasing the country's productivity and growth, in line with the Government's A4P. The diagnostic will form the basis of the new Country Partnership Framework (CPF) under preparation. Also, the proposed project is well aligned with the A4P, specifically three pillars - Accelerating Human Development, International Competitiveness, and Labor and Employment – that stress the urgent need to address the scarcity of skilled labor and the mismatch between the supply of job-relevant technical skills and labor-market demands for mining, agriculture and other priority areas.

²⁰ The NYSS was established by an Act of Parliament on March 24, 2016.

²¹ The CAS progress report (Report No.69913-SL) was approved in August 2012.



PROPOSED PDO/RESULTS

C. Proposed Development Objective(s)

The Project Development objective is to develop a demand-led skill development system to support Sierra Leone's Agenda for Prosperity and Poverty Reduction Strategy.

Project Beneficiaries. The beneficiaries of the project will include employees and employers of businesses in productive sectors, industry associations, students and staff of public and private training institutes, universities, and polytechnics, and relevant Government agencies engaged in skills development.

Key Results (From PCN)

Progress towards meeting the PDO would be measured through the following key outcome indicators

- a) Increased number of youth (disaggregated by gender) having successfully completed demand-led skills development training programs.
- b) Foundations for a demand-led skills development system developed in pilot sector(s), i.e. process for accreditation of training programs using competency standards and industries' participation established.

PROJECT CONTEXT

A. Concept

19. **The core skills that employers value include:** (i) *cognitive* skills (ability to understand ideas and concepts); (ii) *technical* skills (ability to perform production processes related to a product or service; and (iii) *socio-emotional* skills (ability to manage ones' emotions and work effectively with others)²².
20. **Skills development is a life-long process that proceeds in stages, each building on the previous one.** The foundation comprises the basic cognitive skills, such as literacy and numeracy, that children typically acquire in primary school and that are honed in adolescence. Technical job-specific skills are usually acquired in TVET or higher education institutions or through apprenticeships and on-the-job training (OJT). Socio-emotional (soft) skills may be acquired at any point, not only in the education and training system but also in interactions with family members, peers, or colleagues.
21. **An efficient skills development system embraces the entire spectrum and provides opportunities for lifelong learning.** Establishment of the efficient skills development system takes time and depends on specific country needs (see Annex 2 for an overview of the evolution of the skills development system in Korea). While it is important for the Government to think about the longer terms goal of establishing a system which is sustainable and responsive to labor market needs, it is equally important to think about addressing the immediate rapidly changing needs of existing firms and the labor force. Sierra Leone, a low-income fragile economy can phase-in establishment of its own skills development system incorporating lessons learned from other countries. The initial phase would include: (i) a strategic vision for skills development in accordance with the country's growth strategy and ambition; (ii) setting up and piloting of mechanisms to

²² <http://www.worldbank.org/en/topic/skillsdevelopment>.



involve businesses and industries in skills development; (iii) setting up of monitoring and evaluation (M&E) and labor market information systems; and (iv) providing market-relevant training in several selected economic sectors. In subsequent phases (following the Project): (i) successful pilots can be evaluated and scaled up; (ii) training provision could be expanded to more economic sectors; (iii) the implementation of strategic skills development could be assessed and adjustments made; and (iv) focus could be placed on improving links and articulation between different stages of education (e.g., secondary, TVET, higher education).

22. **As a first-generation skills development project**, the proposed project aims to support the Government of Sierra Leone in addressing both short-term needs in the priority sectors and medium- to long-term skills needs in selected priority sectors, considering the complex and multiple challenges faced by the skills development sector. These areas include: (i) increasing the number of skilled workers in sectors where Sierra Leone has a potential comparative advantage; (ii) incentivizing demand-led skills provision of both public and private sector Training Providers; (ii) improving quality and relevance of training programs; and (iv) piloting certification and accreditation in pilot sector(s) with participation from industries and businesses.

