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INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT *AND/OR*  
INTERNATIONAL DEVELOPMENT ASSOCIATION

PROJECT PAPER

ON A

PROPOSED GRANT

IN THE AMOUNT OF

US\$ 3.15 MILLION

TO THE

REPUBLIC OF IRAQ

FOR A

MOSUL - YOUTH INCLUSION THROUGH CULTURAL AND CREATIVE INDUSTRIES

October 25, 2022

Social Sustainability And Inclusion Global Practice  
Middle East And North Africa Region

## CURRENCY EQUIVALENTS

(Exchange Rate Effective {September 30, 2022})

Currency Unit = IQD

1,459.513 IQD = US\$1

### FISCAL YEAR

January 1 - December 31

Regional Vice President: Ferid Belhaj

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## ABBREVIATIONS AND ACRONYMS

ADM	Accountability and Decision Making
APA	Alternative Procurement Arrangements
BETF	Bank-Executed Trust Fund
BP	Bank Policy
CCI	Cultural and Creative Industries
CERC	Contingent Emergency Response Component
CHMP	Cultural and Heritage Management Plan
CPF	Country Partnership Framework
CSO	Central Statistical Organization
DA	Designated Account
DOYS	Directorate of Youth and Sports
DTM	Displacement Tracking Matrix
E&S	Environmental and Social
EOD	Emergency Operation for Development
ESCP	Environmental and Social Commitment Plan
ESF	Environmental and Social Framework
ESMF	Environmental and Social Management Framework
FI	Financial Intermediaries
FMC	Financial Management Consultant
FCV	Fragility, Conflict and Violence
GAC	Grant Approval Committee
GEMS	Geo-Enabling Monitoring and Supervision
GM	Grievance Mechanism
Gol	Government of Iraq
GPYE	Global Partnership for Youth Employment
GRS	Grievance Redress Service
HEIS	Hands-on Expanded Implementation Support
IBRD	International Bank for Reconstruction and Development
ICT	Information and Communications Technology
IDP	Internally Displaced People
IFC	International Finance Corporation, the private sector arm of the World Bank Group
IFR	Interim unaudited Financial Reports
ILO	The International Labor Organization
IOM	International Organization for Migration
ISIL	Islamic State of Iraq and the Levant
ISIS	Islamic State of Iraq and Syria
JSDF	Japan Social Development Fund
KRSO	Kurdistan Region Statistics Office
LFS	Labor Force Survey

LMP	Labor Management Procedures
M&E	Monitoring and Evaluation
MDTF	Multi-Donor Trust Fund
MFA	Ministry of the Foreign Affairs
MGF	Mashreq Gender Facility
MIS	Management Information System
MoMD	Ministry of Migration and Displacement
MoLSA	Ministry of Labor and Social Affairs
MoYS	Ministry of Youth and Sports
NEET	Youth not in education, employment or training
NGO	Non-Governmental Organization
NL	Netherlands
OCHA	United Nations Office for the Coordination of Humanitarian Affairs
OP	Operational Policy
PBC	Performance-Based Conditions
PDO	Project Development Objective
POM	Project Operations Manual
PMU	Project Management Unit
PSP	Payment Service Provider
R-DWEE	Regional Displaced Women's Economic Empowerment sub-component of the Mashreq Gender Facility
RDF	Reconstruction and Development Framework
SEA	Sexual Exploitation and Abuse
SEP	Stakeholders Engagement Plan
SH	Sexual Harassment
SOE	Statement of Expenditures
SOP	Series of Project
TA	Technical Assistance
ToR	Terms of Reference
UAE	United Arab Emirates
UNESCO	The United Nations Educational, Scientific and Cultural Organization
UNFPA	The United Nations Population Fund
UNICEF	The United Nations Children's Fund
URL	Uniform Resource Locators
USA	United States of America
US\$	United States Dollars
WA	Withdrawal Application
WBG	World Bank Group



**BASIC INFORMATION**

Is this a regionally tagged project? No		Country (ies)
Financing Instrument Investment Project Financing		Classification Small Grants
Approval Date 04-Nov-2022	Closing Date 30-Jun-2024	Environmental and Social Risk Classification Moderate
Approval Authority CDA	Bank/IFC Collaboration Yes	Joint Level Complementary or Interdependent project requiring active coordination
Please Explain		

**Proposed Development Objective(s)**

The Project Development Objective (PDO) is to increase access by the targeted youth to skills development opportunities, livelihoods and entrepreneurship support in the cultural and creative sectors, and foster community cultural development initiatives in Mosul.

**Components**

Component Name	Cost (USD Million)
Supporting youth skills development trainings for increased employability and entrepreneurship	720,000.00
Fostering youth engagement to revive the local culture and creative economy and community cohesiveness	1,910,000.00
Project Management	520,000.00

**Organizations**

Borrower : Republic of Iraq - Ministry of Finance

Implementing Agency : Ministry of Youth and Sports



**PROJECT FINANCING DATA (US\$, Millions)**

**SUMMARY**

<b>Total Project Cost</b>	3.15
<b>Total Financing</b>	3.15
<b>Financing Gap</b>	0.00

**DETAILS**

**Non-World Bank Group Financing**

Trust Funds	3.15
Trust Funds	3.15

**Expected Disbursements (in USD Million)**

Fiscal Year	2023	2024
<b>Annual</b>	0.13	0.25
<b>Cumulative</b>	0.13	0.38

**INSTITUTIONAL DATA**

**Financing & Implementation Modalities**

**Situations of Urgent Need of Assistance or Capacity Constraints**

Fragile State(s)     
  Fragile within a non-fragile Country     
  Small State(s)     
  Conflict     
  Responding to Natural or Man-made Disaster

**Other Situations**

Financial Intermediaries (FI)                                 
  Series of Projects (SOP)  
 Performance-Based Conditions (PBCs)                                 
  Contingent Emergency Response Component (CERC)  
 Alternative Procurement Arrangements (APA)                                 
  Hands-on Expanded Implementation Support (HEIS)



**Practice Area (Lead)**

Social Sustainability and Inclusion

**Contributing Practice Areas**

**OVERALL RISK RATING**

Risk Category	Rating
Overall	● Substantial

**COMPLIANCE**

**Policy**

Does the project depart from the CPF in content or in other significant respects?

Yes  No

Does the project require any waivers of Bank policies?

Yes  No



**Environmental and Social Standards Relevance Given its Context at the Time of Appraisal**

<b>E &amp; S Standards</b>	<b>Relevance</b>
Assessment and Management of Environmental and Social Risks and Impacts	Relevant
Stakeholder Engagement and Information Disclosure	Relevant
Labor and Working Conditions	Relevant
Resource Efficiency and Pollution Prevention and Management	Relevant
Community Health and Safety	Relevant
Land Acquisition, Restrictions on Land Use and Involuntary Resettlement	Not Currently Relevant
Biodiversity Conservation and Sustainable Management of Living Natural Resources	Not Currently Relevant
Indigenous Peoples/Sub-Saharan African Historically Underserved Traditional Local Communities	Not Currently Relevant
Cultural Heritage	Relevant
Financial Intermediaries	Not Currently Relevant

**Legal Covenants**

**Conditions**

**PROJECT TEAM**

**Bank Staff**

<b>Name</b>	<b>Role</b>	<b>Specialization</b>	<b>Unit</b>
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<b>Extended Team</b>			
Name	Title	Organization	Location

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IRAQ  
MOSUL - YOUTH INCLUSION THROUGH CULTURAL AND CREATIVE INDUSTRIES

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## I. STRATEGIC CONTEXT

### A. Country Context

1. **Iraq suffered immense damage in years of conflict and violence, resulting in major economic and social losses to the population.** In 2018, the national poverty headcount was estimated at 20 percent, nearly 7 percentage points higher compared to what it would have been in the absence of conflict. The destruction from the war was severe in urban centers across the full range of social, productive, infrastructure and cross cutting sectors of the economy. The economic and social downturn has been exacerbated by the acute double shocks resulting from the COVID-19 pandemic, and the abrupt drop in oil prices in 2020, causing the national poverty rate to increase to 31.7 percent in 2020. While oil prices rose more than 67 percent in 2021 amid a faster-than-expected economic rebound thereby improving Iraq's economic outlook in the medium term, they are subject to high volatility due to political factors.

2. **The country strives to maneuver away from the regional security and economic challenges.** In the aftermath of the 2019 mass protests, efforts have been underway towards having a new political and social contract laying the ground for establishing good governance, economic development, and the foundations for long-term stability and prosperity. Restoring the social contract between the State and citizens is a key priority for increasing social inclusion and accountability, and to address grievances on weak governance, inadequate service delivery and the growing discontent of the youth with regards to the lack of employment opportunities.

3. **Decades of conflict have led to massive flows of forced displacement, exacerbating persistent vulnerabilities and needs among Internally Displaced Peoples (IDPs) and returnees.** More than 6 million Iraqis were displaced at the height of the military hostilities against the Islamic State of Iraq and the Levant (ISIL) between 2014 and 2017. Over 92 per cent of all remaining IDPs are in protracted displacement for 3 years or longer, with most displaced for more than 5 years (79 per cent). Since 2020, the number of IDPs returning to their area of origin or being re-displaced increased, coupled with persisting challenges in terms of social cohesion, lack of access to services and infrastructure and sometimes, security issues. Approximately half of returnees (51 per cent) live in conditions of medium or high severity, reflecting a lack of livelihoods, services, social cohesion and security. The governorates of Nineveh, Anbar and Salah Al-Din host the largest number of returnees in Iraq.

4. **In the International Conference for the Reconstruction of Iraq held in Kuwait in February 2018, the Government of Iraq (GoI) and the international community agreed on a Reconstruction and Development Framework (RDF).** The RDF is grounded on five strategic recovery pillars, i.e., (i) governance, (ii) reconciliation and peacebuilding, (iii) human and social development, (iv) infrastructure, and (v) economic development for Iraq's comprehensive recovery and reconstruction leading to inclusive and sustainable development. In line with the RDF, the GoI has been leading the recovery and reconstruction efforts with support from the international community, including the World Bank Group. Over the last four years, early recovery activities such as restoring service delivery, reviving markets and the reconstruction of key facilities have been implemented to support the government's intention to improve the life of the affected population.

5. **Over half of Iraq's total population are under the age of 25. Young Iraqis have disproportionately suffered from recent conflicts and poor economic prospects.** In 2021, the unemployment rate in Iraq was estimated at 16.5 percent, and higher among the female labor force (28.2 percent) than the male labor force (14.7



percent)<sup>1</sup>. The unemployment rate is noticeably higher among young people of both sexes, in particular for the youth falling under the age category of 20-24. Furthermore, about 3,115,000 young people in Iraq, representing 36.7 percent of the youth population (15-24), was not in education, nor in employment or training (NEET). The NEET rate was considerably higher among the youth female population (52.3 percent) than among the youth male population (22.1 percent)<sup>2</sup>. The young Iraqis are in need of support and hope for the future to reduce their vulnerability resulting from violence, ideological manipulation or abuse. National efforts are underway to place youth at the core of economic and social development through greater civic engagement and economic empowerment, thereby enhancing their opportunities for social and economic inclusion.

6. **In a country inhabited by an estimated 42.2 million people, in which women comprise about half of the total population, Iraq has one of the lowest female labor force participation rates in the world.** With a participation rate of only 13 percent for women, it places the country 35 percentage points below the international average given its per capita GDP<sup>3</sup>. In addition, Iraqi women who do participate in the labor market are also more likely to be unemployed, under-employed, or employed in part-time jobs. There are many demand and supply side barriers hampering the participation of women in the labor force, along with a lack of an enabling environment. In a context of instability, crises, and fiscal restrictions, constraints related to a weak labor demand, notably due to limited growth in the private sector and a mismatch between labor market demand and available skills, are encountered by both young men and women. However, women face additional barriers related to social norms, legal constraints and market failures<sup>4</sup>. The lack of proper access to adequate childcare and other household support affects women's ability to search for and stay in employment opportunities. Barriers are even further amplified for the forcibly displaced women who experience higher costs for safe transportation and basic and support services, thereby impeding their ability or willingness to work. These restrictions underline the importance to ensure gender- and IDPs-differentiated needs, as well as other specific needs for vulnerable groups including the disabled, are taken into account in the design of development interventions.

