



# Project Information Document (PID)

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Concept Stage | Date Prepared/Updated: 14-Apr-2021 | Report No: PIDC31781

**BASIC INFORMATION****A. Basic Project Data**

Country Djibouti	Project ID P175483	Parent Project ID (if any)	Project Name Djibouti Skills Development for Employment Project (P175483)
Region MIDDLE EAST AND NORTH AFRICA	Estimated Appraisal Date Sep 01, 2021	Estimated Board Date Dec 14, 2021	Practice Area (Lead) Education
Financing Instrument Investment Project Financing	Borrower(s) Ministere De L'Economie et des Finances	Implementing Agency Ministère de l'Education Nationale et de la Formation Professionnelle	

**Proposed Development Objective(s)**

To improve employability of vocational education graduates

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

<b>Total Project Cost</b>	10.00
<b>Total Financing</b>	10.00
<b>of which IBRD/IDA</b>	10.00
<b>Financing Gap</b>	0.00

**DETAILS****World Bank Group Financing**

International Development Association (IDA)	10.00
IDA Credit	10.00

Environmental and Social Risk Classification

Concept Review Decision



Moderate

Track II-The review did authorize the preparation to continue

## B. Introduction and Context

### Country Context

1. **Djibouti is a relatively small country located strategically in the Horn of Africa.** It has borders with Ethiopia along the west and southwest, Eritrea along the northwest, Somalia on the southeast, and the Gulf of Aden to the east. This access to a crucial coastline allows Djibouti to play an oversized role in the trade between economic giant China and rapidly growing and dynamic Ethiopia. It is one of the smallest countries in Africa with a total land area of about 23,200 square kilometers<sup>1</sup>. Djibouti is divided into six administrative regions: the capital city of Djibouti, Ali Sabieh, Arta, Dikhil, Obock, and Tadjourah. Djibouti city accounts for about 70 percent of the country's population, with the remaining population scattered across the five regions. In these administrative regions, the rural share varies quite a bit ranging from 40 percent of the population in Ali Sabieh to 77 percent in Tadjourah. On aggregate about 15 percent of the population live in rural areas, with the rest residing in the country's cities and towns.

2. **Djibouti is classified as a lower-middle income economy with a nominal gross domestic product (GDP) equivalent to US\$2.6 billion in 2016 (DISED<sup>2</sup>).** In recent years, Djibouti has experienced strong economic growth with real GDP growth averaging around 4.5 percent per year for a decade between 2003 and 2013 and about 7 percent per year between 2013 and 2016<sup>3</sup>. Although Djibouti has grown relatively rapidly in recent years, this growth has not translated into improved development outcomes for its citizens and residents<sup>4</sup>. Driven mainly by investments in physical capital, inclusive growth has proven to be elusive. About 21 percent of the population is characterized as being extremely poor according to estimates based on the official poverty line of about \$2.18 a day 2011 PPP<sup>5</sup>, while using the World Bank's (2018b) poverty line for lower middle-income economies of \$3.20 a day (2011 PPP), appropriate for an economy at Djibouti's level of development, the extreme poverty rate would be closer to 32 percent. Inequality in Djibouti is one of the highest in the MENA region with an estimated Gini coefficient of 0.42 and where the highest decile consumes sixteen times as much as the lowest decile<sup>6</sup> and twice that of the ninth decile (World Bank 2019).

3. **Djibouti recognizes that this growth potential needs to be harnessed for social and human capital improvements for its population.** There are numerous growth opportunities and trajectories for Djibouti to consider as it continues to consolidate its role as a conduit between economic partners China and Ethiopia, as a base for peace and stability in an otherwise volatile Horn of Africa, and as it ambitiously positions itself as a regional digital hub. To ensure that these opportunities lead to sustained improvements in the quality of life for its citizens, Djibouti has focused on improving their skills set to enable them to access emerging opportunities,

<sup>1</sup> Djibouti is often referred to as one of the smallest countries in Africa and this is accurate. It is the 8<sup>th</sup> smallest country in Africa with only Eswatini, the Gambia, Cabo Verde, the Comoros, Mauritius, Sao Tome and Principe and the Seychelles being smaller. However, relative to other regions of the world it is not that small. For example, Israel, Kuwait and Singapore are all smaller than Djibouti in size (Wikipedia, <https://www.nationmaster.com/country-info/stats/Geography/Land-area/Sq.-km>).

<sup>2</sup> Direction Statistique et des Études Démographique

<sup>3</sup> This impressive record of economic growth puts Djibouti ahead of countries with similar characteristics, such as, Cabo Verde, the Comoros, Sao Tome and Principe. This also places Djibouti's economic growth record ahead of countries that had similar per capita GDP in 2013, such as, Albania, Guinea-Bissau, Mauritius, and Mali (World Bank 2019; <http://documents1.worldbank.org/curated/en/825601576251871028/pdf/Challenges-to-Inclusive-Growth-A-Poverty-and-Equity-Assessment-of-Djibouti.pdf>).

<sup>4</sup> The elasticity of growth to employment shows that for every percentage point increase in GDP, employment grows by 0.38 percent.

<sup>5</sup> This is similar to poverty rates obtained using the international poverty line of \$1.90 a day (2011 PPP) which are estimated to be about 17.1 percent.

<sup>6</sup> About DF 670,000 to DF 40,500.



while simultaneously supporting efforts to increase the growth sectors in the country. A specific aim of the government is to ensure that future growth is not jobless, and recognize that jobs will be a central feature of this economic transformation. Ensuring that country has the needed stock of education and skills to harness this growth potential is key objective the country has set for itself.

4. **The pandemic has disrupted economic activity in Djibouti and while the impact till date has been relatively limited, it continues to threaten lives and livelihoods of Djibouti's citizens.** The first case of the coronavirus disease (COVID-19) was detected in Djibouti on March 17, 2020. As an immediate measure, the Government suspended international air-travel, and this eventually led to a general lockdown starting March 27, 2020. Nevertheless, Djibouti went on to become the country with the highest prevalence of coronavirus in East Africa at one point in time, although this is no longer accurate<sup>7</sup>. Subsequently, all schools, colleges and higher education institutions were also ordered to shut down to help prevent the transmission of the virus. Government restrictions eased in the fall of 2020 and schools were reopened. As of March 30, 2021, there have been about 7,790 confirmed positive cases of COVID-19, with 69 deaths. However, the apparently low incidence of COVID-19 should be interpreted with caution due to the unpredictable nature of this virus, the influx of workers from other countries, and the relatively poor health infrastructure in the country. Djibouti has administered about 117,000 COVID-19 tests for a population of one million people, and this has helped the country protect itself to some extent from a surge in cases. Djibouti received its first shipment of vaccines in early March 2021, receiving about 24,000 doses of the Astra-Zeneca /Serum Institute of India (SII) vaccine out of a total order of 108,000 doses through the COVAX initiative. The Djiboutian government started the vaccine campaign in mid-March.

