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INTERNATIONAL DEVELOPMENT ASSOCIATION

PROJECT PAPER

ON A

PROPOSED ADDITIONAL CREDIT

IN THE AMOUNT OF SDR35.5 MILLION
(US\$50 MILLION EQUIVALENT)

TO THE

REPUBLIC OF CÔTE D'IVOIRE

FOR AN

ADDITIONAL FINANCING FOR THE
EMERGENCY YOUTH EMPLOYMENT AND SKILLS DEVELOPMENT PROJECT

March 2, 2015

Education Global Practice
AFRICA

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CURRENCY EQUIVALENTS

(Exchange Rate Effective January 31, 2015)

Currency Unit = France CFA (FCFA)

FCFA 539.652 = US\$1

US\$1 = SDR 0.7

FISCAL YEAR

January 1 – December 31

ABBREVIATIONS AND ACRONYMS

ADDCI	Association of Districts and Departments of Côte d'Ivoire (<i>Association des Districts et Departments de Côte d'Ivoire</i>)
AFD	French Development Agency (<i>Agence Française de Développement</i>)
AGEFOP	National Training Agency (<i>Agence d'Etudes et de Promotion d'Emploi</i>)
AGEROUTE	National Roads Agency (<i>Agence de Gestion des Routes</i>)
ARDCI	National Association of Regional Councils (<i>Association des Regions de Districts de Côte d'Ivoire</i>)
BAP	Budgeted Action Plan
BCEAO	Central Bank of West African States (<i>Banque Centrale des Etats de l'Afrique de l'Ouest</i>)
CCICI	Chamber of Commerce and Industry of Côte d'Ivoire (<i>Chambre de Commerce et d'Industrie de Côte d'Ivoire</i>)
CGECI	General Confederation of Enterprises in Côte d'Ivoire (<i>Confédération Générale des Entreprises en Côte d'Ivoire</i>)
EA	Environmental Assessment
ECF	Extended Credit Facility
EFA	Education for All
ENSETE	National Employment Survey (<i>Enquête national sur l'emploi et le travail des enfants</i>)
ESIA	Environmental and Social Impact Assessment
ESMF	Environmental and Social Management Framework
ESMP	Environmental and Social Management Plan
ESSAF	Environmental and Social Safeguards Assistance Framework
EU	European Union
FCFA	Franc of the African Financial Community (<i>Franc de la Communauté Financière Africaine</i>)
FIPME	Ivorian Federation of Small and Medium Enterprises (<i>Fédération Ivoirienne des Petites et Moyennes Entreprises</i>)
FM	Financial Management
GDP	Gross Domestic Product
GP	Global Practice
GRS	Grievance Redress Service
GSE	Education Sector Group (<i>Groupe Sectoriel de l'Education</i>)

IBRD	International Bank for Reconstruction and Development
ICSR	Investment Climate Survey Report
IDA	International Development Association
INS	National Institute of Statistics (<i>Institut National des Statistiques</i>)
ISDS	Integrated Safeguards Data Sheet
JCSC	Job Counseling and Support Center
KPI	Key Performance Indicator
LICUS	Low Income Country Under Stress
LIPW	Labor Intensive Public Works
M&E	Monitoring and Evaluation
MEF	Ministry of Economy and Finance (<i>Ministère de l'Economie et des Finances</i>)
ME-MEASFP	Ministry of State, Ministry of Employment, Social Affairs and Vocational Training (<i>Ministère d'Etat, Ministère de l'Emploi, des Affaires Sociales et de la Formation Professionnelle</i>)
MIS	Management Information System
MOD	Delegated Management Contract (<i>Maîtrise d'ouvrage déléguée</i>)
MPJSC	Ministry of the Promotion of Youth and Civic Service (<i>Ministère de la Promotion de la Jeunesse et du Service Civique</i>)
MSME	Micro, Small and Medium Enterprises
NGO	Non-governmental Organization
PBC	Performance Based Contract
PCAP	Post-Conflict Assistance Project
PDO	Project Development Objective
PEJEDEC	Emergency Youth Employment and Skills Development Project (<i>Projet d'Urgence de Création d'Emploi Jeunes et de Développement des Compétences</i>)
PIM	Project Implementation Manual
PIU	Project Implementation Unit
PPR	Post Procurement Review
PREM	Poverty Reduction and Economic Management Department
PRISE	Social Inclusion and Improvement of Livelihoods of Youth, Vulnerable Women and Handicapped in Post Conflict Western Cote d'Ivoire Project (<i>Project d'Insertion Socio-Economique des Populations</i>)
RAP	Resettlement Action Plan
RFP	Request for Proposal
RF	Results Framework
RPF	Resettlement Planning Framework
SCD	Systemic Country Diagnostic
SME	Small and Medium Enterprise
SSA	Sub-Saharan Africa
T&C	Trade and Competitiveness
TSC	Technical Steering Committee
TVET	Technical and Vocational Education and Training
UNDP	United Nations Development Program
UVICOCI	Union of Cities and Municipalities of Côte d'Ivoire (<i>Union des Villes et</i>

VP
WAEMU

Communes de Côte d'Ivoire)
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CÔTE D’IVOIRE
EMERGENCY YOUTH EMPLOYMENT AND SKILLS DEVELOPMENT PROJECT
ADDITIONAL FINANCING (P151844)

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ADDITIONAL FINANCING DATA SHEET

Côte d'Ivoire

Emergency Youth Employment and Skills Development - Additional Financing (P151844)

AFRICA

GEDDR

Basic Information – Parent									
Parent Project ID:	P122546	Original EA Category:		B - Partial Assessment					
Current Closing Date:	30-Jun-2015								
Basic Information – Additional Financing (AF)									
Project ID:	P151844	Additional Financing Type (from AUS):		Scale-Up					
Regional Vice President:	Makhtar Diop	Proposed EA Category:		B - Partial Assessment					
Country Director:	Ousmane Diagana	Expected Effectiveness Date:		15-Jun-2015					
Senior Global Practice Director:	Claudia Maria Costin	Expected Closing Date:		30-Jun-2019					
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Borrower									
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Project Financing Data–Parent (Emergency Youth Employment and Skills Development Project-P122546)									
Key Dates									
Project	Ln/Cr/TF	Status	Approval Date	Signing Date	Effectiveness Date	Original Closing Date	Revised Closing Date		
P122546	IDA-H7340	Effective	15-Sep-2011	03-Oct-2011	27-Dec-2011	30-Jun-2015	30-Jun-2019		
Disbursements (million SDR)									
Project	Ln/Cr/TF	Status	Currency	Original	Revised	Cancelled	Disbursed	Undisbursed	% Disbursed
P122546	IDA-	Effective	XDR	31.30	31.30	0.00	21.81	9.49	69.67

	H7340								
Project Financing Data –Emergency Youth Employment and Skills Development - Additional Financing (P151844) (US\$ million)									
[]	Loan	[]	Grant	[]	IDA Grant				
[X]	Credit	[]	Guarantee	[]	Other				
Total Project Cost:		50.00 (US\$ million)			Total Bank Financing:		50.00 (US\$ million)		
Financing Gap:		0.00							
Financing Source – Additional Financing (AF)							Amount		
BORROWER/RECIPIENT							0.00		
International Development Association (IDA)							50.00		
Total							50.00		
Policy Waivers									
Does the project depart from the CAS in content or in other significant respects?							No		
Explanation									
Does the project require any policy waiver(s)?							No		
Explanation									
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Côte d’Ivoire		Korhogo			
Côte d’Ivoire		Département de Bouaké			
Côte d’Ivoire		Abidjan			
Institutional Data					
Parent (Emergency Youth Employment and Skills Development Project-P122546)					
Practice Area (Lead)					
Education					
Contributing Practice Areas					
Cross Cutting Areas					
[] Climate Change					
[] Fragile, Conflict & Violence					

<input type="checkbox"/> Gender <input type="checkbox"/> Jobs <input type="checkbox"/> Public Private Partnership				
Sectors / Climate Change				
Sector (Maximum 5 and total % must equal 100)				
Major Sector	Sector	%	Adaptation Co-benefits %	Mitigation Co-benefits %
Education	Vocational training	38		
Health and other social services	Other social services	36		
Education	Adult literacy/non-formal education	16		
Public Administration, Law, and Justice	Public administration-Education	10		
Total		100		
Themes				
Theme (Maximum 5 and total % must equal 100)				
Major theme	Theme	%		
Human development	Education for the knowledge economy	44		
Social protection and risk management	Social safety nets	36		
Financial and private sector development	Micro, Small and Medium Enterprise support	10		
Social protection and risk management	Improving labor markets	10		
Total		100		
Additional Financing Emergency Youth Employment and Skills Development - Additional Financing (P151844)				
Practice Area (Lead)				
Education				
Contributing Practice Areas				
Cross Cutting Areas				
<input type="checkbox"/> Climate Change <input type="checkbox"/> Fragile, Conflict & Violence <input checked="" type="checkbox"/> Gender <input checked="" type="checkbox"/> Jobs				

[X] Public Private Partnership				
Sectors / Climate Change				
Sector (Maximum 5 and total % must equal 100)				
Major Sector	Sector	%	Adaptation Co-benefits %	Mitigation Co-benefits %
Education	Vocational training	100		
Total		100		
Themes				
Theme (Maximum 5 and total % must equal 100)				
Major theme	Theme	%		
Human development	Education for the knowledge economy	100		
Total			100	

I. Introduction

1. **This Project Paper seeks the approval of the Executive Directors for an Additional Financing (AF) Credit in the amount of SDR 35.5 million (US\$50 million equivalent) to the Republic of Côte d'Ivoire for the Emergency Youth and Skills Development Project (*Projet d'urgence de création d'emploi jeunes et de développement des compétences – PEJEDEC*).** The proposed AF would finance the scaling up of successful activities supported under the original project, and a limited number of new activities to support the achievement of the original operation's development objective (PDO). New activities will include measures to expand the scope of interventions to secondary urban centers and rural areas to further contribute to the poverty reduction strategy aimed at the poorest. Moreover, the proposed AF will support policies and institutional reforms to advance the relevance, efficiency and governance of employment policy and interventions in alignment with the Government's objective of making Côte d'Ivoire an emerging country by 2020. The AF has been designed to transition PEJEDEC's focus, from a set of post-crisis, emergency interventions, to one supporting longer-term objectives for the promotion of inclusive growth and productive employment. The AF is intended to catalyze institutional reforms to improve the quality of professional training, education, and employment in Côte d'Ivoire, in alignment with a more holistic sustainable approach to building human capital within the country.

2. **The proposed AF will retain the original PDO to improve access to temporary employment and skills development opportunities for young men and women in Côte d'Ivoire's territory, as well as the three components of the original project.** However, the Key Performance Indicators (KPIs) and Intermediate Results Indicators of the Results Framework (RF) will be modified to reflect changes in the activities and scale-up of the project. In addition a KPI has been added to measure the employment status of students who have been placed in internships, six months after the completion of the internship program.

3. **The original project was financed by a grant of US\$50 million and became effective on December 30, 2011.** To date, the original project has provided access to temporary employment, skills development opportunities and employment support for young men and women in Côte d'Ivoire (post-conflict setting), and has supported the strengthening of national institutions to design and implement youth employment programs. It is expected that the PDO will be fully achieved by the original project closing date of June 30, 2015, with near 100 percent completion rate for each of its three components. As of February 27, 2015, disbursement stood at 69.67 percent of the original grant and it is expected that this will rise to above 90 percent by the project's closing date. The project is rated *Moderately Satisfactory*¹ with respect to progress towards the achievement of the PDO, as well as overall implementation.

¹ The Moderately Satisfactory rating (rather than one of Satisfactory) is due to inefficiencies and the low performance of training institutions under the professional training sub-component. Therefore, the sub-component will be discontinued under the Additional Financing (AF), while the other satisfactory sub-components will be scaled up.

II. Background and Rationale for Additional Financing

A. Country Context

5. **Following decades of strong economic growth, between 1999 to 2011 Côte d'Ivoire experienced a series of violent political and economic crises, culminating in the post-election crisis of November 2010.** The crises combined with poor governance led to a significant deterioration of living standards. The impact of the crises is evident in the country's economic growth rates among the lowest in Sub-Saharan Africa (SSA) (on average -1.6 percent between 1999 and 2003; 1.3 percent between 2004 and 2008, and -0.8 percent from 2009 to 2011), and a sharp decline in Gross Domestic Product (GDP) (-4.7 percent in 2011). The most recent crisis followed the presidential election of November 2010 and lasted until April 2011, with a heavy toll on livelihoods and the domestic economy. While employment related micro-data are difficult to come by, indications are that the informal sector has gained increased prominence, with the share of economic activity attributed to the modern wage sector decreasing through the course of the past decade. However, since mid-2011, the country has made significant progress in consolidating political stability and is seizing the opportunity to tap its considerable social and economic potential.

6. **Post-crisis economic recovery has proceeded at a rapid and sustained speed. Côte d'Ivoire is transitioning away from a post-conflict environment to one increasingly characterized by political and economic stability.** The country, with the active engagement of the international donor community, has embarked on an ambitious and comprehensive program of reforms and investments aimed at leveraging its considerable human capital, natural resources, and infrastructure endowments to spur robust, broad-based and sustainable economic growth. Major reform initiatives have included key policy and institutional changes in the cocoa sector which have boosted producers' incomes. The country has attained the Heavily Indebted Poor Countries (HIPC) Completion Point, and as a result obtained significant debt relief in June 2012. Since the end of the post-election crisis in 2011, sound macroeconomic management combined with public and private investments have underpinned improved economic growth. The GDP growth was 10.7 percent in 2012, decreasing to 8.7 percent and 8.0 percent, respectively, in 2013 and 2014. Public investment in infrastructure (transport, energy, health, and education) and private investment in mining, agriculture, energy and housing have boosted domestic demand. The agricultural sector which accounts for 22 percent of GDP remains a key driver of the economic recovery. Inflation has remained low, stable and resilient to global price volatility. Consumer price inflation stands at 1.6 percent, below the West African Economic and Monetary Union (WAEMU) target of 3 percent. Fiscal outcomes have progressively improved since 2011 as a result of sustained improvements in revenue collection and tight expenditure control. The overall fiscal deficit was reduced to 2.3 percent of GDP in 2014 and 2013, from 3.2 percent of GDP in 2012, and 5.6 percent of GDP in 2011.

7. **Reforms have significantly contributed to an overall improvement in governance and the business environment, making the country more attractive to private investment.** In 2014 the World Bank's "Doing Business" report, ranked Côte d'Ivoire globally among the top 10 reformers for its efforts to improve the business environment. Macroeconomic prospects for 2015 are considered positive and real GDP growth is expected to reach 8.0 percent and remain healthy in the medium-term. However, harnessing economic growth for the purposes of income

generation, shared prosperity, poverty reduction, and to improving the country's social indicators, particularly stubbornly high levels of unemployment among youth, remains a pressing challenge.

8. **Côte d'Ivoire has a rapidly growing and young population.** According to the National Institute of Statistics (*Institut National de Statistiques – INS*), the annual population growth rate was estimated to be 2.6 percent per year in 2013, down from 3.1 percent in 2009, but still among one of the highest in the world. High population growth rate is due to the combined effect of lower mortality rates, high fertility rates (4.6 children per woman), and significant international immigration (in 1998, 26 percent of the population was not Ivorian). In 2009, the INS estimated that 57.9 percent of the population was between the ages of 15 and 59 years, and only 2.4 percent of the population was older than 60. Through the course of the last decade, a persistently poor education system, the politicization of higher education, and high unemployment and poverty rates have had a cumulative and negative impact on livelihoods, particularly among youth, making this large demographic group particularly susceptible to ongoing political tensions.

9. **Continued economic development and inclusive growth will require the sustained revitalization of the economy and the provision of employment opportunities for young people.** Over the past three years, impressive economic performance has been underpinned by revitalized economic activity in the infrastructure/public works and mining sectors. While these sectors will continue to be important economic drivers, if the country is to make progress in reducing poverty and reducing unemployment, growth must be spread to more labor-intensive sectors such as light manufacturing, services, and agriculture, to generate and sustain employment creation for the country's young and rapidly growing population. A contingent challenge will be to encourage the development of more productive employment throughout the economy, including the large number of self-employed workers in informal occupations in the agriculture and services sectors.

10. **Human capital development must be at the center of the country's strategy to sustain growth and to become a globally competitive emerging economy in the long run.** Towards this end, it will be critical to bridge the gap between the needs of the labor market and available skills in the existing labor force. Failure to do so will undermine future economic growth prospects, and may contribute to the risk of further social unrest.

B. Sector and Institutional Context

11. **Enormous challenges persist due to the high concentration of the labor force in self-employed informal and low-productivity occupations, particularly among the poor female workers, and for those living in rural areas.** There are an estimated 400,000 new entrants to the labor market each year. Since 2011, strong economic growth contributed to lower unemployment.² Early analysis suggests that the formal unemployment rate fell from 8.7 percent

² Statistics from the 2013 National Employment Survey are obtained from analysis undertaken as part of the Côte d'Ivoire Jobs Assessment under preparation (P147849). The survey was undertaken in February 2014, and employment indicators are calculated based on the old norms for international employment statistics in order to allow comparability across years.

to 6.7 percent between November 2012 and February 2014.³ However, only about 190,000 jobs were created in the formal sector between 2011 and 2013 (70 percent of which were in the private sector). Table 1 below summarizes the composition of employment as of February 2013. Agricultural and non-agricultural self-employment currently represents nearly 80 percent of all employment. Moreover, only 17.4 percent of employed individuals hold wage jobs, and these opportunities are concentrated among more educated individuals living in urban areas. By contrast, 76.2 percent of the employed population are self-employed (46.9 percent in agriculture and 29.3 percent in non-agriculture activities). The employment challenge in Côte d'Ivoire is similar to that faced by many countries in SSA, in line with evidence from the 2013 World Development Report on Jobs and the Regional Report on Youth Employment in Sub-Saharan Africa, a challenge substantially different from that faced by developed economies with more formalized labor markets.

Table 1: Composition of employment in Côte d'Ivoire

	All (%)	Urban (%)	Rural (%)
Agricultural self-employment	46.9	8.0	71.6
Non-Agricultural self-employment	29.3	50.0	16.2
Agricultural Wage Employment	2.8	1.1	3.9
Non-Agricultural Wage Employment	14.6	30.0	4.9
Other Types of Employment	6.4	11.2	3.3
Total Employment	100.0	100.0	100.0

Source: Analysis of 2013 National Employment Survey, based on primary employment

12. **While most individuals are engaged in low-productivity jobs, and as such can be considered underemployed, labor-force participation is relatively high and unemployment remains relatively low.** In February 2014, more than three-quarters (76.8 percent) of the adult population was active in the labor force with rates in rural areas higher than those observed in urban areas (85 percent in rural areas compared to 68 percent in urban areas). Inactive individuals (those who are outside the labor force) are mostly composed of youth who have not yet left school and the elderly (age 65+) (see Table 2). Unemployment only affects a small share of adults in the labor force (6.7 percent). However, unemployment as formally defined by the International Labor Organization (ILO) – the share of individuals in the labor force who are not working, looking for work and available to work – is a concept that mostly relates to a formal labor market where labor demand meets labor supply. Using this definition in Côte d'Ivoire, the vast majority of adults in the labor force are engaged in some type of work, but this work is overwhelmingly concentrated in precarious occupations characterized by low productivity.

³ The formal unemployment rate clearly understates the real unemployment/underemployment situation. Unemployment is formally defined by the International Labor Organization (ILO) as the share of individuals in the labor force who are not working, looking for work and available to work. Consequently, unemployment is a concept that mostly relates to a formal labor market where labor demand meets labor supply.

**Table 2: Labor Force Participation and Unemployment
by Age Group**

Age Group	Inactivity⁴	Unemployment
Age 14-24	44.3%	5.4%
Age 25-34	9.9%	7.1%
Age 35-64	9.4%	4.0%
Age 65+	44.0%	0.9%

Source: Analysis of 2013 National Employment Survey

13. **Education remains a strong determinant of access to employment.** Access to non-agricultural wage jobs is concentrated among individuals who have completed secondary education or more. Most individuals with low educational achievement are concentrated in agricultural and non-agricultural self-employment. Research demonstrates that, internationally, higher education leads to higher earnings across various types of employment, including self-employment.

14. **In Côte d’Ivoire, the unemployment rate is relatively higher for more educated individuals, even though the majority of the unemployed have a low level of education.** Unemployment rates increase steadily along the wealth distribution, and are the highest among wealthier, better educated groups, and are particularly high for youth who have completed upper secondary or tertiary education. These individuals generally seek employment in the formal sector and tend to come from families in the top quintiles of the wealth distribution, and as a consequence, may be able to afford longer job searches (as a result, unemployment tends to be persistent for this population, with an estimated 70 percent of unemployed individuals looking for work for a year or longer).⁵ The unemployment rate is the lowest among the poor, affecting less than three percent of the poor in the bottom quintile, who live primarily in rural areas. The majority of the population cannot afford to be unemployed, and the concept of “looking for work” which underpins the formal definition of unemployment, is less relevant in contexts characterized by high levels of self-employment.