## B. Sectoral and Institutional Context

7. **While Iraq is gradually recovering from years of conflict, thousands of vulnerable families across the country remain displaced and in acute need of protection and livelihoods support.** As of September 2021, according to the International Organization for Migration (IOM), 1,184,818 IDPs and 4,959,714 IDP returnees resided across all 18 governorates of Iraq. The Nineveh province, of which the historic city of Mosul is the capital, was one of the most affected by the conflict and the city itself was the most severely damaged. According to IOM, as of March 2022, the total number of returnees in Nineveh Governorate stood at 1.92 million individuals out of 4.95 million nationwide (about 39 percent of all returns). This is the largest returnee population compared to other governorates, and it includes the highest number of returnees (260,256) living in severe conditions that worsened due to the COVID-19 outbreak and ensuing lockdown.

8. **The majority of IDPs across Iraq originate from Nineveh governorate (663,138 out of a total of 1,184,818), representing approximately 56 percent of the caseload of IDPs as of September 2021<sup>5</sup>.** Most of them

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<sup>1</sup> ILO, CSO and KRSO, (2021), Iraq Labor Force Survey 2021, *url*

<sup>2</sup> Ibid

<sup>3</sup> World Bank Group (2020), State of the Mashreq Women report, Women's Economic Participation in Iraq, Jordan and Lebanon, *url*

<sup>4</sup> Ibid

<sup>5</sup> IOM, DTM report 125 (January – March 2022), *url*



come from the districts of Mosul (246,229), followed by Sinjar (193,354) and Al-Ba'aj (93,751)<sup>6</sup>. Under the occupation of the commonly named Islamic State of Syria and Iraq (ISIS) from 2014 to 2017, Mosul was eventually declared as the capital of the caliphate. Prior to the liberation efforts, the occupation led to the full or partial shutdown of numerous small-scale industries notably due to enforced systems of taxation, restricted transportation routes with limited accessibility for traders, and in few instances, the confiscation of local products and/ or materials<sup>7</sup>. The old suqs (bazaars) or traditional markets, in particular in Old Mosul, represented a center in the vicinity of religious, historical or administrative sites where complex social interconnections among multi-ethnic, -religious and -cultural community groups were established, facilitating trade and cultural life and playing an essential role in preserving the socio-economic fabric and identity of Mosul. During ISIS occupation, systemic changes, resistance from the merchants against working under ISIS rule, and the ensuing razing of shops resulted in a substantial decline or cessation of the market activity, casting a shadow over the local economic outlook while severely impacting the cultural life of the city. Subsequently, the military campaign to regain control of Mosul that began in east Mosul in October 2016 and concluded in west Mosul until July 2017 precipitated large scale displacement outside of the city, and resulted in severe damage to the local physical and economic infrastructure, in particular in west Mosul. The physical, economic and social damage that occurred during ISIS occupation of Mosul and during the subsequent liberation campaign was significant, and is still substantially affecting the local communities including returnees and IDPs.

9. **In an effort to achieve long-term sustainability of returns and to offer alternatives to return in instances where return to areas of origin is not feasible, the Government of Iraq ordered the closure of camps while promoting the creation of appropriate conditions for the return of IDPs to their areas of origin**<sup>8</sup>. As of September 2021, Mosul hosts a total of 17,304 IDP households (102,504 individuals), among which 92 percent are living in out-of-camp settings<sup>9</sup>. Households in Mosul compose 9 percent of the country's total caseload of IDPs and are spread across the city six subdistricts: Markaz Mosul or the Center of Mosul (88 percent), Al-Qayara (10 percent), Baashiqa (2 percent), Hamam Al Aleel (1 percent), Al-Shura and Al-Muhalabiya (both <1 percent). Most of the IDPs households displaced in Mosul originate from Mosul (44 percent), while the remaining households primarily come from Telafar (26 percent), Sinjar (15 percent) and Tilkaif (5 percent)<sup>10</sup>. Approximately 85 percent of the IDPs in Mosul reside in apartments that they do not own and considered in habitable conditions, while roughly 7.7 percent – all located in Al-Qayara subdistrict – are still residing in camps.

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<sup>6</sup> Ibid

<sup>7</sup> IOM, (2018), Enterprise Development Opportunities and Challenges in Mosul, *url*

<sup>8</sup> UNOCHA, Humanitarian Bulletin, May 2021, *url*

<sup>9</sup> IOM, DTM (2022), Protracted Displacement In Iraq: District of Displacement Profiles, *url*

<sup>10</sup> Ibid



Map 1: Districts of Origin of IDP Families in Mosul District, Nineveh Governorate<sup>11</sup>

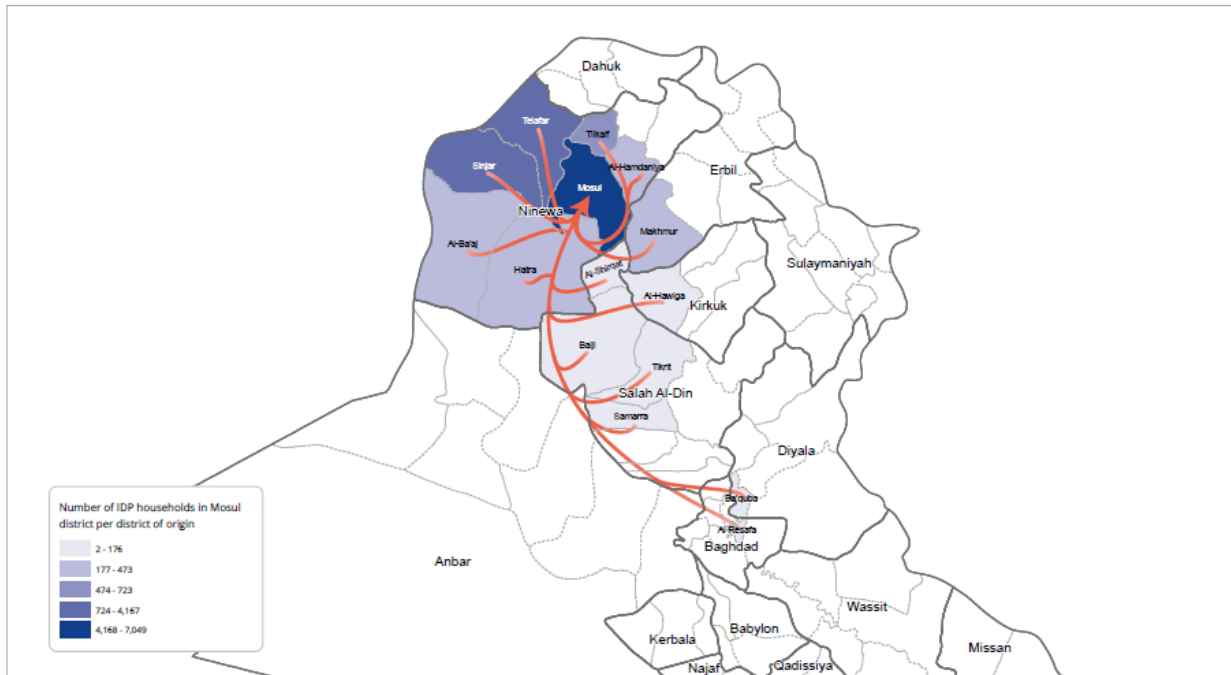
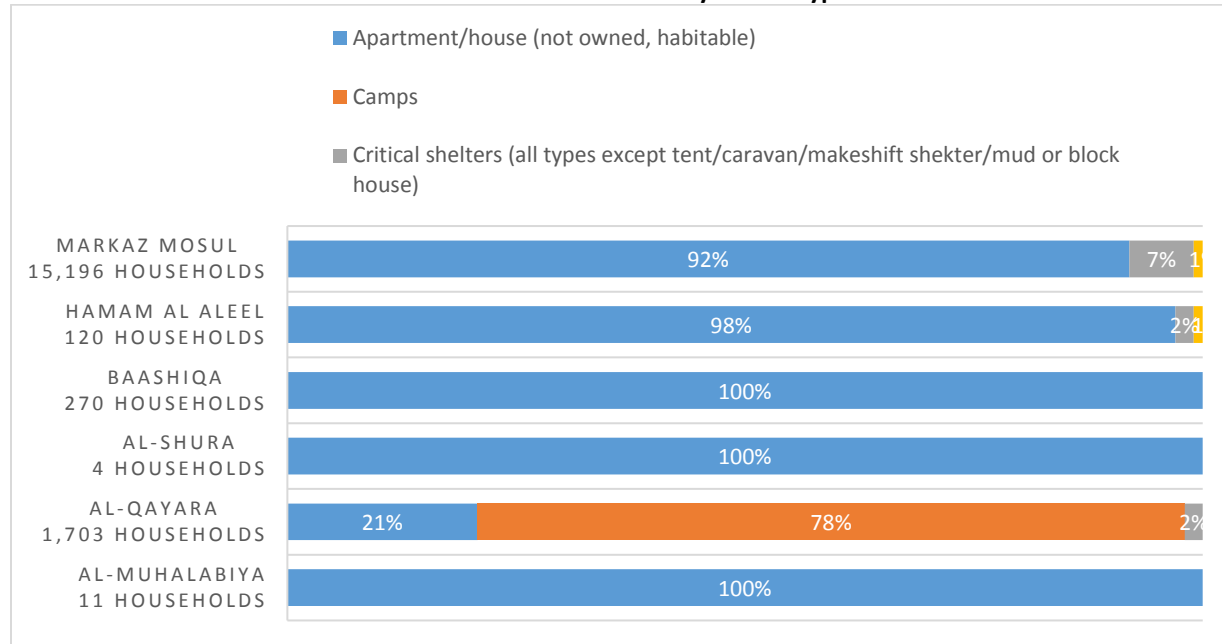


Chart 1: Distribution of IDP households in Mosul subdistricts by shelter type<sup>12</sup>



<sup>11</sup> Ibid

<sup>12</sup> Ibid





10. **Forcibly displaced, returnees and host community youth and women have seen their social and economic vulnerabilities exacerbated in the aftermath of the conflict and as a result of the pandemic.** Continued displacement remains a key driver of conflict, threatening communities' social cohesion. The vulnerable displaced populations, in particular the women and youth, have been severely affected by significant rises of poverty and widespread unemployment or underemployment. Unemployment among the displaced, returnees, women and youth jobseekers, the pre-pandemic self-employed, and informal workers remains elevated. Approximately 22 percent of out-of-camp IDPs and 18 percent of returnees reported that at least one member of the household was unemployed and actively seeking work, and the number was even higher (29 percent) among in-camp IDPs<sup>13</sup>. Many young women and men lack the skills necessary to find a job or start businesses, a challenge even more pronounced in fragile, post-conflict and displacement-affected areas.

11. **The proposed project will offer skills development trainings and start-up support for livelihoods opportunities in Mosul to host community young men and women including returnees, and to IDPs youth, therefore supporting the efforts led by the Government of Iraq to foster safe, dignified and voluntary durable solutions to protracted displacement through economic empowerment.** Nineveh is well-known for its ancient sites and cultural assets, it was home to businesses producing ceramics, paint, leather and wool goods and textiles. Its capital Mosul is known for its cultural diversity as comprising several major ethnic groups and communities co-existing with diverse religions and cultures, significant heritage resources including its vicinity to World Heritage Sites, therefore resulting in the legacy of vibrant cultural and creative industries. The potential of CCI sector lies in its capacity to create economic activities and employment opportunities for the youth and women in Mosul. Moreover, the fact of reintegrating the local culture into the fabric of the society engaging youth and women in local cultural initiatives will also contribute to building back the sense of identity, reestablishing the social fabric, and building community resilience.

12. **Due to lower barriers of entry, the Cultural Creative Industries (CCI) play a critical role in development and foster the socio-economic inclusion of vulnerable groups.** As per UNESCO definition, the CCI sector includes organized activities that have, as their main objective, the production or reproduction, the promotion, distribution or commercialization of goods, services and activities of content derived from cultural, artistic or heritage origins. In Iraq, it is estimated based on anecdotal evidence that the CCI sector is heavily dependent on youth. Being part of a creative ecosystem often encourages connections between groups that normally would not interact, thus building commonalities, innovation and valuing diversity. Cultural Creative Industries have strong linkages with intangible heritage, bring creators together within a defined spatial dimension, reinforce local knowledge and skills, build-up creative networks and can attract innovators. The dynamic also helps to broaden social networks, increase social capital and strengthen a sense of identity. As underlined in the 2021-UNESCO-World Bank framework on Cities, Culture and Creativity<sup>14</sup>, CCI contribute to social cohesion at the neighborhood level, enable creative networks to form and advance innovation and growth, create opportunities for those who are often socially and economically excluded. The approach across sectors and localities will encourage those supported to reflect on the needs of their communities, and collectively design initiatives that address them. With regards to local cultural initiatives, the activities will complement ongoing similar initiatives such as: the Revive the Spirit of Mosul initiative led by UNESCO in partnership with the United Arab Emirates (UAE) and financed by the European Union (EU) with a focus on heritage, education and cultural life.