5. **The pandemic has slowed what was a significant and sustained period of economic growth in Djibouti.** The country registered economic growth rates of 8.4 percent and 7.5 percent in 2018 and 2019 respectively. More importantly, for two decades, Djibouti experienced sustained and strong economic growth. Immediately after the pandemic hit in the first quarter of 2020, growth in Djibouti was expected to fall to 1.3 percent in 2020, both as a consequence of slowdown in global economic activity and compelled by the Djiboutian government's need to restrict the spread of the pandemic. It was estimated that Djibouti would lose about 0.75 percent of GDP per week of general lock down during the period that was needed to flatten the curve. It was always expected that medium term economic outlook remained optimistic, though entirely dependent on the manner in which this pandemic would spread globally. China's apparent success in controlling the spread of the virus since the outbreak in Wuhan, coupled with its deep ties and offers of assistance to Ethiopia are likely to prove beneficial for the recovery of the Djiboutian economy. Early optimistic projections estimated that growth will climb back up to around 9.2 percent in 2021 due to pent up demand, and then fall back to a steady 8 percent per year for the years between 2022-25. However, recent estimates suggest that Djibouti's economy initially contracted by 2% in 2020 given the lower than anticipated initial impacts, and real GDP is expected to increase by 3.5% in 2021 and to 6% in 2022 (EIU 2021). This is in line with a global economic recovery and rising demand for Djibouti's trans-shipment and logistics services, and this sector in particular is expected to play a significant role and remain a crucial part of the country's recovery.

6. **In line with the Global Compact on Refugees, Djibouti has demonstrated its openness and commitment to providing adequate protection to refugees.** Over the last 40 years, Djibouti has taken significant steps toward protecting migrants and refugees, including: (a) institutional and legislative strengthening; (b) improving access to basic services, particularly education and health; and (c) promoting social protection and economic prosperity. The World Bank, in consultation with the United Nations High

<sup>7</sup> Kenya now has 31,015 cases and about 506 fatalities and Ethiopia has 34,058 cases and about 600 deaths as of August 20, 2020.



Commissioner for Refugees (UNHCR), has confirmed that Djibouti's protection framework was adequate for the purposes of receiving financial support through the IDA18 Refugee Sub-Window (RSW). Since January 2018, refugees have been integrated into the national health system through an agreement between the Ministry of Health and the UNHCR. They have access to all medical facilities in the country, like Djiboutian nationals. In 2018, 7,198 identity papers were issued to refugees and 7,307 certificates to asylum-seekers. 15,071 refugees<sup>8</sup> gained the right to work and gained access to the labor market. Refugees may also open bank accounts and request credit. The refugee card acts as a residence permit and a work permit. They are free to engage in independent activity or salaried work and thus have access to self-sufficiency. Other sustainable solutions offered include voluntary return to countries of origin when the situation permits. As part of its support to education, the Ministry of National Education and Vocational Training (MENFOP) coordinates provision of appropriate curriculum in appropriate languages among the main refugee groups from Somalia, Eritrea, Ethiopia and Yemen. MENFOP continued to prioritize refugee education during the COVID-19-related school closures, ensuring logistics for refugees to undertake end-of-school exams.

## Labor Market

7. **Djibouti has not yet succeeded in transforming periods of high economic growth into poverty reduction, human capital improvements, or jobs for its population and residents.** This has not led to the development of a private sector that supports job growth and the development of a vibrant and dynamic labor market. Djibouti is a very young country with over 75 percent of the population being younger than 35 years of age.

8. **Labor force participation rates in Djibouti are reported to be around 64 percent<sup>9</sup> although this hides significant differences across sub-populations.** These relatively high rates of labor force participation however mask high total unemployment rates, even higher youth unemployment rates, and given the very large informal sector - high rates of underemployment. When considering the working age population of Djibouti, i.e., those who are 15 years old and above, only about 45 percent of this population participate in the labor market<sup>10</sup>. Labor force participation varies significantly across age, gender, and region of residence. Compared to the overall labor force participation rates, only about a third of working age women are in the labor force. These trends are very reminiscent of other MENA countries with significant differences in labor force participation across gender lines. There are high levels of economic inactivity among the youth with only about a third of the population in the 15 to 24-year range participating in the labor force<sup>11</sup>.

9. **Djibouti has high rates of unemployment.** The most recent estimates available for unemployment rates in Djibouti places this at about 47 percent and a labor force participation of about half of the working age population<sup>12,13</sup>. Furthermore, there is also evidence of significant gender difference in these estimates and that the youth in the country face higher rates of unemployment as compared to older individuals<sup>14</sup>. Youth, typically defined at those between 15-24 years of age, make up nearly three quarters of the labor force in Djibouti, and over a fifth of

<sup>8</sup> In 2016, 17,538 refugees were voluntarily repatriated (and 138 in 2018).

<sup>9</sup> WDI based on modeled ILO estimates and retrieved on January 29, 2021. Refer to <https://data.worldbank.org/indicator/SL.TLF.ACTI.ZS?locations=DJ>.

<sup>10</sup> This value has almost not changed since 1996 when it was estimated to be about 46 percent, despite nearly two decades of rapid growth.

<sup>11</sup> The participation rate for cohorts of the population in the prime working ages of 25-39 years and 40-60 years are 55 and 53 percent respectively.

<sup>12</sup> IMF (2019), 2019 Article IV Consultation. IMF Country Report No. 19/314. <https://www.imf.org/en/Publications/CR/Issues/2019/10/23/Djibouti-2019-Article-IV-Consultation-Press-Release-Staff-Report-and-Statement-by-the-48743>

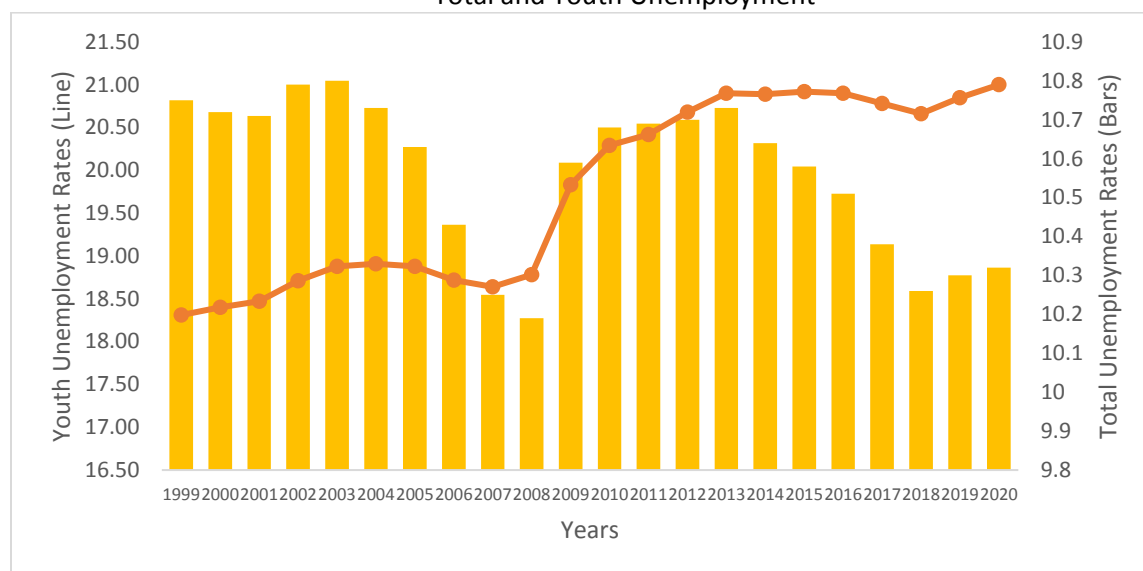
<sup>13</sup> World Bank (2018), Djibouti Economic Outlook