15. **Employment policies have traditionally focused on increasing wage employment and reducing formal unemployment, with less focus given to increasing the productivity of agricultural and non-agricultural self-employment where most of the poor work.** The most recent national employment policy in Côte d’Ivoire⁶ seeks to expand employment opportunities for “decent work”⁷ to contribute to poverty reduction. It is based on three pillars: (i) supporting formal private enterprises to foster growth and job creation; (ii) investing in human capital and labor productivity; and (iii) rationalizing governance in employment policy. While the strategy acknowledges the wide variety of employment challenges among different sectors, the main

⁴ Inactivity is defined as individuals outside the labor-force.

⁵ Employment surveys do not include consumption or welfare measures. To analyze the distribution of employment, this note relies on a household asset index.

⁶ *République de Côte d’Ivoire, 2012. Politique Nationale d’emploi.*

⁷ Decent work, as defined by the ILO, sums up the aspirations of people in their working lives. It involves opportunities for work that is productive and delivers a fair income, security in the workplace and social protection for families, better prospects for personal development and social integration, freedom for people to express their concerns, organize and participate in the decisions that affect their lives and equality of opportunity and treatment for all women and men.

thrust of the policy is still focused on job creation in the formal sector. In Côte d'Ivoire, the formal sector is confronted with major constraints to growth including a generally poor business environment which undermines its development. While the Government is addressing some of these constraints⁸ these initiatives will take time to significantly impact private sector confidence and investments, and contingent effects for the creation of formal wage jobs are likely to be slow. In the interim, the majority of employment creation will continue to take place outside of the formal labor market, and most individuals will continue to be self-employed. As a consequence, policies to promote growth and reduce unemployment in the formal sector will be insufficient to address economic challenges. While a growing modern wage sector will be necessary in the medium-to-long term to advance inclusive growth and poverty-reduction, it will also be necessary to raise productivity in sectors where the poor are concentrated with particularly limited opportunities to engage in wage employment.

16. The main employment challenge in Côte d'Ivoire is a high concentration of employment in low-productivity occupations, such as agricultural and non-agricultural self-employment, particularly among the poor and those living in rural areas. Four in five poor Ivoirians live in rural areas, and as a consequence, the rural areas of the country are characterized by high levels of poverty. Farmers are usually the poorest with poverty rates of approximately 60 percent, compared to 25 percent among craft traders and people in services and sales, and 10 percent among professionals. The rural agricultural economy is characterized by poor access to capital, and a large share of the population has little or no education (an estimated 55 percent of those residing in rural areas have never been to school). Agricultural households are highly vulnerable to adverse market and weather conditions and a drop in their income has an immediate impact on the surrounding rural economy. Given the sheer size and vulnerability of the poor population in the rural agricultural economy, support for more productive self-employment and the diversification of rural livelihoods should be prioritized from a poverty-reduction standpoint. Evidence from the larger region has shown that productive interventions targeted towards vulnerable youth can generate substantial returns.

17. Furthermore, the development of technical and vocational education and training (TVET), a potential pathway for bridging the gap between the skills offered by job seekers and those sought by employers, has suffered from weak governance, lack of a clearly defined mission, and poor linkages with private sector stakeholders. The sub-sector is yet to clearly define its mission and its relationship to private sector stakeholders. There are a large number of agencies with overlapping mandates as well as multiple funding agencies operating in this sub-sector. These conditions contribute to confusion and undermine the development of a coherent response for policy making and operational interventions. Focus needs to be placed on: (i) accelerating the process of TVET reform through the introduction of results-based management and performance based contracts; and (ii) laying the foundation for an effective

⁸ The on-going IDA-funded SME Revitalization and Governance Project attempts to address some of the difficulties by providing direct support to SMEs, strengthening the commercial court system and providing technical assistance to key institutions such as the Ministry of Economy and Finance. In addition, a series of on-going and planned development policy operations have been addressing and will continue to address macroeconomic and financial system constraints.

framework for public-private partnerships (PPPs) to enhance the relevance of TVET and the employability of graduates, including in the non-wage formal sector.

C. Donor Programs and Coordination

18. **Apart from the International Development Association (IDA), Côte d'Ivoire has relatively few partners active in the education and skills development sector, though the number of partners is expected to soon grow.** The African Development Bank (AfDB) and the Islamic Development Bank (IDB) are expected to become active in the education sector in Côte d'Ivoire in the near future. The European Union (EU), French Agency for Development (AFD) and the United Nations Development Program (UNDP) have provided support for Small and Medium Enterprises (SMEs) and the promotion of youth employment. The EU is currently implementing a TVET project focusing on the rehabilitation of the technical school of San Pedro and the corresponding development of a training program in road construction and maintenance. AFD is financing a youth employment project that emphasizes collaboration between the public and private sectors at the local level and shares the same Project Implementation Unit (PIU) as the ongoing World Bank Emergency Youth Employment and Skills Development Project (P122546). The teams work closely together to ensure coordination and alignment between the two projects. In addition, AFD is planning a project focused on supporting institutional reforms of the TVET system which this project will build upon as part of the activities supported under Component 3.

19. **Coordination in the education and training sectors between donors, the Government and non-governmental organizations (NGOs) is well established.** Collaboration takes place through the local Education Sector Group (GSE, *Groupe Sectoriel de l'Education*), led by the World Bank. The group meets regularly, shares information, performs joint supervision missions, and coordinates sector interventions.

D. Complementarity with Bank Operations

20. **The proposed AF will be carried out in collaboration with the Social Protection Global Practice, the Trade & Competitiveness (T&C) Global Practice and the International Finance Corporation (IFC).** The AF will continue to build synergies with other projects in Côte d'Ivoire including World Bank-supported operations such as the Productive Social Safety Net project aimed at developing a foundation for a national social safety net system and currently under preparation (P143332); the Post-Conflict Assistance Project Additional Financing (PCAP – P144762) designed to provide temporary employment for vulnerable populations for local reconstruction; and the Social Inclusion and Improvement of Livelihoods of Youth, Vulnerable Women and Handicapped in Post Conflict Western Cote d'Ivoire Project (PRISE – P145750, *Project d'Insertion Socio-Economique des Populations*). PRISE through the T&C GP is informing the design and seed funding mechanism for entrepreneurship support under sub-component 2.c. Geographic and individual-level targeting approaches of the AF will be linked to targeting approaches under the Productive Social Safety Net operation. The AF project design builds on lessons learned from the SME Revitalization and Governance Project (P115398). The IFC is partially supporting implementation of Sub-component 2.b, focused on

the provision of internships, by facilitating linkages with IFC-supported private sector companies to host interns.

E. Original Financing Description and Performance

21. **An IDA grant in the amount of US\$50 million to finance the PEJEDEC (P122546) was approved on September 15, 2011 and became effective on December 27, 2011.** The PDO of the original project (and the proposed AF) is to improve access to temporary employment and skills development opportunities for young men and women in Côte d'Ivoire's territory. This will be achieved by: (a) creating temporary employment opportunities through labor intensive public works; and (b) improving the employability of youth with different skills levels by providing them with a first work experience and/or training them in skills relevant to labor market demand through: (i) apprenticeships; (ii) internships for skilled graduates in their respective areas of expertise; (iii) professional training programs of short duration; and (iv) entrepreneurship training for skilled graduates.

22. **The PEJEDEC's three components include:** Component 1 (Temporary Employment Opportunities for Youth); Component 2 (Skills Development and Employment Support for Youth); and Component 3 (Strengthening Institutional Capacity). Project activities were concentrated in several urban clusters (e.g., Abidjan and Bouaké).

23. **Given progress to date, it is expected that PEJEDEC's PDO will be fully achieved by the end of the project,** with a 100 percent completion rate on each of the project's KPI targets, as summarized in Table 3 and the text below. In addition, Annex 5 summarizes support to the original project to date, and evidence in addition to that provided by KPI measures. A summary of key achievements in each of the three components is provided in more detail below.

Table 3: Progress made towards achievement of Key Performance Indicators (KPIs)

Indicator	Target	Status as of December 31, 2014
Direct beneficiaries of project interventions, of which female: (i) Labor Intensive Public Works (LIPWs) (ii) Skills development	(i) 12,500 (ii) 15,000	(i) 12,693* (ii) 9,747*
Percentage of females	30 percent	32 percent*
Number of additional person days provided in LIPWs (disaggregated by gender, district and type of sub-project)	1,650,000	1,564,649*
Completion rate of youth participating in apprenticeship and internship program	80 percent	76 percent*

*100% (or higher) achievement expected by project closing

24. Component 1 (Temporary Employment Opportunities for Youth – US\$18 million).

The objective of this component is to provide temporary (transitory) job opportunities through (LIPWs) to unskilled/low skilled urban youth. LIPW employment is accompanied by training in basic life and entrepreneurship skills (provided under Component 2, see below). The target group is men and women, aged 18 to 30, who are not in school or participating in formal training. The project reserves a percentage (at least 30 percent) of LIPW jobs for women. The component builds on the successful PCAP.

25. Summary of Achievements under Component 1 to date:

- **The target number of beneficiaries (12,500) has been exceeded.** As of December 31, 2014, 12,693 youth (31 percent of whom female) have been employed under Component 1. Each of these beneficiaries has opened a savings account with a financial institution and more than 95 percent have participated in training in basic life skills; 30 percent from training in entrepreneurship; and 10 percent from training in salaried employment search. A process evaluation highlighted the strong implementation of this component.
- **An impact evaluation (IE) has been put in place to collect data to measure the effectiveness of LIPWs in improving participants' employment, earnings and welfare as well as in reducing high-risk behaviors in the short-term.** Baseline and a midline surveys were undertaken and end line data will be collected by April 2015. It is expected that the results of the IE will be available by the end of FY15. Preliminary results suggest that, in line with the results of the 2013 National Employment Survey (*Enquête nationale sur l'emploi et le travail des enfants, ENSETE*), most beneficiaries (about two-thirds) are engaged in some type of informal work, and thus participation in the public works program does not strongly

reduce unemployment. However, the public works program provides better paying jobs than those typically available to youth and provides participants an opportunity to save and reinvest earnings in more productive activities at the end of the program.

- **A recent tracer survey indicates a high level of satisfaction among the participants with the program (selection, working conditions and training in life skills).**⁹ The tracer study has also provided descriptive statistics on post-program employment.¹⁰ A second IE is on-going (results will be available by December 2015) to assess which complementary skills development activity is most effective for improving beneficiaries' employment prospects upon exiting the program (the IE includes an end-line survey among youth one year after they exit the program).

26. **Component 2 (Skills Development and Employment Support for Youth – US\$22 million).** This component aims to improve employability by offering youth work experience and/or training in skills relevant to labor market demands. Skills development and support has been provided through: (a) apprenticeships; (b) internships in the formal sector; (c) professional training programs of short duration in professions/professional branches with high employment potential; (d) entrepreneurship training and business development support for skilled graduates; and (e) basic life skills and entrepreneurship training offered to the beneficiaries of LIPW employment under Component 1.

27. **Summary of Achievements to date under Component 2:**

- **The original project target of 15,000 youth is expected to be fully achieved by the original project closing in June 2015.** As of December 31, 2014, the number of youth completing skills development activities had reached 9,747 (33 percent of whom are female), including: (i) Apprenticeships: more than 90 percent targeted apprentices will have been trained, following an expansion of the target's ambitions (from 3,000 to 4,800); (ii) Internships: 100 percent of the expected 2,250 internship beneficiaries will have benefitted from internship training in a variety of sectors¹¹; and (iii) Entrepreneurship: 4,097 beneficiaries of the targeted 5,450 have received training in entrepreneurship and income generating activities. A minimum of 90 percent of the target beneficiaries under the entrepreneurship Sub-component 2.d are expected to receive training by the original project closing date.

⁹ *Enquête de satisfaction et de suivi des bénéficiaires du Projet Emploi Jeune et Développement des compétences*, PEJEDEC, September 2014.

¹⁰ 59 percent of LIPW participants reported that the project improved their employment status after their exit from the program. Specifically, the tracer survey suggests that employment among public works beneficiaries increased from 59 percent before the program to 70 percent after the program. The majority of employment gains are in self-employment: 78 percent of beneficiaries reported saving during the program, with relative large monthly savings between FCFA 10,000 and 30,000 on average. Participants show strong appreciation for complementary skills development activities (i.e., basic entrepreneurship training to facilitate set-up of new household enterprises and entry into self-employment, and training in job search skills and sensitization on wage employment opportunities to facilitate access to wage jobs) which seek increase their employability or revenue-earning capacity at the end of their employment.

¹¹ Including transport, logistics, banking, agribusiness, insurance, telecommunications, retail, distribution, chemistry, education, wood and textile, among others.

- **Improved employment outcomes following participation in the program.** A tracer survey provided the following information related to post-program employment:¹²
 - 81 percent of beneficiaries of the internship component reported improved employment after completion of the program. Employment among interns rose from 29 percent before the program to 60 percent after the program, while inactivity decreased from 27 percent to 9 percent. Half of employed individuals reported that they had been recruited by the firm where they had undertaken their internship;
 - 50 percent of beneficiaries from the professional training component reported improved employment after completion of the program. Professional training had less of an impact on employment, with inactivity rates remaining stable (42 percent before and 39 percent after the program), although fewer beneficiaries are self-employed (22 percent before the program and 4 percent after the program) and more are occasional wage workers (18 percent before the program compared to 28 percent after the program) or interns (5 percent before the program and 20 percent after the program).
- **Beneficiaries participating in the apprenticeship component numbered 4,800 and a large number of apprenticeships in different sectors were offered by firms through a systematic process to identify positions.** The original target was increased from 3,000 to 4,800. Youth participated in apprenticeships in construction, mechanics, wood work, textiles, and food and health services. Given the duration of apprenticeships (two years), it is too early to measure the impact on beneficiaries' employment prospects. An IE of the apprenticeship program is expected to provide insight into the effectiveness of the component and will be completed in early 2016 (with the support of the proposed AF in its final phase).¹³ Findings from the IE will inform the design of the national apprenticeship system, and future public investments in apprenticeships in Côte d'Ivoire and beyond.
- **PEJEDEC supported capacity-building in entrepreneurship which has contributed to the formalization of businesses, supported resource mobilization and monitoring, and provided technical support for improved business management.** Benefits related to the entrepreneurship sub-component are difficult to measure for the current 4,097 youth who have benefited from the program. Fifty-two percent of participants already had a business prior to beginning the program and most looked for additional funding. The most common benefits reported by participants include business and management skills (50 percent), a broader customer base (48 percent) and higher revenues (29 percent).
- **However, PEJEDEC fell short of the targets stipulated in the professional training sub-component (2c), due to a lack of capacity within the vocational training system.** Of the original 2,500 beneficiaries, a total of 900 received professional training. This was in part

¹² The tracer survey compares employment status before and after the program, although these should be interpreted with caution. The ongoing impact evaluations will produce more rigorous evidence.

¹³ The main objectives of the apprenticeship IE is (i) to assess the rationale for public provision of formal apprenticeship by evaluating whether it has an indirect effect of the provision of private and informal apprenticeships, and (ii) to document effectiveness of providing a formal apprenticeship (including dual theoretical and practical training) on skills acquisition and employment outcomes of young participants.

due to the lack of clear roles and responsibilities, and the fragmentation of actors in the sector. As a result, institutional reforms to the TVET system intended to strengthen dual training, are being proposed under the AF to be financed under Component 2.

28. **Component 3 (Strengthening Institutional Capacity – US\$5.0 million).** This component was aimed at: (a) strengthening the capacity of private and public sector institutions to engage in an informed policy dialogue on skills and employment on a regular basis, *inter alia*, through the strengthening of technical capacity and the creation of a mechanism for consultation and collaboration; and (b) improving the knowledge base on employment and youth. Key activities supported under the component include: (i) capacity-strengthening activities (e.g., training, study visits, south-south exchanges); (ii) communications activities for increased awareness of project activities; (iii) IEs and beneficiary surveys; (iv) support to policy development through selective analytical work; and (v) financing of the PIU's coordination and management activities, and rehabilitation of PIU facilities.

29. **Summary of achievements to date under Component 3:**

- **Support has been provided for the development of critical knowledge necessary to improve employment policy.** Specifically, this component provided support to two national employment surveys (2012 and 2013) which provided the basis for follow-up analytical work which informed the context section above. Moreover, this component led to the launch of two ambitious and best-practice prospective IEs for the LIPW and apprenticeship sub-components, which will yield results in 2015 and 2016 (see above as well as Annex 5 for more information).
- **This component has supported increased collaboration between the public and private sectors** through 20 workshops held over the project period, the promotion of private sector involvement in the selection of beneficiaries, and the strengthening of the Ivorian Federation of Small and Medium Enterprises (*Fédération Ivoirienne des Petites et Moyennes Entreprises – FIPME*).
- **Targeted information campaigns have been carried out to inform key stakeholders about project activities.** In addition to increasing overall awareness, communication campaigns targeting eligible youth were used as a mechanism to recruit youth applicants into programs under Components 1 and 2 through the use of appropriate media (including radio, Internet and television). The communication campaigns were successful in attracting a high numbers of applicants for each of the programs particularly the internship sub-component.
- **Monitoring and evaluation (M&E), project management, financial management (FM) and procurement** have been consistently rated Satisfactory throughout project implementation. The project has established a strong M&E system with the capacity to support beneficiary surveys and IEs. Project monitoring reports and specific monitoring tools have been developed to support and improve implementation. The project has benefitted from strong leadership, and significant participation on the part of the private sector in its implementation. Partnership agreements with the private sector were signed and representative organizations have been involved in the implementation of each of the

components. Dialogue with beneficiaries has been ongoing and a communications strategy has been developed. The project was rated Satisfactory overall until September 2013. During the supervision mission in September 2013, it became apparent however, that implementation of the apprenticeship sub-component and professional training had been delayed. Thereafter, the project has been rated Moderately Satisfactory. This led the team to focus on accelerating the pace of implementation of the apprenticeship sub-component, and led the Ministry of State, Ministry of Employment, Social Affairs and Vocational Training (ME-MEASFP, *Ministère d'Etat, Ministère de l'Emploi, des Affaires Sociales et de la Formation Professionnelle*) to submit in its request for Additional Financing support for the reform of vocational training to be supported under the proposed project.

F. Rationale for Additional Financing

30. **The proposed AF will scale-up successful activities undertaken under the original project, building on the lessons learned during its implementation, to improve targeting and efficiency, and support a number of new activities. The proposed AF will increase the development effectiveness and overall impact of the PEJEDEC.** The AF will strengthen the alignment of project activities with the priority areas identified in the *2013 Government Employment Recovery Strategy (Stratégie de relance de l'emploi)* as well as with analysis of recent employment data which underlines the need for an additional and immediate focus on raising productivity in agricultural and non-agricultural self-employment where the vast majority of the poor are employed. By focusing on these underserved areas, the project will support the World Bank Group's twin goals of promoting inclusive growth and eradicating extreme poverty.

31. **In line with the 2013 Government Employment Recovery Strategy, the proposed AF will support institutional reforms aiming at improving the governance, implementation efficiency and impact of employment policy.** The objective of these reforms is to: (i) develop skills and improve prospects for employability; (ii) provide incentives for job creation through tax provisions; (iii) introduce regional strategies to promote employment; (iv) establish a mechanism for financing employment actions; and (v) improve the availability and quality of information on employment opportunities. Public funding focused on skills development, education and employment is aimed at addressing the large number of unemployed or underemployed youth following the conflict, as well as improving productivity in order to reinforce the sector strategy and support the Government's aim to transition Côte d'Ivoire to an *emerging country* by 2020. Finally, the AF would continue to support the original project's activities aimed at expanding evidence-based knowledge of the labor market through the collection of improved employment data and IEs of priority interventions.

32. **The AF is in line with the World Bank Systematic Country Diagnostic (SCD) which emphasizes jobs creation as an essential element of a strategy aimed at building social cohesion and consolidating peace and stability in the region.** The SCD which is currently under development will play a central role in informing the Country Partnership Framework (CPF) to be presented to the Executive Board at the end of FY15 and is focused on the development of skilled and competitive human capital as the center of Côte d'Ivoire's medium and long-term strategies to sustain long-term growth and improve competitiveness. The AF is in

line with the unifying focus on job creation, which requires a comprehensive strategy inclusive of education and vocational training, and promotion of private sector development.

33. **The AF is designed to act as a catalyst for institutional reform in TVET and the education system in support of improved employment to ensure sustainability and extend results beyond the life of the project.** The AF will accompany the transition of Government's employment policies and programs from a post-crisis emergency approach to one supporting longer-term objectives for more inclusive and productive employment. By not only focusing on promoting skills and employment among youth but also supporting institutional forms and building the knowledge base, the project aims to inform employment policy and build a stronger more sustainable professional training sector more effectively aligned to labor market needs.

