

PROJECT INFORMATION DOCUMENT (PID) CONCEPT STAGE

Report No.: PIDC8739

Project Name	Youth Opportunities Project (P146827)
Region	AFRICA
Country	Liberia
Sector(s)	Other social services (100%)
Theme(s)	Social safety nets (50%), Improving labor markets (50%)
Lending Instrument	Investment Project Financing
Project ID	P146827
Borrower(s)	Government of Liberia
Implementing Agency	Ministry of Finance
Environmental Category	B-Partial Assessment
Date PID Prepared/ Updated	19-Jun-2014
Date PID Approved/ Disclosed	14-Jul-2014
Estimated Date of Appraisal Completion	
Estimated Date of Board Approval	26-Feb-2015
Concept Review Decision	Track II - The review did authorize the preparation to continue

I. Introduction and Context

Country Context

1. Liberia has experienced substantial growth since the end of the fourteen year conflict in 2003, with particularly impressive gains since the return to multi-party democracy in 2006. With two democratic elections complete, the country is making strong progress towards the consolidation of democracy. Conditions for private sector engagement and investment have improved, and Gross Domestic Product (GDP) has been growing. GDP growth peaked in 2008/09 at over 9 percent per year; this growth slowed with the onset of the global financial crisis but has since bounced back. The service and commerce sectors, including construction, retailing and hospitality, were the leading contributors to the economy in 2012, while agriculture remains the single largest source of employment in the country. Iron ore mining and other concessional sectors, such as palm and rubber production, also contribute to GDP growth.

2. Despite these successes, high levels of poverty and under-employment, combined with low human capital, remain a significant challenge in the country. Although poverty rates have declined

since the end of the conflict, 56.7 percent of the country lives below the poverty line. Moreover, due to the low literacy, education, life expectancy and income earning, Liberia ranks 174th of 186 countries internationally in the 2012 Human Development Index. This situation is particularly acute for youth, who represent the largest share of the population, and are the most marginalized labor force. Currently, youth constitute nearly half of the labor force. With more than 60 percent of the population under 24, the youth proportion of the population, as well as their share in the labor market, will continue to grow. It is estimated that an additional 50,000 young people will join the labor force every year.

3. Many of Liberia's youth are unprepared to take advantage of economic opportunities. Some of this is due to a mismatch between the skills provided by the formal education system and those demanded by the labor market; many youth in Liberia today lack basic numeracy, literacy, and life skills which impede their ability to join the labor market. Sixty eight percent of youth believe that they lack the skills or experience needed to find a job. There is a shortage of youth seeking higher skilled occupations, including professionals, managers, and other skilled jobs, as well as employment in agricultural work. This supply and demand problem will continue to persist as current net enrollment in primary school at 32.4 percent and 5.4 percent in secondary schools; these statistics are unlikely to change without serious intervention in the education and training opportunities for youth.

4. However, another key factor, especially for the most vulnerable youth, stems from the psychosocial impacts of growing up in adverse circumstances. Liberia's current generation of youth came of age during the 14 year civil war, and were exposed to a wide range of traumatic experiences, including forced recruitment into armed groups and violence victimization, in addition to the daily stresses of poverty and insecurity. A growing body of evidence, much of it from post-conflict countries, suggests that exposure to such stresses – especially when it is chronic - can have an enduring impact on physiology and brain function. The effects are particularly dire for the development of “non-cognitive skills,” such as the ability to regulate emotions, focus attention, problem-solve, or multi-task. Some research suggests these non-cognitive skills may be even more critical for human capital formation than intellectual skills because they form the foundation for lifelong learning capabilities

5. There is strong reason to expect that interventions that combine training in ‘hard skills’ (numeracy, literacy, vocational skills) with psychosocial support to improve non-cognitive skills can enhance youths’ ability to take full advantage of educational and livelihood opportunities. Many of these programs combine education interventions with a practice termed Cognitive Behavioral Therapy (CBT) which focuses on helping youth regulate emotions and understand potential triggers for anger and aggressive behavior, in order to better respond to stress. A study of four such interventions in Chicago found reductions in violent behavior of between 30-50 percent compared to control groups, as well as improved educational performance and school attendance. One of the few CBT-based programs validated in a developing country – the Youth Readiness Intervention (YRI) – found that YRI participants were six times more likely to persist in school eight months after the intervention than a control group, and were judged by teachers (in blinded assessments) to be performing better both socially and academically. Some youth employment projects have begun to include psychosocial support but few impact evaluations exist.