B. Concept Description

23. **The proposed project seeks to increase access to demand-led skills training and develop the foundations for a demand-led skills development system.** In this proposed system, training programs would be led by the demand of the productive sectors.²³ Learning from the experience of the IDA-funded Youth Employment Project (P121052), the proposed project will move beyond self-employment creation efforts often limited to local welding, carpentry, simple agricultural tool repairs or sewing to build an efficient, demand-driven skills development system to produce job-relevant skills demanded by the labor market in priority sectors. This Project will target productive sectors where Sierra Leone has a comparative advantage, with the aim of breaking the cycle of *low demand-low value-low skills-low pay* in which young people remain trapped when the productive sectors are not developed.
24. **Sierra Leone has many potential productive sectors.** The first one is *agriculture* on which two-thirds of Sierra Leoneans' livelihood depends. The country has a strong comparative advantage in agriculture due to its abundant rainfall, a varied ecosystem comprising five different landscapes (e.g., forest, savanna woodlands, freshwater, wetland and marine resources) and an estimated 5.36 million hectares of arable land. At the same time, agriculture is not yet performing up to its potential. Production expansion and yield improvement will require intensification and diversification. In addition to agriculture, Sierra Leone has strong potential for *fisheries*, both natural fishing and aquaculture, with rich resources of fish, shrimp, lobsters and other cephalopods. The fisheries sector contributes 8 percent of Sierra Leone's GDP, and fish is the largest single source of animal protein for many Sierra Leoneans, supplying about 80 percent of the total animal protein for needed consumption. Small-scale artisanal fishery is a significant source of employment. The sector has potential to contribute significantly to economic growth and development through major investment and an effective fisheries surveillance system. Infrastructure *construction* (e.g., roads, airports, ports and residential and commercial housing) is another sector where the demand for skilled labor is high. Construction is the sector that registers the highest share of wage workers. Deployment of technologies such as *renewable energy, water and telecommunication* also helps improve the access to basic utilities for many people in the country. Finally, Sierra Leone used to be an established *tourism* destination but the country's tourism brand has deteriorated in recent years, likely due to the image of conflict-prone environment and the recent EVD crisis. If revived, tourism can be a major source for increases in formal employment.

²³ Productive sectors are those that produce goods and services for which people and businesses are willing to pay.



25. **Whilst Sierra Leone presents promising potential and opportunities for private sector growth and investment in the above sectors, key market failures persist that inhibit private sector firms' ability to maximize this potential and hinder firm productivity.** Lack of access to relevant skills at the quality demanded serves as a major constraint to preventing firms from modernizing, improving product quality which on the aggregate affects levels of private sector investment in the economy and limits the extent to which the economy can expand and create needed employment. A skills gap assessment conducted by the AfDB suggests that the workforce in Sierra Leone lacks both foundational and technical skills, the high cost of training prohibits private sector investment in skills enhancements especially for small and medium domestic enterprises. Addressing these constraints will require both private and public sector investment in the supply and demand of skills. Experience from other countries (Pakistan, India, Ghana) has shown that public funding for acquisition of skills and technological improvements in strategic sectors, if properly targeted, can offset market failures and move countries towards a higher skills equilibrium while contributing to increased labor productivity. Furthermore, public finance to boost skills acquisition has the potential to create the necessary catalyst for private sector spending in skills enhancement, particularly among larger multinationals who are keen to support domestic firms in the lower segment of their global value chains. Such investments by multinationals (Dole in the Philippines) can stimulate small and medium enterprises growth and job creation for the economy.

Project Components

26. **The proposed project will have three components.** Component 1 focuses on expanding access to demand-led skills training opportunities. Component 2 provides system strengthening and capacity building. The third component supports project management, coordination and M&E.
27. **Component 1. Expanding Access to Demand-led Skills Training Opportunities.** The objective of this component is to create incentives for demand-led skills development programs in key economic (productive) sectors through the development of a Skills Development Fund (SDF) initiated by the Ministry of Finance and Economic Development (MoFED). The SDF will be established with initial funding from the proposed project and domestic funding from taxes that will be ring-fenced for skills development. The SDF will be the main platform for supporting demand-driven skills development. The platform will be shared between businesses and industries (employers), skills training providers and job seekers. Government management and regulatory agencies will play a facilitation role – ensure that there is alignment between the three key actors listed above. The SDF will support skills demand and supply through two windows:
- **Window 1 - Support for Training Institutions.** This window will target selected TVET institutions that aim to improve the relevance and quality of their training programs. Delivering demand-led training programs requires the applicants to: (i) specify how their training curriculum reflects the best practices in the respective trade; (ii) confirm that the training facilities have adequate learning resources; (iii) confirm that instructors will acquire industry experience and incorporate the practical applications of the technical skills in their teaching; (iv) confirm and describe how the training programs integrate academic (cognitive) skills with technical and socio-emotional skills; (v) confirm that employers/industries participate in the design and delivery of the curriculum and teaching; and (vi) ensure that graduates of the training programs find relevant jobs. Training institutions will be encouraged to partner with employers and businesses and proposals with established partnerships with and co-financing from businesses will receive priority. Successful grantees can use the funds for: (i) revising/upgrading training curriculum and facilities; (ii) using industries expertise in training and assessment; (iii) upgrading instructors' capacity including increasing their industries' exposure; (iv)



placing students for practicum, internships and apprenticeships; (v) conducting tracers' surveys; and (vi) organizing career fairs and providing career counselling to students. A small number of training institutions who wish to make their training programs responsive to the productive sectors will be selected for support.