34. **The AF is strongly supported by the Government of Côte d'Ivoire and has been developed in response to a specific government request to scale-up activities under the original project due to high demand and the success of the original project implementation.** The Government has requested support for the reform and restructuring of the TVET system, which will be supported under Component 3 of the project, in order to address shortcomings of the professional training sector, create a more holistic demand-driven training system, and improve coordination among actors.

G. World Bank Grievance Redress

35. Communities and individuals who believe that they are adversely affected by a World Bank (WB) supported project may submit complaints to existing project-level grievance redress mechanisms or the WB's Grievance Redress Service (GRS). The GRS ensures that complaints received are promptly reviewed in order to address project-related concerns. Project affected communities and individuals may submit their complaint to the WB's independent Inspection Panel which determines whether harm occurred, or could occur, as a result of WB non-compliance with its policies and procedures. Complaints may be submitted at any time after concerns have been brought directly to the World Bank's attention, and Bank Management has been given an opportunity to respond. For information on how to submit complaints to the World Bank's corporate Grievance Redress Service (GRS), please visit <http://www.worldbank.org/GRS>. For information on how to submit complaints to the World Bank Inspection Panel, please visit www.inspectionpanel.org.

III. Proposed Changes

Summary of Proposed Changes

Component 1 (*Temporary Employment Opportunities for Youth*) will retain its focus on creating temporary employment opportunities through LIPWs. However: (i) the geographical focus of the component will shift primarily to rural areas (around secondary urban poles) which have been underserved by employment-related interventions, but where poverty is most concentrated and a high proportion of underemployed, poorly qualified youth live; and (ii) complementary activities to support post-LIPWs employment will be strengthened (e.g. savings scheme, training in life skills, technical and business skills, assistance for job search and support for self-employment).

Component 2 (*Skills Development and Employment Support for Youth*) will be strengthened and more effectively targeted to the priority areas emerging from the latest employment data. It will also focus on reform of technical and vocational training centers to support implementation and sustainability of the project. New activities will be supported under sub-component (2a) *Apprenticeships*; and sub-Component (2b) *Internships for long term unemployed (reskilling)*. Internships will be refocused to provide reskilling opportunities for the long-term unemployed. Sub-component (2c) *Entrepreneurship and self-employment support* will have a stronger focus on basic entrepreneurship and facilitating the transition into more productive self-employment among vulnerable populations. Internships and apprenticeships will be provided across various sectors.

Component 3 (*Strengthening Institutional Capacity*) will continue to expand the knowledge base on employment and skills, and accelerate and increase the range of institutional reforms adopted to promote more efficient governance of employment policy and interventions.

Please refer to the section below for a more detailed description of the proposed changes.

Change in Implementing Agency	Yes [<input type="checkbox"/>] No [<input checked="" type="checkbox"/> X]
Change in Project's Development Objectives	Yes [<input type="checkbox"/>] No [<input checked="" type="checkbox"/> X]
Change in Results Framework	Yes [<input checked="" type="checkbox"/> X] No [<input type="checkbox"/>]
Change in Safeguard Policies Triggered	Yes [<input type="checkbox"/>] No [<input checked="" type="checkbox"/> X]
Change of EA category	Yes [<input type="checkbox"/>] No [<input checked="" type="checkbox"/> X]
Other Changes to Safeguards	Yes [<input type="checkbox"/>] No [<input checked="" type="checkbox"/> X]
Change in Legal Covenants	Yes [<input checked="" type="checkbox"/> X] No [<input type="checkbox"/>]
Change in Loan Closing Date(s)	Yes [<input checked="" type="checkbox"/> X] No [<input type="checkbox"/>]
Cancellations Proposed	Yes [<input type="checkbox"/>] No [<input checked="" type="checkbox"/> X]
Change in Disbursement Arrangements	Yes [<input type="checkbox"/>] No [<input checked="" type="checkbox"/> X]
Reallocation between Disbursement Categories	Yes [<input checked="" type="checkbox"/> X] No [<input type="checkbox"/>]
Change in Disbursement Estimates	Yes [<input checked="" type="checkbox"/> X] No [<input type="checkbox"/>]
Change to Components and Cost	Yes [<input checked="" type="checkbox"/> X] No [<input type="checkbox"/>]
Change in Institutional Arrangements	Yes [<input checked="" type="checkbox"/> X] No [<input type="checkbox"/>]
Change in Financial Management	Yes [<input type="checkbox"/>] No [<input checked="" type="checkbox"/> X]
Change in Procurement	Yes [<input type="checkbox"/>] No [<input checked="" type="checkbox"/> X]
Change in Implementation Schedule	Yes [<input checked="" type="checkbox"/> X] No [<input type="checkbox"/>]
Other Change(s)	Yes [<input type="checkbox"/>] No [<input checked="" type="checkbox"/> X]

Development Objective/Results

Project's Development Objectives

Original PDO

The proposed Project Development Objective (PDO) is to improve access to temporary employment and skills development opportunities for young men and women in Côte d'Ivoire's territory. (No change)

Change in Results Framework

The three original Key Performance Indicators (KPIs) do not change, however, a KPI has been added to measure employment rates following the internship program "percentage of youth who are employed or self-employed within six months of completion (internship program/retooling)." In addition, the targeted beneficiaries have been adapted to account for the scaling up of activities; including the adjusted rural focus of Component 1 and the introduction of an internship program focusing on reskilling, as well as the provision of entrepreneurship support under Component 2. Intermediate results indicators have been added to account for new activities including: (i) number of youth enrolled in skills development programs (apprenticeship, internship programs); (ii) of those youth who complete the skills development programs, the percentage who are employed within six months of completion; (iii) number of youth who receive entrepreneurship training; and (iv) the number of enterprises supported by the project. For the introduction of institutional reforms to the vocational training system, an intermediate results indicator to measure public-private joint management contracts as a measure of the new model has been added. Lastly, a tracer survey and IEs will be carried out during implementation and have been added as intermediate results indicators, as well as number of staff who have been trained in IE to support sustainable M&E.

Compliance

Covenants - Additional Financing (Emergency Youth Employment and Skills Development - Additional Financing - P151844)

Source of Funds	Finance Agreement Reference	Description of Covenants	Date Due	Recurrent	Frequency	Action
IDA	Schedule 2, Section I, D, 1	Update the current financial and administrative procedure manual to reflect the additional financing not later than 2 months after the Effectiveness Date.	15-Aug-2015	<input type="checkbox"/>		New
IDA	Schedule 2, Section I, D, 2	Not later than three (3) months after the Effectiveness Date prepare under terms of reference acceptable to the Association, and furnish to the Association for its review, an updated Project implementation manual	15-Sep-2015	<input type="checkbox"/>		New

IDA	Schedule 2, Section II, B, 4	Not later than three (3) months after the Effectiveness Date, appoint one additional accountant specifically to support the Project	15-Sep-2015	<input type="checkbox"/>		New
IDA	Schedule 2, Section II, B, 4	Not later than four (4) months after the Effectiveness Date, engage an external auditor	15-Oct-2015	<input type="checkbox"/>		New
IDA	Schedule 2, Section II, B, 4	Not later than two (2) months after the Effectiveness Date, complete configuration of existing accounting software to reflect the Project	15-Aug-2015	<input type="checkbox"/>		New

Conditions

None.

Risk

Risk Category

Rating (H, S, M, L)

1. Political and Governance	Substantial
2. Macroeconomic	Moderate
3. Sector Strategies and Policies	Moderate
4. Technical Design of Project or Program	Moderate
5. Institutional Capacity for Implementation and Sustainability	Moderate
6. Fiduciary	Substantial
7. Environment and Social	Low
8. Stakeholders	Moderate
OVERALL	Moderate

Finance

Loan Closing Date - Additional Financing (Emergency Youth Employment and Skills Development - Additional Financing - P151844)

Source of Funds

Proposed Additional Financing Loan Closing Date

IDA recommitted as a Credit		30-Jun-2019			
Loan Closing Date(s) - Parent Emergency Youth Employment and Skills Development Project (P122546)					
Explanation: As part of the scaling up of the project the proposed Additional Financing will expand the total project period (including the Original Project combined with the Additional Financing) by four years, as requested by the Borrower, for an expected closing date of June 30, 2019.					
Ln/Cr/TF	Status	Original Closing Date	Current Closing Date	Proposed Closing Date	Previous Closing Date(s)
IDA-H7340	Effective	30-Jun-2015	30-Jun-2015	30-Jun-2019	
Change in Disbursement Estimates (including all sources of Financing)					
Explanation: The change in disbursement estimates takes into account the proposed extended loan date, to accommodate the scaling up of project interventions through the Additional Financing through June of 2019.					
Expected Disbursements (in USD Million)(including all Sources of Financing)					
Fiscal Year	2015	2016	2017	2018	2019
Annual	5.00	15.00	15.00	10.00	5.00
Cumulative	5.00	20.00	35.00	45.00	50.00
Allocations - Additional Financing (Emergency Youth Employment and Skills Development - Additional Financing - P151844)					
Source of Fund	Currency	Category of Expenditure	Allocation	Disbursement %	
			Proposed	Proposed	
IDA	XDR	Goods, works, non-consulting services, training, operating costs, and consultants' services under part A of the project.	10,600,000	100	
IDA	XDR	Goods, works, non-consulting services, training, operating costs, and consultants' services under part B of the project.	17,700,000	100	
IDA	XDR	Sub-Grants under subcomponent B(iii) of Part B of the Project	3,600,000	100 of disbursed amount	
IDA	XDR	Goods, works, non-consulting services, training, operating costs and consultants' services under part C of the project.	3,600,000	100	
IDA	XDR	TOTAL	35,500,000	100	
Components					
Change to Components and Cost					

<p>Explanation:</p> <p>The AF will focus on scaling-up and expanding well-performing activities under each of the project's original three components.</p>				
Current Component Name	Proposed Component Name	Current Cost (US\$M)	Proposed Cost (US\$M)	Action
Component 1 - Temporary Employment Opportunities for youth	Component 1 - Temporary Employment Opportunities for youth	18.00	33.00	Revised
Component 2 - Skills Development and Employment Support for youth	Component 2 - Skills Development and Employment Support for youth	22.00	52.00	Revised
Component 3 - Strengthening Institutional Capacity	Component 3 - Strengthening Institutional Capacity	5.0	10.0	Revised
Unallocated		5.0	5.0	
	Total:	50.0	100.0	
Other Change(s)				
Change in Implementation Schedule				
<p>Explanation:</p> <p>The Additional Financing will extend the project by four years, with a new closing date of June 30, 2019. Additional activities and component scale-up will be implemented from March 26, 2015 to June 30, 2019.</p>				
Appraisal Summary				
Economic and Financial Analysis				
<p>Explanation:</p> <p>Education and skills are strong predictors of access to employment opportunities and better earning in Côte d'Ivoire. Estimates from the 2013 ENSETTE demonstrate clear benefits to investment in education and skills development, and imply that a higher level of education is associated with a higher level of earnings. In particular, technical and vocational training offered both at lower secondary and upper secondary education is associated with better earnings than the corresponding general education stream. Similarly, the analysis of rate of returns to education demonstrates that an additional year of schooling results in approximately 7.3 percent higher earnings for all employment types, rising to 11.4 percent for wage employment. The rates of return to education are higher among females than among males; an important consideration given the project's gender equity focus. Despite the fact that the rates of return by level of education reveals that skills acquired at higher levels of education are strongly associated with better earnings, the main challenge inferred from the analysis is that there are large numbers of youth and adults with no formal schooling, and</p>				

that a large portion of youth are engaged in non-market activities (39 percent). The fact that higher education and skills levels are associated with better employment outcomes (such as better earning, engagement in better paying sectors and stable job contract, etc.) clearly underlines the rationale for investment in emergency youth employment and skills development in Côte d'Ivoire.

Aside from the private benefits of investing in education, the overall unfavorable human development outcomes in Côte d'Ivoire underline the need for investment in education. About 43 percent of the working-age population (individuals aged 15 to 64) were without formal education in 2013. In particular, given the importance of TVET training, the working age population with TVET training is very small (only about 1.2 percent for the combined TVET categories). The education system seems to struggle to keep youth in school and to provide relevant skills to youth for labor market entry. For example, 24 percent of youth at labor market entry age (age 15) have no formal education and about 17 percent of this age group drop out of school before completing secondary. It is also worth noting that the youth age cohort impacted by the recent conflict (2010) is severely affected as reflected by their educational profile. As a consequence, this project will provide a unique opportunity for such youth to accrue skills that are closely aligned to economic and growth sectors. Given the low education profile of the working-age population in Côte d'Ivoire, investments in specific skills-focused training will help to address skills shortages. For example, this project focuses on implementing activities targeting rural beneficiaries in the agricultural offseason so as not to affect the sectors' productivity and to minimize opportunity costs associated with training.

The benefits of the project are both quantifiable and non-quantifiable: the quantifiable portion accounts for about 90 percent of the total project costs. Both internal rates of return and net present value of the costs and benefits for both quantifiable components, and the combined estimate for the total project demonstrate the economic viability of the project. It is important to note that the total discounted project costs include the costs for the unquantifiable Component 3 while benefits only include benefits from Components 1 and 2. The present discounted value of benefits for the overall project is estimated to be US\$53.04 million while the present discounted value of costs is estimated to be US\$44.40 million including other unquantifiable portions as mentioned above. The corresponding net present value (NPV) of program benefits is US\$8.64 million and the combined net benefits from quantifiable Component 1 and 2 is US\$13.16 million. The internal rate of return (IRR) associated with this NPV is 4.7 (1.2 percent above the prime lending rate i.e. discount rate). Overall, for every dollar invested the return is 1.20 dollars. While the data necessary to measure all likely benefits are not available, and given the opportunity cost for project participants, the NPV from the quantifiable benefits are more than associated NPV costs, and the results support investment in the project. Under both components, the results support investment in the project.

Technical Analysis

Explanation:

The project is ready from a technical perspective. The AF was developed on the basis of extensive consultation with the pre-existing PIU and key stakeholders and technical discussions are grounded in the on-going dialogue on youth employment and skills development between the Government and the World Bank. The project design has been informed by lessons learned from the original project's implementation, preliminary results from on-going IEs (one on apprenticeship and one in LIPWs), national employment

surveys supported by the original project, and early results from a tracer survey capturing employment prospects for beneficiaries. The capacity built within the PIU will help to facilitate timely implementation and effective disbursement over the life of the project.

Social Analysis

Explanation:

Per the recommendations from the Environmental and Social Safeguards Assistance Framework (ESSAF), the Borrower prepared a Resettlement Planning Framework (RPF) during the implementation of the original project. It was also consulted upon and disclosed in-country and in the Infoshop. However, to date the project has not had activities that have warranted the preparation of any Resettlement Action Plans (RAPs). Should any project activities result in land acquisition leading to involuntary resettlement and/or restrictions of access to resources and livelihoods, RAPs will be prepared as and when necessary.

Environmental Analysis

Explanation:

The safeguard category would remain the same. The Original Project is rated B and would remain unchanged.

Under the original project the LIPW activities in Component 1 requiring environmental and social safeguards application were successfully and satisfactorily implemented, based on the guidelines in the Environmental and Social Management Framework (ESMF) prepared by the Borrower during the project implementation. It was also consulted upon and disclosed in-country and in the Infoshop. The Borrower has also prepared a generic Environmental and Social Management Plan (ESMP) for the LIPWs which was disclosed in-country and in the Infoshop. Most of the LIPW activities have been small and localized, and have been guided by the environmental measures contained in the ESMF. Since there were no significant changes in the project activities that warrant new potential environmental or social impacts, the project environmental category (B) will remain the same, no new policies need to be triggered, and the current project's Environmental Assessment (EA) instruments (ESMF, ESMP) prepared remain valid and will require no updating, unless there will be activities financed and implemented outside the areas covered under the current ESMF during the AF, or there will be activities requiring the preparation of an additional ESMP. Currently, only the Integrated Safeguards Data Sheet (ISDS) is being updated to reflect new activities related to local governments and their local development plans.

The Emergency Youth Employment and Skills Development Country Team, the PIU and the National Roads Agency (*Agence de Gestion des Routes*, AGEROUTE) successfully carried out the LIPW operations, using the guidelines contained in the original project's ESMF and ESMP, leading to a Satisfactory environmental safeguards rating of the project.

Risk

Explanation:

The AF's overall risk rating AF is assessed as Moderate. Though political and governance risk is still Substantial, it has been reduced from the original project's rating of High in view of the country's progress in consolidating stability following the post-electoral crisis.

Given the lessons learned and successful implementation of the original project, the Technical

Design of Project and Institutional Capacity risks have been also reduced from High to Moderate as the involved implementing agencies have accrued significant experienced and the necessary internal systems are currently in place to support the AF. Substantial risk categories include Political and Governance, and Fiduciary risks. While external economic risks are high, macroeconomic management risks are low, resulting in a macroeconomic risk rating of Moderate. Descriptions of these risk ratings as well as accompanying mitigation measures are elaborated in Annex 2 in the Systematic Operations Risk-Rating Tool (SORT).

Implementation Arrangements

Explanation:

The implementation arrangements under the AF, including those for financial management (FM) and procurement, are expected to remain largely the same as those undertaken in support of the original financing. However, in order to support revised targeting under Component 1, including a partial refocus towards rural and peri-urban areas, adjustments will be made in collaboration with the *National Association of Regional Councils (Association des Regions de Districts de Côte d'Ivoire – ARDCI)* according to agreed-upon criteria, including the commitment of beneficiary local governments to take over the activities at the end of the project. The geographical targeting approach will be linked to targeting approaches under the Productive Social Safety Net operation currently under preparation (P143332). Beneficiary Regional Councils (RCs) or smaller urban centers/rural communes will be responsible (“maîtres d’ouvrage”) for components’ activities selected out of their local development plans, in collaboration with the technical staff of relevant technical ministries (i.e., Infrastructure, Agriculture). This will promote local government ownership of activities and build their capacity to plan and manage activities by the end of the project, laying the foundation for long term sustainability at the local level.

The AF would continue to be administered by the current PIU established in the Ministry of State, Ministry of Employment, Social Affairs and Vocational Training (ME-MEASFP). The performance of the PIU in implementing the original project has been positive. It is well staffed and has acquired significant experience in administering and implementing both employment programs and Bank-funded operations. The Ministry’s Director of the Cabinet will continue to oversee the work of the PIU, and the Project Coordinator will continue to have full responsibility for project management and implementation. The Technical Steering Committee (TSC) will remain in place and continue to be chaired by the Minister of State or his/her designate under the ME-MEASFP.

36. The activities to be financed under each component of the AF are described below. See Annex 3 for a more detailed description of activities supported under each component.

Component 1 – Temporary Employment Opportunities for Youth (US\$15 million)

37. **Component 1 will remain focused on creating temporary employment opportunities for Youth** through LIPWs. However: (i) the geographical focus of the component will shift to rural areas (around secondary urban poles) that have typically been underserved by employment-related interventions, where poverty is most concentrated and where a high proportion of

underemployed, low-qualified youth live¹⁴; and (ii) complementary activities to support post-LIPWs employment will be strengthened (e.g. savings scheme, training in life skills, technical and business skills, assistance for job search and support for self-employment).

38. **The LIPW activities would be implemented primarily in five rural centers, i.e., secondary urban centers and surrounding agricultural areas.** Specific activities will be selected by local governments on the basis of their local development plans and will include mostly rural LIPWs¹⁵ such as: the rehabilitation/maintenance of rural roads, reforestation and other soil and water conservation activities (also useful as natural disaster prevention measures). They would be implemented during the agricultural off-season to limit interference with agricultural employment/livelihoods.

39. **This component will adopt an approach which uses LIPWs as a first step in a comprehensive process** to help participants to transition to more productive and permanent employment upon their exiting the program.¹⁶ To do so, LIPWs would be accompanied by a mix of support measures available to all beneficiaries. These include:

- ***Savings program and facilitating access to financial institutions.*** These measures would help participants set aside a portion of their wages to be used for initiating or expanding post-LIPWs activities;
- ***Training in a mix of basic life, technical and business skills*** to improve opportunities for more productive post-LIPW employment. These productive accompanying measures will be tailored to low-skilled youths. A curriculum for low-skilled youth (based on images) was developed under the auspices of the PEJEDEC. The curriculum will be further refined to build on the PRISE Project currently being implemented in vulnerable rural areas.

