

PROJECT INFORMATION DOCUMENT (PID) IDENTIFICATION/CONCEPT STAGE

Report No.: PIDC88654

Project Name	Promoting the Inclusion of Conflict-Affected Iraqi Youth
Region	MIDDLE EAST AND NORTH AFRICA
Country	Iraq
Lending Instrument	IPF
Project ID	P161654
Borrower Name	Republic of Iraq
Implementing Agency	Ministry of Youth and Sports
Environment Category	B - Partial Assessment
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Initiation Note Review Decision	The review did authorize the preparation to continue

I. Introduction and Context

Country Context

1. Iraq is a fragile state in the midst of a serious confrontation with ISIS. The country is at a crossroads not just for the security of its people but also for the stability of the region. Iraq has been affected by conflict since the early 1980s, but conflict-related deaths have increased significantly since 2003, totaling 182,000 since that year and 2012. Conflict in Iraq has taken place simultaneously to protracted institutional transitions and political instability that weakened its institutional capacity and the state's ability to deliver on its social contract. As a result, the country is persistently ranked around or below the 10th percentile globally based on indicators of government effectiveness, rule of law, and control of corruption.

2. The current conflict situation in Iraq has created a humanitarian crisis, put pressure on fiscal spending, and plunged the non-oil economy into a deep recession. In mid-2014 ISIS managed to capture and control nearly one-third of Iraq's territory. In 2015 and 2016, the Iraqi Security Forces (ISF) made significant progress recapturing towns and cities under ISIS control, such as Tikrit, Ramadi, and Fallujah, among others. The loss of territory by ISIS has caused the group to intensify its attacks against civilians, with the intention of re-enforcing sectarian divisions. Currently, the ISF is conducting a military offensive to retake Mosul, Iraq's second largest city and the capital of the Nineveh governorate, and it is expected that as many as 1.2 million people could be affected by violence in this location.

3. Current violence in Iraq has created a humanitarian crisis. Over ten million people in Iraqi are currently estimated to be in critical need, including IDPs, refugees, and others affected by conflict. This is causing further strains on service delivery, increased expenditures on security (projected to increase by over US\$1.7 billion in 2016 according to the IMF Staff-Monitored Program, 2015). Moreover, the conflict has led to a 7 and 6.7 percent contraction of the non-oil economy in 2014

and 2015, respectively. ISIS-controlled areas have been particularly affected, as productive assets and infrastructure in these areas has been destroyed, trade routes have been cut or severely curtailed, and investor and consumer confidence has dwindled.

Sectoral and Institutional Context

4. Iraq's population is one of the youngest in the world. Nearly 50% of the country's population is less than 19 years old, and approximately a third is between 15 and 29 years. By 2040, Iraq's youth population is expected to reach 17.6 million (27.1% of the population). Iraq's youth population is high by regional and international standards. Sixty percent of its population is under age 25, compared to 54 percent in other Arab countries and 48 percent in developing countries. Youth unemployment is also high, and it is estimated by the World Bank to be 34.6%: 57.7% for females and 30.8% for males. Iraqi youth also have limited educational opportunities: illiteracy and semi-literacy among youth aged 15-29 is estimated at 33.4 percent.

5. Youth exclusion (lack of education, employment, trauma, discrimination, and neglect) coupled with mistrust of government authorities has fostered radicalization and facilitated recruitment for extremist groups. The National Youth Survey (2009) and Knowledge Network Survey (2011) found that only 56.9% of those surveyed felt optimistic about the future. Almost 50% said they have no trust in politics and just 40 % perceived the value of taking part in social and political life, pointing to the high level of youth alienation from civic life long before the current escalation of conflict.

6. Extremist groups offer marginalized youth a sense of identity and opportunities for upward socio-economic mobility. Most Iraqi youth who have joined violent groups or ISIS have few economic prospects and have not completed primary or secondary education. Young militants typically work in precarious labor conditions and earn no more than 25,000 Iraqi Dinars a month (around \$22), making it almost impossible to afford basic rent at 200,000 ID (around \$180). Instead, ISIS offers young combatants anywhere from \$400 to \$1200 per month, in addition to the authority youth gain within their communities. Youth joining extremist groups have circumvented traditional community hierarchies, and ascended into positions of relative power. Therefore, while youth have an economic incentive to join extremist groups, they also tend to find a sense of purpose and empowerment as members of these organizations.

7. There are currently an estimated 3.3 million internally displaced people (IDPs) and 288,035 refugees in Iraq. Youth represent a particularly high percentage among the forcibly displaced, with 49 percent of IDPs being under the age of 18, and more than 20 percent between the ages of 15 and 29. Youth are among the most vulnerable and marginalized IDPs, since most are denied access to education or employment. In fact, more than 2 million displaced children and children from host communities are out of school, partly due to the closure of 5,351 out of 23,139 schools during the 2015-2016 academic year. Competition over limited resources has increased tension between host communities and IDPs, making idle youth particularly more vulnerable to violence under conditions of deprivation and community conflict. A large number of these IDPs and refugees currently reside in Baghdad, Anbar, Dahuk, Ninewa, Erbil, and Kirkuk.

