

## PROJECT INFORMATION DOCUMENT (PID) CONCEPT STAGE

Report No.: PIDC2936

<b>Project Name</b>	Gabon Skills Development Project (P146152)
<b>Region</b>	AFRICA
<b>Country</b>	Gabon
<b>Sector(s)</b>	Vocational training (100%)
<b>Theme(s)</b>	Education for all (100%)
<b>Lending Instrument</b>	Investment Project Financing
<b>Project ID</b>	P146152
<b>Borrower(s)</b>	Gabon Skills Development Project
<b>Implementing Agency</b>	Gabon Skills Development Project
<b>Environmental Category</b>	B-Partial Assessment
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<b>Concept Review Decision</b>	Track II - The review did authorize the preparation to continue

### I. Introduction and Context

#### Country Context

1. Gabon is one of the few African countries with middle-income status. The country is resource rich, and is the locus of extraordinary biodiversity. Gabon is well-endowed with arable land, forests, and mineral resources – including rich deposits of manganese and iron ore. Over the past 40 years, oil production has transformed the country’s economy, and in 2013 gross domestic product (GDP) per capita was estimated at US\$11,571. In 2014, Gabon had an estimated population of 1.6 million, more than 80 percent of whom lived in urban areas, predominantly concentrated in the cities of Libreville (the capital), Port-Gentil (the economic capital), and Franceville (located in an important mining region). The demographic profile of Gabon is relatively young, with approximately half of the population under the age of 19.

2. GDP growth continues to be strong. Annual GDP growth was estimated at 5.1 percent in 2014. This figure was lower than the seven percent rate of growth projected in the national budget due to a year on year decline in the production of oil (-4.4 percent) and manganese (-2 percent).

Non-oil related GDP growth remained positive, and is estimated at 6.2 percent. Following the introduction of measures to control the prices of basic goods, inflation is expected to remain at an estimated 2.3 percent. Strong economic performance in the non-oil sector (mining, timber processing and construction) has resulted in an increase in the extension of credit to the economy (increasing 18.8 percent between December 2013 and December 2014) with positive implications for growth.

3. Despite declining oil production and attempts to diversify the economy, Gabon continues to remain dependent on natural resource extraction. The country is sub-Saharan Africa's (SSAs) fifth-largest oil producer and the world's second-largest exporter of manganese. The oil sector accounts for 80 percent of Gabon's exports, 45 percent of GDP, and 60 percent of the country's fiscal revenues.

4. Gabon's human development outcomes fall short of countries with similar levels of per capita income, and the level of income inequality in the country is high. Half of the share of national income accrues to the richest quintile of the population, and a third of citizens live in poverty. Gabon ranked 112th of 187 countries in the 2014 United Nations Development Program (UNDP) Human Development Index (HDI), well below countries with comparative per capita GDP. The most recent national household survey (2005), undertaken with support from the World Bank, demonstrated an increase – from 25 percent in 1997 to 33 percent in 2005 – in the proportion of Gabon's population living below the poverty line. A new poverty survey is being prepared and will go into the field in 2015/2016, with technical assistance (TA) from the World Bank.

5. Poverty rates remain high, and social outcomes are low. Despite its relative wealth, Gabon did not meet a number of Millennium Development Goals (MDGs) by the expected 2015 date. According to the latest data (2012) Gabon has made significant progress in expanding access to primary education with net enrollment increasing from 88 percent in 1990 to 96.4 in 2012.. However, challenges persist including: the poor quality of education provision; an escalating shortage of suitably qualified teachers; and limited classroom infrastructure. Moreover, basic social services, such as the provision of water and electricity, remain inaccessible to the majority of the population, particularly in rural areas. The GoG is preparing a new strategy for the Sustainable Development Goals (SDGs).

6. Widespread informal economic activity and a poorly skilled workforce undermine the potential for productive jobs to serve as a pathway out of poverty. A large proportion of economic activity in Gabon is concentrated in the informal sector, and growth in the formal sector is stunted due to the inability of employers to recruit workers with appropriate skills. While the economy grew, on average, 4.5 percent annually over the course of the last four decades, growth failed to impact a stubbornly high unemployment rate, which reached 20.4 percent in 2010. Unemployment disproportionately affects youth and women. The dominance of the capital-intensive oil industry explains, in part, weak employment creation. However, evidence suggests that a mismatch between the skills provided by the education system, and those required by the economy, is a critical factor undermining employment creation. Further constraints to job creation include rigid labor and social legislation which, in practice, protects employed workers while discouraging the recruitment of new employees. A holistic strategy to accelerate inclusive and job creating economic growth will need to address these and other regulatory constraints to labor mobility and resolve the skills mismatch perpetuated by the education system.