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<sup>13</sup> OCHA (2021) Humanitarian Needs Overview, Iraq, *url*

<sup>14</sup> UNESCO-The World Bank (2021), Leveraging culture and creativity for sustainable urban development and inclusive growth, *url*



13. **Moreover, the cultural and creative sectors help integrate marginalized communities, such as forcibly displaced people.** The CCI sector currently provides nearly 30 million jobs worldwide and employ more people aged 15–29 than any other sector. Nearly half of the people working in the cultural and creative industries are women, opening up new opportunities to address gender inequalities. Through cultural activities, host communities have an opportunity to promote local traditions (e.g., traditional gastronomy) to other groups while employing young people, including host community and IDP youth, therefore contributing to a better understanding and knowledge of local traditions and empowering them to preserve Mosul identity. Furthermore, under a broad definition of cultural and creative sectors, economic opportunities related to the tangible cultural heritage that are besides the construction and rehabilitation of buildings of traditional architecture or of historic or artistic interest notably include: visual arts and traditional crafts, culinary traditions, design and creative services including housing equipment and related industries. As regards the intangible cultural heritage, it would refer to the oral traditions and expressions, performing arts, social practices, rituals, festive events, knowledge and practices concerning nature and the universe or the knowledge and skills to produce traditional crafts<sup>15</sup>, as well as occupations related to the management of cultural sites. In the historic multicultural city of Mosul, investing in the CCI can strengthen community-based tourism initiatives and contribute greatly to social reconciliation.

14. **The proposed project is conceived as an integral part of the Promoting Youth Employability, Entrepreneurship, and Engagement in Local Economic Recovery in Development in Nineveh program financed through the Prospects program of the Multi Donor Trust Fund for Forced Displacement<sup>16</sup>.** The proposed project will be implemented in close coordination with IFC, ILO and UNICEF as participating partners of the Prospects joint program. The proposed project will build on the positive outcomes achieved by the two previous Japanese Social Development Funds (JSDF) pilots, i.e., the Youth Livelihoods Development in Southern Iraq project (P125102) closed in May 2015, and the Promoting the Inclusion of Conflict-Affected Youth project (P161654) closed in June 2022. While the first pilot provided livelihoods support through (i) life and employability skills training, (ii) youth-led community activities, (iii) workplace apprenticeship, and (iv) entrepreneurship activities to unemployed youth in homogenous communities of Southern Iraq, the second pilot has been testing (i) soft skills training, (ii) youth-led community development, and (iii) micro-entrepreneurship activities in conflict-affected communities across Baghdad. Drawing on lessons learned from both pilot interventions, the proposed project would provide support to displacement-affected young populations in Mosul, Nineveh governorate, including the forcibly displaced, and host community youth.

### C. Higher Level Objectives to which the Project Contributes

15. **The proposed project is aligned with the World Bank Country Partnership Framework (2022-2026), in particular with its objective 2.2. of improving economic opportunities for youth and women.** The project will aim to expand economic opportunities and entrepreneurship programs for the disadvantaged youth, women and vulnerable communities including through life skills and vocational trainings and livelihood support, consistent with the World Bank Group twin goals of ending extreme poverty and promoting shared prosperity.

16. **The project is equally aligned with the World Bank Strategy for Fragility, Conflict, and Violence (2020-**

<sup>15</sup>UNESCO (2003), Intangible Heritage Convention, *url*

<sup>16</sup> In 2019, the Dutch Ministry of the Foreign Affairs (NL MFA) launched Prospects program, a multiannual hybrid project program to be implemented in eight countries of the Middle East and of the Horn of Africa: Egypt, Iraq, Jordan and Lebanon, and Kenya, Sudan and Uganda. The program has entered into partnerships with five multilateral organizations (WB, IFC, UNHCR, UNICEF and ILO).



2025), which outlines the importance of addressing challenges across the full spectrum of fragility, thereby evolving from the sole focus on post-conflict reconstruction. Such holistic efforts include for instance interventions promoting social cohesion, reconciliation and livelihood development. The WBG FCV strategy further emphasizes the need for prioritizing inclusive approaches to development and for preserving human capital that will be critical for the country's future recovery. The proposed project will target the vulnerable, in particular both host community and IDP youth including women, by supporting their socio-economic inclusion.

17. **The project is consistent with the 2020 GoI White Paper, and particularly with the second key pillar which promotes the creation of sustainable job opportunities.** The project will support the economic and social inclusion of forcibly displaced, returnees and host community youth through skills development and activities promoting micro-entrepreneurship to reduce poverty among youth beneficiaries and to make creative and cultural goods and services more accessible for local communities in Mosul. Furthermore, the project will support youths' individual capacities to cope with conflict, providing them with valuable life and soft skills to promote resilience to trauma. The project is also consistent with the 2021 GoI National Plan to End Displacement developed under the auspices of the Ministry of Migration and Displacement and the Ministry of Planning.

18. **Finally, the project will support community initiatives and engagement in the creative and cultural industries, with the objective to enhance social trust, social cohesion and/ or peaceful coexistence between the displaced, returnees, and host community youth.** Such youth-led community initiatives will therefore contribute to reducing the risks of conflict and instability which are particularly high in areas liberated from ISIS where internal displacement is still present, such as Mosul.

19. **The project will complement ongoing and forthcoming related interventions such as: the Revive the Spirit of Mosul initiative led by UNESCO with a focus on heritage, education and cultural life.** In addition, the project will coordinate with the Emergency Operation for Development (EOD) project (P155732) and analytical work conducted through the Area-Based Reconstruction Planning in Mosul and other Urban Centers in Iraq, as part of the MENA recovery readiness in conflict situations project (P162875), for potential synergies with activities implemented in Mosul area. Given the project's efforts to target and encourage participation of women, including the internally displaced women, linkages will be sought, where possible, with the activities implemented under the Mashreq Gender Facility (MGF), including with the sub-activity supporting economic empowerment of the forcibly displaced women<sup>17</sup> to maximize results and impacts. Furthermore, the project will be implemented in very close synergy with IFC StartMashreq entrepreneurship program by benefitting from the StartMashreq platform's available training tools and materials and possibly leveraging the opportunity for the target beneficiaries to access its incubation program. As part of the Prospects joint program with IFC, UNICEF and ILO, a referral mechanism will be established to ensure all target youth can be referred to one or another Prospects partner's associated intervention, in case more suitable to their needs or if not eligible to benefit from the proposed project's entrepreneurship support.

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<sup>17</sup> Under the MGF regional pillar "Innovating for Results", activities linked to the Regional Displaced Women's Economic Empowerment (R-DWEE) sub-component are expected to start at municipality level in 2023 in Iraq, specifically in locations where there is a large population of IDPs which can include Mosul.



## II. PROJECT DEVELOPMENT OBJECTIVES

### A. PDO

20. The Project Development Objective (PDO) is to increase access by the targeted youth to skills development opportunities, livelihoods and entrepreneurship support in the cultural and creative sectors, and foster local cultural community development initiatives in Mosul targeted areas.

21. To achieve its objective, the project will seek to: (i) enhance the employability of the beneficiary young population in Mosul targeted areas – including both host community and IDPs youth – through the provision of soft and technical skills development trainings in the CCI sector; (ii) provide livelihoods support to eligible youth through matching grants and mentoring for micro-entrepreneurship in the CCI sector; and (iii) engage youth and women in the design and roll-out of local cultural initiatives to support community cohesion in Mosul targeted areas.

### B. Project Beneficiaries

22. **The direct project beneficiaries are the young men and women, aged 18 – 34 years-old, who are forcibly displaced, returnees, or from the host community in Mosul targeted areas.** Regarding the forcibly displaced category, attention will be paid to ensure it includes those vulnerable who are not currently receiving humanitarian support on the basis of their displaced status, or groups receiving humanitarian support who are seeking to transition from reliance on humanitarian aid to sustainable livelihoods. Target beneficiaries will be the disadvantaged youth segments of the population who are vulnerable to poverty and long-term unemployment, with at least 50 percent being young women and 20 percent being internally displaced youth. Programming will be adjusted to meet needs and priorities of women, the forcibly displaced people, and the disabled, who will be encouraged to participate in the project. Details about the beneficiary selection process and eligibility criteria will be included in the Project Operations Manual (POM) and informed by findings derived from consultations already carried out with relevant stakeholders, including with the Ministry of Migration and Displacement with regards to the internally displaced youth.

23. **Given the low female participation in the labor force, the project plans to replicate the strategy experimented under the recently closed Promoting the Inclusion of Conflict-Affected Iraqi Youth project (P161654) that tested specific actions to ensure that young women are given equal opportunities and are positively supported to join the project.** The project will build on these previous strategies, which include for instance: (i) to get the buy-in from community leaders through active consultation and sensitization prior to the start of the activities, and empower them as inspirational leaders and role models for their support; (ii) communicate with parents, hold parent orientation sessions, and invite them as relevant to attend training sessions or ceremonies with their daughters to build their confidence and trust in the project's activities; and (iii) create a safe environment for learning/ practicing for women throughout the project's activities, including by providing as relevant transportation or cover the costs to ensure bus rides are safe for women. In addition, the project will adopt flexible modality in implementing the training to fit with the female youth preferences based on their constraints. This may include part time training, evening classes, selecting suitable location near the females houses, invite families for some training sessions, organize gathering for the youth families.

24. **Local communities will benefit from the project through the youth-driven cultural community activities**



and from the increased youth incomes supported by the micro-entrepreneurship activities. Local communities will actively be consulted and participate in the design of local cultural community activities selected for support.

C. PDO-Level Results Indicators

25. PDO-level results indicators will include:

Table 1: Project Development Objective-level results indicators

Indicator	End Target
Number of direct project beneficiaries.	2,000 including: <ul style="list-style-type: none"> <li>○ 50% female</li> <li>○ 20% IDPs</li> </ul>
Percentage of youth beneficiaries reporting an increase in income as a result of micro-entrepreneurship activities	70%
Percentage of youth beneficiaries reporting greater community cohesion and tolerance at community level as a result of local cultural community initiatives.	70%

III. PROJECT DESCRIPTION

A. Project Components

26. The proposed project is structured around 3 main components:

**Component 1: Supporting youth skills development for increased employability and entrepreneurship (approx. US\$ 720,000)**

27. The objective of this component is to promote skills development for at least 2,000 young disadvantaged women and men in Mosul through soft skills and vocational trainings. Beneficiaries will include the forcibly displaced, returnees, and host community youth of Mosul. Where feasible, the MoYS will benefit from the extensive available data on poor households owned by the Ministry of Labor and Social Affairs (MoLSA) to efficiently target the host community vulnerable youth located in Mosul. In addition to optimizing the achievement of the proposed project’s objectives, this inter-ministerial coordination will support national-led efforts towards sustainable economic empowerment of the poor segments of the population.

*Sub-component 1.1: Soft skills trainings and psychosocial support*

28. The soft and psychosocial skills training will be developed coherently with the joint curriculum that will be recommended by Prospects partners, building on partners training modules and tools – including those delivered by NGOs previously contracted by the MoYS under the Promoting the Inclusion of Conflict-Affected Iraqi Youth (P161654) pilot project – while being specific and responsive to the needs of Mosul. A WB-supported review and assessment of relevant life skills trainings previously delivered by the MoYS and other ministries (MoLSA, Ministry



of Education, etc.) and UN agencies, including UNICEF, UNESCO and UNFPA, has been carried out during project preparation, and will help informing the proposed project's soft skills curriculum at inception stage. The soft skills curriculum will be prepared consistently with good international standards on life skills<sup>18</sup> while being specific to the project's needs. Several field visits and consultations were conducted with stakeholders in Mosul, i.e., the youth including women and IDPs, NGOs and entrepreneurs, to ensure identified gaps and opportunities are considered in the revised tools.

29. **Beneficiary selection.** The support will be provided to vulnerable adult youth aged under 34 years-old who are either unemployed or working in the informal sector, living below the national poverty line and residing in Mosul district, Nineveh. A target of 20 percent of the selected beneficiaries will correspond to youth having a status of IDP. The eligibility criteria and process for the selection of beneficiaries will be set out in the POM.