- **Window 2 – Support for Businesses in the Productive Sectors.** This window targets business in the productive sectors that aim to expand their production and markets or to upgrade their production process. Successful grantees can use the funds for: (i) introducing new production technology to their employees; (ii) sourcing specialized technical training pertinent to their production expansion or value chain upgrading; and (iii) providing OJT to existing and new employees through apprenticeships. This window will hold four calls for proposals per year. Proposals will be submitted in response to a call made publicly. Applications will be made on a self-selection basis, by enterprises and associations of household enterprises. Applications should justify the public investment through the potential outcomes such as business growth, additional jobs created and improvement in productivity. Jobs created for vulnerable youth, and in particular, for girls, will receive high priority. A sound financial framework and justification for value for money will also be part of the evaluation criteria. Evaluation of proposals will be based on the inputs of independent technical reviewers. Those businesses working in the formal and informal sectors are eligible to apply although the grant amount and the expected matching funds from the grantees may differ for businesses of different sizes/types.

28. **Funding for both windows will be made available through a competitive selection process.** Intensive communication and outreach programs will be carried out to ensure potential applicants are aware of this facility and receive support in preparing their applications.
29. **Component 2. System strengthening and capacity building.** The objective of this component is to set in place the foundations for the first phase of building a demand-led skills development system and provide capacity building to Government and key stakeholders in sector management and oversight. The proposed project will support Government institutions (e.g., MEST, NCTVA NaYCOM and NYSS, etc.) and non-Government institutions (e.g., the TVET Coalition), in their efforts to make skills development more demand-driven. This component will select pilot sectors to support: (i) development of accreditation and certification; (ii) creation of pathways for articulations; (iii) development of competency standards; (iv) development of a skills development strategy with strategic actions backed by a clear and monitorable implementation plan and budget; and (v) development of M&E systems. Additionally, this component will support capacity-building in labor market intelligence, skills-related surveys and impact evaluation in the selected pilot sector.
30. **Component 3. Project management, monitoring and evaluation.** The objective of this component is to support effective management of the project. In addition to supporting the Project Fiduciary Management Unit (PFMU), it will finance M&E under the project. This component will also fund the Skills Development Steering Committee (SDSC) secretariat which will comprise: the SDF management team, Component 2 coordination team, and the PFMU team (see more details below in section on Implementation Arrangements).

SAFEGUARDS



A. Project location and salient physical characteristics relevant to the safeguard analysis (if known)

This is a national project targeting industry associations, students and staff of public and private training institutes, universities, and polytechnics, and relevant government agencies. The focus is to develop and match skills relevant to the productive sectors for increased employment. This has minimal physical footprints with less implication for safeguards.

B. Borrower's Institutional Capacity for Safeguard Policies

The country's limited institutional capacity has been over-stretched by the EVD crisis. However, NaYCOM, ACC, MEST and MoFED have experience implementing Bank projects, for instance the Youth Employment Support, Revitalizing education development project, Social Safety Nets projects and several other projects.

C. Environmental and Social Safeguards Specialists on the Team

Asferachew Abate Abebe, Environmental Safeguards Specialist
Gloria Malia Mahama, Social Safeguards Specialist

D. Policies that might apply

Safeguard Policies	Triggered?	Explanation (Optional)
Environmental Assessment OP/BP 4.01	No	
Natural Habitats OP/BP 4.04	No	
Forests OP/BP 4.36	No	
Pest Management OP 4.09	No	
Physical Cultural Resources OP/BP 4.11	No	
Indigenous Peoples OP/BP 4.10	No	No indigenous people as defined by the bank will be impacted by the project.
Involuntary Resettlement OP/BP 4.12	No	OP4.12 is not triggered at this concept stage. The project focuses on skills development with minimal physical foot prints. However, under component 1, the SD fund will provide a funding window for businesses in the productive sectors to expand production. Monitoring will be undertaken during this preparation phase to clarify if business expansion could potentially lead to the need for land acquisition.
Safety of Dams OP/BP 4.37	No	The project does not involve construction of dams, nor relies on dam structures.
Projects on International Waterways OP/BP 7.50	No	The project does not involve any works in international waterways.
Projects in Disputed Areas OP/BP 7.60	No	The project is not located in a disputed area.



E. Safeguard Preparation Plan

Tentative target date for preparing the Appraisal Stage PID/ISDS

Apr 19, 2018

Time frame for launching and completing the safeguard-related studies that may be needed. The specific studies and their timing should be specified in the Appraisal Stage PID/ISDS

To be finalize before Board approval.

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APPROVAL

Task Team Leader(s):	Thanh Thi Mai, Suleiman Namara
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Approved By

Practice Manager/Manager:	Dina N. Abu-Ghaida	08-Nov-2017
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Country Director:	Parminder P. S. Brar	06-Dec-2017
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