Relationship to CAS/CPS/CPF

8. The proposed project is consistent with the Performance and Learning Review for the period 2013-2016, which updated the CPS to reflect changed country circumstances and with a view to

countering violence, extremism, and instability. The proposed project is particularly aligned with the first objective of the PLR "delivering basic public services, especially in areas where the security threat has diminished, reducing poverty, and enhancing citizen's trust in government institutions." The project directly addresses this objective through activities that promote the social and economic integration of conflict-affected youth. The project supports social inclusion through youth-led community development activities that encourage interaction between groups coming from different social groups and between young people and their elders. In addition, the economic inclusion of young people is supported through activities to promote entrepreneurship. Entrepreneurship activities are expected not only to reduce poverty among young beneficiaries but also to make services and goods more accessible for populations where enterprises are set up. The project also supports youths' individual capacities to cope with conflict, helping to provide them with valuable life skills and skills to promote resilience to trauma. In addition, the proposed project's youth focus is consistent with the Iraq Strategic Country Diagnostic, currently under preparation, which highlights the need for more comprehensive youth policies to enhance stabilization and local development efforts.

9. The proposed project is also in line with Iraq's 2013-2017 National Development Plan (NDP). In particular, the project supports the NDP's objective of youth empowerment, developing values of citizenship and belonging, and achieving a real increase in youth employment. The proposed project will assist the Ministry of Youth and Sports (MoYS) in achieving its youth objectives by contributing to its existing project portfolio. Despite its large technical staff, including engineers and youth workers, the MoYS is only implementing one international funded project, a hygiene and water rationalization public education campaign supported by UNICEF. As part of this project, The MoYS has trained and mobilized youth volunteers across all provinces to help raise awareness on hygiene and water rationalization in schools, universities, and other public places. The MoYS has also organized a Youth Volunteer Center with over 8,000 youth members across Iraq, and organizes occasional events such as cleaning and tree planting campaigns. The proposed project will ensure project sustainability of youth-led community development initiatives by linking youth groups to the existing Youth Volunteer Center.

10. The Bank's involvement is critical given that no major donor is currently investing in peacebuilding activities tailored to conflict-affected youth in Baghdad, and there are very limited similar interventions in other parts of the country. UN agencies, international NGOs, and a number of countries have engaged in stabilization efforts that target IDPs and communities liberated from ISIS. In particular, the UNDP's Iraq Crisis Response and Resilience program and the Funding Facility for Stabilization support activities that build resilience, improve the delivery of local service, rebuild and rehabilitate basic infrastructure, and strengthen social cohesion in conflict-affected communities. International NGOs like Mercy Corps, Peace Winds Japan, and JEN have invested in livelihoods project that provide assistance to IDPs and refugees. These projects include hygiene/sanitation workshops, education support and schools rehabilitation, safe spaces for children and youth, and emergency support through cash assistance and emergency aid packages. The proposed project will complement international partners' activities by targeting communities in Baghdad without donor presence, and by piloting youth-led peacebuilding initiatives geared towards addressing radicalization and violent extremism.

11. The proposed project will complement Bank-financed operations by enhancing the peacebuilding contributions of the Emergency Operation for Development Project- P155732 (EODP). The EODP supports the reconstruction and rehabilitation of infrastructure and government

services at local level in areas recently recovered from ISIS' control. The proposed project builds on the EODPs stabilization efforts but takes a step further by reducing youth vulnerability to violence and recruitment. The proposed project will first target conflict-affected communities in Baghdad, particularly communities with a high concentration of IDP youth or violent extremist recruitment. The project will subsequently make efforts to include the targeted areas of the EODP, so as to maximize the impact of existing stabilization initiatives.

12. The proposed project, conceived as a second pilot to address the threat posed by ISIS to youth in conflict-affected communities, will build on the positive outcomes achieved by the first JSDF pilot, the Youth Livelihoods Development in Southern Iraq Project. The first pilot supported unemployed youth in homogenous Shia communities in Southern Iraq gain access to opportunities for positive engagement and sustainable livelihoods through (i) life and employability skills training, (ii) youth-led community sub-projects, (iii) workplace apprenticeship, and (iv) entrepreneurship activities. The life and employability training improved youth knowledge on key interpersonal and employability skills (such as team work, critical thinking, market literacy, and problem solving) by 37.6 percent, as measured by a youth livelihoods index (Outcome Evaluation Report, October 2015). Youth-led community developments activities offered youth an opportunity to apply their newly acquired skills, while making positive improvement to their communities. As a result, 81 percent of community members reported more positive perceptions of local youth than at the beginning of the project. In addition, work-place apprenticeships and micro-entrepreneurship support contributed to increased youth income and employment opportunities, with youth beneficiaries securing 4.1 hours of additional work per week. Micro-entrepreneurship activities were particularly successful, with 82 percent of youth beneficiaries still operating their enterprises one year after grant disbursements, and an average of 1.8 jobs created per enterprise. Work placement activities proved to be less sustainable, given limited commitment by employers to hire youth upon the completion of the program. Overall, the Outcome Evaluation Report also noted that the combination of project activities had a positive contribution towards violence reduction and stability at the community level.