30. **Training format.** The soft and psychosocial skills training will be delivered in a short period of time without exceeding three months while adopting a participatory, learner-centered and self-learning approach. Accordingly, and in line with international good practices, some soft skills will be delivered prior to the vocational trainings, while the others will be delivered concurrently with the deployed vocational trainings, with a view to allow the youth to absorb and digest the newly acquired or reinforced knowledge, skills and attitudes. Sessions in small class settings will be interactive and practical by involving a mixed set of engaging activities to strengthen youth beneficiaries' self-confidence, building on the previous pilot' success. Group discussions and exercises, role-play and case studies will encourage the youth to learn in an interactive way. Modules will be designed to enhance participants' leadership, decision-making, interpersonal skills, while offering group based psychosocial support and recreational sessions around culture and sports, thereby reinforcing teamwork and building a cohesive group. The project will provide appropriate guidance and tutorial to the trainers of the selected NGO(s) in line with the reviewed soft skills curriculum to ensure high quality of trainings and positive impact on the youth skills and attitude with their families, within the local community, and at the workplace. Following the completion of soft skills trainings, participants will be able to attend the proposed vocational trainings in the CCI sector.

#### *Sub-component 1.2: Vocational trainings specific to the cultural and creative industries sector*

31. The vocational trainings will prepare the youth to entrepreneurship opportunities with a focus on the various local occupations in the cultural and creative industries sector, ranging from visual arts, crafts and intangible cultural heritage (e.g., handicraft, cobbling, tailoring, jewelry, culinary traditions, management of heritage sites, etc.) to design and creative services such as housing-related industries (e.g., furniture, lighting, or home textile). The vocational training curriculum will be informed by a rapid market and needs assessment that will be carried out at the inception phase of the project and will consider occupations that contribute directly or indirectly to the preservation and advancement of Mosul's cultural heritage, and for which there is a market demand. Where relevant, vocational trainings specific to the cultural and creative sectors will promote green jobs. In the context of the project, it will particularly focus on fostering more sustainable practices and materials, such as promoting the production and purchase of environmentally-friendly goods and sustainable products.

32. **Beneficiary selection.** In order to benefit from vocational trainings, attendance in the soft skills trainings is required. Following the successful completion of this sub-component, participants will be eligible to apply either to the micro-entrepreneurship activities or youth-led community cultural development initiatives (Component 2).

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<sup>18</sup> GPYE, with WB and the International Youth Foundation (2014), Strengthening Life Skills for Youth: A Practical Guide to Quality Programming, [url](#)





33. The MoYS PMU will contract service provider(s) or NGO(s) through a competitive bidding process to deliver the life/ soft skills and vocational training activities in cohorts. Given the limited timeframe of the project, and the diverse expertise required for the trainings, the PMU will potentially contract with more than one service provider or NGO to reach all target beneficiaries within the project's lifetime. The contracted services will include the design of the vocational trainings in the CCI sector on the basis of findings from a rapid labor market assessment that will be carried out at the inception stage of the project. Based on the quantitative and qualitative results of the assessment, the format of vocational trainings including its duration will be further determined and reflected in the POM.

**Component 2: Fostering youth engagement to revive the local cultural and creative economy, and community cohesiveness (approx. US\$ 1,910,000)**

34. This component aims to support 2,000 youth who have benefitted from skills development in engaging in micro-entrepreneurship or in youth-driven cultural community initiatives.

*Sub-component 2.1: Start-up support for developing youth micro-entrepreneurship in the cultural and creative industries sector*

35. The start-up support will be provided in a form of matching grant where at least 1,000 eligible beneficiaries would be required to match a minimum percentage of the grant value with in-kind and/ or financial contribution so as to create a greater sense of ownership, therefore increasing the chances of micro-entrepreneurship success with sustained results beyond the project. As part of the support, pre- and post-grant mentorship will be provided to the youth beneficiaries, including coaching for finalizing the youth beneficiaries' preliminary business plan, intensive follow-up support and regular monitoring to help beneficiaries implement the grant in accordance with the business plan proposal, implementation roadmap, and conditions of grant use. The curriculum will be tailored to the specific labor market needs identified in the CCI through the rapid market assessment and will allow for experiential learning prioritizing hands-on practice and experience sharing with successful entrepreneurs in the cultural and creative sectors. The project will consider to the extent possible matching successful start-ups with other existing projects or initiatives in Mosul that focus on strengthening local linkages and greater opportunities for local vendors and suppliers with a view to support local economic development.

36. **Beneficiary selection.** Prior to benefit from the micro-entrepreneurship support, beneficiaries would have been required to: (i) complete the soft skills and vocational trainings under component 1; and (ii) prepare and submit a business plan for the micro-entrepreneurship activity, while ensuring it proposes to support a socially and environmentally sustainable, and economically viable business activity. Selected beneficiaries will be required to match up to 20 percent of the amount of the provided grant so as to increase ownership and commitment to execute the business plan as envisaged. The start-up support will be granted according to the feasibility and prospects for successful implementation of the micro-entrepreneurship proposal. Moreover, proposals that would bring two or more young candidates together would be prioritized and strongly encouraged as it will lead to cost-efficiency, contribute to mutual learning and teamwork, therefore increasing the business survival rate. Coaching and mentorship will be provided to micro-entrepreneurship beneficiaries before and after they receive their start-up capital grant to increase chances of success. A gender- and disability-sensitive lens will be applied to ensure differentiated needs of vulnerable young men, women and the disabled are taken into account.



37. **Beneficiary payment.** Beneficiaries will be paid through mobile money, receiving a total amount of US\$ 1,000 provided in two tranches of 50 percent each, with the transfer of the second tranche being subject to satisfactory progress made of the micro business activity. A Grant Approval Committee (GAC) chaired by the MoYS and comprising members of other relevant ministries, local government representatives, local NGOs and representatives of the business community, will be set up to ensure a fair and transparent selection process of the matching grants beneficiaries. The conditions for establishing the GAC and its role will be developed in the project operations manual.

38. The MoYS PMU will competitively contract a NGO or service provider that would locally support the implementation of the micro-entrepreneurship support sub-component, including the pre- and post-creation support of the micro business activity. In addition, the MoYS will competitively contract with a mobile operator as PSP for mobile money transfer services.

*Sub-component 2.2: Civic engagement through local cultural community initiatives*

39. This sub-component will benefit at least 1,000 youth beneficiaries. Young participants would be eligible provided that they participated in the soft skills trainings and vocational trainings (component 1), following which they will be trained on how to design and implement local cultural community projects. Each group will then be required to complete a small sub-project supporting an activity serving the community needs. The same youth should participate in the implementation of the activity, while ensuring it brings different social groups together. Activities will place an emphasis on empowering cultural heritage and in reviving Mosul's cultural identity and pride in the aftermath of the devastating conflict and important loss of the city's memory.

40. More specifically, potential activities promoting cultural heritage could include cultural exhibitions and events targeting youth and women in the various occupations related to the intangible cultural heritage (handicraft, culinary traditions, history and management of heritage sites, etc.), small rehabilitation works, cleaning of streets located near cultural heritage sites, awareness raising forums in relation to cultural heritage, etc. The community- and youth-led selection of buildings for small rehabilitation works can include both religious and secular sites such as university/ school buildings, libraries, museums, etc. In addition, community initiatives promoting access to cultural and recreational activities, including musical and artistic events that were banned during ISIS occupation, will be supported in an effort to enhance the cultural diversity of Mosul, empower vulnerable populations and strengthen social cohesion.

41. Selected youth-led initiatives would require the endorsement by at least one entity within the community (e.g., local authority, government agency, traditional leader, local organization, etc.) to demonstrate support and community buy-in while ensuring an inclusive and participatory approach throughout the identification and selection process of community initiatives, on the basis of active engagement and consultation with various groups including the vulnerable and disadvantaged groups, local authorities, and opinion leaders. Furthermore, the project will promote interactions between the youth and mentors, role models, inspirational leaders from the local community, but also potentially from the diaspora of Mosul to allow for creativity and support from a wide range of actors. During project preparation, the MoYS did many outreach activities to raise awareness about the project's activities. These efforts will be sustained by the MoYS throughout project implementation by notably utilizing the MoYS media platform including social networks, in addition to local government and NGOs media services, but also by continuously involving community leaders, local government officials, local media and press, universities, NGOs and any other relevant local stakeholder who could facilitate disseminating information about the project.





42. The GAC established and chaired by the MoYS, and comprising of relevant stakeholders such as members of other relevant ministries, local government representatives, local NGOs and representatives of the business community, will review and endorse the projects after ensuring the criteria for community's endorsement is met, and the proposed sub-project is compatible with the project's objective, and the WB's fiduciary and safeguards requirements. Where feasible, synergies will be sought with the WB-financed EODP interventions in Mosul to complement the efforts.

43. The MoYS will contract with an NGO that will manage the procurement of items for each of the youth community development initiatives on the basis of a simple procurement plan, and rigorously follow guidelines for implementation under the MoYS oversight to ensure proper and accountable management of the funds.

### **Component 3: Project Management (approx. US\$ 520,000)**

44. This component will support the following activities: (i) project management for the coordination and implementation of activities including some operating costs; (ii) project monitoring and evaluation (M&E) activities, including participatory evaluations; (iii) preparation of the final evaluation report including lessons learned; (iv) environmental and social risk management; and (iv) annual audits. These activities will be carried out by the MoYS Project Management Unit (Figure 1) that will comprise a core team of MoYS staff seconded to the PMU, and a small team of consultants that will be hired through the project, in particular in key expertise areas of financial management, procurement, operations, and management information system.

45. A Management Information System (MIS) online platform that will be owned by the MoYS will be developed to monitor: (i) the project's beneficiaries from training to (self-)employment; and (ii) the start-up support received by beneficiaries, therefore serving both M&E and financial management purposes. The MIS will increase transparency and efficiency of the activities by providing accurate and timely information. Furthermore, the MIS will be expanded to include, where feasible and subject to Prospects partners willingness and agreement for data sharing, referral mechanisms to ensure candidates to the program can be systematically referred to each partner's project according to the candidate's aspirations and eligibility criteria. A MIS consultant will be hired by the PMU to support the development and operationalization of the MIS.

46. Further to the three components, the project will benefit from technical assistance (TA) activities financed by a Bank-Executed Trust Fund (BETF) to support in particular: (i) the review of the existing soft skills tools for recommendations in the development of a consolidated soft skills curriculum for the youth beneficiaries, consistent with good international standards and best practices; (ii) the rapid labor market and needs assessments in the cultural and creative sectors; (iii) the development of an upgraded monitoring and evaluation system, including the MIS, to adequately monitor implementation progress; (iv) knowledge-sharing and lessons learned specific to project's activities, and coordination with Prospects partners to promote a coordinated development response. Some of these TA activities have already been initiated at project preparation stage, in particular the review of soft skills tools. Additional preparatory work for the activities deemed essential to quickly start project's activities will be prioritized at the outset of project implementation, notably the rapid labor market and needs assessment that will inform vocational trainings on cultural and creative sectors, and the format oriented towards on-the-job-trainings that will be offered to the youth beneficiaries.



**B. Project Cost and Financing**

Project Components	Project cost	Trust Funds	Counterpart Funding
Component 1: Supporting youth skills development for increased employability and entrepreneurship	US\$ 720,000	US\$ 720,000	0
Component 2: Fostering youth engagement to revive the local cultural and creative economy and community cohesiveness	US\$ 1,910,000	US\$ 1,910,000	0
Component 3: Project Management	US\$ 520,000	US\$ 520,000	0
<b>Total Costs</b>	<b>US\$ 3,150,000</b>	<b>US\$ 3,150,000</b>	<b>0</b>
Total Project Costs			
<b>Total Financing Required</b>	<b>US\$ 3,150,000</b>	<b>US\$ 3,150,000</b>	<b>0</b>

**IV. IMPLEMENTATION**

**A. Institutional and Implementation Arrangements**

47. **The Ministry of Youth and Sports (MoYS) will be retained as the implementing agency for the project.** The Project Management Unit (PMU) established within the MoYS and previously in charge of implementing the Promoting the Inclusion of Conflict-Affected Youth project (P161654) financed by the World Bank through the Japanese Social Development Fund (JSDF) and closed in June 2022, is expected to pursue its role. The PMU has the experience implementing Bank-administered projects, with a performance overall assessed as satisfactory to the Bank.