6. The majority of Liberian youth are unemployed or underemployed, with most of their opportunities concentrated in the informal economy. According to the National Labor Survey, 91

percent of youth work in non-wage or salary positions, and 80 percent are in vulnerable employment. For those that are unemployed, this status tends to be long lasting. Sixty one percent of unemployed youth report having been unemployed for one year or more. Among those employed, 76.9 percent report being self-employed, with 46.5 percent own-account workers, 25.9 percent contributing family workers and 4.5 percent young employers. This is compared with 74 percent self-employment and 24 percent paid employment for persons older than 35. Self-employed workers report their biggest business challenge to be insufficient financial resources.

7. Young women experience particular difficulty in attaining remunerated work in the labor market. The Labor Force Survey found that while women have roughly equal rates of employment as men, they are under-represented in terms of paid employment, with only 24 percent of paid jobs held by women. Women also earn substantially less than men across most sectors. A more recent labor market transitions survey focused specifically on youth identified a 13 percentage point gap in unemployment rates between young men and young women, with young women much more likely to be unemployed. Young women also face additional familial obligations; one in three Liberian adolescent girls has had a child

Sectoral and Institutional Context

8. In 2013, the President of Liberia launched a new National Vision, Liberia Rising 2030, as well as an interim five-year strategy, the Agenda for Transformation (AfT), to promote its development goals. The AfT's Human Development pillar includes social protection with the aim of protecting the poorest and most vulnerable households and groups from poverty, deprivation, and hunger while supporting them to attain a minimum standard of living. The empowerment of youth, meanwhile, is a cross-cutting theme of the AfT and remains a key priority for the Government.

9. The National Social Protection Policy and Strategy, approved in August 2013, contributes to the AfT's aim of promoting shared and equitable economic growth in Liberia. The Policy's objective is to "build a social protection system that tackles extreme poverty, vulnerability and inequality in Liberia whilst contributing to economic growth and peace and security, through social protection programs which improve food security, access to health and education and enable the working poor to access improved income." Although more than half of the population lives in poverty, social protection interventions are inadequate for protecting the poor, promoting productive household investments, creating employment, and reducing fragility. The individual programs are often small-scale, fragmented, and uncoordinated, despite that the majority of Social Protection (SP) funding in Liberia focuses on two major target groups: the food insecure and the un/under-employed. The SP Policy and Strategy provides a framework for improved coordination of SP interventions.

10. Labor-based social safety nets have been successful as a consumption smoothing tool but the SP Policy and Strategy emphasizes their adaptation to empower youth through skills development and productive investments. The majority of youth (56 percent) live in rural areas and these rural youth have poorer access to schools, health facilities, and employment opportunities than their urban-based peers. There remains the need to support this large cohort of vulnerable youth. The Cash-for-Work Temporary Employment Project (CfWTEP) and Youth, Employment, Skills (YES) Project have evidenced the feasibility of reaching these populations in rural areas, at scale, and while prioritizing the transfer of the majority of project resources directly to these poor households. This emphasis can be maintained while adopting lessons learned from previous Projects, such as the ability of community-driven development to engender more sustainable

outcomes and the applicability of basic business skills training for young Liberians to the country's economic realities.

11. In support of the AfT's goal for youth empowerment, the Government held a national validation for a new draft Technical and Vocational Education Training (TVET) Policy in March 2014. The draft document recognizes the importance skills development for all categories of young people, including rural poor, young women, and other vulnerable groups, as a critical contributor to the country's broader goals of poverty reduction and shared economic growth. Toward this objective, the TVET Policy highlights the development of productivity in the agriculture through an emphasis on this a vocational opportunity for youth and also focuses on training and economic opportunities in the country's broad informal sector.