13. The proposed second JSDF pilot will specifically test (a) soft skills training, (b) youth-led community development, and (c) micro-entrepreneurship activities from the first pilot. Work placement activities will be dropped given that employability initiatives proved to be less effective than micro-entrepreneurship to build sustainable sources of income. However, the proposed new JSDF pilot will test activities geared towards the prevention of youth radicalization and recruitment by violent extremist organizations. In particular, the proposed project will test the following new dimensions:

- (i) Diverse youth beneficiaries: they will comprise youth across the sectarian divide who have been directly affected by the post-2014 confrontation with ISIS. Specifically, at least 40 percent of beneficiaries will be IDP youth, and the project will target youth who are particularly vulnerable to recruitment by violent extremist organizations. In the previous pilot, only 1 percent of beneficiary youth were IDPs and 3 percent were returnees. The proposed new JSDF pilot will also extend the upper age limit to include youth aged 15-29 (first pilot covered youth aged 16-24), given the large number of youth within this age bracket affected by the conflict.
- (ii) Mixed communities: the proposed new JSDF pilot will cover communities across the sectarian divide Baghdad, and progressively include recovered areas in Tikrit and Diyala, subject to local security conditions. This will enable the testing of the effectiveness of peace-building

approaches in ISIS-affected communities. By contrast, the previous pilot covered mostly Shia communities in Basra, Missan, and Thiqr Governorates.

(iii) Peace-building approach: activities will include, to the extent possible, mixed groups of youth beneficiaries, so as to build trust and tolerance between youth from different sectarian backgrounds. Soft-skills activities will mainly focus on emotional coping skills and social-interpersonal skills that foster cooperation and reduce youth's vulnerability to violence. Psychosocial support will also be provided in daily sessions as needed. Youth-led community development activities will consist of longer grassroots engagements, so as to promote greater interaction between youth beneficiaries while working on common community objectives. In addition, the project will prioritize and encourage youth-led community sub-projects that generate a positive peace dividend. Sports and cultural activities will be encouraged as they foster cohesion, leadership, and positive youth identities. Lastly, micro-entrepreneurship activities will be improved through more structured business development training and personalized post-grant mentoring, which was not offered in the previous pilot.

14. The emergence of ISIS in mid-2014 and the subsequent formation of a more inclusive government have triggered a new sense of urgency and a relatively greater enabling environment for testing these new approaches. These would not have been possible under the first JSDF pilot.

II. Project Development Objective(s)

Proposed Development Objective(s)

15. The Project Development Objective is to promote the social and economic inclusion of at least 3,000 conflict-affected Iraqi youth (ages 15-29) through engagement in entrepreneurship and youth-led community development activities. This PDO is similar to that of the first JSDF pilot. However, this second JSDF pilot responds to changed country circumstances and tests peace-building approaches across diverse youth beneficiaries affected by radicalization and violent extremism in mixed communities.

Key Results

16. PDO indicators will include:

- i. # of beneficiaries. Target: 3000, of which at least 50% are young women
- ii. # of youth-led community development sub-projects completed. Target: 100
- iii. # of youth business enterprises supported. Target: 450
- iv. % increase in the income of young people supported by project entrepreneurship activities. Target 20%
- v. % of youth beneficiaries reporting that the project has contributed towards improved community cohesion and tolerance. Target: 70 percent.
- vi. # of beneficiaries who are IDPs. Target: 40 percent.

17. Baseline information will be collected at the beginning of the project. Results will be measured both quantitatively and qualitatively, with many of the "softer" aspects of project implementation being captured through focus group discussions and interviews with participants. Participant satisfaction with the project will be measured qualitatively, as will participant experiences working in groups with youth coming from different backgrounds, and their experiences trying to overcome challenges to entrepreneurship. This qualitative data can be used to refine the project during implementation, as well as to better design future initiatives.

III. Preliminary Description

Concept Description

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:	2.75	Total Bank Financing:	0
Financing Gap:	0		
Financing Source			Amount
Japan Social Development Fund			2.75

VI. Contact point

World Bank

Contact: Gloria La Cava
Title: Sr Social Scientist
Tel: 458-7646
Email: glacava@worldbank.org

Contact: Michelle P. Rebosio Calderon
Title: Senior Social Development Spec
Tel: 5367+2934 /
Email: mrebosio@worldbank.org

Borrower/Client/Recipient

Name: Republic of Iraq
Contact:
Title:
Tel:
Email:

Implementing Agencies

Name: Ministry of Youth and Sports
Contact: H.E. Abed Al-Hussein Abed Al Rida Abttan
Title: Minister
Tel: +9647727242800
Email: myouthsports@gmail.com

VII. For more information contact:

The World Bank
1818 H Street, NW
Washington, D.C. 20433
Telephone: (202) 473-1000
Web: <http://www.worldbank.org/projects>