40. **Implementation arrangements.** The selection of target rural centers will be done in collaboration with the National Association of Regional Councils of Côte d'Ivoire (ADRCI) according to agreed-upon criteria including: (i) the level of poverty in the region; (ii) the presence/absence in the region of other donor-financed projects/programs targeted at youth employment and other related development issues; (iii) a commitment of the Regional Council to participate in the financing of activities as evidenced by adequate allocations in its annual budgets and to take over the management and funding of activities at the end of the project. The final selection will be approved by Government and IDA. Beneficiary RCs or smaller urban centers/rural communes will be responsible (*"maîtres d'ouvrage"*) for component activities

¹⁴ LIPWs have been supported by the Bank for several years in large urban centers under the PCAP (original and AF) and the original Youth Employment and Skills Development Project. The concerned local Governments (communes) should now be able to assume responsibility for their continuation. In addition, several other donors, such as the AfDB and AFD have also started supporting (largely urban) LIPWs programs. On the other hand, secondary urban centers and rural areas have been underserved and responsible local governments have been requesting support for piloting such activities and building their capacity to manage them in the future.

¹⁵ Some local governments may request that a limited amount of LIPWs be undertaken in the region's main center.

¹⁶ Strengthening the linkages between public works and productive interventions builds on recommendations from the World Bank regional report on youth employment in Africa. See focus note 2 in Filmer, Fox and others, 2014, Youth Employment in Sub-Saharan Africa, Washington DC: World Bank.

selected from their local development plans, in collaboration with the technical staff of the relevant technical ministries (i.e. Infrastructure, Agriculture). This will promote local government ownership of activities and build their capacity to plan and manage such activities at the end of the project, creating the basis for long term sustainability at local level.

41. **Targeting and gender aspects.** The first level of targeting will be done on a geographic basis, by prioritizing rural areas in the country's poorest regions. The geographical targeting approach will be linked to targeting approaches under the Productive Social Safety Net Project (P143332) as mentioned above. In Côte d'Ivoire, it is mandatory to pay workers the official minimum wage and it would thus not be possible to use the wage level as a self-targeting instrument. However, a minimum of 15 percent (FCFA 10,000/month) of their earnings will be retained and deposited in a savings account opened in their name, and restituted at the end of their LIPW employment. To identify beneficiaries, the successful selection process through public lotteries is expected to remain in urban/peri-urban areas while a community-based approach may be more appropriate in rural areas to ensure that all households in the community have equitable access to the offered employment/income opportunities). Fifty percent of jobs will be reserved for women. As the nature of the activities is often physically demanding, this may lead to discrimination with regards to women. Particular care will be taken to include tasks which are more suited to their abilities and work sites will have amenities catering to the specific constraints faced by women, including arrangements to organize local child care.

42. **Some RCs and smaller urban centers/rural communes may not have all the necessary management and implementation capacities** (to be determined after their selection). In this case, implementation responsibility will be delegated to specific implementation agencies ("*maîtres d'ouvrages délégués*") such as AGEROUTE which has been implementing LIPWs under several programs including those financed by IDA and the Society of Forestry Development (*Société de Développement Forestier* – SODEFOR) which is currently executing reforestation programs financed under the PCAP or contractors including non-governmental organizations recruited on a competitive basis. The component's specific implementation responsibilities will be defined through contracts (*conventions-cadre*) between the PIU, the participating RCs and implementing agencies.

43. The new approach anchored on rural centers will enable support for new activities -- such as linkages to skills development activities and basic entrepreneurship support activities funded under Component 2 or with Job Counseling and Support Center (JCSC) to be funded under Component 3. These are aimed at assisting LIPWs participants in addition to the training offered during their employment, to undertake post-LIPWs activities which will increase their productivity and income earning capacity, as self-employment or salaried employment. These activities, such as joining community rural schools and agricultural incubators, are discussed in more detail in the relevant sections below. They offer a set of interventions to holistically address the central problem of the high concentration of employment in informal, low-productivity occupations such as agricultural and non-agricultural self-employment, particularly among the poor in rural areas.¹⁷

¹⁷ The objective of community rural schools is to participate in the gradual process of changing the profile of agricultural producers from that of an aging, largely illiterate population to younger, literate and better skilled producers with a much higher level of productivity and income earning capacity. Some youth would also be selected

44. **It is estimated that, over the project period, the component will:** (i) employ about 12,500 youth, of which at least 50 percent will be women; (ii) create about 1.2 million person-days of labor in LIPWs and distribute FCFA 3.0 billion in wages to beneficiaries (the latter would also benefit from FCFA 1.0 billion in employment enhancing activities); and (iii) permit the establishment and/or regular maintenance of critical infrastructure (rehabilitation and maintenance of about 200 km of rural roads; and about 2,000 ha of reforestation/community woodlots).

Component 2 – Skills Development and Employment Support for Youth (US\$30 million)

45. **Component 2 will be strengthened and targeted to the priority areas emerging from the latest employment data. It will also focus on reform of technical and vocational training centers to support implementation and sustainability of the project.** New activities will be supported under Sub-component (2a) *Apprenticeships*; and Sub-Component (2b) *Internships*. Sub-component (2c) *Entrepreneurship and Self-employment support* will incorporate a stronger focus on basic entrepreneurship and facilitating the transition into more productive self-employment opportunities among vulnerable populations. As before, both internships and apprenticeships will be provided across various sectors.¹⁸

Sub-Component 2.a Apprenticeships

46. **This sub-component will be expanded, with particular attention paid to high-quality dual training and support for reforms to apprenticeship and training institutions.** Dual apprenticeship refers to a combination of practical, on-the-job training and theoretical education through a vocational institution in order to ensure an optimal blend of theory and practice. The 2013 employment survey demonstrated that, beyond basic education, apprenticeships are the most common source of skills training available to low-skilled individuals, as well as the most relevant for the large share of workers transitioning into self-employment. However, apprenticeships are currently largely informal and quality formal apprenticeships involving dual training and/or leading to certification are much less common. As such, making the apprenticeship system more dynamic and efficient can benefit a large number of vulnerable youth. The original project supported the placement of 4,000 youth in formal apprenticeships, exceeding the original objectives. The proposed AF would support the scaling-up of formal apprenticeships, with an estimated 10,000 additional low-skilled youth benefitting from dual-training programs. Since the number of formal firms is limited, apprentices will be placed in a mix of formal and informal firms. Prior to enrollment, the project will conduct an assessment of each firm and master-craftsman to assess their capacity to train apprentices.

47. **This sub-component will support training in technical skills in areas where local employment opportunities exist** in both agriculture and non-agricultural activities (potentially including construction, electricity, mechanics, hospitality, food service industry), and will be

to join the proposed agricultural incubators to become real agricultural entrepreneurs whose objective is to create a real modern enterprise capable of employing salaried workers.

¹⁸ Including but not limited to transport, logistics, banking, agribusiness, mechanics, wood working, textiles, sciences, education, agriculture, etc.

determined on the basis of local market analyses. The sub-component will pilot two promising instruments for providing apprenticeships in agriculture: (i) the *Community Agricultural/Rural Schools (Ecoles Familiales Agricoles)* which offer training in agriculture and/or rural activities focusing on their area's main farming systems¹⁹; and (ii) the establishment of one *agricultural incubator* in each of the selected rural regions.²⁰ In each region, the proposed incubators will support selected youth for becoming agricultural entrepreneurs in a "model farm", training them in agricultural and business skills (including the management of an actual "enterprise" with increasingly wide responsibilities). Training will include the preparation of a detailed business plan and graduating youth will be assisted in mobilizing the necessary funding for establishing their enterprise, as well as support during the start-up phase of their business. The incubators will be established with the support of the RCs, who are charged with the economic and social development of their region, and be managed by appropriate operators/implementing agencies.

48. To enable the establishment of a sustainable and efficient dual apprenticeship system, the proposed AF will also support the upgrading of six selected technical and vocational training centers.²¹ Five of the selected centers have previously been rehabilitated by other donor projects. The selected centers will focus on skills relevant to the areas' main economic opportunities. Project support will include upgrading and increasing the capacity of the selected training centers and training/re-training teaching staff to efficiently implement the new dual training approach appropriate for low-skilled apprentices and leading to professional certification. The selected training centers will also become an instrument for re-training master-craftsmen in charge of training apprentices in their enterprises.

49. The sub-component will support accompanying reforms to the apprenticeship system and training institutions. Under the accompanying reforms the running of these establishments will be premised on the principles of autonomous management of training institutions shared with the private sector. PPPs will be established to implement these activities and facilitate private sector participation in curriculum development and the management of the institutions, and to improve the alignment of training with labor market needs. The governing

¹⁹ The Community Agricultural/Rural Schools (EFA) are small schools created by local communities (boards composed of local traditional authorities and parents), operating out of small facilities usually provided by the village or local government. Operating costs are low. Teachers are recruited among the educated local youth, trained for about one year in relevant subjects and paid the minimum wage. They offer training in agricultural and other rural activities based on a dual approach, using both class-type training and actual hands-on application of techniques on farms. Student must prepare a business plan for their selected activity as part of their standard curriculum. There is no fee/scholarship paid to students or receiving farms. The program was launched in 1997 with the support of the French "Maisons Familiales Rurales". Currently, there are 21 EFA in Côte d'Ivoire, coordinated by the *Plateforme des Ecoles Familiales Agricoles de Côte d'Ivoire (PEFACI)* which provides training of trainers, technical back-stopping and quality control.

²⁰ An incubator is an instrument to assist entrepreneurs with the detailed preparation, establishment and start-up of their enterprises. It offers a mix of services: training in the technical and business aspects of the activity; preparation of the detailed business/investment plan; and support for mobilizing financing and support for the start-up phase.

²¹ The selected centers for restructuring are located in Bouake, Man, Korhogo, San Pedro, Katiola, and Abidjan (Vridi). The first five centers have been previously rehabilitated through other donor-funded projects, including the Arab Bank for Economic Development in Africa (BADEA), the European Union (EU) and Japan, but currently do not have curricula suitable for low-skilled apprentices.

board of the institutions will be a mix of public and private enterprises²². These arrangements will be outlined in performance based contracts (PBCs) signed between the selected institutions and the ME-MEASFP outlining the main principles, responsibilities and targets.

Sub-component 2.b Internships for long-term unemployed youth (reskilling)

50. **Sub-component 2.b. will target long-term unemployed young graduates.** This sub-component will continue to support the successful internship placement mechanism developed under the original project, with improvements in its targeting mechanisms in order to better: (i) prioritize eligible youth; and (ii) select participating enterprises on the basis of their real interest/need in recruiting participants (as demonstrated by their effective willingness to co-finance the costs of the internship) and their capacity to provide the necessary guidance and support. The internships will last six months with the possibility of extension for an additional six months, with an increasing amount of costs to be borne by the enterprises.²³ Under the AF, the sub-component will focus on unemployed graduates less than 35 years of age, who have been unsuccessfully seeking a first job for three or more years since completion of their degree. About 2,000 youth would benefit from the internship program under the AF.

51. **In addition, specific attention will be given to the re-tooling/re-qualification of graduates with degrees in areas offering little employment prospects through a pilot program.** These individuals (about 2,000) will be targeted for formal professional re-training (6-to-12 months) in skills that are in high demand by the private sector.

Sub-component 2.c Professional training programs of short duration in key economic growth sectors.

This sub-component will no longer be supported under the AF.²⁴

New Sub-component 2.c Entrepreneurship and self-employment support

52. **This sub-component will combine and modify the original project sub-components 2.d (*Entrepreneurship training and follow up business development support services for skilled graduates*) and 2.e (*Basic life skills and entrepreneurship training for LIPW participants*)** to provide a stronger focus on self-employment support and facilitating the transition into more productive self-employment opportunities among vulnerable populations. A

²² The Private Sector refers to the Chamber of Commerce and Industry of Côte d'Ivoire (*Chambre de Commerce et d'Industrie de Côte d'Ivoire – CCICI*), the General Confederation of Enterprises in Côte d'Ivoire (*Confédération Générale des Entreprises en Côte d'Ivoire – CGECI*), and Ivorian Federation of Small and Medium Enterprises (*Fédération Ivoirienne des Petites et Moyennes Entreprises – FIPME*).

²³ The project subsidizes the full salary of interns for 6 months. From months 6-9, provided the firm commits to hire the intern, the project subsidizes 70 percent of the salary. From months 10 to 12 the project subsidizes 50 percent of the salary and after one year the firm pays the full salary.

²⁴ A lack of capacity in the vocational training system led to shortfalls in the targets of the professional training sub-component. Of the original 2,500 beneficiaries a total of 900 received professional training. This is in part due to lack of clear roles and responsibilities, and fragmentation of actors in the sector. As a result, Sub-component 2c as is will be dropped and institutional reforms to the vocational training system to strengthen dual training are proposed under Component 2 of the AF to strengthen the capacity of vocational training institutions.

large share of employment/underemployment in Côte d'Ivoire is concentrated in low-productivity self-employment in agricultural and non-agricultural rural activities, sectors which will continue to provide the greatest potential for job creation and poverty alleviation.²⁵ Accordingly, the focus of this sub-component will be on activities supporting the integration of rural youth in productive employment in these sectors.

53. This sub-component will aim to support self-employment and small scale entrepreneurship opportunities for young people (ages 18 to 34), with different levels of education and skills, in the regions affected by AF's activities. Eligible participants will include youth participating in other programs supported by the original project as well as non-participating youth with innovative business ideas and entrepreneurial aptitude. Specifically, the project will deliver entrepreneurship training to approximately 5,000 additional beneficiaries and will provide start-up funding and kits to 3,000 of them.

54. **The call for proposals, entrepreneurship training and business plan development will be based on local/regional development plans and/or other studies to identify niches and opportunities for development sustainable business projects;** including those with potential micro-franchising approaches. Entrepreneurship training will be tailored to reflect the profile of the participant and the nature of the prospected business ventures with regard to duration and content.

55. **The 3,000 participants selected for start-up assistance will receive seed funding to start a micro-enterprise project.** The amount of the seed funding will be determined by the specificity of each approved business plan. The seed funding will not exceed US\$2,000 per sub-project. The eligibility criteria (for sub-projects and beneficiaries), the sub-project selection criteria, the modalities for the seed funding and the sub-projects implementation arrangements will be finalized based on the experience of the ongoing PRISE project to support youth employment and entrepreneurship, from which a first wave of beneficiaries will graduate in 2015; these will be specified in the Project Implementation Manual (PIM).

Component 3 – Strengthening Institutional Capacity (US\$5 million)

56. **Component 3 will continue to expand the knowledge base on employment and skills, and accelerate and increase the range of institutional reforms** adopted for more efficient governance of employment policy and interventions. Specifically, the AF will continue to:

- ***Support institutional reforms.*** Reforms in the governance of employment policy continue to be needed to improve coordination. The support to reforms will include any necessary preparatory work for the reorganization and re-alignment of the various actors in the employment and skills development sectors including through support to decentralized structures. This will include providing support to a Job Counseling and Support Center (JCSC) in each of the AF target regions to assist participants in identifying permanent employment or employment enhancing opportunities. The services

²⁵ Recent international research has shown that integrated interventions addressing multiple constraints are most effective in achieving these objectives.

of JCSCs will be open to currently unemployed youth searching for jobs as well as those who have completed LIPW contracts supported under Component 1.

- ***Further support the consolidation of a reliable national employment statistics system.*** This will be done through the collection and analysis of national employment surveys and other data including continuing to support two best-practice prospective impact evaluations initiated under the original financing which will yield results in 2015 and 2016. Further IEs are to be conducted, likely with a focus on the internship/reskilling sub-component and apprenticeship scale-up. A future IE may consider using a control group to measure growth in employment and wages for those who have gone through skills development programs supported by the project vs. those who have not to assess the program's impact.
- ***Further strengthen communication and dissemination activities.*** Communication and information dissemination campaigns will increase awareness of the project activities and enable a better understanding of employment data among youth and other key stakeholders to facilitate decision-making among policymakers and the general population.

57. **Table 4 which follows provides an overview of changes to components and costs.**

Table 4. Overview of Components and Costs

Current Component/Sub-component Name	Proposed Component/Sub-Component Name	Original Cost (US\$M)	Proposed Additional Financing (US\$M)	Action
1: Temporary Employment Opportunities for Youth	1: Temporary Employment Opportunities for Youth	18.0	15.0	Focus on rural areas and strengthen accompanying skills development measures
2: Skills Development and Employment Support for Youth	2: Skills Development and Employment Support for Youth	22.0	30.0	Revision and scale-up
2.a Apprenticeships	2.a Apprenticeships		15.0	Scale-up and New Activity ²⁶
2.b Internships for skilled graduates in their professional disciplines	2.b Internships for long-term unemployed youth (reskilling)		5.0	Scale-up
2.c Professional training programs of short duration in key economic growth sectors	-		-	No additional financing
2.d Entrepreneurship training and follow up business development support services for skilled graduates	2.c Entrepreneurship and self-employment support		10.0	Scale-up and new pilot activities focused on agricultural/rural skills
2.e Basic life skills and entrepreneurship training for LIPW participants	-		-	Incorporated into sub-component 2.d
3: Strengthening Institutional Capacity	3: Strengthening Institutional Capacity	5.0	5.0	Continued support to policy and institutional reforms
Contingency		5.0	-	
TOTAL		50.0	50.0	

IV. Appraisal Summary

58. **The economic and financial analysis annex analyzes the rationale for investment in emergency youth employment and skills development** by focusing on the following four pillars: (i) current employment profile in Côte d'Ivoire and (ii) external efficiency of education, which investigates whether there are positive rates of return to education and skills development in Côte d'Ivoire and also demonstrates the rationale for investing in education in terms of equity and private benefits of education. (iii) Cost-benefit analysis (CBA): this estimates the returns to investment in skills based on the expected labor market returns of the beneficiaries of the project; and (iv) potential risks facing the project through a sensitivity analysis followed by sustainability analysis for assessment of fiscal impact of the proposed project. The main conclusions from the analysis are presented below. A thorough description of the analyses is presented in Annex 4.

²⁶ New activity refers to reforms to vocational training institutions and support for a new public-private partnership (PPP) model to manage the institutions.

59. **Education and skills are strong predictors of access to employment opportunities and better earning in Côte d'Ivoire.** Estimates from the 2013 ENSETE show there are clear benefits from investment in education and skills development, and demonstrate that a higher level of education is associated with a higher level of earnings. In particular, technical and vocational training offered both at lower secondary and upper secondary education, are associated with better earnings than the corresponding general education stream. Similarly, the analysis of rate of returns to education shows that an additional year of schooling results in about 7.3 percent higher earnings for all employment types, reaching 11.4 percent for wage employment. The rates of return to education are higher among females than among males, an important consideration given the focus on gender equity in this project. Despite the fact that the rates of return by level of education reveal that skills acquired at higher levels of education are strongly associated with better earnings, the main challenge inferred from the analysis is that there are large numbers of youth and adults with no formal schooling, and that most youth are engaged in non-market activities (about 39 percent). The fact that higher education and skills levels are associated with better employment outcomes (such as better earnings, engagement in better paying sectors and stable job contract, etc.) clearly underlines the rationale for investment in emergency youth employment and skills development in Côte d'Ivoire. Public funding focused on education and skills development supports the 2013 Government Employment Recovery Strategy further described earlier.

60. **Aside from the private benefits of investing in education, the overall unfavorable human development outcomes in Côte d'Ivoire demonstrate another reason for investment in education.** About 43 percent of the working age population (individuals aged 15 to 64) were without formal education in 2013. In particular, given the importance of TVET training, the working age population with TVET training is very small (only about 1.2 percent for the combined TVET categories). The education system seems to struggle to keep the youth in school or provide relevant skills to youth for labor market entry. For example, 24 percent of youth at labor market entry age (age 15) have no formal education and about 17 percent of this age group dropout of school before completing secondary. It is also worth noting that the youth age cohort impacted by the recent conflict (2010) is severely affected as reflected by their educational profile. As a consequence, this project will provide a unique opportunity for such youth to accrue skills that are closely aligned to economic and growth sectors. Given the low education profile of the working age population in Côte d'Ivoire, investments in specific skills-focused training will help to address skills shortages. For example, this project focuses on implementing activities targeting rural beneficiaries in the agricultural offseason so as not to affect the sectors' productivity and to minimize opportunity costs associated with training. Thus there is a mounted rationale for investment in employment and skills development in Côte d'Ivoire.

61. **The benefits of the project are both quantifiable and non-quantifiable; the quantifiable portion accounts for about 90 percent of the total project costs.** Both internal rates of return and net present value of the costs and benefits for both quantifiable components, and the combined estimate for the total project demonstrate the economic viability of the project. It is important to note that the total discounted project costs include the costs for the unquantifiable Component 3 while benefits only include those from Components 1 and 2. The

present discounted value of benefits for the overall project is estimated to be US\$53.04 million while the present discounted value of costs is estimated to be US\$44.40 million including other unquantifiable portions as mentioned above. The corresponding net present value (NPV) of program benefits is US\$8.64 million (combined net benefits from quantifiable Component, 1 and 2 is US\$13.16 million). The internal rate of return (IRR) associated with this NPV is 4.7 (1.2percent above the prime lending rate i.e. discount rate). Overall, for every \$US1 invested the return is US\$1.20. While the data necessary to measure all likely benefits is not available, and given the opportunity cost for project participants, the NPV from the quantifiable benefits are more than associated NPV costs, and the results support investment in the project. Under both components, the results support investment in the project.