## Sectoral and Institutional Context

### Sector Context

7. Gabon has a young population, 50 percent of which is under the age of 19. Many of the country's youth are unemployed or underemployed. According to the National Survey of Employment and Unemployment (Enquête nationale sur l'emploi et le chômage, ENEC), unemployment was estimated at 20.4 percent in 2010. Using an expanded definition of unemployment which takes into account discouraged workers, the unemployment rate was 27.6 percent. The unemployment rate increased from 16.3 percent to 20.4 percent between 2005 and 2010, and is higher in urban areas (21 percent) than in rural areas (19 percent). Unemployment is particularly high among young people, with an estimated unemployment rate of 35.7 percent among those aged 15 to 24, 25 percent unemployment for those aged 25 to 34, and 17 percent for those aged 34 to 44.

8. The mismatch between training provided and skills sought by firms is an important driver of the high unemployment rate. According to the National Office for Employment (Office National de l'Emploi, ONE) more than one-half of job offers sought applicants with technical skills while 64 percent of applicants surveyed did not possess any relevant vocational training. Due to a shortage of skilled workers in the country's domestic labor force, Gabon must regularly import workers particularly in the skills-intensive growth sectors of mining, oil, and information and communications technology (ICT). If the status quo is allowed to persist, there is a risk that other emerging sectors, such as the "green" economy, will be similarly forced to rely on foreign workers.

9. Despite improved enrollment in basic education, with increased access among girls, the quality of basic education remains low with negative implications for skills development. As described above, Gabon has made significant strides towards universal enrollment, achieving a basic education net enrollment rate of 96.4 percent in 2012 and a national literacy rate of 88 percent in 2010. However, the continued overcrowding of primary schools, high secondary school dropout rates (particularly among girls who constitute a large numbers of "school-leavers") and the poor working conditions of teachers continue to undermine educational achievement. The overall quality of the education system does not meet the needs of the labor market, leading to a structural labor shortage particularly in sectors requiring technical specialization. Gabon's technical and vocational education and training (TVET) system is characterized by: (i) high repetition rates and high dropout rates; (ii) capacity constraints that may potentially limit access moving forward; and (iii) problems associated with insufficient and inefficient budgetary allocations.

10. The TVET sector in Gabon is comprised of both technical and vocational education, each focusing on providing a different level of skills. Vocational education targets workers and technicians with lower levels of skills, while technical education provides more advanced technical training, and is intended to serve as a pathway towards further technical education and potential enrollment in advanced degrees. Vocational training is provided through 9 public vocational training centers while technical education (in which 7,000 students are enrolled) is provided through 12 public institutions for technical education (11 technical institutions and one national business school). In addition to public TVET institutions, private training institutions and centers run by private firms provide training for youth and on-the-job training for workers; however the capacity and outcomes of these programs has not been accurately measured.

11. Gabon's TVET institutions offer many types of training across a range of sectors rather than taking a sector-specific approach by institution. Currently TVET institutions deliver 43 secondary programs and 17 programs focused on tertiary sector activities. The secondary sector caters predominantly to: mechanical vehicle training (6 centers); carpentry and cabinetmaking (5 centers); industrial electricity (5 centers); and electrical and building training (4 centers). In the tertiary sector, secretarial and accounting training is the most commonly offered course of study, and is offered in 4 centers. The Basile Ondimba Professional Training and Development Center provides the most courses of study, with a total of 23 distinct programs.

12. Currently, the TVET sub-sector faces a number of challenges:

13. Enrollment in TVET institutions is limited. Of the total number of youth enrolled in post-primary education, only eight percent are enrolled in TVET institutions. This compares unfavorably with other emerging economies where TVET enrollment rates often reach 30 to 40 percent. At the same time, the most recent data for female enrollment in TVET (2013) indicate that, of the total number of students enrolled in TVET education, females students make up approximately 37 percent of the student body in technical education and 51 percent in vocational training.

14. Technical education has sufficient capacity and accounts for 37 percent of student enrollments in the TVET sector, while vocational education is inhibited by capacity and spatial considerations. The majority of institutions are concentrated in urban areas and regional administrative centers. Each year, over 5,000 aspirant applicants apply to vocational training centers but only approximately 1700 are admitted.

15. TVET programs are not adequately linked to growth sectors in the economy and the content of training remains overly theoretical. The returns to, and performance of, the TVET system are low. It is estimated that more than 80 percent of TVET graduates from TVET are not hired in the sectors for which they have been trained, and only one in three graduates finds a job within three years of graduation. Three key factors underlying poor returns to TVET education are: (i) programs offered do not provide skills needed by the labor market in key growth sectors (forestry, wood-processing, mining, tourism, ICT, and food processing); (ii) public institutions are poorly equipped; and (iii) poorly trained staff and outdated curricula undermine the quality of training delivered to students. Current curricula place too heavy an emphasis on theoretical knowledge with limited opportunity for practical application of newly acquired knowledge and skills.