<sup>14</sup> Unemployment rate was estimated to be 39 percent in 2015, with significantly higher rates for women at 49 percent compared to 34 percent for men, and 59 percent in rural areas compared to 37 percent in urban areas (World Bank 2018; <https://www.worldbank.org/en/country/djibouti/publication/economic-outlook-april-2018>).



these youth are estimated to be unemployed<sup>15</sup>. Recent figures of total unemployment and youth unemployment is illustrated in Figure 1<sup>16</sup>.

Figure 1  
Total and Youth Unemployment



Source: ILO 2021 downloaded from STATISTA.com

10. **The labor market in Djibouti is highly segmented.** There are three broad buckets into which workers in Djibouti can be placed - the small formal private sector which accounts for about 10 percent of those in the workforce, the over-bloated public sector and the sizeable informal private sector. These two sectors combined account for the remaining 90 percent of those employed, with about 43 percent working in the public sector<sup>17</sup>. This is illustrated in Figure 2.

11. **Highly qualified and skilled individuals continue to self-select into the public sector which has enormous appeal.** About half of the public employees (45 percent) have at least a secondary education and the public sector accounts for about 70 percent of all Djiboutian workers with this level of education. The public sector offers tenure and relatively high wages, and this accounts for the skewed distribution of educated workforce between the private and public sectors<sup>18</sup> with high skilled workers becoming concentrated in the public sector, while there is an over-representation of low-skilled workers on the private sector side. Formal labor market opportunities are less available for working women than for working men, so this results in the informal private sector employing 63 percent of working women, while a third of women work in the public administration (in contrast to about 48 percent for men). The chart below shows this clearly. Nearly a fifth of the workers in the public sector have educational attainment at the secondary level or above, and nearly a third have at least primary schooling. While the 'private formal' market is a small employer, it is also evident that it does not recruit people of high skills. The informal private sector is a large employer, and a large employer of those who have no education or are self-trained or educated. Over half of the country's population works in small firms which engage 10 or

<sup>15</sup> However, an IMF (2017) report states that the unemployment rate for youth defined as those between 15-35 years old is much higher at 76 percent. See IMF Working Paper WP/17/270 (2017) entitled "Djibouti's Quest for Inclusive Growth" by Alexei Kireyev.

<sup>16</sup> These are based on ILO estimates and may not be strictly comparable to other estimates provided here. However, they serve the purpose and help elucidate the fact that youth unemployment and total unemployment rates are high in the country.

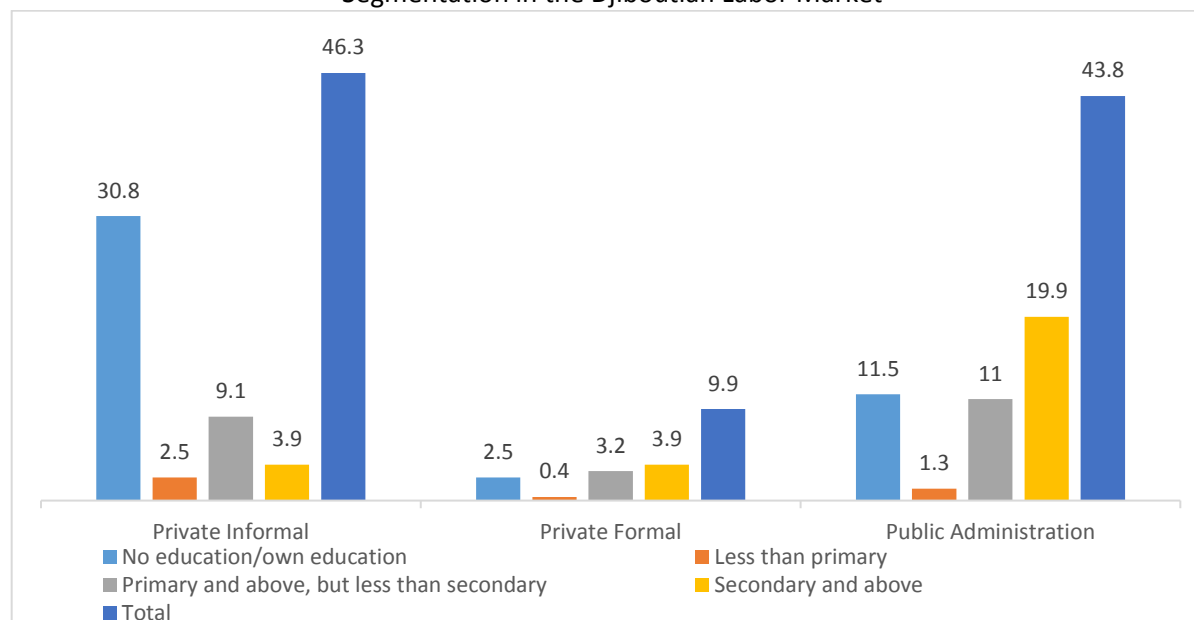
<sup>17</sup> The formal sector accounts for only about 38700 individuals in the country or about a tenth of the population.

<sup>18</sup> On average, workers in the public sector earn DF 104,161 per month while those in the (informal) private sector earn DF 84,221 per month.



fewer workers, and this in reality translates into a large number of one-person retail firms, or individuals working as microentrepreneurs.

Figure 2  
Segmentation in the Djiboutian Labor Market



Source: World Bank 2019

12. **Labor Market Informality:** Informality is characteristic of the Djiboutian labor market. Tackling informality directly can also have positive effects on the population. In Djibouti, informality is correlated to poverty and vulnerability. Poverty rates are also associated with the sector in which the household head works, being six times higher when the household head is employed in the informal private sector as compared to when s/he works in the formal sector. Vulnerability is also higher among those with a household head working in the informal sector. In terms of the development of skills, the informal sector poses significant challenges given that it is difficult to predict the set of the skills needed to support the economic activities contained therein. Furthermore, even if these skills are provided there are so many other constraints in the informal sector space, it is unlikely that training alone will help overcome these constraints, and thereby having little impact in terms of improved set of opportunities or welfare.