Table 5. Net Present Value (NPV) and Internal Rate of Return (IRR) in Base Scenario

	Component 1	Component 2	Total project
IRR	5.3percent	5.5percent	4.7percent
Discounted cost (present value of costs)	\$13.39	\$26.49	\$44.40
Present value of incremental benefits	\$17.32	\$35.72	\$53.04
NPV	\$3.93	\$9.23	\$8.64
Benefit/cost ratio	1.3	1.3	1.2

Source: Author's estimation based on ENSETTE 2013 and project costs

Note: All amounts are listed in the table above are in US\$

62. The sensitivity and sustainability analyses show the project's success depends on several factors including its ability to prepare unemployed youth and increase their chances of employability. The sensitivity analysis focuses on four main key assumptions: (i) employability; (ii) probability of completion of the project training components, (iii) returns to education; and (iv) associated discount rates. The result shows that employment in productive sectors is critical for the success of the project. In terms of sustainability, although the project has no cost implication after the project cycle, Côte d'Ivoire's macroeconomic environment is strong. Moreover, the country has a strong commitment to education and skills development programs. This approach, therefore, could easily be instituted given the current commitment to the sector and trends in economic growth.

Annex 1. Revised Results Framework and Indicator Description

Project Name:	Youth Employment and Skills Development - Additional Financing (P151844)			Project Stage:	Additional Financing	Status:	FINAL
Team Leader:	Hamoud Abdel Wedoud Kamil	Requesting Unit:	AFCF2	Created by:	Alison Marie Mills on 12-Nov-2014		
Product Line:	IBRD/IDA	Responsible Unit:	GEDDR	Modified by:	Alison Marie Mills on 02-Mar-2015		
Country:	Cote d'Ivoire	Approval FY:	2015				
Region:	AFRICA	Lending Instrument:	Investment Project Financing				
Parent Project ID:	P122546	Parent Project Name:	Emergency Youth Employment and Skills Development Project (P122546)				

Project Development Objectives

Original Project Development Objective - Parent:

The proposed Project Development Objective (PDO) is to improve access to temporary employment and skills development opportunities for young men and women in Cote d'Ivoire's territory.

Proposed Project Development Objective - Additional Financing (AF):

The proposed Project Development Objective (PDO) is to improve access to temporary employment and skills development opportunities for young men and women in Cote d'Ivoire's territory.

Results

Core sector indicators are considered: Yes

Results reporting level: Project Level

Project Development Objective Indicators

Status	Indicator Name	Core	Unit of Measure		Baseline	Actual(Current)	End Target
Revised	Direct project beneficiaries	<input checked="" type="checkbox"/>	Number	Value	25422.00	25422.00	56922.00

				Date	31-Dec-2014	31-Dec-2014	30-Jun-2019
				Comment			
No Change	Female beneficiaries	<input checked="" type="checkbox"/>	Percentage Sub Type Supplemental	Value	0.00	32.00	30.00
Revised	Labor Intensive Public Works (LIPW)	<input type="checkbox"/>	Number Sub Type Breakdown	Value	12675.00	12675.00	25175.00
				Date	31-Dec-2014	31-Dec-2014	30-Jun-2019
				Comment			
Revised	Skills Development and Entrepreneurship Support	<input type="checkbox"/>	Number Sub Type Breakdown	Value	12747.00	12747.00	31747.00
				Date	31-Dec-2014	31-Dec-2014	30-Jun-2019
				Comment			
Revised	Number of additional person days provided in LIPW (disaggregated by gender, district and type of sub-project)	<input type="checkbox"/>	Number	Value	1564649.00	1564649.00	2679649.00
				Date	31-Dec-2015	31-Dec-2014	30-Jun-2019
				Comment			
Revised	Completion rate of youth participating in apprenticeship/dual training, internship and entrepreneurship program	<input type="checkbox"/>	Percentage	Value	76.00	76.00	80.00
				Date	31-Dec-2014	31-Dec-2014	30-Jun-2019
				Comment			
New	Female beneficiaries	<input type="checkbox"/>	Percentage Sub Type Supplemental	Value	32.00		40.00
New	Percentage of youth who are employed or self-employed within six months of completion (internship/retooling)	<input type="checkbox"/>	Percentage	Value	0.00		70.00
				Date	31-Dec-2014		30-Jun-2019
				Comment			

Intermediate Results Indicators

Status	Indicator Name	Core	Unit of Measure		Baseline	Actual(Current)	End Target
New	Number of staff trained in impact evaluation (IE) methods.	<input type="checkbox"/>	Number	Value	0.00		8.00
				Date	31-Dec-2014		30-Jun-2019
				Comment			
New	Number of public private joint management agreements signed in the centers supported by the project	<input type="checkbox"/>	Number	Value	0.00		10.00
				Date	31-Dec-2014		30-Jun-2019
				Comment			
New	Number of youth who receive entrepreneurship training program	<input type="checkbox"/>	Number	Value	2077.00		7077.00
				Date	31-Dec-2014		30-Jun-2019
				Comment			
New	Female beneficiaries	<input type="checkbox"/>	Percentage Sub Type Supplemental	Value	30.00		30.00
New	Number of tracer surveys	<input type="checkbox"/>	Number	Value	0.00		4.00
				Date	31-Dec-2014		30-Jun-2019
				Comment			
New	Number of revenue generating activities (RGAs) or micro projects supported by the project	<input type="checkbox"/>	Number	Value	0.00		3000.00
				Date	31-Dec-2014		30-Jun-2019
				Comment			
New	Percentage of youth who have completed apprenticeship/Dual training program	<input type="checkbox"/>	Percentage	Value	70.00		80.00
				Date	31-Dec-2014		30-Jun-2019
				Comment			
New	Number of youth enrolled in apprenticeship/dual training	<input type="checkbox"/>	Number	Value	4294.00		14295.00
				Date	31-Dec-2014		30-Jun-2019

	program			Comment			
New	Female beneficiaries	<input type="checkbox"/>	Percentage Sub Type Supplemental	Value	30.00		30.00
New	Percentage of youth who are employed or self-employed within 6 months of completion (apprenticeship/dual training program)	<input type="checkbox"/>	Percentage	Value	0.00		70.00
				Date	31-Dec-2014		30-Jun-2019
				Comment			
New	Number of impact evaluation completed	<input type="checkbox"/>	Number	Value	0.00		2.00
				Date	31-Dec-2014		30-Jun-2019
				Comment			
New	Percentage of youth who have completed Internship/Retooling program	<input type="checkbox"/>	Percentage	Value	0.00		80.00
				Date	31-Dec-2014		30-Jun-2019
				Comment			
New	Female beneficiaries	<input type="checkbox"/>	Percentage Sub Type Supplemental	Value	0.00		30.00
Revised	Roads rehabilitated/maintained (kilometers)	<input type="checkbox"/>	Text	Value	2537	2537	3537 kilometers
				Date	31-Dec-2014	31-Dec-2014	30-Jun-2019
				Comment			
Revised	Percentage of total costs going to wage bills (all sub-projects)	<input type="checkbox"/>	Percentage	Value	56.00	56.00	50.00
				Date	31-Dec-2014	31-Dec-2014	30-Jun-2019
				Comment			
Revised	Percentage of LIPW participants' wages paid in a	<input type="checkbox"/>	Percentage	Value	100.00	100.00	95.00
				Date	31-Dec-2014	31-Dec-2014	30-Jun-2019

	timely manner per 6 months cycle	<input type="checkbox"/>		Comment			
Revised	Total number of internship/retooling weeks provided	<input type="checkbox"/>	Number	Value	53342.00	53342.00	193342.00
				Date	31-Dec-2014	31-Dec-2014	30-Jun-2019
				Comment			
Marked for Deletion	Service provider meeting performance indicators specified in contracts	<input type="checkbox"/>	Percentage	Value	73.00	73.00	90.00
				Date	31-Dec-2014	31-Dec-2014	30-Jun-2015
				Comment			
Marked for Deletion	Number of apprenticeship contracts signed	<input type="checkbox"/>	Number	Value	4168	4168	3000.00
				Date	Dec-31-2014	31-Dec-2014	30-Jun-2015
				Comment			
Marked for Deletion	Number of regular progress reports produced on time by the service providers of component 2 (cumulative)	<input type="checkbox"/>	Number	Value	0.00	54.00	30.00
				Date	15-Sep-2011	31-Dec-2014	30-Jun-2015
				Comment			
Marked for Deletion	Number of business plans submitted by participants of the entrepreneurship training program Component 2, activity (d)	<input type="checkbox"/>	Number	Value	0.00	199.00	850.00
				Date	30-Sep-2014	31-Dec-2014	30-Jun-2015
				Comment			
Marked for Deletion	Contracts with service providers signed on time by the relevant authorities	<input type="checkbox"/>	Text	Value	n/a	Yes	Yes
				Date	15-Sep-2011	31-Dec-2014	30-Jun-2015
				Comment			
Marked for Deletion	Annual work plans, budgets and procurement plans are prepared and submitted to IDA in a timely and satisfactory manner	<input type="checkbox"/>	Text	Value	n/a	Yes	Yes
				Date	15-Sep-2011	31-Dec-2014	30-Jun-2015
				Comment			

Marked for Deletion	Number of communications campaigns launched	<input type="checkbox"/>	Number	Value	0.00	5.00	5.00
				Date	15-Sep-2011	31-Dec-2014	30-Jun-2015
				Comment			

Indicator Description

Project Development Objective Indicators				
Indicator Name	Description (indicator definition etc.)	Frequency	Data Source / Methodology	Responsibility for Data Collection
Direct project beneficiaries	<p>Direct beneficiaries are people or groups who directly derive benefits from an intervention (students in targeted Training institutions, in Apprenticeship, Internship, entrepreneurship, programs)</p> <p>This indicator is calculated as a number with a percentage of female.</p>	Yearly	ME-MEASFP M&E system Institutions	PIU
Number of Additional Person days provided in LIPW	Number of work days per person (22 days/month for a duration of 6 months per person), multiplied by the total number of participants in LIPW	Yearly	ME-MEASFP M&E system Institutions	PIU
Completion rate of youth participating in apprenticeship /dual training, internship and entrepreneurship program (percentage)	Percentage of youth who complete apprenticeship /dual training, internship and entrepreneurship program supported by the project out of those who are enrolled these programs	Yearly	ME-MEASFP M&E system Institutions	PIU
Percentage of youth who are employed or self-employed within six months of completion of	<p>Num: Total number of youth employed (within one year of completion)</p> <p>Den: Total number of youth who completed internship program/retooling</p>	Yearly	Project administrative data (MIS)/PIU ME-MEASFP	PIU and other sub-contractors

internship program/retooling				
Intermediate Results Indicators				
<i>Indicator Name</i>	<i>Description (indicator definition etc.)</i>	<i>Frequency</i>	<i>Data Source / Methodology</i>	<i>Responsibility for Data Collection</i>
Number of staff trained in impact evaluation (IE) methods.	Number of staff trained in impact evaluation (IE) methods (within the PIU) to support monitoring and evaluation.	Yearly	Project administrative data (MIS)/PIU ME-MEASFP	PIU
Number of public-private joint management agreements signed in the centers supported by the project.	Total number of agreements signed between the Private sector and the Public sector for joint management of TVET institutions based on performance contracts.	Yearly	Project administrative data (MIS)/PIU ME-MEASFP	PIU
Number of youth who received entrepreneurship training program.	Number of youth who completed the entrepreneurship training program.	Yearly	Project administrative data (MIS)/PIU ME-MEASFP	PIU and other sub-contractors
Number of tracer surveys	Number of tracer surveys tracking youth to measure employment and unemployment after obtaining the training.	Yearly	Project administrative data (MIS)/PIU ME-MEASP	PIU
Number of Revenue Generating Activities (RGAs) micro projects supported by the project	Number of revenue generating activities (RGAs) or micro project granted by the project intervention	Yearly	Project administrative data (MIS)/PIU; ME-MEASFP	PIU
Percentage of Youth who have completed apprenticeship/Dual training program	Num: total Number of youth who completed Apprenticeship/ Dual training program Den: Total Number of Youth enrolled in apprenticeship program	Yearly	Project administrative data (MIS)/PIU ME-MEASFP	PIU and other sub-contractors
Number of youth enrolled in apprenticeship/Dual training program	Number of youth who are enrolled in apprenticeship/dual training supported by the project	Yearly	Project administrative data (MIS)/PIU ME-MEASFP	PIU and other sub-contractors

Percentage of youth who are employed or self-employed within six months of completion (apprenticeship/dual training).	Num: Total number of youth employed (within one year of completion) Den: Total number of youth who completed apprenticeship dual training	Yearly	Project administrative data (MIS)/PIU ME-MEASFP	PIU and other sub-contractors
Number of Impact Evaluations completed	Impact evaluation		Project administrative data (MIS)/PIU; ME-MEASFP	PIU and others administrative institutions
Total number of youth who have completed Internship/retooling program	Total Number of youth who have completed Internship/retooling program	Yearly	Project administrative data (MIS)/PIU ME-MEASFP	PIU and other sub-contractors
Number of km of Roads rehabilitated/maintained	Number of kilometers rehabilitated or maintained (revised to include rehabilitated and maintained roads)	Semi-annual	Project administrative data (MIS)/PIU ME-MEASFP	LIPW sub-contractors. The data will be aggregated by the PIU
Percentage of total costs going to wage bills	Percentage of total costs going to wage bills (all sub-projects)	Semi-annual	Project administrative data (MIS)/PIU ME-MEASFP	All sub-contractors. The data will be aggregated by the PIU
Percentage of LIPW participants' wages paid in a timely manner by 6 months cycle	Percentage of LIPW participants' wages paid in a timely manner per 6 month cycle	Semi-annual	Project administrative data (MIS)/PIU ME-MEASFP	LIPW sub-contractors. The data will be aggregated by the PIU
Total number of internship/retooling weeks provided	Number of beneficiaries multiplied by work weeks per year (based on 40 work weeks per calendar year; and internship duration of 6 month to 1 year)	Semi-annual	Project administrative data (MIS)/PIU ME-MEASFP	PIU and other sub-contractors

Annex 2. Systematic Operations Risk-rating Tool (SORT)
Côte d’Ivoire: Emergency Youth Employment and Skills Development Project –
Additional Financing

Risk Category	Rating
1. Political and Governance	Substantial
2. Macroeconomic	Moderate
3. Sector Strategies and Policies	Moderate
4. Technical Design of Project or Program	Moderate
5. Institutional Capacity for Implementation and Sustainability	Moderate
6. Fiduciary	Substantial
7. Environment and Social	Low
8. Stakeholders	Moderate
OVERALL	Moderate

1. **The AF’s overall risk rating is assessed as “Moderate”.** Though political and governance risk is still substantial, it has been reduced from the rating of “High” under the original project in view of the country’s progress in consolidating stability following the post-electoral crisis.

2. **Given the lessons learned and successful implementation of the original project,** the Technical Design of Project and Institutional Capacity risks have been also reduced from “High” to “Moderate”, as implementing agencies have accrued significant experienced and the necessary internal systems are currently in place to support the AF.

3. **“Substantial” risk categories include Political and Governance, and Fiduciary. While external economic risks are high, macroeconomic management risks are low resulting in a macroeconomic risk rating of “Moderate”.** A description of these risk ratings as well as accompanying mitigation measures are elaborated below:

- a. **Political and Governance:** Despite a return to stability and the end of post-electoral violence, peace in the country remains fragile. Overall, there has been marked improvement in security conditions—the insecurity index (which measures the number of

attacks such as robberies, home or business break-ins, or car thefts) fell from 3.8 in January 2012 to 1.6 in May 2013. However, 2015 is an election year and political stability may be tested. The Bank is working to mitigate security risks through its development policy lending in support of stability-enhancing measures, particularly the development of critical infrastructure, employment creation, safety net support and support to impoverished regions vulnerable to conflict. The Government is also pursuing a reconciliation agenda with opposition parties.

- b. **Fiduciary:** The fiduciary risk at this stage is deemed substantial because of the general current context of the project preparation including the country FM risk level, the lack of effective oversight structure of the technical steering committee (TSC) during the first phase of the project as well as the upcoming general elections in Côte d'Ivoire. Furthermore the design of the project includes the transfers of funds through a variety of implementing agencies to the final beneficiaries in some geographically dispersed areas which will require more systems of control. Lastly the workload of the FM team (the PIU is currently managing several projects) may be of concern.
- c. **Macroeconomic: Macroeconomic risk is assessed as moderate due to the combination of high external economic risks and low macroeconomic management risks.** Côte d'Ivoire's economy is highly vulnerable to the current Ebola epidemic in Guinea and Liberia—countries with whom it shares a common border. The Government — supported by the Bank through the emergency Health System Strengthening and Ebola Preparedness Project (P147740) — will implement a comprehensive set of measures to prevent the spill-over of the crisis to Côte d'Ivoire, and to be prepared to treat people that may become infected with Ebola. In addition, Côte d'Ivoire is subject to price shocks in a range of international commodity markets, including cocoa and other agricultural products, as well as hydrocarbon fuels and gold. Ongoing Bank support, focusing on improving the investment climate, will act to mitigate these risks by promoting economic diversification, but significant residual risks to growth and macro-fiscal stability remain. However, the economy is projected to continue its rapid growth, albeit off a low base. Macroeconomic management risks arise from the potential generation of contingent liabilities, particularly in the financial and electricity sectors, but are assessed as low because of ongoing mitigation measures. Fiscal risks related to the electricity sector are mitigated by measures supported by the ongoing Poverty Reduction Supported Credit (DPOs) series. Contingent liabilities in the financial sector, particularly among publicly owned banks, are estimated at about 0.5 percent of GDP and are therefore considered low. Threats to debt sustainability are mitigated by the government's observance of ceilings on non-concessional borrowing established under the IMF's Extended Credit Facility (ECF) program. The potential risk to fiscal sustainability from public-sector wage increases has been contained by the Government's recent adoption of a medium-term wage strategy.

Annex 3. Detailed Description of Modified and New Project Activities Côte d'Ivoire: Emergency Youth Employment and Skills Development Project – Additional Financing

1. **Project Development Objective:** to improve access to temporary employment and skills development opportunities for young men and women in Côte d'Ivoire's territory. The PDO would remain valid and unchanged. The AF will focus on scaling-up and better targeting well-performing activities and support new activities under each of the original project's three components.

2. **Key Performance Indicator (KPIs).** The original KPIs do not change, however a new KPI has been added which measures "Percentage of youth who are employed or self-employed within six months of completion (internship program/retooling)." In addition the targeted beneficiaries are adapted to account for the adjusted rural focus of Component 1 and the introduction of an internship program that focuses on reskilling, as well as the provision of entrepreneurship support under Component 2. Intermediate results indicators are added to account for new activities including: (i) number of youth enrolled in skills development programs (apprenticeship, internship programs); (ii) of those youth who complete the skills development programs, the percentage who are employed within six months of completion; (iii) number of youth who receive entrepreneurship training; and (iv) number of enterprises supported by the project. For the introduction of institutional reform to the vocational training system an intermediate indicator to measure public-private joint management contracts as a measure of the new model is added. Lastly, a tracer survey and IEs will be carried out during implementation and have been added as intermediate indicators as well as number of staff trained in IE methods.

3. **The main changes to the three main components can be summarized as follows:**

- **Component 1 (Temporary Employment Opportunities for Youth):** This component will remain focused on Temporary Employment Opportunities for Youth through LIPWs, although the geographical focus of the component would shift to rural areas. Complementary activities to support post-LIPWs employment and productivity will be strengthened (e.g. training, assistance for job search and support for self-employment).
- **Component 2 (Skills Development and Employment Support for Youth):** This component will be strengthened and focused on the priority areas emerging from analysis of the latest employment data including: sub-component (2a) apprenticeships; sub-component (2b) internships for long-term unemployed; and sub-component (2c) entrepreneurship and self-employment support which would have a stronger focus on self-employment support and small-scale entrepreneurship support among vulnerable populations.
- **Component 3 (Strengthening Institutional Capacity):** This component will continue to support and accelerate a range of institutional reforms for more efficient governance of employment policy and interventions, and expand the knowledge base on employment statistics and interventions.

4. **The activities to be financed under each component of the AF are described in further detail below:**

Component 1 – Temporary Employment Opportunities for Youth (US\$15 million)

5. **Component 1 will remain focused on creating temporary employment opportunities for Youth** through LIPWs. However: (i) the geographical focus of the component will shift to rural areas (around secondary urban poles) that have been underserved by employment-related interventions, where poverty is most concentrated and a high proportion of underemployed, low-qualified youth live²⁷; and (ii) complementary activities to support post-LIPWs employment will be strengthened (e.g. savings scheme, training in life skills, technical and business skills, assistance for job search and support for self-employment).