16. The private sector is not involved in the management of TVET institutions, and links between training institutions, skills development programs and industries remain weak. In Gabon, representatives of the private sector have not been involved in the development of TVET training programs and have not been adequately consulted on: the relevance of current training programs; the impact and relevance of training on skills development; shifts in the demand for skills of technical workers; and the development of educational priorities for TVET institutions. A consequence of this, and the poor returns to TVET education, has been a refusal by many private sector enterprises to pay the GoG's vocational training tax (Taxe d'Apprentissage) outlined in the Labor Code (Code du Travail).

17. Training centers operate without autonomy. Currently Gabon's TVET centers are controlled directly by the Ministry of Vocational Training and Youth Integration (Ministère de la formation professionnelle et de l'insertion de les jeunes, MFPIJ), which retains the power to, inter alia,

recruit and post staff in training centers. TVET centers do not operate as distinct legal entities, and they do not have a Board of Directors (or similar entity) to facilitate private sector participation. Public resources are rigidly allocated, inhibiting the ability of centers to recruit competent trainers and to purchase the goods and services they require for quality service delivery. Budgets are primarily allocated on the basis of previous allocations and do not take into account the objectives and performance of training institutions. Moreover, the provision of public resources generally does not provide necessary incentives to foster innovation and improve performance.

18. The rate of unemployment is significant across all levels of education: 24 percent of those leaving general secondary education and 27 percent of those leaving technical secondary education are unemployed. Twelve percent of those with higher education are unemployed, and one third of those with a diploma in TVET do not find a job.

19. In recognition of these systemic failures the GoG has developed a new legislative and regulatory framework to more effectively define the role of TVET in the wider education system and introduce a new Public Private Partnership (PPP) model for TVET delivery. The legislative and regulatory framework is guided by Act 21-2011, the Law of General Orientation for Education, Vocational Training and Research (Loi portant orientation generale de l'education, de la formation, et de la recherche), which defines the role of technical education, training and research, and outlines the basic principles, mission and academic organization of the education sector more generally. While the law is yet to be fully implemented, due to a lack of technical capacity, it is intended to enable a number of interventions to make TVET training more effective. The law, informed by international experience which shows that representation of the private sector on the boards of TVET institutions can play an important role in ensuring more effective management of centers, introduces PPPs as an innovative tool for empowering training institutions to more effectively respond to the shifting needs of the market. In January 2014 a new division of roles and responsibilities became effective in the TVET system: technical education is under the responsibility of the Ministry of Education (Ministere de l'Education Nationale et de l'enseignement technique, MENET) and vocational education is now administered by the MFPIJ.

20. The proposed Skills Development Project (P146152) aims improve the effectiveness of vocational training, skills development and entrepreneurship programs in key growth sectors in Gabon. In addition to improving the vocational training system, Gabon will need to expand the availability of short-term informal training opportunities to improve the employability and skills of unemployed youth who have graduated and those who have not completed a full cycle of education. The project aims to support interventions for both groups.

#### Institutional Context and Government Strategy

21. The Strategic Plan for an Emerging Gabon (Plan Stratégique Gabon Emergent, PSGE) was adopted by the GoG in 2009. The PSGE is the country's medium-term strategy (for the period from 2012 through 2025) for promoting Gabon's economic development. The plan has the following three pillars: (i) Gabon Industrial (Gabon Industriel) which aims to position Gabon as an industrial center that uses clean energy and is driven by strategic raw materials including, but not limited to, manganese, iron, gas, and a regional wood processing industry; (ii) Green Gabon (Gabon Vert) which aims to position the country as a pioneer in the green economy through sustainable management of the country's rich biodiversity and the development of ecotourism; and (iii) Service-Oriented Gabon (Gabon des Services) which aims to develop Gabon as a center of excellence in higher education and to develop the country's capacity in the research, business, tourism, health,

media, and ICT sectors. To implement this broad agenda, the GoG has dedicated itself to increasing public investment, and the share of resources in the national budget dedicated to achieving this is expected to increase from 14 in 2010 to 40 percent by 2016.

22. The PSGE identified priority sectors with growth potential to generate employment; specifically construction and public works, wood-processing, the mining and petroleum industries, tourism, the “green” economy, and ICT. As a consequence, the share of the investment budget accruing to infrastructure development (public works, energy and transport projects) will increase from 51 to 67 percent between 2009 and 2013. Further, in 2012, the GoG announced a US\$13 billion infrastructure development plan, to be implemented between 2013 and 2016 to promote the socio-economic development of the country’s interior and diversify the national economy, however, implementation progress is unclear.