12. Linking skills training to increased income generation requires an emphasis beyond wage employment to household enterprise development. The Economic Empowerment of Adolescent Girls and Young Women (EPAG) Project has been highly effective in training young women for both wage employment and in business skills for self-employment, and has paired this training with life skills training specifically designed for Liberian girls. Successive phases of this Project have placed greater emphasis on business skills given that the vast majority of EPAG graduates end up making their living through this channel. While the EPAG Project continues to work with a specific group of young women, particularly requiring literacy skills, there is a need to apply the lessons from this work to reach a broader cohort of young people. The lessons from EPAG can be applied to create opportunities for less educated women, as well as their male counterparts, to enter household enterprises. The project will strive to harmonize and coordinate with the implementation of the EPAG program.

Relationship to CAS

13. The World Bank Group's (WBG) Country Partnership Strategy (CPS) FY 13-17 focused on increasing resilience among poor and vulnerable households, in line with the Government's prioritization of youth employment and the National Social Protection Strategy and Policy. The focus is on engagements that contribute to sustainable growth, poverty reduction, and shared prosperity, while addressing deep-rooted causes of conflict and fragility. The CPS cites youth employment, in particular, as conflict drivers warranting prioritization. This emphasis responds to the guidance of the Independent Evaluation Group Report on the Country Strategy of Liberia (2004-2011) that emphasized "the need to create job opportunities, especially among youth who also need skills development, to address the pervasive unemployment or underemployment problem."

14. The World Bank has developed a knowledge base on social protection, youth employment, and vulnerable youth in Liberia. World Bank financing has supported Government in social protection, labor, and education interventions through the Community Empowerment Projects (CEP) I and II, the CfWTEP, the YES Project, and the EPAG Project, among others. Related research includes Social Protection Diagnostic in Liberia (2012), Enhancing Economic and Social Resilience among Liberia's "Lost Generation" of Youth (2013), and Youth Exclusion and Youth Violence in Liberia and Sierra Leone (2013). Lessons from these projects will inform the design and implementation of the new project

II. Proposed Development Objective(s)

Proposed Development Objective(s) (From PCN)

The Project Development Objective (PDO) is to expand access to income earning and asset creation opportunities for vulnerable youth in Liberia

Key Results (From PCN)

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

- Number of direct beneficiaries, disaggregated by age (18-25; 26-35;), urban/rural and gender;
- Number of assets created by youth as a result of the program (%); and
- Increase in time spent on 'productive' work.

III. Preliminary Description

Concept Description

The Project will target vulnerable youth in both urban and rural areas. 'Vulnerable' youth in Liberia refers to youth who belong to one or more of the following groups as defined in the 2013 World Bank report, Liberia Vulnerable Youth Profile Note: (1) rural youth, especially rural women; (2) young mothers; (3) poor and poorly educated youth; and (4) ex-combatant youth. The distribution of beneficiaries across urban and rural areas will be based on the proportion of youth population in each area, as well as accounting for the relatively poverty rates of urban versus rural youth

IV. Safeguard Policies that might apply

Safeguard Policies Triggered by the Project	Yes	No	TBD
Environmental Assessment OP/BP 4.01	✗		
Natural Habitats OP/BP 4.04		✗	
Forests OP/BP 4.36		✗	
Pest Management OP 4.09		✗	
Physical Cultural Resources OP/BP 4.11	✗		
Indigenous Peoples OP/BP 4.10		✗	
Involuntary Resettlement OP/BP 4.12	✗		
Safety of Dams OP/BP 4.37		✗	
Projects on International Waterways OP/BP 7.50		✗	
Projects in Disputed Areas OP/BP 7.60		✗	

V. Financing (in USD Million)

Total Project Cost:	10.00	Total Bank Financing:	10.00
Financing Gap:	0.00		
Financing Source		Amount	
BORROWER/RECIPIENT		0.00	
International Development Association (IDA)		10.00	
Total		10.00	

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