48. **The existing PMU is comprised of staff seconded from the MoYS and specialized consultants who will be responsible for the day-to-day operations and the overall oversight of the implementation of all project's activities.** Most of the PMU responsibilities will be fulfilled by MoYS staff as the following staff is appointed: Project Director, Coordinator, Procurement and FM specialists, M&E specialist, E&S specialists; while a small group of consultants with experience working in projects funded by donors will be hired, in particular for specific additional expertise on the operations, procurement and financial management, and management information system. The MoYS will contract with local services providers or NGOs to conduct activities related to the soft skills and vocational trainings, provide support for youth-led cultural community initiatives, and for micro-entrepreneurship coaching and pre- and post- business creation mentoring and follow-up.

49. **The MoYS PMU will provide overall oversight and coordination of the implementation of project's**



**activities.** The MoYS PMU will competitively select a limited number of qualified NGO(s) or service provider(s) to deliver the trainings under Component 1, to provide the coaching and mentorship support for business development under Component 2.1 and to organize and supervise the youth-led cultural community initiatives under Component 2.2. The MoYS will competitively contract with a mobile operator for mobile money transfer services as the former retains the full responsibility to proceed with mobile payments to youth beneficiaries under Component 2.1.

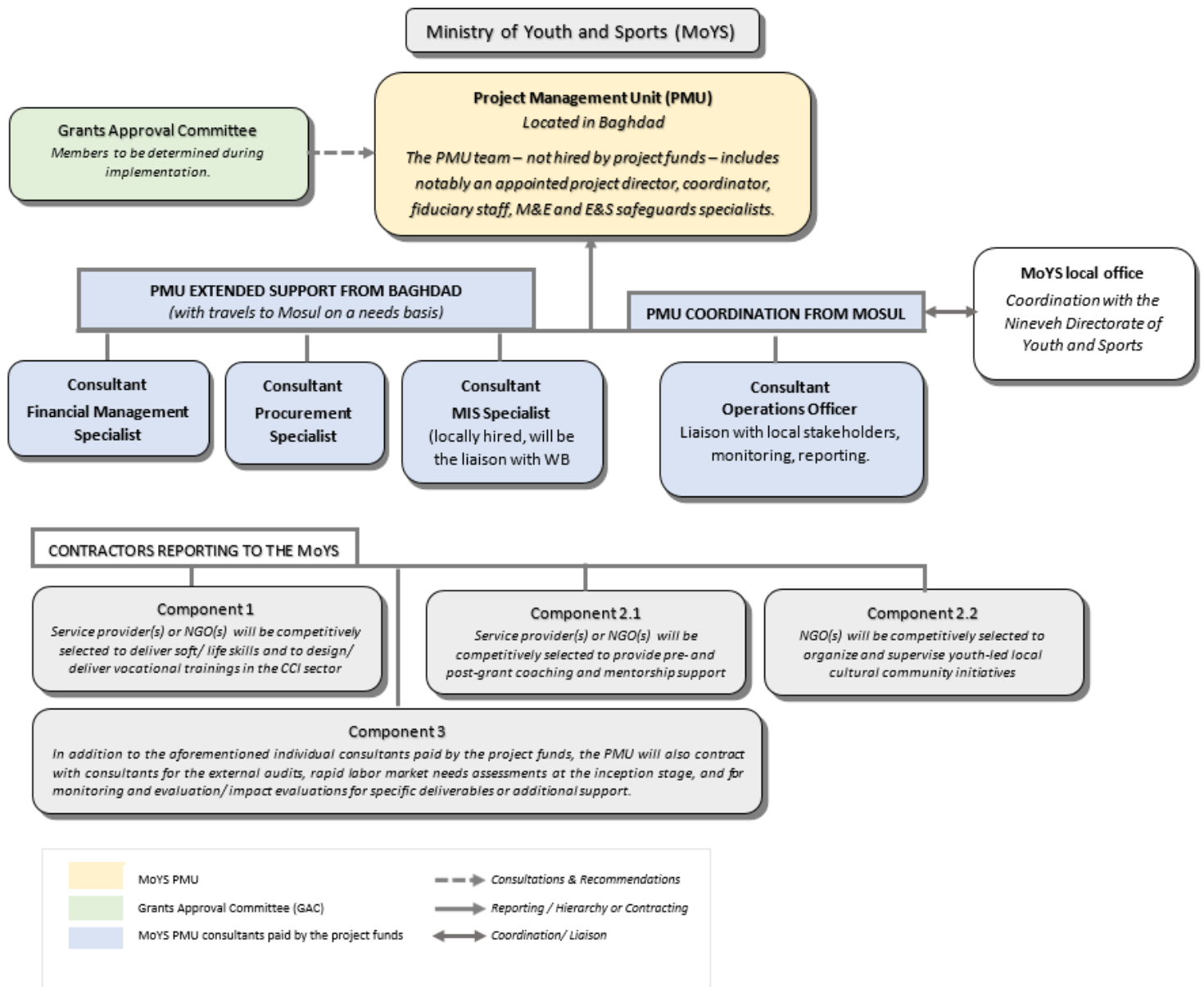
50. **The MoYS will cooperate with the Directorate of Youth and Sports (DoYS) in Nineveh and other local stakeholders with a view to ensure collaborative and integrated efforts with relevant actors locally involved on the youth agenda.** Given that the MoYS PMU is located in Baghdad, an Operations Officer will be hired by the PMU as a consultant based in Mosul to facilitate reporting requirements and field-based coordination by the PMU with all relevant stakeholders including local government, contractors, partners and beneficiaries, thus expanding the outreach efforts of the MoYS project management team, in addition to the supervision visits by the latter.

51. **Throughout project's implementation, a Grant Approval Committee (GAC) established and chaired by the MoYS will be maintained.** The GAC will be comprised of representatives of other relevant ministries, local government, local NGOs and of the business community to review and provide recommendations for approval of sub-projects under sub-components 2.1. (Start-up support for developing youth micro-entrepreneurship in the cultural and creative industries sector), and 2.2. (Civic engagement through local cultural community initiatives) of the Project.

52. **The MoYS will coordinate with all relevant ministries and government departments or entities as relevant towards collaborative and integrated efforts,** including with the Ministry of Migration and Displacement, the Ministry of Trade, Ministry of Industry and Minerals, the Ministry of Higher Education and Scientific Research, the Ministry of Labor and Social Affairs, and the Ministry of Culture. Furthermore, the proposed project will be implemented in close coordination with IFC, ILO and UNICEF as participating partners of the Prospects joint program funded by the Netherlands, under the Multi Donor Trust Fund for Forced Displacement.



Figure 1: Project implementation arrangements



## B. Results Monitoring and Evaluation

53. **The MoYS will build a comprehensive M&E system to track progress and results with monitoring tools** including: (i) a new Management Information System (MIS); (ii) participatory monitoring and evaluation; and (iii) impact evaluation. The M&E tools will: (i) support effective project management; (ii) promote transparency and accountability; and (iii) foster knowledge generation and sharing. The Results Framework described in section VII. of the Project Paper determines the key PDO-level, intermediate indicators and targets, as well as the data collection and monitoring arrangements that will serve as the basis for the aforementioned M&E tools. Once



developed through the project's funds, the PMU will use the MoYS-owned project's MIS as an internal monitoring system to specifically monitor: a) the project's beneficiaries from training to livelihoods support, with data records throughout the process of counselling meetings, life/ soft skills and vocational trainings selected, start-up and follow-up support; b) the support received from service providers; and c) financial management.

54. **The MIS will be instrumental to allow real-time monitoring of ongoing activities with regular data collection and analysis to adequately evaluate/ assess the need for any adjustment over the course of the project, according to performance.** It will therefore facilitate a coordinated, transparent and agile implementation of the project's activities and support monitoring and beneficiary engagement from the initial outreach phase to the capturing of feedback provided during implementation as part of the project's grievance mechanism that will be set up. For the trainings delivered under Component 1, the project will adopt a flexible approach through the quantitative and qualitative evaluations of the training sessions by the participants. Standard monitoring will be combined with periodic assessments to monitor the quality and effectiveness of delivery of the services offered, in coordination with the Prospects partners, i.e., UNICEF and ILO, under the Promoting Youth Employability, Entrepreneurship and Engagement in Local Economic Recovery and Development in Nineveh joint program. This may include a review of the training content, the pre- and post-creation assistance, and the start-up support with a view to follow a learning by doing approach and improve design and processes as the activities are being sequentially rolled out. Such assessments will be carried out independently by consultants when challenges or issues are detected and prior to project closure. The MIS as part of the M&E system will serve as a basis to communicate widely to project stakeholders, including project's beneficiaries, local and international partners. It will be expanded to include where feasible referral mechanisms so that candidates to the joint Prospects program (e.g., ineligible applicants or those who expressed preference for other vocational path) can be systematically referred to other partners in accordance with their vocational aspirations. Furthermore, to the extent feasible, the MIS will include a functionality for stakeholder engagement tools and support an ICT-enabled feedback and complaint mechanism. The development and use of the MIS will contribute to a systematic, efficient and timely monitoring process, thereby being the backbone of the project's day-to-day monitoring and coordination function.

55. **Beneficiaries' data protection.** The quantity of personal data, or personally identifiable information and sensitive data that are likely to be collected and used for the purpose of efficient M&E through the MIS. The project will follow good international practices for dealing with data, and in particular measures to ensure legitimate, appropriate and proportionate processing and use of the data under the project. These measures may include, for instance, (i) data minimization by collecting data that is only necessary for the purpose of the project's implementation; (ii) data accuracy by allowing necessary data entry and correction by a limited number of designated persons while the broader team would have a restricted access; (iii) data retention by limiting the time period necessary to carry out the data's intended purpose; and (iv) by informing data subjects of the processing and use of data and by providing them with the opportunity to rectify the records about them. Furthermore, with the view to expand, where feasible, the use of the MIS as a referral mechanism for candidates to the program, a data-sharing agreement with partner(s) of the program (ILO and/or UNICEF) would be required so as to clearly document what data would be shared and how it would be used.

56. The project will foster citizen engagement by involving community members beyond the youth-led local cultural community initiatives carried out under Component 2.2. Two types of evaluations are planned, including: (i) a process and participatory evaluation using a mixed method of (a) desk review of the project's outputs, focus group discussions and key informative interviews with beneficiaries, a sample of community members, stakeholders, contracted services providers/ NGOs, and development partners; and (b) a sub-grant beneficiary



satisfaction survey conducted during project implementation to allow for adjustment as necessary based on inputs received (e.g., for the sub-grants activity, after the provision of the first tranche of the grant and for the trainings, after completion by the first cohort, etc.); and (ii) an impact evaluation at the end of the project to evaluate the project's impact on beneficiaries' income and on community cohesion and tolerance.

### **C. Sustainability**

57. The MoYS, as the implementing agency, will draw on its experience working on a previous pilot with similar development objectives. The project's sustainability lies in the strong leadership and ownership by the MoYS, which already has a positive experience implementing activities aimed at increasing access by the youth to skills development opportunities, livelihoods and entrepreneurship support, and at fostering youth-led community development initiatives. The scale-up of the previous activities by the MoYS in strong collaboration with other ministries, and in close coordination with Prospects partners, testifies to the GoI abiding commitment to capitalize on previous achievements and to expand the initiatives supporting vulnerable youth and communities through joint and integrated efforts. Lessons learned from the proposed activities will be captured to assess results on strengthening the social aspects of reconstruction through the youth, shedding light on the risks factors and costs associated to youth exclusion at national level given the massive youth protests and movements that have emerged over the past years, inform future operations in Iraq at similar or larger scale that target displacement-affected communities, or that target locations where needs are dire for the poor and vulnerable groups including the youth and women, and overall inform future government programming on youth skills development and entrepreneurship support across the country.

58. The MoYS-owned MIS that will be developed and deployed through the proposed project, in addition to related capacity-building activities, will be essential to enhance the ministry's autonomy to operate beyond the project through a strong coordination with local stakeholders and partners, while strengthening its overall oversight capacity on the implementation of youth initiatives across Iraq. Furthermore, through the project, the MoYS will consolidate and deliver a joint curriculum on soft/ life skills, benefiting from a solid review of its existing tools and those of other national and international partners, to ensure it can capitalize and replicate the design and roll-out of similar training programs to the benefit of the youth in a sustainable manner. Finally, every effort will be made to ensure that operating and maintenance costs are bundled into the competitive bid price, thereby reducing the risk for the GoI to sustain payments following project closure.