23. In support of the PSGE, the GoG approved a series of reforms in the educational and research sectors in 2010. These reforms are intended to support the following outcomes: (i) the development of a system that encourages lifelong learning, and the establishment of bridges between the general education and TVET systems; (ii) the promotion of PPPs in the educational, training and research sectors; (iii) the creation of a National Council for Education, Training and Research (Conseil national de l’Éducation, de la Formation et de la Recherche, CNEFOR) to assess and monitor the design of training courses and the implementation of infrastructure and equipment projects; and (iv) the reinforcement of the autonomy of training centers and the creation of incentives for results orientated service delivery. These reforms, however, have not yet been implemented.

24. Several development partners (DPs) are supporting skills development and employment projects in Gabon, for the most part, focusing on improving the capacity of the system and curriculum development. The proposed project is complementary to existing and planned DP-supported interventions in that it is the first to introduce reforms intended to support new governance structures. The proposed project is unique in that it will introduce greater competition between supported TVET institutions and will focus significantly on capacity-building in priority sectors. The current preparation of a National Project for Youth Employment (Projet National d’Emploi des Jeunes, PRONEJ), to be financed by the GoG and the UNDP (in an amount of US\$25 million), will target youth aged 16 to 35, will focus on skills development, access to decent jobs, participation in labor-intensive public works, and the strengthening of the technical and operational capacity of agencies tasked with promoting youth employment. Recent DP-supported projects include interventions under the European Union’s (EU) 10th European Development Fund (EDF) for 2008-2013, which aimed to: improve governance in the education sector; improve the quality of primary school teaching through better training; upgrade TVET facilities, and raise the profile of TVET institutions. The EU has implemented two additional projects relating to TVET: the Professional Training and Placement Support Project (Appui à la Formation et l’Insertion Professionnelle, AFIP) which built on the Professional Training Support Pilot Project (Appui à la Formation Professionnelle, AFOP) implemented between 2007-2011. The African Development Bank (AfDB) is funding The Support to Improvement of Higher Education and Vocational Training Public Services Project.

25. Gabon and the World Bank have recently renewed their relationship and dialogue. While Gabon has been a member of the World Bank since 1963, the World Bank’s cumulative development envelope for Gabon over the past 50 years totaled just US\$267 million. The current

Country Partnership Strategy (CPS), covering the period from 2012 to 2016, reflects an expanded agenda to support private sector, infrastructure and human development, as well as the promotion of good governance. This will be achieved through a combination of International Bank for Reconstruction and Development (IBRD) lending in the amount of US\$250 million, reimbursable advisory services (RAS), TA and analytical work.

### **Relationship to CAS**

26. Current Bank engagement in Gabon is modest. The education sector loan will be the first in the portfolio. The Bank is best placed to provide the requested technical and financial support because of its technical sector knowledge. Country specific sector knowledge is buttressed by the overall institution's international experience in supporting clients to develop and implement comprehensive sector improvement programs. Over the recent past, the World Bank has provided significant technical and catalytic support to the education sector for policy and strategy development and implementation in the form of technical analyses, cross-country learning, and supporting stakeholder consultations and consensus building. The Bank can therefore bring to bear comparative global knowledge, some of it from middle-income countries that sought to become globally competitive by strengthening their education and training systems.

27. The Country Partnership Strategy continues to provide support to the strategic pillars of the last Country Assistance Strategy (CAS), which means strengthening the management of public resources and helping the investment climate promote sustainable, private sector-led non-oil growth. The CPS aims at implementing a process of transformative change that will help the Gabonese government in delivering the foundations for medium-to-long term sustainable economic growth. In accordance with the new World Bank Africa region strategy, the CPS will back Gabon's Emergent Framework (PSGE) in two strategic areas: (i) to increase Gabon's competitiveness and employment, and (ii) to support vulnerability and resilience. Governance and gender equity are two transversal themes that will contribute to both areas. Six outcomes are expected: (i) to improve governance, transparency and accountability in the management of the national budget, debt and mining resources, (ii) to improve access to infrastructure services, (iii) to improve the investment climate and to develop the private sector, (iv) to improve vocational skills and capacity, (v) to promote a more transparent and sustainable management of natural resources, and (vi) to improve the knowledge of basic service delivery of health and social protection. The CPS will also in help in reducing poverty. Gabon's participation in the Comprehensive Africa Agriculture Development Program will address the agriculture sector, as the CPS does not directly target agriculture. The lending strategy is ambitious at around US \$250 million over the next four years.