13. **There could be many reasons for such labor market characteristics.** This includes:

- There is some evidence to suggest that significant skills gaps in the market may be the reason why labor force participation rates have been low and Djiboutian workers seeking jobs simply do not have the necessary skills to take advantage of opportunities emerging in the formal labor market.
- There is a weak positive correlation between employment rates and educational attainment in Djibouti, although high levels of educational attainment by no means guarantees greater opportunities in the labor market. In fact, the concern of skilled unemployment is quite significant. While individuals with secondary or more education show higher rates of employment than those with no education, there are almost no differences between those with no schooling and those with primary schooling.
- Another perplexing concern is that Djiboutians seem to have a high reservation wage, and it is not clear as to why the reservation wage is so high in a country with widespread poverty, high unemployment, and not very large amounts of remittances coming into the country from the Djiboutian diaspora<sup>19</sup>.

<sup>19</sup> Reservation wages can be high for a number of reasons – for example, overgenerous unemployment benefits making working less desirable and high



Sectoral and Institutional Context

14. **The COVID crises has and continues to play havoc with educational systems around the world and in Djibouti.** The COVID crisis has had a significant impact on the transaction of educational services in Djibouti, and the implications of this will manifest itself in the years to come. However, the Djiboutian government responded quickly in the early months of the pandemic between March and September 2020 and resorted to alternative learning modalities. Preliminary data from pulse surveys suggests relatively good student participation through these alternative modalities during this period and this is shown in Table XX. Since September 2020, schools have largely reopened and a majority of children were able to return to school, and of the few who were not able to go back to school cited that schools were unprepared to receive them (World Bank 2020)<sup>20</sup>. Notwithstanding this positive news, the continuation of learning opportunities remains uncertain as the virus’s trajectory is still not clear and it is possible that further lockdowns may become necessary. Furthermore, even though the preliminary results from pulse surveys have been favorable, more detailed work would be needed to truly ascertain both short- and long-term impacts.

Table 1  
Education Access in Djibouti During Early Months of the Pandemic

	ALL	BALBALA	REST OF DJIBOUTI CITY	OTHER URBAN CENTERS	NON-POOR	POOR
Proportion that watched Educational TV programs (Students aged 6-10 years old)	73.5	86.0	75.0	45.3	73.4	73.8
Proportion that watched Educational TV programs (Students aged 11-18 years old)	82.2	85.6	84.8	73.9	82.9	78.9

Source: World Bank (2020a)

15. **Education is valued by the Djiboutian population and this is evidenced in the positive educational mobility across the population of the country.** For the overall population of the country, there is evidence of positive education mobility for the entire population. About 36 percent of the population aged 25 years or older, have higher educational attainment than their parents' generation, while about 60 percent have the same attainment as those in their parent's generation. There is considerable variation across population subgroups with non-poor men showing the greatest mobility rates, while poor women show the least mobility. The World Bank’s Poverty Assessment also estimates returns to schooling, the returns to be employed in the public sector. The analysis finds that every additional year of formal education increases wages by 7.8 percent and that working in the public sector is associated with a wage premium of 18 percent even after accounting for other worker characteristics.

16. **The Djiboutian schooling system is a 5+4+3 system with 5 years of primary schooling, 4 years of lower secondary schooling and 3 years of secondary schooling.** There is a pre-primary sector that covers 2 years although access is severely curtailed. The primary and lower secondary cycles are considered as compulsory. Students at the secondary level can opt to follow two paths – a general education path that spans three years or a technical and vocational education path that spans either one or two or three years which is a function of the area of specialization of the student. At the end of the of the General Education pathway, students are expected to sit for the national baccalaureate exam. More recently, renewed efforts are underway

levels of overseas remittances. For example, in Caribbean island states and in the Pacific Island Countries, reservations wages are high, fueled by sizeable remittances as a percentage of GDP being channeled back to these countries. This is not the case in Djibouti.

<sup>20</sup> World Bank (2020b), *Monitoring COVID 19 Impacts on Households in Djibouti Report No. 2*. Washington DC, November 2020.





to strengthen assessment against learning standards, modernize the curriculum and promote new, more interactive teaching and learning pedagogies. Accompanying these efforts in response to the COVID-19 pandemic is an expansion of digital learning, adapted to the context of limited internet connectivity. The themes were identified as priorities in the education sector analysis of 2020 and will inform the development of the new education sector plan which will get underway in 2021.

**17. Primary education remains the cornerstone of the Djiboutian government's education policy.** In recent years, Djibouti has made significant progress in improving access to schooling for children across all levels. Sizeable resources have been spent on this effort and the number of public primary schools has increased from 84 in 2004–05 to about 113 in 2010–11 and to a further 136 in 2016–17 (DISED 2012a, 2014a, 2017a)<sup>21</sup>. During this period the number of public middle and secondary schools also increased threefold from 11 in 2004–5 to 36 in 2016–17 (DISED 2012, 2014, 2017). Gross enrollment rates have increased and are now 94 percent for primary and 75.5 percent for lower secondary (both compulsory), and some growth has also been witnessed in the nascent pre-school sector which is at 14 percent<sup>22</sup>. Recent findings from the 2018 household survey finds updated Net Enrollment Rates for primary at 74 percent nationally, 79 percent for Djibouti-Ville, and ranges between 60.6 percent and 74.6 percent in the Arta and Ali-Sabieh regions respectively. This survey also illustrates that nearly one in five school-age children in Djibouti have never been to school. Several national indicators show that quality remains a major concern, and is reflected in high levels of grade repetition (over 20 percent of students) from primary to lower secondary. Finally, Djibouti has not yet participated in an international learning assessment, which would provide some insights into the quality of schooling.

**18. The government is committed to ensuring access to quality education for all students considered as vulnerable, which includes, girls, refugees, and children with special needs.** Girls' enrollment is lower at all education levels and make up 49 percent of preschool, 46 percent of primary, 45 percent of lower secondary school students, and 41 percent of technical and professional education. Even though girls' repetition rates are lower at primary and that their primary school national examination scores are slightly better than boys', girls experience higher dropout rates in fifth grade, which partially accounts for the disparities in enrollment in lower secondary. According to the initial results of a survey of out of school children in 2019, the average percentage of out-of-school girls in lower secondary is 18 percent while it stands at 13 percent for boys. The lower enrollment rates for girls in lower secondary are especially prevalent in rural areas. Indeed, the average percentage of out-of-school girls in rural areas in lower secondary is 47 percent while it stands at 31 percent for boys. The top two reasons listed for the non-schooling of girls according to the study are: (a) their lack of interest; and (b) their parents' refusal to send them to school because they are girls. Therefore, renewed and targeted efforts are needed to be undertaken to reach gender parity especially in lower secondary.