59. From an operational perspective in relation to planned activities, target youth beneficiaries of micro-entrepreneurship support will be trained and accompanied to develop a business plan that is socially, environmentally, and economically viable. Beneficiaries will also be required to match a minimum percentage of the start-up grant value and be encouraged to partner among themselves in case similar business plans; to increase their ownership, mutual learning and teamwork skills, and thereby increase the business survival rate. With regards to the youth-led community initiatives, the eligibility criteria of the youth engagement will include the initiatives' prospects for sustainability including guarantee of the community buy-in and maintenance plan. This will be detailed in the Project Operations Manual (POM).



## V. KEY RISKS

### A. Overall Risk Rating and Explanation of Key Risks

60. The **overall project risk** is rated as **Substantial** because of the substantial residual risk in some of the key risk categories outlined below. With proposed mitigation measures, the likelihood of these risks occurring is lowered.

61. **Political and governance risks** are **Substantial**. As a country vulnerable to political and economic shocks, the compounding COVID-19 pandemic, the drop in oil prices, and the current food price crisis exacerbate pre-existing vulnerabilities across Iraq, and in particular in the disadvantaged areas. Weak governance increases the risk for marginalization and exclusion that could feed grievances and drive instability. The MoYS has shown great commitment in targeting the vulnerable youth while ensuring an accountability mechanism at any stage of the income-generating activities including by establishing a Grant Approval Committee (GAC) to review and select beneficiaries in an efficient and transparent manner that mitigates risks for frauds and non-compliance.

62. **Institutional capacity for implementation and sustainability risks** are **Moderate**. The Ministry of Youth and Sports has been the implementing agency of the ongoing Promoting the Inclusion of Conflict-Affected Youth project (P161654) financed by the World Bank through the Japanese Social Development Fund (JSDF), therefore the MoYS has the experience coordinating, managing, and reporting on a Bank project. To mitigate capacity risks, the MoYS will contract with local experienced NGOs to support the implementation of project's activities in Mosul.

63. **Technical design:** The project's technical risk is rated as **Substantial** given the sensitive approach required when targeting the vulnerable and excluded youth in conflict- and displacement-affected communities. By targeting the forcibly displaced, returnees and host community young male and female in Mosul, the proposed project would provide an opportunity to different sub-groups from different backgrounds to learn from each other and develop skills in a conducive environment. While the project will build on lessons learnt from the ongoing youth pilot project, the activities will be adapted to the specific context of Mosul. Furthermore, strong inter-ministerial coordination will be promoted with the Ministry of Migration and Displacement, the Ministry of Trade, Ministry of Industry and Minerals, the Ministry of Higher Education and Scientific Research, the Ministry of Culture, and the Ministry of Labor and Social Affairs in relation to the targeting mechanism and data of vulnerable households and youth in Mosul, to optimize efficiency and achievement of results.

64. **Fiduciary risks.** The overall fiduciary risk is assessed as **Substantial**. An assessment of the financial management capacity of the MoYS has been carried out to confirm the FM arrangements. The procurement assessment conducted under the recently closed Promoting the Inclusion of Conflict-Affected Iraqi Youth Project (P161654), executed by the MoYS as the implementing agency, has been updated to assess the risks of the current project. Both FM and procurement assessments concluded that the fiduciary arrangements for the proposed project would satisfy the minimum requirements with the implementation of agreed-upon actions and mitigation measures.

65. **Stakeholder risks** are **Substantial**. The MoYS is committed to work, along with other ministries and development partners, towards the sustainable socio-economic inclusion of the disadvantaged youth. As an integral part of the joint program with ILO, UNICEF and IFC, potential risks for the project might arise if coordination efforts with UN agencies are not carefully aligned and efficiently translated into a Prospects partners'





team effort to achieve the desired goal. To mitigate the risks of inefficient collaboration leading to implementation challenges, the task team will: (i) optimize regular and open communications among Prospects partners, but also with the Netherlands as the donor when possible; and (ii) keep challenges and areas of agreements with UN partners documented. In addition, a strong coordination mechanism is expected to be facilitated among Prospects partners in particular with regards to the referral mechanism and reporting. The proposed project will develop, deploy and use a Management Information System (MIS) to support efficient results monitoring and accountability mechanisms.

## VI. APPRAISAL SUMMARY

### Economic benefits and costs

66. The economic benefits and costs of the project are determined and quantified to the extent possible. They derive from the trainings and micro-entrepreneurship support and youth-led local cultural initiatives, in light of the available data on employment challenges for the youth, displacement situation and ongoing recovery efforts in Mosul.

67. **Skills development and micro-entrepreneurship.** Unemployed vulnerable young people, including host community and displaced youth, will be selected to benefit from life/ soft skills and vocational trainings in the cultural and creative sectors, therefore increasing their employability. Furthermore, 1,000 beneficiaries are expected to individually benefit from sub-grants of US\$ 1,000 as a start-up support for the creation and development of their business activity in Mosul. The total cost exclusive to the sub-grants is US\$ 1,000,000. The support would have positive economic benefits by increasing the income of vulnerable young beneficiaries in Mosul, who would then participate in the local economy.

68. **Youth-led community initiatives.** Youth beneficiaries who will design and lead cultural community initiatives in consultations with local stakeholders and community members will be empowered to play a greater role in the social and economic life of their respective communities in Mosul. While the impact of such activities cannot be easily quantified, preliminary consultations carried out for this project in addition to lessons learned from previous pilot activities suggest that youth community engagement would increase their prospects for employment given the networks developed through positive contribution to the community assets and increased social cohesion.

### Financial Management

69. The Bank's team undertook a simplified assessment of the financial management systems within MoYS. The FM assessment concluded that with the implementation of agreed-upon actions, the proposed FM management will satisfy the minimum requirements under OP/BP 10.00.

70. Based on the proposed implementation arrangements, MoYS will be responsible for the project implementation and coordination through establishing a PMU, which will exercise the duties of the project's financial management and disbursement arrangements. A part-time Financial Management Consultant (FMC), financed by the grant, will be hired to manage the FM and disbursement functions of the project and will be supported by MoYS financial staff.





71. The project will use the following proposed FM arrangements, including:
- The FM function will be centralized within the PMU's authority.
  - A qualified part-time FMC will be hired to manage the FM and disbursement functions.
  - The Project Operation Manual (POM) will document the FM and disbursements procedures.
  - An independent external auditor, acceptable to the Bank, will be hired to provide an independent opinion on the project's annual financial statements.
  - A Designated Account (DA) will be opened for the PMU with a sufficient advance payment.
  - The semiannual IFRs will be submitted to the World Bank within 45 days of the end of the semester.
72. Annex 2 (Financial Management and Disbursement Arrangements) provides additional information on the FM assessment and the recommended mitigation measures.

### Procurement

73. **Applicable Procurement Regulations.** Procurement activities will be carried out in accordance with the World Bank's "World Bank Procurement Regulations for IPF Borrowers" 4<sup>th</sup> edition dated November 2020 and as revised from time to time. The project will be subject to the World Bank's "Guidelines on Preventing and Combating Fraud and Corruption in projects Financed by IBRD Loans and IDA Credits and Grants", October 15, 2006, revised in January 2011, and as of July 1, 2016. The project will use the Systematic Tracking of Exchanges in Procurement (STEP) to plan, record, and track procurement transactions.

74. **The Ministry of Youth and Sports (MoYS), the implementing agency for this project, will be responsible for overall project procurement activities.** The Project Management Unit (PMU) that has been established within the MoYS and in charge of implementing the recently-closed Promoting the Inclusion of Conflict-Affected Iraqi Youth project (P161654) financed by the World Bank through JSDF will be maintained to pursue its role in the implementation of this project. The PMU has the experience in implementing Bank-administered projects, with a performance overall assessed as satisfactory. However, there is a need to assign an experienced procurement specialist, to provide support during implementation, as MoYS does not have the capacity to manage the procurement planning and implementation.

75. **Project Procurement Strategy for Development (PPSD):** In line with the requirement of the Procurement Regulation, a simplified Project Procurement Strategy for Development (PPSD) including a Procurement Plan for the first 18 months of the project has been prepared.

76. The **Project will finance procurement of training, mentoring and consultancy services under components 1 and 2** through NGOs/service providers. Component 2 will also finance the contracting with the payments service provider (PSP) for mobile money transfer services to youth beneficiaries. Component 3 will finance few simple and small value procurement of goods, and consultants' services for project management, monitoring and evaluation and financial audit.

77. **Procurement risk is considered as "Substantial" , and main risks are identified as:** (i) lack of trained procurement staff in the implementing agency at MoYS to handle procurement planning and managing contracts ; (ii) perception of corruption in a weak control environment (iii) limited local market with the required firms/NGOs to provide the required services (training and mentoring), and difficulties to work in Al-Mosul due to security situation may result in less competition; (iv) possible delays in implementation due to security situation,



routine decision-making process, delays in registering of contracts in the national investment budget plan.

78. **Mitigation measures may include but are not limited to:** (i) hiring procurement specialist to support the PMU in carrying procurement activities,(ii) introduce flexibility in the qualification criteria, and appropriate packaging to be set based on market analysis; (iii) PMU shall ensure access to high speed internet to utilize systems, and (iv) PMU shall promote transparency of procurement contracts, which could include ensuring that key procurement information is readily available to the public.

### A. Legal Operational Policies

	Triggered?
Projects on International Waterways OP 7.50	No
Projects in Disputed Areas OP 7.60	No

### B. Environmental and Social

79. The Environmental risk rating is "moderate". There are no significant adverse environmental impacts associated with the project. The project includes small-scale and limited physical activities such as small rehabilitation for religious and secular sites such as university/ school buildings, libraries, museums, cleaning of streets located near cultural heritage sites. Potential activities promoting cultural heritage could include cultural exhibitions and events targeting youth and women in the various occupations related to the intangible cultural heritage (handicraft, culinary traditions, history and management of heritage sites, etc. The project activities may result in some community and occupational health and safety risks, in particular exposure to Covid-19 at training events or in an office environment. Other risks OHS risks might come from using sharp tools, materials and light equipment in activities particularly under components 1 and 2, such as wood, metal, clay, horn, glass, and some tools like crochet needle, shuttle and hairpin, however this depends largely on the specific activity. The other expected environmental impacts associated with the collection of street waste near the cultural heritage sites, their management, and disposal, however, this should be done in close coordination with local authorities such as the municipality, and security authority to get an official agreement to ensure the targeted area are free UXO/ERW.

The Social risk is "moderate", there are limited direct adverse social impacts resulting from project activities since there are no civil works except the ones described in the environmental risk rating; does not involve any land acquisition and do not affect Indigenous Peoples. The project will have mainly positive social impacts through the provision of equally accessible opportunities and skill development to both male and female youth. Key social potential risks and impacts of the project include (i) the risk of inequalities in accessing project benefits, including potential risk of elite capture; (ii) eligibility criteria not well-designed, transparent or appropriately disseminated (iii) the risk of exposure to COVID-19 during the implementation of activities, both in terms of community exposure and exposure of project workers; (iv) risks related to social exclusion in its various forms that would need to be mitigated through ensuring that project benefits, such as access to training and job opportunities can be accessed and optimized for vulnerable youth, including to youth living with disabilities; (v) risks that project activities related to livelihood interventions.

## VII. World Bank Grievance Redress



80. **Grievance Redress.** Communities and individuals who believe that they are adversely affected by a project supported by the World Bank may submit complaints to existing project-level grievance mechanisms or the Bank'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 Bank's independent Accountability Mechanism (AM). The AM houses the Inspection Panel, which determines whether harm occurred, or could occur, as a result of Bank non-compliance with its policies and procedures, and the Dispute Resolution Service, which provides communities and borrowers with the opportunity to address complaints through dispute resolution. Complaints may be submitted to the AM at any time after concerns have been brought directly to the attention of Bank Management and after Management has been given an opportunity to respond. For information on how to submit complaints to the Bank's Grievance Redress Service (GRS), please visit <http://www.worldbank.org/GRS>. For information on how to submit complaints to the Bank's Accountability Mechanism, please visit <https://accountability.worldbank.org>.



**VII. RESULTS FRAMEWORK AND MONITORING**

**Results Framework**

**COUNTRY : Iraq**

**Mosul - Youth inclusion through Cultural and Creative Industries**

**Project Development Objectives**

The Project Development Objective (PDO) is to increase access by the targeted youth to skills development opportunities, livelihoods and entrepreneurship support in the cultural and creative sectors, and foster community cultural development initiatives in Mosul.