## **II. Proposed Development Objective(s)**

### **Proposed Development Objective(s) (From PCN)**

23. The objective of the proposed project is to improve and expand technical and vocational training in key growth sectors and increase youth employability.

24. The main beneficiaries of the proposed project will be youth of 15-30 years of age, of which at least 30 percent will be female. The first component of the project will target young people enrolled in technical and vocational schools and aims at offering youth quality training programs in key growth sectors. These sectors offer new prospects for growth, have a strong potential for job creation and need skilled workforce. The second component will focus on young graduates and youth who left the education system with or with no professional qualifications in order to enhance

youth employability. The improvement of youth employability will be achieved through targeted programs aimed at enhancing their professional skills and facilitating their insertion in the labor market.

25. Concerning women participation, the project will set up all necessary steps to reach the minimum of 30% of female that will benefit from the project. In this regard, information campaigns, especially for women, will be developed and launched, in particular through women organizations, NGOs and civil society. The project suggests setting up information initiatives towards rural and remote communities in order to scale up female participation to the project, especially concerning delocalized training schemes in rural areas and entrepreneurship programs for women.

#### **Key Results (From PCN)**

26. The project will use several key performance indicators (KPI) to assess the progress toward the achievement of the PDO.

27. The Project Development Outcome indicators are the following:

##### Objective

To improve and expand technical and vocational training in key growth sectors and increase youth employability

##### Indicator

(All indicators will be disaggregated by gender)

- Direct project beneficiaries 15-30 years of age (number) of which female (%)
- Expansion will be measured by:
  - Number of youth enrolled in newly created technical and vocational schools; (% female)
  - Number of participants in skills development activities (apprenticeship, internship, entrepreneurship training); (% female)
- Employability will be measured by:
  - Number of youth completing skills development programs who are employed or self-employed; (% female)
  - Number of youth who are involved in training programs promoting economic insertion; (% female)
  - Number of business plans designed and successfully completed

The results framework will be described in more details in the Project Appraisal Document.

### **III. Preliminary Description**

#### **Concept Description**

28. Analytical Underpinnings of Project Design. The project design integrates best practices from relevant IDA projects in the region. These include youth employment and skills projects in Egypt, Yemen, Burkina Faso, Sierra Leone, Kenya, Rwanda and Liberia as well as private sector projects in post-conflict environments, such as South Sudan. It also incorporates lessons learned from on-going or recently closed IDA operations in Côte d'Ivoire, such as the Post-Conflict Assistance Project and the Young Entrepreneurs and Urban Job Creation Project, and in Senegal with the Tertiary Education Governance and Financing for Results Project. The project design also



draws lessons from other IBRD projects, such as the Education and Training Sector Improvement Program in Namibia and the forthcoming Africa Higher Education Centers of Excellence Project.

29. The project will consist of the following three components: (i) training provision extension in Technical and Vocational Training and skills development in key growth sectors, (ii) developing employability, improving the integration of young people into labor markets and promoting entrepreneurship in partnership with the private sector, and (iii) strengthening institutional capacity and project management.

## B. Project Design

Component 1: Training Provision Extension in Technical and Vocational Training and skills development in key growth sectors (approximately US\$65 million)

30. The component aims at helping the Government in expanding the provision of technical and professional education and professional training in key growth sectors that promote jobs creation. This objective can be achieved through the creation of new technical and vocational institutions, and possibly the extension or rehabilitation of existing ones. These institutions would address the needs of key growth sectors in accordance with the Government's Strategic Plan for an Emerging Gabon, the conclusions of the National Employment Forum of October 2013, the PSGE education sector plan and the Loi portant orientation générale de l'Éducation, de la Formation et de la Recherche adopted of 2011.

Sub-Component 1.1: Training Provision Extension and Skills Development in key growth sectors (US\$30 million)

31. The project aims at expanding training provision through the creation of two new technical and vocational institutions in the following two priority areas:

- Construction and public works: The creation of a sectoral training institution in the trades of building and public works and related trade groups such as masonry, coating, soldering, steel construction, reinforcement and shuttering, sanitary plumbing, topography and measurement, elevators construction and electricity.
- Information and communication technology-related activities: The creation of a sectoral training institution in the trade of digital technology and related to digital programming and development, project design and management, infrastructures and networks, industrial computing services...

32. The selection of the sites where these new schools are to be built would take into account an existing and sufficiently developed and dense economic environment, making it possible to promote partnerships with the private productive sector and develop dual training schemes.

33. These new schools would consist of both technical and vocational education and training. This approach would minimize operating costs as well as optimize the use of teaching space and equipment installed.