**19. Djibouti has worked to narrow the gender gap in education as well, although wide gaps between girls and boys still persist and grows larger in higher grade levels.** This is evidenced in a number of ways – for example, women are more likely to have no formal education. Furthermore, only 38 percent of women report having completed at least primary education compared to about 57 percent of the men. Nearly 46 percent of girls are estimated to be out of school compared to about 39 percent of boys. There are also significant differences in primary school enrollment with only about 60 percent of girls enrolled compared to about 69 percent of boys. This has led to significant gains in literacy for both boys and girls and has significantly reduced the gender gap in literacy. While the gender gap in literacy rates for cohorts born between the mid-50s and

<sup>21</sup> Including the construction of 196 new classrooms between 2017 and 2019, which has led to significant decreases in classroom numbers from 70 in 2013/14 and to 43 in 2018 in urban areas.

<sup>22</sup> The pre-school sector is voluntary and does not fall under the definition of compulsory schooling according to MENFOP. Limited access to, and quality of pre-school education hinders school readiness.



mid-70s was around 24 percentage points, this has now narrowed to about 2 percentage points for cohorts between the ages of 10-14 years of age.

20. With regards to refugee education, the Government of Djibouti (GoD) signed the “*Djibouti Declaration on the Education of Refugees in Intergovernmental Authority on Development (IGAD) Member States*” on December 14, 2017. Thereby affirming its responsibility for the education of all school-age children within its borders. In line with this, MENFOP is currently taking over the operation of all refugee village/camp schools and is working to develop long-term sustainable education services for refugee children in Djibouti. MENFOP has developed a roadmap for this transition which is regularly followed up by senior officials of the ministry.

21. MENFOP is committed to accommodating special needs students at school. Stigma continues to be attached to various disabilities in Djibouti. To address this, MENFOP has set up an Office for Special Needs, has a basic strategy, and classes for visually- and hearing-impaired students at the primary level. In 2017-18, the first cohort of hearing-impaired students graduated from a specialized Technical and Vocational Education Training (TVET) program. MENFOP has set targets in their Education Sector Plan (*Plan d’Action de l’Education – PAE 2017-20*) of enrolling 600 students in the next three years, which presents significant challenges due to the overall constraints within MENFOP. A costed plan would allow for a harmonized approach and mobilization of the necessary resources to ensure sustainability. MENFOP will need additional financial resources, human and technical capabilities, which are currently lacking at MENFOP, to be able to implement these programs.

22. **Education budget allocations are mostly used to cover recurrent salary expenditures, crowding out capital expenditures on infrastructure, professional development and education innovation.** In 2018, the education budget stood at US\$130 million, of which 45.1 percent was allotted to primary education (grades 1-6). Education spending represented 19 percent of the national budget. In 2016, investment spending as a percentage of the total national investment spending stood at 6 percent while recurrent education spending as a percentage of overall recurrent national spending stood at 17.3 percent. Salaries, transfers and subsidies accounted for 93.4 percent of recurrent education expenditures in 2016.

23. **Vocational training is at the heart of the economic and social challenges of the Republic of Djibouti.** With the new national vocational training policy adopted this year by the Council of Ministers, the reformed vocational training system is expected to achieve: (i) an increase in the number of new entrants to vocational training of at least 20 percent, also aimed at reducing an imbalance of access between the capital and the regions and an interregional imbalance with most of the training infrastructure concentrated around Djibouti-ville; (ii) the creation and operationalization of vocational training governance bodies; (iii) the establishment of sustainable mechanisms for financing the vocational training system; and (iv) sustainable professional integration of vocational training graduates in excess of 50 percent.

24. **There is a relatively sizeable network of training institutions in Djibouti to support post-compulsory education and training.** This consists of eleven functioning institutions grouped into technical secondary schools and vocational training centers. These eleven institutions fall under the aegis of MENFOP. There are thirteen other training institutions that do not report to MENFOP and these training institutions can be grouped into three categories: (i) belong to other departments or ministries, (ii) run by associations or organizations, and (iii) for public or private enterprises<sup>23</sup>. The structure of the post-basic TVET system is

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<sup>23</sup> Refer to Annex 1 for a full list of institutions.

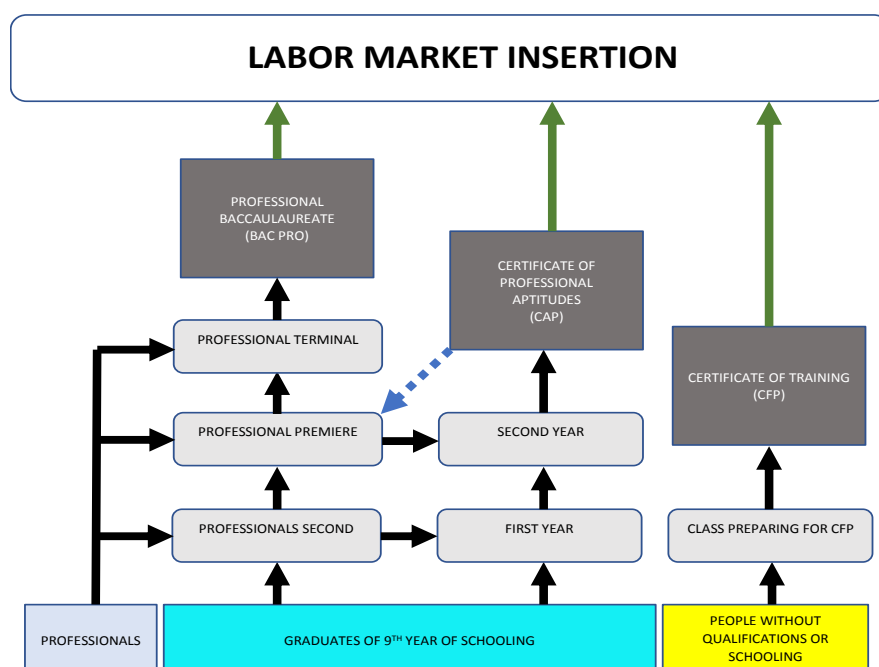


illustrated in Figure 3.

25. Upon completion of the compulsory school cycle – primary plus lower secondary – students have the option of studying in one-year, two-year or three-year cycles. These are described further below:

- i. A short cycle of one (1) year after which the trainee leaves the school system and receives the qualification of a *Certificate of Professional Training* (CFP). This is an entry level qualification and is also open to out-of-school youth who do not qualify for *Certificate of Professional Aptitudes* (CAP) and to adults without qualifications, irrespective of whether they are employed or not, and who are seeking their first certification.
- ii. The CAP offers a two-year cycle and is also open to school leavers in the 9th year of general schooling. Students who wish to and qualify for continued training, have the opportunity to enter the second year of the BAC PRO cycle which allows for a quicker transition into the labor market.
- iii. Students who have successfully completed their Year 9 in General Education or holders of the CAP, are eligible for the three-year cycle and are eligible to receive the BAC PRO upon completion.