6. **The LIPWs activities will be implemented in approximately five rural centers, i.e. secondary urban centers and surrounding agricultural areas.** The specific activities will be selected by local governments on the basis of their local development plans and will include predominantly rural LIPWs²⁸ such as: the rehabilitation/maintenance of rural roads, reforestation and other soil and water conservation activities (also useful as natural disaster prevention measures). Activities will be implemented during the agricultural off-season to limit interference with agricultural employment/livelihoods.

7. **This component will adopt an approach which uses LIPWs as a first step in a comprehensive process** to help participants to transition into more productive and permanent employment upon their exiting the program.²⁹ To do so, LIPWs will be accompanied by a mix of support measures available to all beneficiaries:

- ***Savings program and facilitation to accessing financial institutions.*** These measures will help participants to put aside a portion of their wages to be used for initiating or expanding post-LIPWs activities ;
- ***Training in a mix of basic life, technical and business skills*** to improve opportunities for more productive post-LIPWs employment.

8. **It is estimated that, over the project period, the component will:** (i) employ about 12,500 youth, of which at least 50 percent will be women; (ii) create about 1.2 million man-days of labor in LIPWs and distribute FCFA 3.0 billion in wages to beneficiaries (the latter would also

²⁷ LIPWs have been supported by the Bank for several years in large urban centers under the Post-Conflict Assistance Project (original and AF) and the original Youth Employment and Skills Development Project. The concerned local Governments (communes) should now be able to assume responsibility for their continuation. In addition, several other donors, such as the AfDB and the AFD, have also started supporting (largely urban) LIPWs programs. On the other hand, secondary urban centers and rural areas have been underserved and responsible local governments have been requesting support for piloting such activities and building their capacity to manage them in the future.

²⁸ Some local governments may request that a limited amount of LIPWs be undertaken in the region's main center.

²⁹ Strengthening the linkages between public works and productive interventions builds on recommendations from the World Bank regional report on youth employment in Africa. See focus note 2 in Filmer, Fox and others, 2014, Youth Employment in Sub-Saharan Africa, Washington DC: World Bank.

benefit from FCFA 1.0 billion in employment enhancing activities); and (iii) permit the establishment and/or regular maintenance of critical infrastructure (rehabilitation and maintenance of about 200 km of rural roads; and about 2,000 ha of reforestation/ community woodlots).

9. **The new approach anchored on rural centers will enable support for new activities assisting beneficiaries to better identify and undertake post-LIPWs activities.** These may include improved linkages to skills development activities or basic entrepreneurship support activities funded under Component 2, or with JCSC to be funded under Component 3. These activities are discussed in more detail in the relevant sections below.

10. **Targeting and gender aspects.** The first level of targeting will be done, on a geographic basis, by prioritizing rural areas in the country's poorest regions. In Côte d'Ivoire, it is mandatory to pay workers the official minimum wage and it would thus not be possible to use the wage level as a self-targeting instrument. However, a minimum of 15 percent (FCFA 10,000/month) of their earnings will be retained and deposited in a savings account opened in their name, and restituted at the end of their LIPWs employment. To select beneficiaries, the successful selection process through public lotteries is expected to remain in urban/peri-urban areas while a community-based approach may be more appropriate in rural areas to ensure that all households in the community have equitable access to the offered employment/income opportunities). Fifty percent of jobs will be reserved for women. As the nature of the activities is often physically demanding, this may lead to discrimination with regard to women. Particular care will be taken to include tasks which are more suited to their abilities and work sites will have amenities catering to the specific constraints faced by women, including arrangements to organize local child care.

11. **Implementation arrangements.** The selection of the target rural centers will be done in collaboration with the National Association of Regional Councils (ARDCI, *Association des Regions de Districts de Côte d'Ivoire*) according to agreed-upon criteria including the commitment of beneficiary local governments to take over the activities at the end of the project. The geographical targeting approach will be linked to targeting approaches under the Productive Social Safety Nets project currently under preparation (P143332). Beneficiary Regional Councils (RCs) or smaller urban centers/rural communes would be responsible ("*maîtres d'ouvrage*") for components' activities selected out of their local development plans, in collaboration with the technical staff of the relevant technical ministries (i.e. Infrastructure, Agriculture). This will promote local government ownership of activities and build their capacity to better plan and manage such activities at the end of the project, thus creating the basis for long term sustainability at local level.

12. Some RCs and smaller urban centers/rural communes may not have all the necessary management and implementation capacities (to be determined after their selection). In this case, implementation responsibility would be delegated to specific implementation agencies ("*maîtres d'ouvrages délégués*") such as AGEROUTE which has been implementing LIPWs under several programs including those financed by IDA, SODEFOR which is currently executing afforestation programs financed under the Post-Conflict Assistance Project (PCAP) or contractors including NGOs recruited on a competitive basis. The component's specific

implementation responsibilities would be defined through contracts (*conventions-cadre*) between the PIU, the participating RCs/rural communes and implementing agencies.

Component 2 – Skills Development and Employment Support for Youth (US\$30 million)

13. **Component 2 will be strengthened and targeted to the priority areas emerging from the latest employment data**, with a focus on sub-component (2a) apprenticeships; sub-component (2b) internships for long-term unemployed in the formal sector; and sub-component (2d) (*Entrepreneurship and self-employment support*) will have a stronger focus on basic entrepreneurship and facilitating the transition into more productive self-employment opportunities among vulnerable populations.

Sub-Component 2.a Apprenticeships

14. **This subcomponent will be expanded, with particular focus paid to the scaling up of high-quality dual training, and support for the reform of apprenticeship and training institutions.** The 2013 employment survey demonstrated that, beyond basic education, informal apprenticeship is the most common source of skills training available to low-skilled individuals, as well as the most relevant for the large share of workers transitioning into self-employment. However, apprenticeships are currently largely informal and the number of quality formal apprenticeships involving dual training or leading to certification limited. As such, making the apprenticeship system more dynamic and efficient can benefit a large number of vulnerable youth. The original project supported the placement of 4,000 youth in formal apprenticeships, exceeding the original objectives. The proposed AF will support the scaling-up of formal apprenticeships, with an estimated 10,000 additional low-skilled youth benefitting from dual-training programs.

15. **This sub component will support training technical skills in areas where local employment opportunities exist**, in agriculture and non-agricultural activities, as may be determined on the basis of local market analysis. It will pilot two promising instruments for providing apprenticeship in agriculture: (i) the *Community Agricultural/Rural Schools (Ecoles Familiales Agricoles)* which offer training in agriculture and/or rural activities focusing on their area's main farming systems, based on a dual training approach (formal training combined with hand-on practice on the family farm or participating local enterprises); and (ii) the establishment of one *agricultural incubator* in each of the five selected rural regions, targeted at one agricultural commodity with high development potential and training selected young agricultural entrepreneurs.

16. **To enable the establishment of a sustainable and efficient dual apprenticeship system, the proposed AF will support the upgrading of six selected vocational training centers.** The selected centers for upgrading are located in Bouake, Man, Korhogo, San Pedro, Katiola, and Abidjan (Vridi). The selected centers will focus on developing skills aligned to and relevant for critical economic growth sectors. These five centers were rehabilitated through other donor-funded projects, including the Arab Bank for Economic Development in Africa (BADEA), the European Union (EU) and Japan, but currently do not have curricula suitable for low-skilled apprentices. The institutions to be supported by the AF have been selected on the

basis of a detailed scoping analysis. Project support would include upgrading and increasing the capacity of the selected training centers and training/re-training teaching staff to efficiently implement the new dual training approach appropriate for low-skilled apprentices and leading to professional certification. The selected training centers will also be used for the re-training master-craftsmen in charge of training apprentices in their enterprises.

17. The sub-component will support accompanying reforms to the apprenticeship system and training institutions. Currently, the formal vocational training and apprenticeship system is very inefficient, characterized by a clear disconnect with the needs of the main economic sectors, and a very traditional and inefficient approach to training, as well as fragmentation of structures. Vocational training centers and apprenticeships programs require a more efficient model of governance. Despite the signing in 2009 of a partnership agreement with the private sector, joint steering management of vocational training is not yet operational. The original project promoted strong cooperation with General Confederation of Enterprises in Côte d'Ivoire (*Confédération Générale des Entreprises en Côte d'Ivoire, CGECI*) and linkages with the private sector which will be further supported by the AF.

18. The running of these establishments will be based on the principles of autonomous management of training institutions shared with the private sector. Public-private partnerships (PPPs) will be established to implement these activities for engaging the private sector in curriculum development and the management of the institutions. The governing board of the institutions will be a mix of public and private enterprises.³⁰ These arrangements will be outlined in PBCs signed between the selected institutions and the ME-MEASFP, spelling out the main principles, responsibilities and targets including: (i) 50 percent representation of the private sector on the board of directors of the institution (including the position of chair); (ii) the number and nature of programs to be offered; (iii) the number of youth participating in dual apprenticeship; (iv) percentage of females enrolled; and (v) the continued training of trainers. It will also stipulate exchanges with the private sector and the contribution of the private sector to the management of the institution, as well as the number of partnership agreements with enterprises

19. These reforms are in line with government plans to: (i) lead partnership reform of Technical and Vocational Education and Training (TVET) in response to the demand for skills in the Ivorian labor market, in line with employers' organizations; (ii) upgrade TVET centers (renovate workshops, update the content of training); (iii) diversify the training courses on key sectors defined jointly with the private sector; and (iv) diversify types of training opportunities by modernizing the apprenticeship and developing alternatives between school and work. Currently several donors (i.e., EU, AFD) support the TVET sector in Côte d'Ivoire and will be involved in the process.

20. The project will complement current reforms being undertaken by the AFD vocational training reform project financed by Debt Reduction-Development Contracts

³⁰ The Private Sector refers to the Chamber of Commerce and Industry of Côte d'Ivoire (*CCICI, Chambre de Commerce et d'Industrie de Côte d'Ivoire*), the General Confederation of Enterprises in Côte d'Ivoire (*CGECI, Confédération Générale des Entreprises en Côte d'Ivoire*), and Ivorian Federation of Small and Medium Enterprises (*FIPME, Fédération Ivoirienne des Petites et Moyennes Entreprises*).

(C2Ds)³¹ for a total cost of €18 million. The project is supporting: (i) renovation of three branches of technical and vocational training (agro-food industries, construction, industrial maintenance) in three technical schools, in partnership with three professional sectors (agribusiness, construction, mining); (ii) updating the curricula to more effectively align training with the needs of the private sector; (iii) rehabilitating, and expanding infrastructure; (iv) modernizing equipment; (v) retraining trainers; and (vi) introducing training alternating between school and work. Project teams are working in close collaboration to ensure alignment between the proposed reforms.

Sub-component 2.b Internships/reskilling for long-term unemployed youth.

21. **This sub-component will specifically target long-term unemployed young graduates.** The 2013 employment survey highlights that, although formal unemployment is relatively low overall, it is higher among educated youth in urban areas. Most worrisome is that a large share of unemployed urban graduates (48 percent) has never worked following graduation and has been unemployed for a long time (often for more than three years), in large part because their area of specialization is not in line with the needs of the economy and private employers. This sub-component will, therefore, continue to support the successful internship placement mechanism developed under the original project, with improvements in its targeting mechanisms in order to better: (i) prioritize eligible youth; and (ii) select participating enterprises on the basis of their real interest/need in recruiting participants (as demonstrated by their effective willingness to co-finance the costs of the internship) and their capacity to provide the necessary guidance and support. The internships will last six months with a possibility of extension for another six months with an increasing amount of costs to be borne by the enterprises. Under the AF, the sub-component will focus on unemployed graduates less than 35 years of age, who have been unsuccessfully seeking a first job for three years or more since completion of their degree. About 2,000 youth will benefit from the internship program under the AF.

22. **In addition, specific attention will be given to the re-tooling/re-qualification of graduates with degrees in areas offering little employment prospects through a pilot program.** These individuals (about 2,000) will be targeted for formal professional re-training (6-to-12 months) in skills that are in high demand by the private sector.

Sub-component 2.c Professional training programs of short duration in key economic growth sectors

23. This sub-component will not be supported under the AF.

³¹ The C2D project is managed by the PIU of the World Bank. This funding is part of the process initiated by the PEJEDEC and aims to support and expand existing support youth to employment (integration through social activity and economic activity) in close collaboration with the World Bank. Institutionally, the project supported the implementation of the National Policy on Employment and operation of the Employment Program Coordination Office. Global cost of C2D employment project is 15 million euros.

New Sub-component 2.c Basic entrepreneurship and self-employment support

24. **This sub-component will combine and modify the original Project Sub-components 2.d (*Entrepreneurship training and follow up business development support services for skilled graduates*) and 2.e (*Basic life skills and entrepreneurship training for LIPW participants*)** to provide a stronger focus on self-employment support and facilitating the transition into more productive (self-) employment opportunities among vulnerable populations. A large share of employment/underemployment in Côte d'Ivoire is concentrated in low-productivity self-employment in agricultural and non-agricultural rural activities, and the agricultural and non-agricultural rural sectors will continue to provide the greatest potential for job creation and poverty alleviation³². Accordingly, the focus of the sub-component will be on activities supporting the integration of rural youth in productive employment in these sectors.

25. **This sub-component will aim at supporting self-employment and small scale entrepreneurship opportunities for young people** (ages 18 to 34), with different levels of education and skills, in the regions concerned by AF's activities. Eligible participants will include youth participating in other programs supported by the original project as well as non-participating youth with innovative business ideas and entrepreneurial aptitude. Specifically, the project will deliver entrepreneurship training to approximately 5,000 additional beneficiaries and will provide start-up funding and kits to 3,000 of them. Beneficiaries will be selected through an iterative process. At first, 5000 young beneficiaries will be selected competitively on the basis of an information campaign and call for proposals undertaken in coordination with regional and local authorities. They will receive training support, including on the development of business plans. At a second stage, 3000 young people among the training participants will be selected to receive start-up assistance by local committees composed of elected officials and representatives of technical ministries, the private sector and financial institutions, based on the quality of the proposed business plans.

26. **The call for proposals, entrepreneurship training and business plan development will be based on local/regional development plans and/or other studies to identify niches and opportunities for development sustainable business projects** — including through potential micro-franchising approaches. Entrepreneurship training will be tailor-made with regard to duration and content, to reflect the profile of the participant and the nature of the prospected business ventures. While all training participants will work on the development of business plans, specific short-term targeted technical training may be necessary for young people without qualifications to prepare them for the exercise of the chosen activity, in particular in agricultural production/transformation; this may not be required for other participants coming from specific apprenticeship programs.

27. **The 3,000 participants selected for start-up assistance will receive seed funding to start a micro-enterprise project.** The amount of the seed funding will be determined by the specificity of each approved business plan. The seed funding will not exceed US\$2,000/sub-project. The eligibility criteria (for sub-projects and beneficiaries), the sub-project selection

³² Recent international research has shown that integrated interventions addressing multiple constraints are most effective in achieving these objectives.

criteria, the modalities for the seed funding and the sub-projects implementation arrangements will be finalized based on the experience of the ongoing PRISE project to support youth employment and entrepreneurship for which a first wave of beneficiaries will graduate in 2015, and specified in the Project Implementation Manual (PIM).

Component 3 – Strengthening Institutional Capacity (US\$5 million)

28. **Component 3 will continue to expand the knowledge base on employment and skills, and accelerate and increase the range of institutional reforms** adopted for more efficient governance of employment policy and interventions. Specifically, the AF will continue to:

29. *Support institutional reforms.* Current governance of the employment and skills development sector is hindered by a high level of fragmentation of institutions and programs, resulting in a high level of inefficiency. Reforms in the governance of employment policy continue to be needed to improve coordination. The support to reforms will include any necessary preparatory work for the reorganization and re-alignment of the various actors in the employment and skills development sectors including through support to decentralized structures. This will include providing support to a Job Counseling and Support Center (JCSC) in each of the AF target regions to assist participants in identifying permanent employment or employment enhancing opportunities. The services of JCSCs will be open to currently unemployed youth searching for jobs as well as those who have completed LIPW contracts supported under Component 1. The JCSC will be established in pre-existing structures in each of the locations (identified by the local governments). Additional support may include the integration of the various youth employment funds, as well as reform of the apprenticeship tax system.

30. *Further support the consolidation of a reliable national employment statistics system* through the collection and analysis of national employment surveys and other data. It will also support the expansion of the evidence-based on effective employment interventions in Côte d'Ivoire through the collection of follow-up data among youths and firms as part of the apprenticeship impact evaluation, as well as among beneficiaries of the ongoing PRISE project (P145750).

31. *Further strengthen communication and dissemination activities.* The support will increase awareness of the project activities as well as provide a better understanding of the employment data amongst youth and other key stakeholders to facilitate decision-making among policymakers and the general population.

Annex 4: Economic and Financial Analysis

Côte d'Ivoire: Emergency Youth Employment and Skills Development Project – Additional Financing

1. This annex aims to provide the economic rationale for investment in emergency youth employment and skills development by focusing on the following three pillars: (i) external efficiency of education which explores whether there is a positive trend occurring in Côte d'Ivoire's labor market by estimating the rates of return (RoR) to education. This annex also provides the rationale for investing in education in terms of equity and private benefits of education; (ii) cost-benefit analysis (CBA) which estimates the returns to investment in skills based on the expected labor market returns of project beneficiaries; and (iii) explores the potential risks facing the project through a sensitivity analysis followed by a sustainability analysis to assess the fiscal impact of the proposed project.

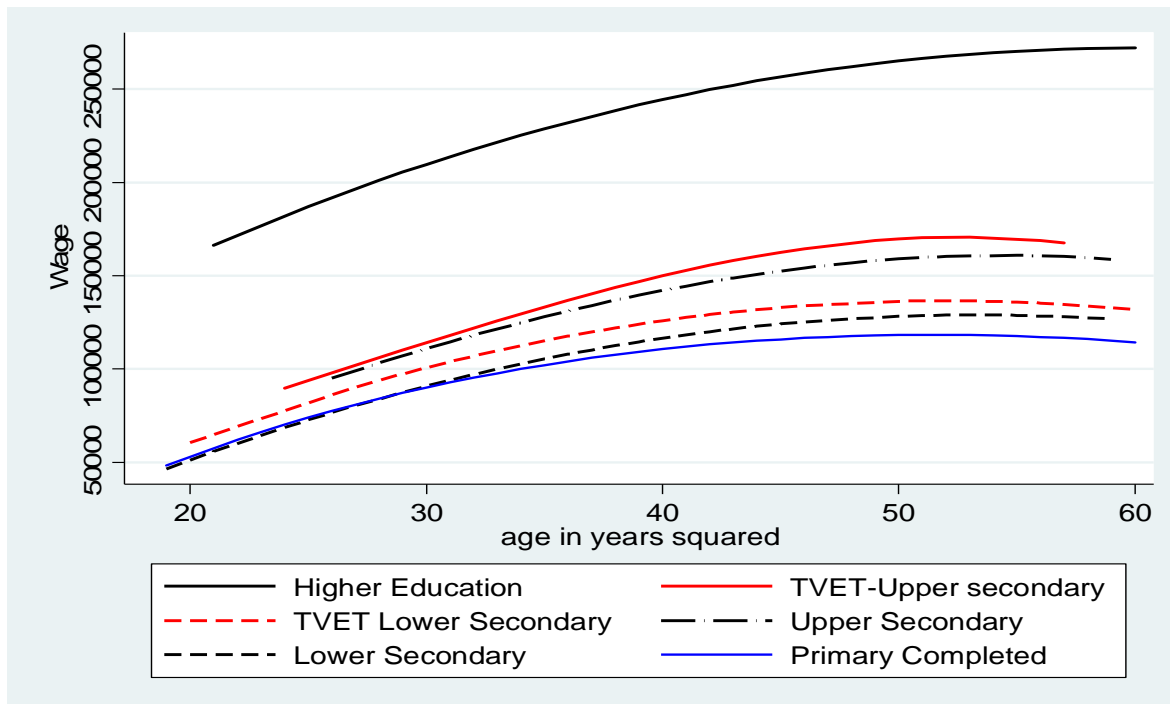
External Efficiency

2. In human capital theory, the narrative, supported by many studies, argues that participation in education is an investment made with the expectation of returns later in life. More education tends to imply improved productivity and income, a healthier and better-nourished population and greater autonomy for women. Economic development in turn implies a better quality of life. Moreover, the education of women is important for its impact on a wide range of demographic outcomes as it affects fertility, mortality, and migration. Many studies using cross-national datasets, both from developed and developing economics, have confirmed the significant contribution of education to economic growth³³. Current education spending determines the future education profiles of the working age population and enhances labor market outcomes including poverty reduction, better earnings and secures employment opportunities.