34. The direct beneficiaries would be youth of school age and who meet the required pre-

requisites. The scheduled facilities would accommodate 1500 youths in technical and professional education and vocational training. This number could reach 2250 if a work/training scheme (up to 50 percent) would be introduced in these schools. The employees working in firms in the specific sectors concerned could also receive ongoing training in these establishments. The expected capacity in these schools would be 300 employees following ongoing training courses per year.

35. The project would finance construction works and the equipment of two new establishments, that include class rooms, workshops, laboratories, a living environment (school canteens and boarding houses) and staff housing, as well as the equipment of the laboratories, technical platforms, living environment and the provision of curricula and learning materials.

36. The project would support teachers and trainers training in the various agreed disciplines as well as management personnel of these schools. The project would provide the technical assistance requested and necessary to support the proposed reforms aimed at implementing a training system, which is demand-driven, and focuses on the partnership with the private sector, work/training schemes and performance-based contracts. Trainers training would be carried out within the framework of conventions and partnerships with specialized structures at the international level.

37. The implementation of this sub-component will be entrusted to the Ministry in charge of Technical and Professional education and the Ministry in charge of Professional Training with the assistance of the Project Coordination Unit (PCU) that will be responsible for fiduciary management.

#### Sub-Component 1.2: General upgrading of existing Technical and Professional Education and Vocational training establishments (US\$35 million)

38. The diagnosis of Technical and Professional Education and Vocational Training schemes, that consist of 20 institutions, shows many weaknesses, concerning in particular obsolete and aging equipment, inadequate training programs and human resources responsible for training and shortcomings associated with the management of training establishments as it does not involve the private sector.

39. This sub-component aims at the restructuring and general upgrading of educational institutions and training structures. The project would support these schools in the following areas: equipment, trainers training, and curricula upgrading. The running of these new establishments would be based on the principles of autonomy, autonomous management of training institutions shared with the private sector and performance-based contracts. The public-private partnership (PPP) process initiated by the Gabonese authorities that involves the private sector would be necessary to implement these activities and would serve as the bedrock for the running of these new institutions.

40. This support will be made on a competitive basis open to all technical and vocational training institutions. For that purpose, operating and procedure manuals and development project preparation guides will be developed and made available to all the institutions. Training sessions will also be carried out. A public-private joint committee will be established in order to carry out evaluations of selected development projects and approve the projects that meet the required criteria. After this process has been finalized, contracts will be signed with the selected

establishments and the project will support the selected activities.

#### Component 2: Employability Development, Youth Integration and Entrepreneurship Promotion (approximately US\$20 million)

41. The objective of this component is to facilitate the integration of young people into the labor market, improve employability by providing youth with better skills levels and promote entrepreneurship in partnership with the private sector. The project would promote non-formal training programs and professional integration schemes for dropouts and out of school youth, improve school-to-work transition programs for young graduates and help develop entrepreneurship. The Insertion and Reinsertion Fund (Fonds d'Aide à l'Insertion et à la Réinsertion Professionnelle, FIR) was created in 1993. Its mission is to support the insertion and reinsertion of young people in the labor market. A new format of this mechanism will be adopted by the ONE and the FIR will undertake all the activities of this component.

42. This component would include the following activities: (i) dual apprenticeship schemes and delocalized training and insertion programs for dropouts and out of school youth for rural and agricultural professional activities, (ii) professional internships to facilitate labor market integration for young graduates and on-request training, and (iii) entrepreneurship development and support a new generation of micro-entrepreneurs.

##### Sub-component 2.1: Development of a training scheme through apprenticeship

43. Article 48 of the Loi portant orientation générale de l'Éducation, de la Formation et de la Recherche adopted in 2011 introduced apprenticeship training that could be taught by professionals and craftsmen in school workshops or in centers alternating practical training and theory. The apprenticeship scheme would enable the integration of more drop-outs and out of school youth, whose number is high in Gabon, into training programs adapted to their level of qualifications. This would combine theory, practice and a better knowledge of companies. It would constitute the only alternative for out of school youth to gain access to training programs. The apprenticeship scheme would target dropouts and out of school youth. Youth who are enrolled in first grade of primary school (Cours Primaire 1, CP1) do not complete the school year. 77 percent do not make it beyond the primary level and 92 percent beyond the secondary level.

44. This sub-component would consist of two activities: (i) dual apprenticeship schemes for urban jobs that would consist of complementary theoretical training (25 percent of the total period). Its length should be modulated and meet the profession's requirements (6 to 24 months), and (ii) apprenticeships-training-professional insertion organized in a fully immersive working environment in areas where training structures are non-existent, especially in rural and agricultural professional activities. The length of this scheme will be limited to a maximum of 12 months.