Figure 3  
Structure of Post-Compulsory Skills Development and Training Sector



26. Each of these levels requires the student/trainee to develop *knowledge, attitudes and practice in their specific areas of interest* in a manner demonstrating progressive responsibility and capacity to function autonomously. With the top levels requiring trainees to demonstrate the acquisition of both theoretical and practical experience through work supervised by a mentor or supervising figure.

27. Access and completion across all levels of schooling remains major challenge in Djibouti. Although Djibouti has made recent investments to improve access to educational services across the country, access and completion at each level is still low. The gross enrollment rates are 14 percent for pre-primary, 89 percent for primary and 63 percent for lower secondary, according to MENFOP. The 2018 Household Survey reveals that the



national Net Enrollment Rate (NER) at the primary level is 74 percent nationally<sup>24</sup> (World Bank 2019). Completion rates are also low for those who join schooling with only 64.3 percent of those who joined completing the primary level and only 44 percent completing the lower secondary level of schooling. These are national averages, and there is considerable variation within regions of the country. About 20 percent of all school aged children have never been to school in Djibouti.

28. **Access to post-basic training remains severely curtailed.** Despite the number of institutions, training opportunities relative to need are few in the context of Djibouti. Furthermore, most training programs are set up for those who complete at least Compulsory Schooling before entering the training opportunities that they can access. The opportunities for those who dropout of school early or for those who never went to school are practically non-existent. Furthermore, training programs seem to be geared for the few employment opportunities that emerge in the formal sector, while most jobs remain firmly embedded in the informal sector. Vocational training programs are considered inferior and have a negative stigma associated with them and tend to be viewed as option only for the underprivileged and not others. Thus, a sizeable share of the population does not have the opportunity to acquire more training even if they wished to do so, and even those who are able to access technical education and vocational training, the programs offered if often not contextualized for the needs of the domestic labor market. While there are really no systemic barriers within the training sector that prevents women from participating in technical education and vocational training programs, the number of women in non-traditional programs and courses continues to be small. The USAID's WorkForce Development program's Gender Assessment reveals that a combination of prevalent social norms, parental influence, and poor communications, impacts decisions by women to participate in these programs. This will need to be addressed to help improve system equity.

29. **The TVET Subsector in Djibouti is in the process of implementing a revised, comprehensive policy to help develop and grow the sub-sector.** Until recently the technical education and vocational training lacked a clear vision, and precise definition of the system's role, objectives and functioning. In 2019, the Djiboutian government developed the *Politique Nationale de Formation Professionnelle* (or the National Vocational Training Policy) which now provides a more comprehensive assessment of the TVET sector and the reforms that will be needed to improve the functioning of this subsector.

30. **The Government of Djibouti has established the *Direction Générale de l'Enseignement Technique et de la Formation Professionnel* (DGETFP) or the General Directorate of Technical Education and Professional Training<sup>25</sup>.** This was established in 2012 and was expected to be responsible for development and the conduct of the country's policies on technical education and vocational training. This office was restructured in 2018 and was expected to help the planning, budgeting and implementing TVET programs, carry out all monitoring and evaluation functions, function as an inspectorate<sup>26</sup>, and most importantly, support and ensure coordination across a range of bodies involved in the delivery of technical education and vocational skills<sup>27</sup>. However, it is now realized that the DGETFP, the key arm of the government in the technical education and vocational training space, lacks the autonomy, manpower, financing, and other resources needed to support such a broad set of functions. This will constrain the DGETFP ability to fulfill its objectives to support skills development and support the employability of Djibouti's youth. The highly fragmented training system requires an institutional architecture that is different and that can support coordination both vertically and horizontally through the TEVT ecosystem, rope in the private sector to support program development and to ensure that programs are relevant to the needs of the market, support a revolving door between industry and academia – to ensure that trainers have the necessary

<sup>24</sup> There is considerable variation across regions of the country.

<sup>25</sup> Henceforth referred to as DGEFTP.

<sup>26</sup> Established as the Inspectoral General of EFTP or IGETFP.

<sup>27</sup> Annex 2 provides a full range of institutions that support technical education and vocational training programs and are considered to be part of the national EFTP system.



practical and real world knowledge, and the needed content and pedagogical skills to impart this to the next generation of workers. In short, the sector needs a strategic rethink, new institutional structures, autonomy, and the role played by so many public and private stakeholders that makes certification, equivalence, the development of multiple pathways, policies on the recognition of prior learning, strengthening and diversifying the volume of funds and the source of funding, training of trainers, decentralization of training provision, and the development of quality assurance mechanisms. The new TVET policy recognizes these shortcomings and the fact that the TVET system lacks leadership and a common purpose, and the distribution of these across multiple entities needs effective coordination mechanisms to be in place for a smooth functioning system. While the new policy recognizes the needs and makes an effort to address it through institutional and other changes, it is not clear that the proposed new structures will necessarily meet the system demands.

31. **The TVET system is poorly financed and resourced.** Although allocations to the TVET sector have increased in recent years, through the establishment of a Special Fund for the development of the TVET sector, routine budgetary allocation to the department for the functioning of the institutions, and from external sources through development partner cooperation, the new strategy still identifies funding as a key constraint. This will continue to thwart the development and quality of the training sector unless this is addressed. While TVET may be underfunded in Djibouti, there is also a need to recognize that steps need to be taken to improve the efficiency of use of available resources. A clear mapping of the use of available financing, its allocative and productive efficiencies, and the outcomes it is able to buy, would need to clearly understand to strengthen the overall system. It would be important to improve the use of data in decision making in this sector, conduct efficiency studies across a range of providers to better understand how resources are allocated and used across different activities within the TVET sector. Furthermore, Djibouti should consider alternative mechanisms to raise financing for TVET, such as, a levy on private sector participants, an expat levy, and perhaps training levies targeted at the transport and logistics sector – the main stay of the Djiboutian economy.

32. **Institutional governance needs to evolve with an emphasis on institutional autonomy on all matters academic, administrative and to a more limited sense, financial.** The present system over-emphasizes the role of the ministerial department in the management and functioning of all training institutions. For improved efficiency of operations, institutions should be given a greater degree of autonomy, while at the same time centralized systems for quality assurance, promoting program efficiency, and monitoring and evaluation of institutional outputs and outcomes need to be put into place. Institutions should also be supported in developing procedures for procurement, financial management, public financing, etc.

33. **System Partners:** There is a need to build close working partnerships between the training system and training institutions, and representatives of the private sector, employers, chamber of commerce, and other relevant stakeholders. These partnerships should be developed and strengthened in the coming years to ensure that the training institutions are able to cater to the needs of local businesses, employers and the private sector. Partnerships can support the development of mandatory training programs, internship opportunities, and apprenticeships to support school to work transition, and in general help prepare trainees prepare for the world of work<sup>28,29</sup>.