3. Estimates from the 2013 ENSETE shows that Côte d'Ivoire's labor market points to the importance of investment in education. Figure 1 shows the average simulated annual income by level of education and age wherein a higher level of education rewards a higher lifetime earning horizon.

³³ Becker, 1964; Smits and Hoşgör, 2006, Jejeebhoy, 1995; Martin and Juarez, 1995; Lutz and Goujon, 2001; Basu, 2002; Goujon and Lutz, 2004; Joshi and David, 2006; Samir, Barakat, Goujom, Skirbekk, Sanderson, and Lutz, 2010, Harbison and Myers, 1964, Denison 1962, and Benavot 1989.

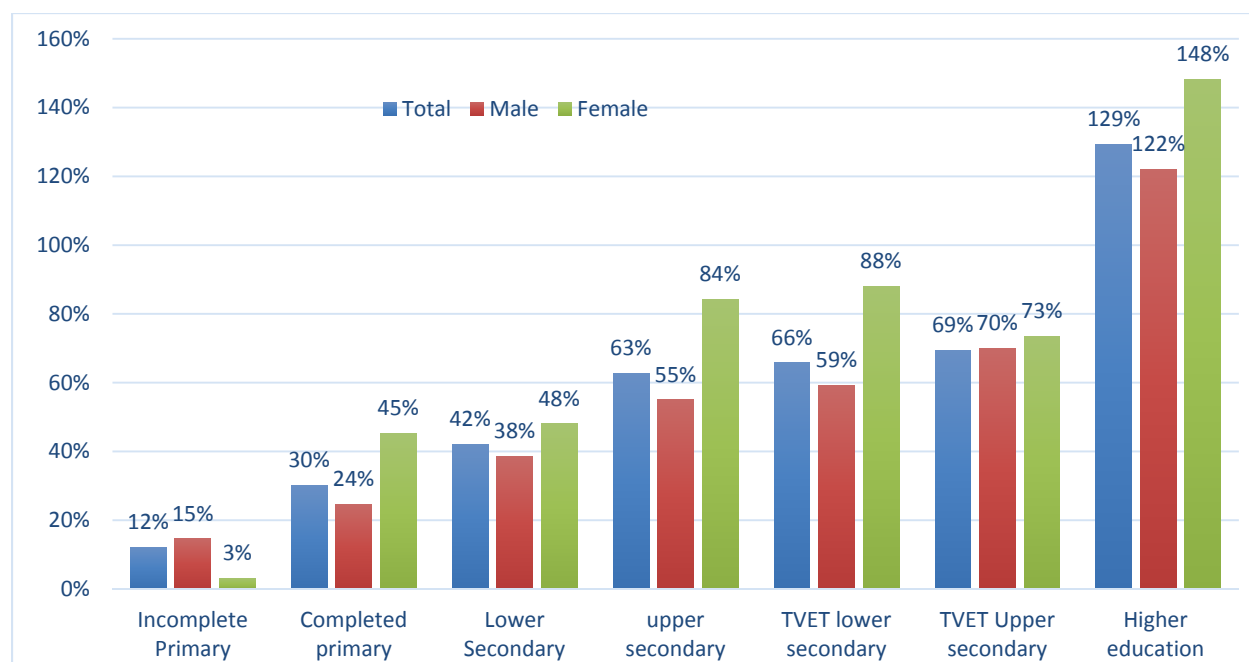
Figure 1: Average Annual Simulated Earning by Education Level



Source: Estimates based on ENSETE 2013

4. The Mincerian regression results suggest that educational attainment is associated with positive Côte d'Ivoire's labor market outcomes. The result shows that, among salaried workers, one additional year of education is associated with an average increase in monthly earnings by 7.3 percent (for the wage employment subsample, the rate is 11.4 percent). It is also important to note that the RoR for education is greater among females than males. In general, if a country possesses a highly educated labor force, the RoR for one additional year of schooling becomes smaller and smaller. Estimates by level of education reveal that a higher level of education is associated with better earnings at all levels of education. The other notable aspect regarding skills' significant role in poverty reduction is that technical and vocational training in lower and upper secondary levels is associated with better returns when compared to the respective level for the general streams (Figure 2). For example, in wage employment, compared to the 'no education' category, attainment of some primary education increases monthly earnings by 12 percent and the corresponding figures for completed primary, lower secondary general, lower secondary TVET upper secondary general, upper secondary TVET, and post-secondary education are 30 percent, 42 percent, 63 percent, 66 percent, 69 percent and 129 percent, respectively. The patterns disaggregated by gender closely follow the same pattern with better returns for education of females at all levels of education relative to no education (except for those who have not completed primary). Overall, a higher level of education seems to be associated with higher incremental yields.

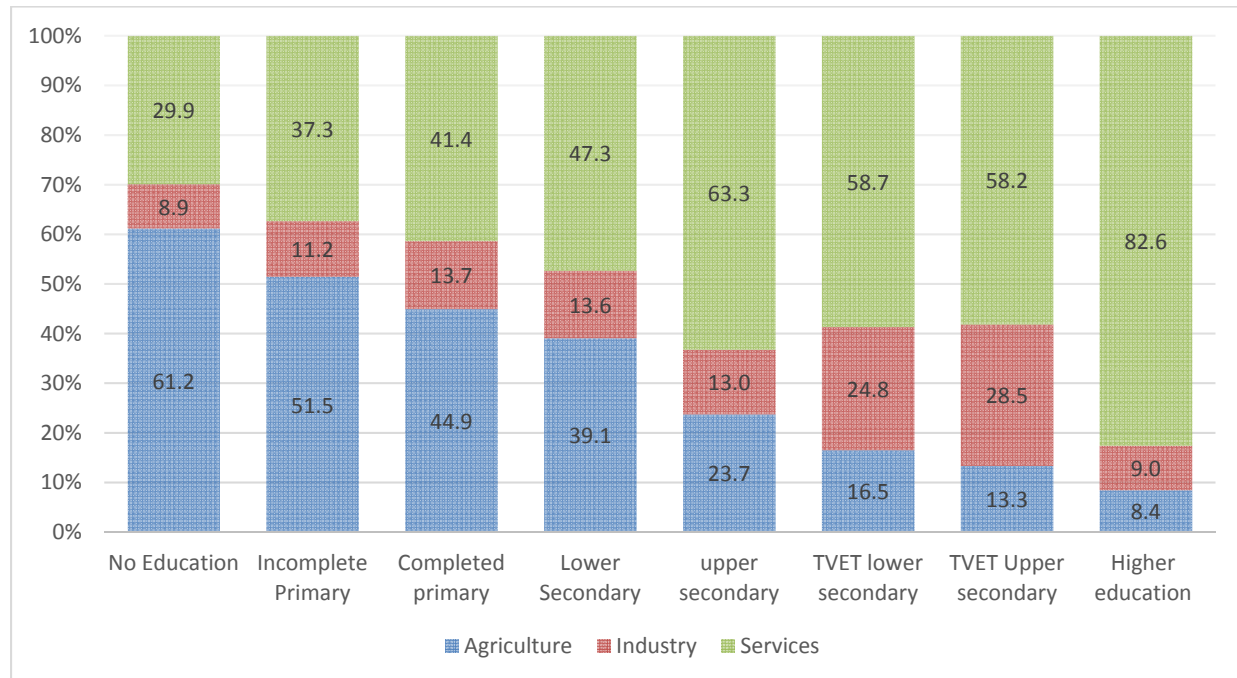
Figure 2: Earning Incremental by Level of Education Compared to No Education Category for Employed Working Age Population (age 15-64)



Source: Estimates based on ENSETE 2013

5. Education also seems to increase the chances of employment in sectors with better returns and with better employment status. Multinomial regression results show that people with better education have the tendency to engage more in sectors which are characterized by better earnings and to have, in general, a better employment status; this probability is even higher among females. For example, one additional year of schooling is associated with a 6.9 percent and 11.4 percent higher chance of employment in the industry and services sectors, respectively, compared to employment in the agricultural sector. Similarly, one additional year of schooling is associated with a 19 percent and 6.4 percent higher likelihood of engagement in wage and non-farm enterprise, respectively, compared to farm employment. Similar to the analysis of the RoRs to education, these associations are even stronger among females – with one additional year of schooling being associated with an 18.3 percent and 19.9 percent greater likelihood of employment in the industry and services sectors, respectively, compared with employment in the agricultural sector. The corresponding figures for wage and non-farm enterprise are 31.7 percent and 19 percent, respectively, compared with farming activities. Figure 3 shows most educated people are employed in sectors with better returns (industry and services). In particular, better education is associated with an individual's move away from agriculture, and this is particularly the case for those completing TVET education. In other words, the fact that having completed TVET at lower secondary is associated with better employment compared to those with TVET at upper secondary level shows the importance of such skills in Côte d'Ivoire.

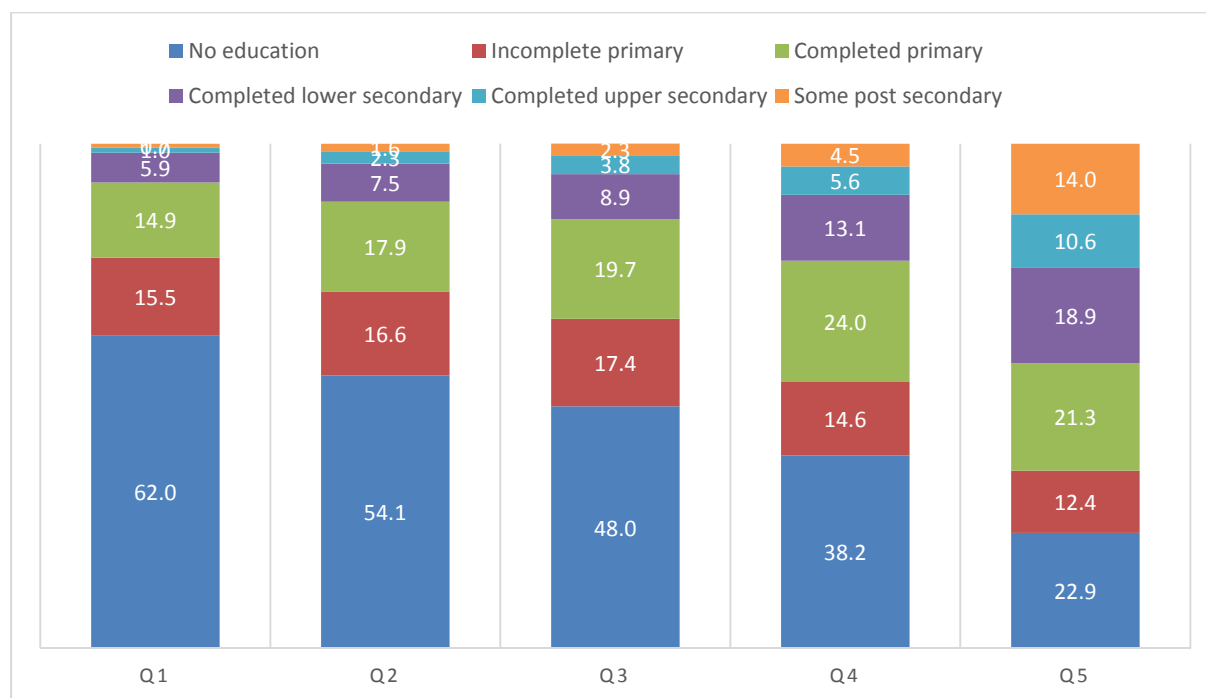
Figure 3: Employment Sector of Working Population Age 15-64 by Educational Attainment (%)



Source: Estimates based on ENSETTE 2013

6. Education can reduce inequality and create opportunities for the poor and the economically disadvantaged. It can also compensate for market failures; for example, by providing access to households that are too poor to afford their day-to-day livelihoods and increasing future opportunities for their offspring. In particular, since most of those that are left out of the education system are economically disadvantaged, this project aims to benefit the poor in relative terms. Figure 4 shows that close to two-thirds of the working age population in the lowest income quintile has no formal education compared with only about a fifth in the richest quintile. Coupled with the education profiles described above, the low level of education has most likely contributed to the lower earning profiles of the poor. Investment in education is expected to improve their earning profiles by improving their livelihoods.

**Table 4: Educational Attainment by Wealth Quintile
(Working Age Population, Ages 15 to 64)**



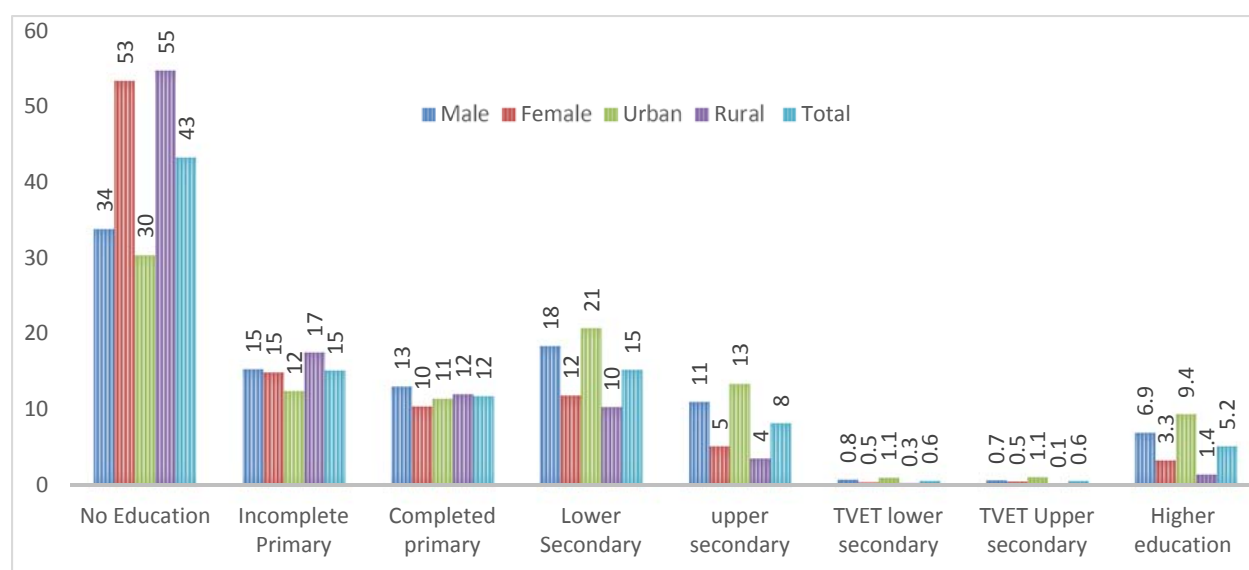
Source: Estimates based on ENESE 2013

7. Education also seems to improve equity. The Oaxaca decomposition model is employed to see if educational attainment can explain the earnings gap between males and females and the results provide robust evidence of the impact of education. In wage employment, females earn on average US\$0.83 for every US\$1 earned by males. In other words, males earn, on average, FCFA 19,704 per month more than females. The decomposition result shows about 41 percent of the wage earning difference between males and females is explained by observable factors (education, experiences, sector of activity employment status, family size and areas of residence) of which education explains 63 percent of the difference. The fact that experience plays the main role in the coefficient component can also be linked to the effective experience gap between genders. Female employment in the productive sector (non-agricultural) is impacted by their education level. The portion of wage earning difference attributable to sector of activity employment status could imply that males in the most productive sector likely occupy the higher earning scales which would explain the rest of the wage gap. This points to the high likelihood that, either directly or indirectly, leads to higher earnings and males appear to have a greater advantage for earnings Côte d'Ivoire. Therefore, investment in education will improve gender parity in educational attainment and the lifetime earnings stream.

8. Aside from the private benefits of investing in education, the overall unfavorable human development outcomes in Côte d'Ivoire demonstrate another reason for investment in education. About 43 percent of the working age population (individuals aged 15 to 64) were without formal education in 2013. The corresponding figures for females and rural areas were 53 percent and 55 percent, respectively. In particular, given the importance of TVET training as shown on Figure 1

above, the working age population with such training is very small (only about 1.2 percent if each of the TVET categories in Figure 5 below are combined). The provision of TVET training is expected to address the skills shortage in many countries. TVET provisions also are highly flexible in addressing particular skills shortage or education problems. Given the low level of education of the working age population in Côte d'Ivoire, investment in specific skills-focused training would help to address the skills shortage. For example, this project focuses on interventions during the off agricultural season for rural areas beneficiaries without affecting the sectors' productivity and incurring huge opportunity costs for training. Thus there is a mounted rationale for investment in employment and skills development in Côte d'Ivoire.

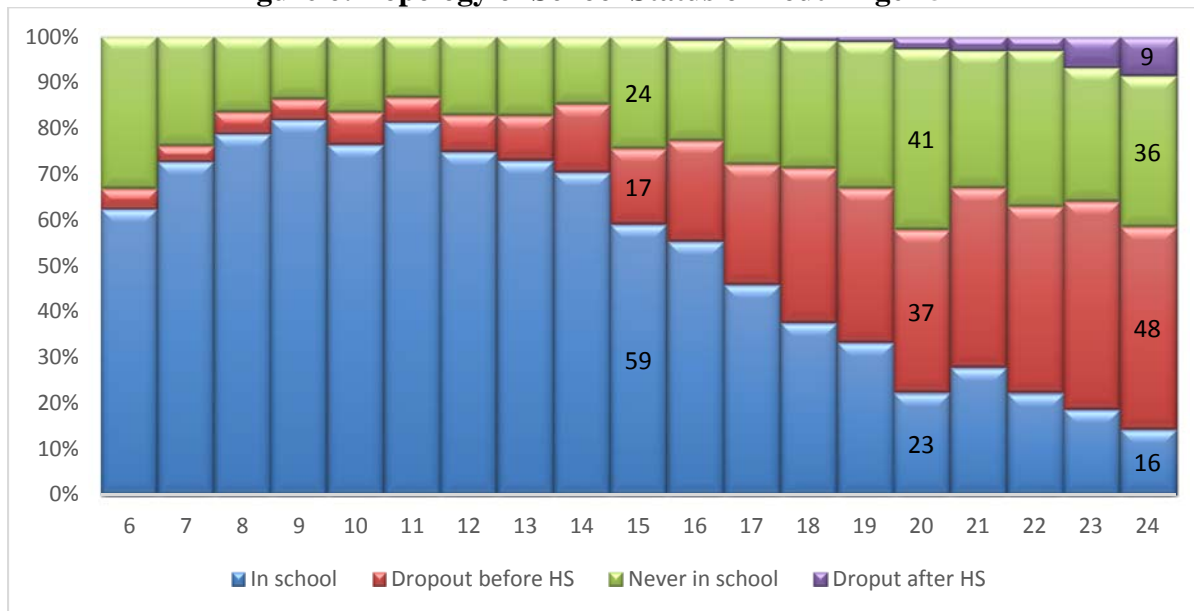
Figure 5: Educational Profile of Working Age Population by Gender and Area of Residence (%)



Source: Estimates based on ENSETE 2013

9. In Côte d'Ivoire, as is commonly observed in post-conflict countries, the education system seems to struggle to keep youth in school or provide skills necessary to youth at the labor market entry age. Figure 6 shows that about 24 percent of youth at the labor market entry age (age 15) have no formal education. About 17 percent of this age group dropout of school before completing secondary. At age 24, while still 16 percent of youth are in school to pursue some form of schooling, about 48 percent leave school before completing high school, about 36 percent have never been in school and only 9 percent have completed high school. It is also worth noting that the youth age cohort affected by the recent conflict (2010) at the high school entry age have the lowest education- those youth 20 years of age, who were 17 years old in 2010. Thus, this is another rationale for focusing on out-of-school youth with low skills as primary project beneficiaries. This project will provide a unique opportunity for such youth to be provided with skills that are closely tied to economic and growth sector needs to compete in the labor market.