45. This sub-component would also help young people into the job market through the creation of micro-projects. Young apprentices would receive training courses on entrepreneurship during the apprenticeship period to prepare them to become micro-entrepreneurs and specific support through the provision of tool kits and to strengthen their interaction with microcredit institutions.

46. The development of dual apprenticeship-training-professional insertion would require to scale up the capacities of the ONE and adopt specific operating and procedure manuals. Besides, the

ONE should, in order to perform its activities, strengthen its territorial network, increase the number of employment counselors and better prepare them for their respective missions. The project would provide the technical assistance necessary to support the implementation of this scheme and support employment and apprenticeship counselors training.

47. This sub-component targets out of school youth aged between 16 and 35 years with a very limited level of instruction (primary education completed or incomplete). The project would support dual apprenticeship schemes in urban professional activities and training-professional insertion for a total of 3000 youth during the project. At least 30 percent of all participants will be female.

48. The project would provide to the participants subsistence and transportation stipends in an amount of 40 000 FCFA and accident at work insurance. The project would also finance the costs of complementary, mentoring and coaching training, tool kits for 3000 urban and rural apprentices, as well as the costs related to skills upgrading of apprentice instructors and equipment. The activities related to entrepreneurship development will be organized under sub-component 2.4, while the activities related to strengthening the institutional capacities of the ONE and organizing awareness and communication campaigns will be undertaken under sub-component 2.3. The project would also support the costs related to the prospection of apprenticeship offers, guidance and intermediation, work placement, follow-up and monitoring.

49. The ONE would implement this sub-component as the office already has appropriate experience in implementing similar programs. The ONE is a public structure in charge of implementing the FIR in partnership with the National Agency for Professional Training (Agence Nationale de la Formation et Perfectionnement Professionels, ANFPP) and other public or private training operators that deliver complementary training modules. Youth that will be placed in training-professional insertion in rural areas will receive specific mentoring from technicians recruited for this purpose.

50. The ONE would set up a central unit dedicated to the management of the program and designate a focal point in the deconcentrated agencies. The project would provide the technical assistance necessary to support the implementation of the program.

#### Sub-component 2.2: Employment adaptation program

51. Each year large numbers of young graduates from high education institutions and technical and vocational schools are on the labor market but fail to find a job. The main challenges that the education system faces is the disconnect between training programs and the labor market. The World Bank policy note on growth and employment of November 2012 stresses that more than 80 percent of graduates from technical and vocational education and training institutions are not hired in sectors they have been trained for, while only one in three young graduates find a job.

52. In 1993 Gabon created a fund to facilitate the insertion of young graduates and the professional reintegration of laid off employees into the labor market (Fonds d'Aide à l'Insertion et à la Réinsertion Professionnelle, FIR). This fund aims at financing training internships for young graduates and workers made redundant from public and private enterprises. The ONE helps young graduates to better integrate the labor market through three-month or six-month internships and provides scholarships equivalent to half the minimum salary to the beneficiaries. This scheme faces

huge challenges, due to limited budgetary resources, an ineffective targeting mechanism as well as the lack of follow-up and of efficient monitoring tools. The National Employment Forum of October 2013 suggested putting in place appropriate incentives for employers in order to facilitate the recruitment of youth after their internship period.

53. The project would support the implementation of this sub-component in placing 2500 youth in internships in enterprises and the following activities: (i) change the internship duration to a one-year period, (ii) youth must exclusively complete their internship placement in firms in the private sector, (iii) give preference to the internship placement of young graduates from technical and vocational education, (iv) support the ONE in better monitoring youth during and after their internship period and providing coordinated information, guidance, intermediation and counseling services for youth, and (v) putting in place appropriate incentives to facilitate the internship placement and recruitment of youth after their internship period. These incentives could include tax exemptions and deductions in respect of social charges. The on-request training scheme (tailor-made training courses) would meet the needs of small enterprises and sectors of activity for skilled labor through the organization of short-term training aimed at youth who are looking for jobs.

54. This sub-component would target 2500 youth up to the age of 30, who are graduates from higher education institutions and technical and vocational schools, of which at least 40 percent will be women. More than 5000 young graduates would receive guidance, intermediation and counseling services from the ONE. This sub-component would also target about 1000 unemployed youth aged between 16 and 30 years, of which at least 75 percent would be hired by the firms that are part of the program.