**Project Development Objective Indicators**

Indicator Name	Corporate	Unit of Measure	Baseline	End Target	Frequency	Data Source / Methodology	Responsibility for Data Collection
<b>Name:</b> Number of direct project beneficiaries		Number	0.00	2,000.00	Annual, Quarterly	Annual and quarterly reports  MIS	MoYS PMU with the support of contractors (NGO or service provider)
Of which are female beneficiaries		Percentage	0.00	50.00			
Of which are Internally Displaced People		Percentage	0.00	20.00			



Indicator Name	Corporate	Unit of Measure	Baseline	End Target	Frequency	Data Source / Methodology	Responsibility for Data Collection
<p><b>Description:</b> This indicator measures the total number of beneficiaries of project's activities under Components 1 and 2, including (i) beneficiaries of soft skills and vocational skills training (component 1); (ii) beneficiaries of micro-entrepreneurship support (component 2.1); and (iii) beneficiaries who were involved in the design and roll-out of community initiatives (component 2.2). The PMU will ensure to include in the POM the methodology to ensure that this indicator does not double count beneficiaries, given that beneficiaries of components 2.1 and 2.2 would have been those who attended trainings under component 1. The MIS that will be developed under the project will contribute to a strong M&amp;E of data.</p>							
<b>Name:</b> Percentage of youth beneficiaries reporting an increase in income as a result of micro-entrepreneurship activities		Percentage	0.00	70.00	Annual	Beneficiary survey	MoYS with the support of contractors (NGO or service provider)
Of which are female beneficiaries		Percentage	0.00	40.00			
Of which are Internally Displaced People		Percentage	0.00	10.00			
<p><b>Description:</b> Beneficiaries of livelihood support activities are those who benefitted from micro-entrepreneurship support (sub-component 2.1).</p>							
<b>Name:</b> Percentage of youth beneficiaries reporting greater community cohesion, tolerance at community level and positive relationship with other groups (e.g. with IDPs and vice versa)		Percentage	0.00	70.00	Annual	Beneficiary survey	MoYS with support from contractors (NGO or service provider)



Indicator Name	Corporate	Unit of Measure	Baseline	End Target	Frequency	Data Source / Methodology	Responsibility for Data Collection
Of which are female beneficiaries		Percentage	0.00	40.00			
Of which are Internally Displaced People		Percentage	0.00	10.00			

Description:

**Intermediate Results Indicators**

Indicator Name	Corporate	Unit of Measure	Baseline	End Target	Frequency	Data Source / Methodology	Responsibility for Data Collection
<b>Name:</b> Number of youth micro-enterprises supported		Number	0.00	450.00	Quarterly	Supervision reports  MIS	MoYS PMU with support from contractor (NGO or service provider)

Description: This indicator will measure the number of micro-businesses created with support from the project, by one group or a group of beneficiaries who received livelihoods support (sub-component 2.1)

<b>Name:</b> Number of youth attributing increased income to project's activities		Number	0.00	700.00	Annual	Beneficiary survey  MIS	MoYS, with support from contractor (NGO or service provider)
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Indicator Name	Corporate	Unit of Measure	Baseline	End Target	Frequency	Data Source / Methodology	Responsibility for Data Collection
Of which are female beneficiaries		Number	0.00	280.00			
Of which are Internally Displaced People		Number	0.00	70.00			
Description: This indicator will measure the number of beneficiaries of livelihoods support who have seen their income increased as a result of project's activities.							
<b>Name:</b> Number of youth reporting increased access to decision-making at the local level		Number	0.00	1,000.00	Annual	Beneficiary survey  MIS	MoYS, with support from contractor (NGO or service provider)
Of which are female beneficiaries		Number	0.00	400.00			
Description: This indicator measure the number of youth from components 1 and 2 with increased access to decision-making as a result of project's activities.							
<b>Name:</b> Number of youth-led community development initiatives completed		Amount( USD)	0.00	50.00	Quarterly	Progress reports	MoYS, with support from contractor (NGO or service provider)
Description: This indicator will measure the number of community cultural/ development initiatives (sub-projects) led by youth beneficiaries under sub-component 3, that were implemented and completed.							



Indicator Name	Corporate	Unit of Measure	Baseline	End Target	Frequency	Data Source / Methodology	Responsibility for Data Collection
<b>Name:</b> Community engagement process evaluation completed		Number	0.00	1.00	Once at mid-term of project implementation	Progress reports	MoYS PMU, with support from a M&E specialist
<p><b>Description:</b> A community engagement process evaluation will be conducted once during project implementation (mid-term) to evaluate whether the project is operated against the expected outputs and whether activities support the achievement of development objectives.</p>							
<b>Name:</b> Percentage of grievances and feedback cases received by the project that are addressed in line with requirements defined in the Grievance Mechanism section of the Project Operations Manual		Percentage	0.00	90.00	Quarterly	Complaint logs	MoYS PMU
<p><b>Description:</b> Grievances and feedback cases considered are those received by the project.</p>							
<b>Name:</b> Number of people enrolled in non-formal post-secondary skills trainings, including life skills and vocational trainings		Number	0.00	2,000.00	Quarterly	Progress reports  MIS	MoYS PMU, with support from the contractor (NGO or service provider for the trainings)
Of which are female		Number	0.00	1,000.00			





Indicator Name	Corporate	Unit of Measure	Baseline	End Target	Frequency	Data Source / Methodology	Responsibility for Data Collection
beneficiaries							
Of which are Internally Displaced People		Number	0.00	400.00			
Description: Sum of all beneficiaries who attended soft skills and vocational trainings.							
<b>Name:</b> Number of beneficiaries who completed skills-development training, including soft skills and vocational trainings		Number	0.00	2,000.00	Annual, Quarterly	Progress reports  MIS	MoYS PMU in coordination with contracted services provider(s) or NGO(s)
Of which are female beneficiaries		Number	0.00	1,000.00			
Of which are Internally Displaced People		Number	0.00	400.00			
Description: This indicator measures the number of beneficiaries who completed training activities, including soft skills and vocational trainings under Component 1.							
<b>Name:</b> Number of people provided with psychosocial skills training		Number	0.00	2,000.00	Quarterly	Progress reports  MIS	MoYS with support from contractor (NGO or service provider for the trainings)



Indicator Name	Corporate	Unit of Measure	Baseline	End Target	Frequency	Data Source / Methodology	Responsibility for Data Collection
Of which are female beneficiaries		Number	0.00	1,000.00			
Of which are Internally Displaced People		Number	0.00	400.00			
<p>Description: This indicator will measure the number of beneficiaries who benefitted from psychosocial skills such as those to cope with stressors and life's problems, as part of the soft skills program.</p>							
<b>Name:</b> Value of grants disbursed		Amount( USD)	0.00	1,000,000.00	Annual, Quarterly	Annual, Quarterly reports  MIS	MoYS PMU
<p>Description: Each of the target 1,000 beneficiaries for the target/ micro-entrepreneurship support will receive a grant totaling USD 1,000 in two tranches of USD 500 each.</p>							
<b>Name:</b> Number of Project beneficiaries employed, self-employed or business owner, within 3-9 months after completing training activities and receiving start-up support		Number	0.00	1,000.00	Quarterly, Annual	Progress reports  MIS	MoYS PMU, with support from service provider or NGO
Of which are female beneficiaries		Number	0.00	400.00			



Indicator Name	Corporate	Unit of Measure	Baseline	End Target	Frequency	Data Source / Methodology	Responsibility for Data Collection
Of which are Internally Displaced People		Number	0.00	100.00			
<p>Description: This indicator measures the number of beneficiaries who are employed, self-employed or business owner after 3 to 9 months following the micro-entrepreneurship start up support. The timeframe of 3 - 9 months was determined consistently with the related timeframe under the Prospects results framework.</p>							



**Target Values**

**Project Development Objective Indicators**

<b>Indicator Name</b>	<b>End Target</b>
Number of direct project beneficiaries	2,000.00
Of which are female beneficiaries	50.00
Of which are Internally Displaced People	20.00
Percentage of youth beneficiaries reporting an increase in income as a result of micro-entrepreneurship activities	70.00
Of which are female beneficiaries	40.00
Of which are Internally Displaced People	10.00
Percentage of youth beneficiaries reporting greater community cohesion, tolerance at community level and positive relationship with other groups (e.g. with IDPs and vice versa)	70.00
Of which are female beneficiaries	40.00
Of which are Internally Displaced People	10.00

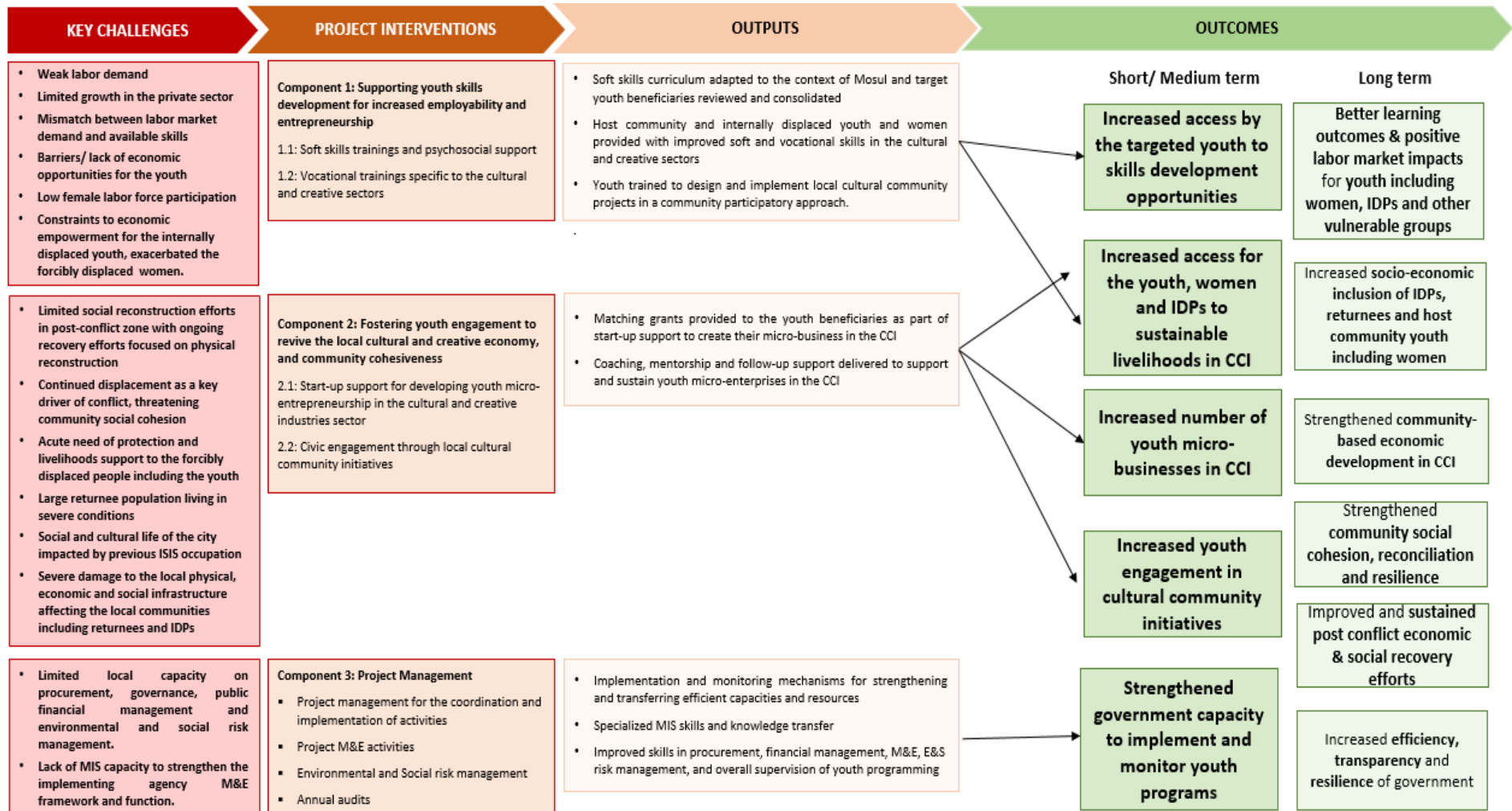
**Intermediate Results Indicators**

<b>Indicator Name</b>	<b>End Target</b>
Number of youth micro-enterprises supported	450.00
Number of youth attributing increased income to project's activities	700.00
Of which are female beneficiaries	280.00
Of which are Internally Displaced People	70.00
Number of youth reporting increased access to decision-making at the local level	1,000.00