34. **Quality Assurance mechanisms are not fully in place, and the elements that are do not function as needed.** The TVET system in Djibouti would benefit from the development of a qualifications frameworks, and procedures and mechanisms to improve quality assurance. This would involve a range of different activities

<sup>28</sup> <https://data.worldbank.org/indicator/IT.NET.USER.ZS?locations=SZ>

<sup>29</sup> Labour Force Survey, 2016.



from the development and establishment of qualifications frameworks (preferably comprehensive frameworks that cover the entire education and training system, although this can be constructed piece-meal. Additionally, efforts would have to be made to ensure that program curriculum, student assessment mechanisms, practical work, and portfolio development are all strengthened through the trainee's program.

**35. The professional development system for trainers in Djibouti is weak and consists only of initial training:** The most important element in any training system are the set of trainers who will train the next generation of workers. The quality of trainers represents that vast chasm between program success and program failure. The current stock of trainers in the Djiboutian system have not been adequately trained in recent years neither at pre-service stage nor through in-service training. There are very few programs available for the continuing training for trainers in Djibouti and given the length of time some of them have been trainers, they have little understanding of current skills needs in the productive sectors. The system needs to increase the cross-fertilization between industry and the training sector, so that trainers can make their programs more relevant and without the constant rebuilding of skills through participation in industry settings, many training programs would become outdated and obsolete. Improving efforts to establish systemic changes to finance the training of trainers would be important. Furthermore, strengthening partnerships between industry and training providers would support the development of market relevant training programs. The sector also needs to become less centralized, so that decisions on training can be taken at the institution level and does not require MENFOP's clearance. MENFOP also seems to make unilateral decisions on issues like curriculum, standards, etc., without consulting other concerned ministries or agencies, and this practice needs to change. Finally, programs need to be reoriented towards outcomes and away from just inputs, and the use of Competency Based Assessments will strengthen pedagogical practices of the trainers.

**36. The Role of ICTs and other related technologies in training system.** The pandemic has laid bare the incredible divide between those students who have access to broadband connectivity and associated devices, and those that do not have such access. Even though online learning is not ideal and as many teachers and trainers have stated, there is perceptible weaknesses in transacting classroom activity through this medium, events of the last year have illustrated the need for system resiliency. TVET is particularly impacted by this pandemic given the significant share of *practical work* that requires face to face transactions and elevates the risk of transmission of the virus. MENFOP's ICT strategy already has in place a '*one child, one tablet*' policy initiated by the country's President. Expanding digital connectivity, adopting open-source software, increased use of audio-visuals in classroom transactions, and gradual shift towards AR/VR devices for simulating practical environments for training could help build resiliency for future emergencies. The pandemic provides the necessary impetus to build this system resilience, and build back better, in order to ensure that over the medium term, Djibouti's TVET system is able to cope with future shocks without having to shut down.

**37. Other successful skills development projects in the country have worked across government ministries and other bodies.** This provides a workable template for success. For example, *Agence France du Development's* (AFD) support to the transport and logistics sector has been through a tripartite arrangement which brings together MENFOP, Ministry of Labor, the Chamber of Commerce and the AFD. Similarly, the USAID has worked closely with MASS, MENFOP, and other private sector bodies to support their long-standing Workforce Development Program. The project will use lessons learned from these in the design.



1. **The proposed project is fully aligned with the WBG’s Systematic Country Diagnostic (SCD) 2018 suggesting a multi-pronged approach required to support education reforms in education.** It is evident that sweeping, deep, and sustained reforms will be needed to improve outcomes for trainees both in terms of learning and in terms of labor market outcomes both in the informal sector and the formal sector. The proposed project will complement other World Bank funded projects in Djibouti<sup>30</sup> and work closely with the MTI, FCI, Poverty and SSI, together with colleagues in other branches of HD, such as, Social Protection and Jobs Group. The proposed project comes at a critical time when Djibouti (and the world) are experiencing unprecedented economic contraction and job losses due to the COVID-19 virus. In addition to the SCD, the project is fully aligned with the objectives enshrined in the Djibouti National TVET Strategy. Furthermore, the proposed project is fully aligned with the World Bank Group’s Country Partnership Framework (CPF) for FY21-25, where Focus Area 1 emphasizes “*support human capital, inclusive and private sector-led growth and job-creation and economic transformation by fostering private investment and entrepreneurship*” and Focus Area 2 emphasizes “*...strengthen the role and capacity of the state to deliver service, promote inclusion and modernize public institutions*”. This is also fully aligned with the MENA regional strategy which aims to support jobs and transformation and advance gender equity.

2. **The proposed project will focus on supporting and strengthening job market outcomes for Djiboutian youth.** This will be in both the informal and formal sectors through improving the quality of the provision of TVET programs in Djibouti. This will strengthen the country’s human capital and while simultaneously helping to establish training corridors which are deeply connected to the labor market. The proposed project will directly contribute to the WBG’s twin goals of ending extreme poverty and boosting shared prosperity in a manner considered sustainable and by investing in training and work force development activities that would support Djibouti’s objectives of strengthening human capital by directly supporting training for all categories of groups.

### C. Proposed Development Objective(s)

To improve employability of vocational education graduates.

#### Key Results (From PCN)

38. The Key Results include the following (tentative) indicators

- Increased enrollment in selected TVET areas (e.g., General Construction, ICT for Public Administration, Digital Skills, Transport and Logistics, Nursing and Renewable Energy) - disaggregated by gender
- The number of stackable, quality assured, short-term training programs (3-6 months)
- Share of students accessing online programming
- Trainees in targeted courses at TVET institutions in mandatory job training (disaggregated by gender)
- VET funding for identified priority areas
- Share of trainers who have recent (< 3 years ago) industry experience
- Share of trainees employed 6 and 9 months after completion of their programs in similar sectors.

### D. Concept Description

39. The proposed project will help foster a more responsive skills development sector that addresses current and emerging labor market needs, while simultaneously supporting entrepreneurial skills needed in a country

<sup>30</sup> For example, the proposed DPO series or the Urban Development Project or other private sector initiatives.



where formal job growth is very low. The project will focus on ensuring desired job market outcomes for Djiboutian workers both in the informal and formal sectors by improving the quality of the provision of skills development programs through both public and private sector in the country. The project is expected to support activities in the following sectors - transport and logistics, construction and related trades, ICT, energy, and selected services. Tourism, nursing and mid-wifery, agriculture, livestock and fisheries sectors will also be explored during preparation and in consultation with the government, private sector, and other development partners. Finally, the project aims to support the creative industries sectors that would combine both traditional artisans as well as a range of newer skills such as media, audio-visual skills, photography, graphics design and web-development. The project will attempt to focus on two other aspects. First, the project will try to analyze the capacity or training needs within a select set of State-Owned Enterprises (SOEs) which remain quite opaque in terms of their functioning. Second, the project will engage with some of the foreign missions in Djibouti, particularly those countries with military establishments, to determine whether they need specific skills to support their activities.