55. This sub-component would finance internship stipends in the amount of 40 000 FCFA for 2500 young graduates, accident at work insurance, medical examinations and the costs linked to the organization of on-request training activities. The project would provide the technical assistance necessary to support the conception and implementation of operational procedures for the on-request training scheme, awareness-raising activities and the implementation of the training program with the possibility to grant living stipends to the participants. The reinforcement of ONE operational capacities, technical assistance and impact evaluation assessment will be undertaken under component 3.

56. The ONE will undertake all the activities under this sub-component. A unit for the schemes management would be created within the ONE. The unit would receive the required technical assistance. The main characteristics of the implementation of procedures of these schemes will be detailed in Annex 2.

### Sub-component 2.3: Entrepreneurship Promotion

57. The other objective of this component is to foster entrepreneurial spirit among young people and to offer them support in the process of setting up businesses. This would enable the emergence of a new generation of micro-entrepreneurs. This scheme would target young people living in urban and rural areas, youths in or out of school, apprentices and young people having completed their apprenticeship as well as those with a diploma in high education or in technical and vocational education and training. It would include the following activities: (i) launching campaigns to promote entrepreneurship, (ii) organizing training and coaching sessions to support the preparation

of business plans adapted to the needs of the targeted population and supporting the interaction with financing institutions, (iii) training trainers on entrepreneurship, (iv) introducing training courses on entrepreneurship in training institutions, and (v) organizing business plan competitions.

Component 3: Institutional Capacity Support and Project Implementation (approximately US\$10 million)

Sub-component 3.1: Project Implementation and monitoring/evaluation

58. The project would support the effective implementation of the project by the Ministry of Economy and Prospective and the other enforcement agencies in setting up, under the responsibility of the minister's office, a project coordination unit (PCU) as well as a Steering Committee involving the private sector. The PCU main task consists of ensuring the coordination, monitoring and evaluation of the project as well as implementing the information and communication strategy. This sub-component would finance the staff involved in the project implementation. The PCU will include the following core staff: Project Coordinator; procurement specialist(s); FM specialists; internal auditor; M&E specialist; social and environmental specialist; IT specialist; consultants from different areas of expertise; and any additional administrative support as necessary. The project would also finance the acquisition of the equipment needed to the general implementation of the project. The project would provide technical assistance and finance impact evaluation assessment and monitoring-evaluation studies.

Sub-component 3.2: Institutional Capacity Support

59. This sub-component aims at strengthening the institutional capacities of the Ministry of Economy and Prospective, enforcement agencies and operational structures. It consists of two parts:

3.2.1: Employability Development, Youth Integration and Entrepreneurship Promotion

60. This part includes the following activities:

(i) Strengthen ONE operational capacities: improving territorial and target populations coverage through the reinforcement of existing agencies and support the ONE in its project to create new agencies. In this regard, the project would support staff training, equipment provision and technical assistance as deemed necessary. The project would support the ONE in the setting up of new mechanisms: elaborating operating and procedure manuals, staff training, technical assistance, communication campaign.

(ii) Support the General Direction of Human Resources (Direction Générale des Ressources Humaines), also called General Direction for Employment (Direction Générale de l'Emploi) in the following activities: designing, implementing and assessing public policies, implementing the recommendations of the National Employment Forum of October 2013, staff training and technical assistance.

(iii) Support the National Observatory on Employment and Training (Observatoire National de l'Emploi et de la Formation, ONEF) in the following activities: designing its organizational framework, developing a strategy and multi-annual operational plan of activities, implementing the identified activities, equipment provision, staff training.

### 3.2.2: Training Provision Extension in Technical and Vocational Training

61. The project would support the conduct of studies of feasibility, design, dimensioning and costing that would precede the creation of these new technical and vocational institutions. These studies would enable the project to identify the areas of training and specialties, qualification and skills levels, training flows and capacities, the needs for trainers and management personnel, the needs for technical and pedagogical training programs, the pedagogical organization of the centers, the physical organization of centers and facilities (class rooms, workshops, laboratories, documentation centers, administration, living environment with school canteens and boarding houses), equipment requirements, planning for the project implementation and investment costs (estimated costs for construction, equipment and elaboration of new training programs for trainers).

62. The project would also provide technical assistance for the conception of a new operating model for these centers, based on the principles of autonomy, autonomous management of these centers shared with the private sector, partnership and alternance. The project would also contribute to the training the management personnel of the central structures involved in the implementation of the activities as described in component 1 of the proposed project.

63. US\$5 million will be unallocated.

#### IV. Safeguard Policies that might apply

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

#### V. Financing (in USD Million)

Total Project Cost:	100.00	Total Bank Financing:	100.00
Financing Gap:	0.00		
<b>Financing Source</b>			<b>Amount</b>
Borrower			0.00
International Bank for Reconstruction and Development			100.00
Total			100.00

#### VI. Contact point

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