<b>Indicator Name</b>	<b>End Target</b>
Of which are female beneficiaries	400.00
Number of youth-led community development initiatives completed	50.00
Community engagement process evaluation completed	1.00
Percentage of grievances and feedback cases received by the project that are addressed in line with requirements defined in the Grievance Mechanism section of the Project Operations Manual	90.00
Number of people enrolled in non-formal post-secondary skills trainings, including life skills and vocational trainings	2,000.00
Of which are female beneficiaries	1,000.00
Of which are Internally Displaced People	400.00
Number of beneficiaries who completed skills-development training, including soft skills and vocational trainings	2,000.00
Of which are female beneficiaries	1,000.00
Of which are Internally Displaced People	400.00
Number of people provided with psychosocial skills training	2,000.00
Of which are female beneficiaries	1,000.00
Of which are Internally Displaced People	400.00
Value of grants disbursed	1,000,000.00
Number of Project beneficiaries employed, self-employed or business owner, within 3-9 months after completing training activities and receiving start-up support	1,000.00
Of which are female beneficiaries	400.00
Of which are Internally Displaced People	100.00

## ANNEX 1: THEORY OF CHANGE





## **ANNEX 2: FINANCIAL MANAGEMENT AND DISBURSEMENT ARRANGEMENTS**

### **Mosul - Youth inclusion through Cultural and Creative Industries P178770**

#### **Project Administration Mechanism**

1. The Ministry of Youth and Sports (MoYS) will serve as both the grant recipient and implementing agency for the envisaged project. A Project Management Unit (PMU) comprises staff seconded from the MoYS, and specialized consultants will be responsible for the day-to-day operations. They will oversee the implementation of all project activities. Most PMU responsibilities will be fulfilled by MoYS staff, including the Communications Officer, Financial officer, Procurement Officer, M&E Officer, E&S Officer, and Project Assistance. The PMU will also include a small group of individual consultants with experience working on international projects, including a FM consultant. The specific functions and roles of the PMU will be clearly defined in the Project Operations Manual (POM).

#### **Financial Management and Disbursements**

2. A simplified Financial Management (FM) assessment of MoYS was conducted in accordance with the World Bank (WB) Policy on Investment Project Financing, and in line with the Small Recipient-Executed Trust Fund Grants Guidance Note dated 2017. The assessment was conducted remotely considering the nationwide unrest and demonstrations, which lead to movement restriction. The FM assessment concludes that with the implementation of agreed-upon actions, the financial management arrangements meet the minimum requirements consistent with the World Bank's Financial Management guideline and the World Bank's policy and directive for investment project financing (OP/BP 10.00).

3. The FM risk before considering the mitigating measures is "High" mainly due to:

- (i) No proper experience of MoYS with the World Bank's financial management procedures.
- (ii) Limited capacity to meet the Project's financial management requirements.
- (iii) Project's activities will be implemented into liberated Mosul city, whereas the IA is placed in Baghdad.
- (iv) Security conditions and movement restrictions prevent the World Bank team from performing physical visits.
- (v) Overall weaknesses and shortcomings in the control environment, including the banking system. and
- (vi) MoYS accounting system is incapable of generating the financial reports following the World Bank requirements.

4. With the mitigation measures in place, the residual risk becomes "Substantial." The following measures are proposed and agreed upon with MoYS to be implemented by the project effectiveness date:



- (i) FM functions will be centralized within the PMU's authority, with the FM team comprising qualified Financial Officers, accountants, and Internal controllers partially dedicated to the project.
- (ii) A qualified part-time FM management consultant will be hired and financed by the grant.
- (iii) Direct payments will be used for equipment supplies, and a US Designated Account (DA) will be opened in an acceptable bank.
- (iv) Mobile based payments could also be applied for micro-entrepreneurship sub-component. No manual or cash payments should be used for any activity financed by the project.
- (v) Redress grievances mechanism or any other regular bottom-up feedback from youth communities should be applied. It will be useful to corroborate the NGO/Service provider payment claims. This feedback will also help verifying if the training programs by NGOs, actually, took place.
- (vi) The FM chapter of the Project Operational Manual (POM) documents the project's implementation of internal control functions and describes the responsibilities of the PMU's FM members with authorities and execution processes.

5. The Project will be implemented by a Project Management Unit (PMU) which will be established at the MoYS in Baghdad whereas the activities of the project will be executed into the Mosul city which is located about 400km north of Baghdad. The PMU oversees the project implementation with full day-to-day responsibilities while ensuring that all activities are fully coordinated. A part-time Financial Management (FM) consultant, financed by the grant, will be hired to manage the FM and disbursement functions of the project.

6. The MoYS does not have a good experience with the World Bank-financed operations, although it implemented the previous project of Promoting the Inclusion of Conflict-Affected Iraqi Youth project (P161654). Therefore, FM functions will be centralized within the PMU's authority including payment authorization, disbursement, budgeting, accounting, and reporting. Due to the lack of the PMU experience in the WB FM policies and guidelines, the World Bank and FM consultant will provide close support and training to the FM project staff.

### **Accounting and Financial Reporting**

7. The project will follow the cash basis of accounting, and key accounting policies and procedures will be documented in the financial procedure manual, which will be finalized before project effectiveness.

8. The ministry uses basic accounting software to capture daily financial transactions. This locally developed software cannot generate the project's semiannual IFRs per the World Bank financial management policy and record commitments. The available accounting system will be used to capture the project's financial transactions, and Excel spreadsheets will be used to generate the Interim Unaudited Financial Reports (IFRs).



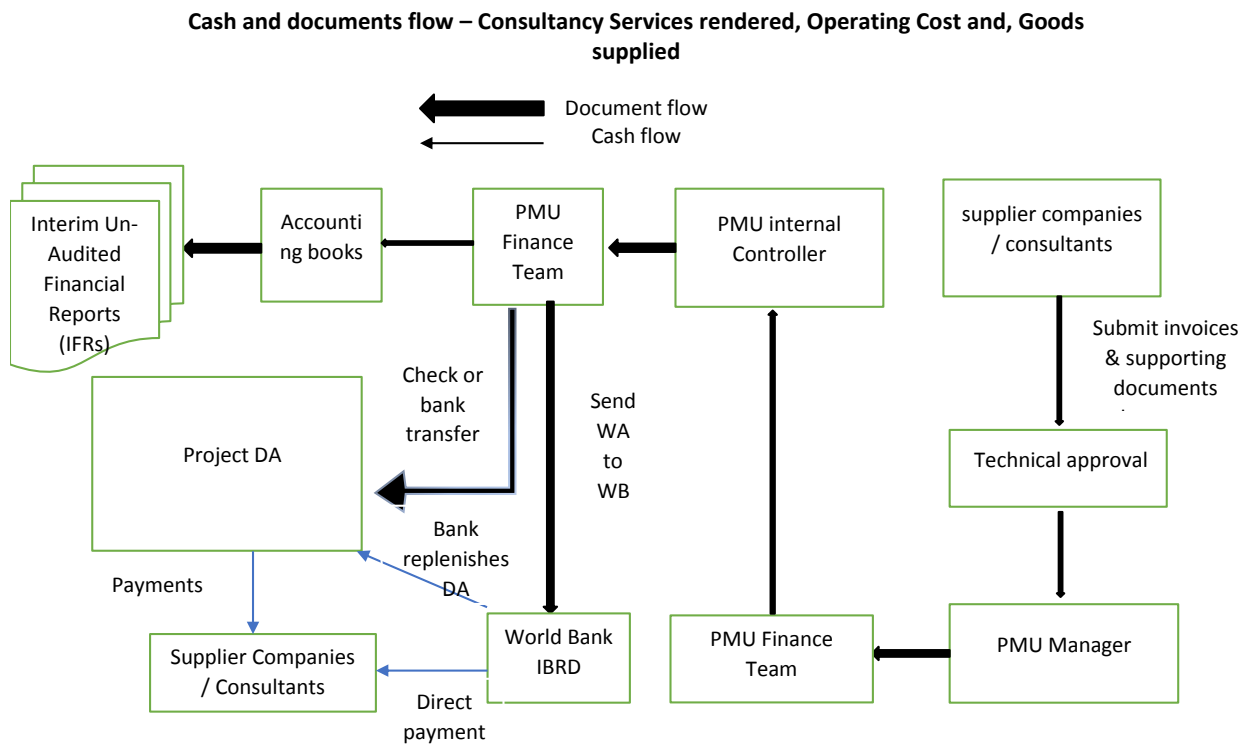


9. The project’s annual financial statements and IFRs will be prepared in excel spreadsheets. The semiannual IFRs will be submitted to the World Bank within 45 days of the end of the semester consisting of: i) a Statement of Sources and Uses of Fund by each category, ii) a statement of actual versus planned expenditures for the semester, and cumulative amount, iii) a reconciliation statement of Designated Account, iv) the list of all signed Contracts per category” showing Contract amounts committed, paid, and unpaid under each contract, and v) list of goods and equipment purchased.

**Budgeting and Flow of Funds.**

10. The PMU will maintain a detailed disbursement plan to be updated per semi-annum. This plan will be developed based on the initial procurement plan or the outputs schedule defined in the implementation schedule and estimated payments cycles and revised as needed. It will be used as a monitoring tool to analyze budget variances and manage cash and will feed into the semi-annual Interim Unaudited Financial Reports (IFRs).

11. The flowchart below depicts the flow documentation and flow of funds at the PMU:



**Disbursement Arrangements**

12. Relating to Start-up support for developing youth micro-entrepreneurship component, the project could use the mobile based payments as a type of smart fiduciary. This approach will be used, if the banking system fails to transfer the grants to the targeted beneficiaries. By applying mobile based



payments, the project maintains clear audit trail of transactions, eligibility of targeted beneficiaries, and payment assurance. The manual or cash payments are not acceptable to finance any activity in this project.

13. In terms of disbursements, the proceeds of the grant will be disbursed following the World Bank's disbursement guidelines outlined in the Disbursement Letter and in accordance with the World Bank Disbursement Guidelines for Projects. Electronic disbursement will be used under this project. A Designated Account (DA) will be opened in U.S Dollar with the Trade Bank of Iraq to ensure that funds are readily available for project implementation. Authorized signatories, names, and corresponding specimens of signatures should be submitted to the WB before the receipt of the first Withdrawal Application (WA). All WAs have appropriate supporting documentation, including a detailed Statement of Expenditures (SOEs) for reimbursements and replenishments to the DA.

### **Internal control**

14. The Project will be implemented through a centralized management and disbursement function within the PMU's authority with specific controls and procedures documented in the POM. The expenditure cycle will specify the following steps: (i) technical approvals for sub-project goods, and consultancy supplies/deliverables; (ii) administrative approvals by PMU Project Manager; (iii) issuance of payments will be made upon receipt of support documentation and written requests signed by authorized officials; and (iv) verification by the Financial Officer of the accuracy and compliance of the payment requests with the Grant Agreement. The POM shall include a detailed chapter on project expenditure policies and procedures. The existence of an internal controller is essential to check the above internal control cycle, assure the accuracy and consistency of the documents, and approve the release of payments from the DA and/or Withdrawal Application (WA) preparation. The internal controller conducts an ex-ante review of all transactions.

15. Monthly, the PMU will reconcile the DA bank statement with the project's accounting book balance. Reconciliations should be prepared by the PMU accountant and verified by the PMU Financial Officer. All reconciling items (if any) should be listed, explained, and followed up on. Copies of the reconciliation and the account bank statement should be kept in the project files and attached to the IFRs.

### **External Auditing**

16. The project's financial statements will be audited annually by an independent auditor acceptable to the Bank, in accordance with internationally accepted auditing standards and Terms of Reference (ToR) cleared by the Bank. The PMU will be responsible for preparing the TORs for the external auditor and will submit them to the WB for clearance. The auditor will also be requested to provide an opinion on the effectiveness of the project's internal control system. A management letter identifying any deficiencies in the control system the auditor finds pertinent shall accompany the audit report, including recommendations for improvement. The audited financial statements and management letter for each period will be sent to the WB no later than six months after the end of the agreed period under review.



Following the WB's Policy on Access to Information, the WB requires that the recipient discloses the audited financial statements in a manner acceptable to the WB. Following the WB's formal receipt of these statements from the recipient, the WB makes them available to the public following the World Bank policy.

#### **Disbursement Conditions**

17. Initial advance and disbursements through the designated account and/or direct payment will be paid only upon hiring (outsourcing) a qualified part-time financial management consultant, financed by the grant. The FM consultant will be hired within one month after the project effectiveness date.