40. Four cross cutting themes will underpin all project activities – (i) building back better – to ensure that the system is resilient to the kind of shocks witnessed over the last year, (ii) inclusion for all – with a specific emphasis on improving opportunities for women, differently-abled individuals, and refugees, (iii) minimizing the projects environmental footprint by focusing on the development of a green skills development sector –by supporting green infrastructure, equipment and resources, supporting training in sectors to emphasize sustainability such as green energy, climate resilient farming, etc., and ensure that these concerns are embedded into all training standards irrespective of sector, and (iv) data will drive all project decisions and the project will help establish low-cost and appropriate data collection procedures across the entire sector. The project will be primarily targeted at the youth of the country and the official definition of youth in Djibouti includes individuals between the ages of 15-24 years. However, based on consultations with the government this may be expanded to include all individuals between 15-34 years of age.

41. The design of the proposed project will be as closely aligned with the country’s new policy on vocational training and will appraised and support those planned activities that are likely to help the sector grow and become more effective. The project is supported through three (3) components which help set up the enabling environment for TVET, finance institution level reforms to improve the quality and effectiveness of service delivery, and link training to actual opportunities in the market. The outline is detailed below.

#### **COMPONENT 1: IMPROVING TVET SECTORAL AND INSTITUTIONAL GOVERNANCE (TOTAL US\$ XXm, IDA US\$ YYm)**

42. Component 1 will strengthen the existing architecture for skills development through three sub-components. The first sub-component will focus on sectoral and institutional governance, the second sub-component will support curricular reforms, the establishment of skills standards and create skills pathways which link these standards in a cohesive, comprehensive and cogent manner, and the third sub-component supports the development and implementation of policies to diversify system financing for skills development programs. These are described in further detail below.

43. Sub-Component 1.1: Modernizing TVET Governance: This sub-component will improve the governance of the skills development sector in Djibouti by:





- i. Improving coordination horizontally across government ministries with MENFOP continuing to play a central role in skills development, while recognizing that sectoral skills may be anchored elsewhere
- ii. Support integration vertically from MENFOP all through the chain to the point of service delivery
- iii. Expand and formalize the role of all stakeholders in the skills development ecosystem, with a specific emphasis on empowering the role of private sector players
- iv. Training providers are granted increased institutional autonomy in administration, academics and financing
- v. Review policies and conduct a feasibility study to establish a training levy and allow training providers to admit fee-paying students and reinvest these resources in institutional development
- vi. Strengthen monitoring and evaluation in the sub-sector to improve the use of data for the functioning of the sector

44. Sub-Component 1.2: Establishing Skills Pathways – from Novice to Expert: This sub-component will support the establishment of skills pathways across a continuum of learning standards from foundational skills to advanced skills. The creation of these skills pathways will help learners, training providers and employers understand and recognize the skills of workers and match these to existing opportunities. The sub-component will specifically finance:

- i. Development of unambiguous and measurable skills and competency standards in selected in-demand sectors in coordination with employers, private sector representatives, state-owned enterprises, and international military establishments
- ii. Establish quality assurance procedures, develop instruments to conduct assessments and support the training of assessors including procedure to assess and recognize prior learning (RPL)
- iii. Review selected program curricula and develop procedures for modularizing programs, establish shorter duration credentials, such as, micro- and nano-credentials in the system and methods to establish them.

45. Sub-Component 1.3: Sector Skills Councils and Sectoral Partnerships: This sub-component will finance seed money for the establishment of sector skills councils in selected economic and trade sectors and establish sectoral partnerships between training institutions and private sector representatives. This will be done in consultation with the private sector bodies, and specifically the Djibouti Chamber of Commerce.

46. Sub-Component 1.4: Project Capacity Building, Management, Monitoring and Evaluation: Technical assistance will be provided to manage and implement project activities in the MENFOP including all matters fiduciary and social safeguards. This sub-component will also support all monitoring, evaluation and reporting requirements of the project. This component will also provide technical assistance (TA) support to undertake or



commission studies (including tracer surveys, satisfaction surveys, and impact evaluations, etc.) through the project life

## **COMPONENT 2: IMPROVING TVET SERVICE DELIVERY AT THE INSTITUTION LEVEL (TOTAL US\$ XXm, IDA US\$ YYm)**

47. Component 2 will support direct investments into selected training providers to improve the governance and management of institutions, program quality, scope, relevance and efficiency of training programs and student learning outcomes.

48. Sub-Component 2.1: Improving institutional governance and management: This sub-component focuses on reforming the manner in which these institutions, which are the point of service delivery function. This sub-component supports the following:

- i. reform institutional governance and management
- ii. re-orient management from input-based approaches to output- and outcomes-based approaches. Participating institutions will receive financial and technical assistance support to improve and reform their current procedures
- iii. strengthen monitoring and evaluation practices at the institution level

49. Sub-Component 2.2: Infrastructure and Human Capital Strengthening: This sub-component will strengthen physical and human capital at the institute level by:

- i. supporting infrastructure development and rehabilitation in a select set of schools and across a set of key trades
- ii. modernizing curricula and investing in a range of Teaching and Learning Resources and support the retrain of trainers to be able to accommodate these changes. It will also support the development of training packages in selected trades for both the informal and formal sectors. The packages will include: content, teaching-learning materials, program assessments, theory and practice, teacher training, certification, mandatory OJT, and Work Readiness.
- iii. The project will invest in EdTech for resilience. The pandemic has made evident the need to not only *build back better* but to ensure the resilience of the existing infrastructure through enhancing the use of digital technologies and explore the use of VR/AR training technologies, blockchains for verification and certification of qualifications and competences and other technologies to support the administration and delivery of skills development and TVET programs

50. Sub-Component 2.3: Regional Partnerships and Specialized Programs: Given Djibouti's relative size, it would be cost-effective and efficient to have extensive external networks in the TVET space. This sub-component will:



- i. finance TVET partnerships with appropriate international registered training providers in select trade areas
- ii. pilot the use of these resources to support very short-duration online courses leading to micro- and nano- credentials and digital badges.

51. Sub-Component 2.4: Strengthen Links between Training and Entrepreneurship: This sub-component will screen individuals for entrepreneurship aptitude across select sectors and provide these trainees with financial, business-development and managerial support training to succeed in the labor market.

52. Sub-Component 3.3: Job-Search Services and Activities: This sub-component will finance access to innovative opportunities for qualified women and men through established online international job-platforms, such as, Freelancer, Upwork, Guru, Workana, etc. The specific platform to be selected will be based on discussions with the Government and other counterparts during preparation and implementation. A rigorous evaluation will be built around this sub-component.

**COMPONENT 3: CONTINGENT EMERGENCY RESPONSE (TOTAL US\$ XXm, IDA US\$ YYm)**

53. This component will support a zero-dollar Contingent Emergency Response Component (CERC). This will be included to allow for unanticipated shocks that may require rapid mobilization of resources.

Legal Operational Policies	Triggered?
Projects on International Waterways OP 7.50	No
Projects in Disputed Areas OP 7.60	No
Summary of Screening of Environmental and Social Risks and Impacts	

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