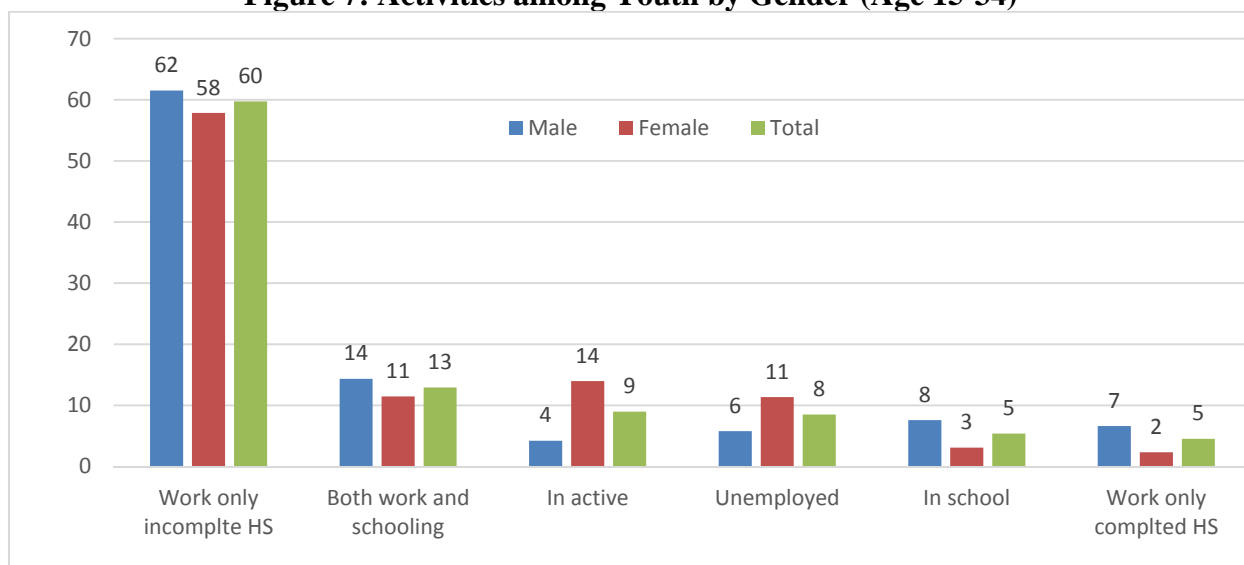
Figure 6: Topology of School Status of Youth Age 15-24



Source: Estimates based on ENSETE 2013

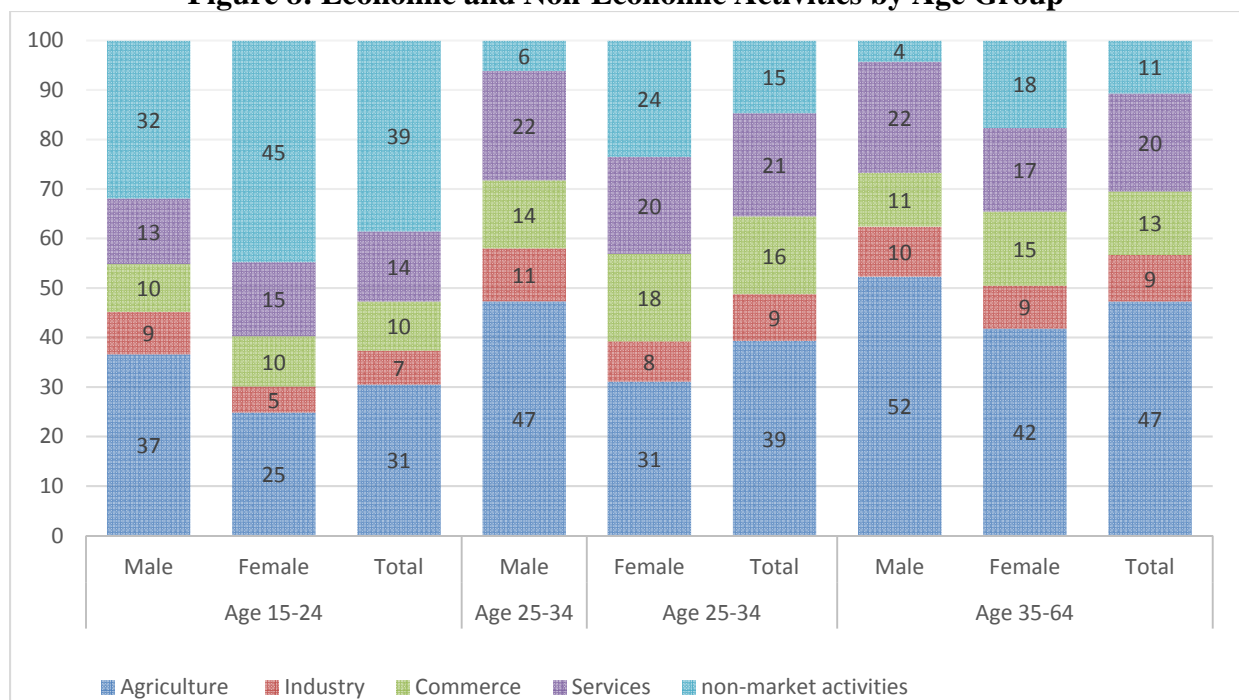
10. Finally, about 30 percent of the project beneficiaries are to be female. Most youth regardless of gender are engaged in some activities although the inactivity (not being in school or working) rate among females is higher than for their male counterparts. For example, the inactivity rate for females aged 15 to 34 is 14 percent—more than three times higher than the rate among their male counterparts (Figure 7). It is also worth noting that close to one-half of females aged 15 to 24 engages in some sort of non-market activity (Figure 8). This project, which aims to target females is expected to increase female engagement in labor market activities.

Figure 7: Activities among Youth by Gender (Age 15-34)



Source: Estimates based on ENSETTE 2013

Figure 8: Economic and Non-Economic Activities by Age Group



Note: Non-market activities refers to household production including fetching water, collecting firewood, household construction, cleaning, maintenance of house premises, care for children and elders etc

Source: Estimates based on ENSETTE 2013

Cost-Benefit Analysis

11. The benefits of the project are both quantifiable and non-quantifiable; the quantifiable portion accounts for about 90 percent of the total project costs. In particular, Component 1 (Temporary Employment Opportunities for Youth), and Component 2 (Skills Development and Employment Support for Youth) are quantifiable benefits while component 3 (Strengthening Institutional Capacity) is non-quantifiable. The main objective of the non-quantifiable portion is to facilitate the effectiveness the quantifiable portions and hence the benefits of the non-quantifiable portion are embodied in the benefits of the quantifiable portion. However, to provide the economic rationale for each component, the cost-benefit analysis is computed separately, excluding the third component. At the end, we combine the cost-benefit estimation of both quantifiable components with the costs of the unquantifiable portion. In order to conduct the cost-benefit analysis, the model makes several assumptions about the project and the associated costs and benefits. The following presents the model assumptions, net present values (NPV) and internal rate of return (IRR) for the project.

12. The project focuses on improving employability of the youth across all educational levels in Côte d'Ivoire. As such, the cost-benefit analysis heavily depends on the probability of employment for different levels of education. In particular, Component 1 targets beneficiaries 18-35 years of age from rural areas (secondary urban and surrounding agricultural areas), with low levels of skills. As shown in Figure 5, most of the rural population has achieved incomplete primary or lower level of education. As such, for the estimation of benefits of this component, the analysis assumes beneficiaries have incomplete primary level or no education while some youth with post primary could be eligible based on skills criteria. Sub-component 2a, similarly to component 1, targets low-skilled individuals while sub-component 2b focuses on providing internship and reskilling opportunities for youth who have graduated. On the other hand, sub-component 2c provides basic entrepreneurship and self-employment support programs of short duration to youth ages 18 to 34 years of age across all levels of education. In addition to the probability of employment, current labor market outcomes also play a crucial role in terms of expected earnings for different education attainment levels. While the current pattern of the labor market is a good and plausible input into the analysis for the base scenario, the analysis considers several different assumptions, including project targets, in the sensitivity analysis. Below is the summary of specific assumptions adopted for the base scenario.

- Unemployment rate (chance of employment): Level specific unemployment rates were estimated for: (i) combined no education and incomplete primary, (ii) incomplete primary, (iii) lower secondary and (iv) post-secondary education level, for 18 to 34 year olds. This information was based on the ENSETE 2013 survey data.
- Current level of education for project beneficiaries: While beneficiaries could have various levels of education based on the eligibility categories the following specific levels of education have been assumed based on the average estimate of level of education from ENSETE 2013: (i) Component 1: no education to incomplete primary; (ii) Sub-component 2.a: incomplete primary; (iii) Sub-component 2.b: post-secondary (graduates); and (iv) Sub-component 2.c: some lower secondary i.e. based on the data from ENSETE 2013, individuals within the

18 to 34 age group, having at least 1 year of education, have on average 8 years of schooling which is tantamount to incomplete lower secondary level of education.

- Earnings: earnings by level of education corresponding to each component youth profiles were estimated using ENSETE 2013. For Sub-component 2.c (basic entrepreneurship and self-employment support), the duration of benefits are assumed to be three months while the duration of the benefits could vary by type of participants and benefits type which is yet to determined.
- Discount rate: the assumed discount rate of 3.5 percent is based on the recent prime lending rate from IMF cited from BCEAO. It is important to note that the prime lending rate is much lower than that of other regional countries which usually tends to be above 10 percent.
- Inflation adjustment: 2.6 percent inflation rate has been used to adjust for earning change overtime (source IMF)
- Years in the labor market: assuming the retirement age of 60, participants of the project remain in the labor market for up to 35 years following the training. This is assumed to be the lower bound as some of the beneficiaries could join at early on and stay in the labor market for longer than 30 years.
- Returns to education: since the returns to education is estimated for the whole spectrum of education years and for anyone who able to report their earning, the rate employed in the base scenario (7.3 percent) is actually a lower bound, conservative estimate. Note that the rate of return for wage employment only is 11.4 percent and this will be considered for sensitivity analysis to capture the benefits of the project from the upper bound.
- Opportunity cost: This project involves no forgone opportunity costs for the program participants as stipend are offered for those who participate in training and the rest are paid more at least minimum wage for participation in the labor market.
- Exchange rate: average annual exchange rate of FCFA 500 per US\$1 used for local currency conversion to dollar following conversation rate used by the project though IMF source shows a weaker current FCFA.

13. Table 1 presents the cost-benefit analysis result for the base scenario. Both internal rates of return and net present value of costs and benefits for both quantifiable components and combined estimate for the total project show that the project is economically viable. It is important to note that the total project discounted costs include the costs for the unquantifiable component 3 while the benefits only include benefits from Components 1 and 2. The present discounted value of benefits for the overall project is estimated to be US\$53.04 million while the present discounted value of costs is estimated to be US\$44.40 million including other unquantifiable portions as mentioned above. The corresponding net present value (NPV) of program benefits is US\$8.64 million (combined net benefits from quantifiable Component, 1 and 3 is US\$13.16 million). The IRR associated with this NPV is 4.7 (1.2 percent above the prime lending rate i.e. discount rate as defined above). Overall, for every US\$1 invested the return is US\$1.20. Therefore, although the data necessary to measure all likelihood benefits are not available and given the opportunity cost for project participants, the NPV from the quantifiable benefits are more than the NPV of costs, and the results support investment in the project.

Table 1: Net Present Value (NPV) and Internal Rate of Return (IRR) in Base Scenario

	Component 1	Component 2	Total project
IRR	5.3%	5.5%	4.7%
Discounted cost (present value of costs)	\$13.39	\$26.49	\$44.40
Present value of incremental benefits	\$17.32	\$35.72	\$53.04
NPV	\$3.93	\$9.23	\$8.64
Benefit/cost ratio	1.3	1.3	1.2

Source: Author's estimation based on ENSETÉ 2013 and project costs

14. For the non-tangible benefits of the investment portion, in addition to the usual difficulties of capturing benefits of education due to associated externalities, this component purely targets institutional support, which makes it unquantifiable for the standard cost-benefit analysis (including calculation of a net present value and internal rate of return). In particular, as described in the main section of the project paper, Component 3 aims to increase efficiency of employment policy and interventions as well as expand dissemination and communication of project activities. Therefore, although the benefit of the component is not quantifiable in monetary terms it is expected to have tangible value-added for the sustainability of the current project as well as benefit similar plans.

Sensitivity Analysis

15. The project's success entirely depends on several factors including its ability to prepare unemployed youth and increase their chances of employability. The sensitivity analysis provides a robustness check by relaxing key assumptions to better understand the main factors underlying the project's success. Two alternative sets of assumptions are defined; one for the higher scenario under which the project would achieve a higher boundary of success and one for the lower scenario that sets the lower bound conditions where the project would be a failure if unable to achieve the such conditions. The sensitivity analysis focuses on four main key assumptions: (i) employability, (ii) probability of completion of the project training components, (iii) returns to education, and (iv) discount rate. We report below the lower and higher case scenarios that set the minimum conditions under which the project is viable and the maximum that can be achieved from the project and provide details on the specific assumptions.

16. **Higher scenario:** Under this scenario, we employ a higher rate of return to education (11.4 percent) which corresponds to the rate of return for those in wage employment according to the ENSETÉ 2013 data. The discount rate was maintained at 3.5 percent and the probability of employment was unchanged from the base scenario since the current levels are already favorable. The program completion was assumed to reach project target of 80 percent. Under these conditions, the present value of the incremental benefits (for the quantifiable components) increases by over 50 percent. This yields an IRR of 9.0 percent for the total project and implies a return of 1.9 dollars for every dollar invested (Table 2). The NPV under these conditions reach US\$39.3 million dollars, more than three times the NPV under the baseline conditions (Table 2).

**Table 2: Net Present Value (NPV) and Internal Rate of Return (IRR)
in the Higher Scenario**

	Component 1	Component 2	
IRR	10.4%	9.7%	9.0%
Discounted cost (present value of costs)	\$13.39	\$26.49	\$44.40
Present value of incremental benefits	\$27.91	\$55.79	\$83.70
NPV	\$14.52	\$29.29	\$39.30
Benefit/cost ratio	2.1	2.1	1.9

Source: Author's estimation based on ENSET 2013 and project costs

17. **Lower scenario:** Under this scenario, the probability of completion rate is assumed to be 75 percent, assuming that the project underperforms on its target of 80 percent. Unemployment rate is assumed to be 5 percent higher than in the base scenario, ranging between 14 percent and 22 percent according to the level of education. In addition, discount rate was 5 percent. The rate of return was unchanged from the baseline scenario since, as explained earlier, it is already a conservative lower bound. Under these conditions the total project IRR is only slightly higher than the discount rate and the benefit cost ratio is close to a breakeven point. The NPV for quantifiable components (1 and 2) is close to 0 while the total project NPV is negative, at – US\$5.8 million due to the cost associated with Component 3 which is not quantifiable (Table 3).

**Table 3: Net Present Value (NPV) and Internal Rate of Return (IRR)
in the Lower Scenario**

	Component 1	Component 2	
IRR	6.3%	5.6%	5.2%
Discounted cost (present value of costs)	\$12.79	\$25.35	\$42.46
Present value of incremental benefits	\$13.26	\$24.03	\$37.29
NPV	\$.47	-\$1.32	-\$5.18
Benefit/cost ratio	1.0	0.9	0.9

Source: Author's estimation based on ENSET 2013 and project costs

Sustainability Analysis

18. The macroeconomic environment in Côte d'Ivoire remains strong. For example, the document shows that during the first half of 2014, in the primary sector, agricultural exports recorded a strong performance driven by all product sectors including cocoa (5.4 percent); cottonseed (17.7 percent), cashews (28.2 percent), pineapple (20.1 percent) and bananas (18.1 percent). Inflation remains moderate, below the convergence criteria of the West African Economic and Monetary Union (WAEMU) of 3 percent. Overall, the country displays good prospects in terms of its debt financial management system. In addition the Government places a strong emphasis on the education sector with more than 50 percent of social sector expenditure allotted to education. Expenditures in the education sector and educational outcomes have increased. The performance of the labor market is also improving. For example, formal employment has been improving with most of the gains of the private sector engagement. In terms of the viability of the current project, there is no additional cost added to public

expenditure. In other words, the project provides direct services with funds from the project during the project lifecycle without incurring additions to payroll and other operating expenses. However, the project adds costs at the loan repayment stage but this is expected to be negligible given the economic potential of the country and its long-term economic prospects. The country also has high potential to increase investment in human capital for competitiveness and economic growth in order to transition from the post-conflict challenges. The Project supports this transition through a combination of longer term focused reforms and temporary employment opportunities and therefore, there is limited concern as to the sustainability of the Project.

Annex 5. Support to Data and Evidence through Côte d'Ivoire Emergency Youth Employment and Skills Development Project – Additional Financing

1. **The Emergency Youth Employment and Skills Development Project supported comprehensive efforts to improve employment data and produce rigorous evidence on the effectiveness of youth employment interventions.** These efforts included: (1) support to national employment surveys; (2) traditional M&E and tracking surveys; and (3) IEs to learn about the effectiveness of selected youth employment interventions.
2. **The Emergency Youth Employment and Skills Development Project supported the 2012 and 2013 national surveys.** Prior to these surveys, the latest employment data was from 2008. The two national employment surveys contributed to improve statistics on employment in Côte d'Ivoire, and led to a better understanding of the current employment situation in-country. This includes a stronger focus on supporting employment in rural areas and non-agricultural self-employment, beyond the traditional focus on the relatively small group of unemployed individuals or creation of formal wage jobs. The updated employment statistics are reflected in the context section of the additional financing paper, and contribute to the rationale of the choice of activities selected for additional financing.
3. **The Project commissioned beneficiary surveys tracking beneficiaries upon their exit from the program.**³⁴ The beneficiary survey provides information on implementation quality. 95% of beneficiaries are satisfied with the selection process and its transparency. The satisfaction rate is particularly high for the public works, internship and apprenticeship components, although lower among those who entered the program through an entrepreneurship competition (76 percent). Beneficiary satisfaction is also high with respect to project implementation across the various components, particularly for LIPWs. Some weaknesses of implementation are identified with delivery of work tools to apprentices, certifications and evaluation of interns, and follow-up visits to beneficiaries across components.
4. **The tracer survey also provides descriptive statistics on post-program employment.** 70 percent of project participants report that the program improved their employment status: 81 percent for the internship component, 59 percent for the public works component and 50 percent for the professional training component. The tracer survey compares employment status before and after the program, although these results should be interpreted with caution (see next paragraphs on impact evaluation).
 - Employment among interns went from 29 percent prior to the program to 60 percent after the program, while inactivity decreased from 27 percent to 9 percent. Half of employed individuals reported remaining in the firm where they did their internship.
 - Employment among public works beneficiaries went from 59 percent before the program to 70 percent after the program. The majority of employment gains are in self-employment. Indeed, 78 percent of beneficiaries reported saving during the program, with relative large monthly savings between FCFA 10,000 and 30,000 on average.
 - Professional training had less of an effect on employment, with inactivity rates remaining stable (42 percent before and 39 percent after the program), although fewer beneficiaries

³⁴ PEJEDEC, 2014, *Enquête de satisfaction et de suivi des bénéficiaires du Projet Emploi Jeune et Développement des compétences*, Mimeo.

are self-employed (22 percent before the program and 4 percent after the program) and more are occasional wage worker (18 percent before the program to 28 percent after the program) or interns (5 percent before the program and 20 percent after).

- Changes related to the entrepreneurship component are harder to measure. More than one-half (52 percent) of participants already had a business before starting and most looked for additional financing. Most common benefits reported by participants including business and management skills (50 percent), a broader customer base (48 percent) or higher revenues (29 percent).

5. **The Project has invested in a series of IEs to provide rigorous evidence on the effectiveness of core activities in the sub-components related to labor-intensive public works, apprenticeship and support to basic self-employment.** The IEs go beyond the tracer study by estimating counterfactual employment outcomes without the program, as well as impacts over a longer time frame. Three core IEs activities are underway and at different stages. The proposed AF will support regular reviews to ensure IE results are taken into account as they become available. Furthermore additional impact evaluations likely with a focus on the apprenticeship scale-up and potentially the internship/reskilling sub-component may be initiated.

- (i) **A first IE will test the effectiveness of LIPWs in improving participants' employment, earnings, welfare and risky behaviors in the short-term while they participate in the public works.** A baseline and a midline survey were collected, and impact evaluation analysis will be completed by the end of FY15. Preliminary results suggest that, in line with the results of the 2013 national employment survey, most beneficiaries (80 percent) are engaged in some type of informal work, and thus participation in the public works does not strongly reduce unemployment or increase overall employment. However, the public works provide better jobs than those typically available to youth, inducing large shifts away from self-employment and towards wage employment in the short-term. As such, the program leads to large earning gains. It also provides a platform for youth to save and invest in more productive and sustainable activities at the end of their LIPW employment.
- (ii) **A second IE will test which complementary training delivered to public works beneficiaries is most effective in improving their employment prospects upon exiting the program.** In addition to participating in the LIPWs, youth received either: (i) basic entrepreneurship training to facilitate set-up of new household enterprises and entry into self-employment; or (ii) training in job search skills and sensitization on wage employment opportunities to facilitate access to wage jobs. The IE includes an end line survey among youth one year after their exit from the program. The evidence from the IE will provide information as to how best to build linkages between temporary employment and safety nets programs and longer-term employment transitions for vulnerable and low-skilled youth. Results on the impact of the public works on employment in the medium-term are expected to be available by December 2015.
- (iii) **A third IE will focus on the impact of providing formal apprenticeships in firms that receive apprenticeship, as well as on skills acquisition, employment and**

earnings of youth. Specifically, the study assesses whether the provision of public apprenticeships has an indirect effect on the provision of private apprenticeships by firms. It also aims to assess the effectiveness of providing a formal apprenticeship (including dual theoretical and practical training) on skills acquisition and employment outcomes of young participants. Overall, the evidence from the IE will inform the design of the national apprenticeship system. Results from this study are expected to be available by June 2016.