Report Number: ICRR0024085

1. Project Data

Project ID	Project Name	
P151831	Kenya Youth Employment and Opportunities	
Country	**Practice Area(Lead)**	
Kenya	Social Protection & Jobs	
L/C/TF Number(s)	**Closing Date (Original)**	**Total Project Cost (USD)**
IDA-58120	31-Dec-2021	142,012,211.90
Bank Approval Date	**Closing Date (Actual)**	
20-May-2016	31-Aug-2023	

	IBRD/IDA (USD)	Grants (USD)
Original Commitment	150,000,000.00	0.00
Revised Commitment	150,000,000.00	0.00
Actual	143,700,861.44	0.00

Prepared by	Reviewed by	ICR Review Coordinator	Group
Judith Hahn Gaubatz	Judyth L. Twigg	Susan Ann Caceres	IEGHC (Unit 2)

2. Project Objectives and Components

a. Objectives

According to the Project Appraisal Document (PAD, page 8) and the Financing Agreement (page 5), the project objectives were as follows:

- **To increase employment and earnings opportunities for targeted youth.**

One of the key project indicators was slightly revised at the time of project restructuring such that its operational definition was better aligned with other indicators, and thus the target figure was adjusted accordingly. However, as this change did not affect the project ratings, a split rating methodology was not applied.

b. Were the project objectives/key associated outcome targets revised during implementation?

Yes

Did the Board approve the revised objectives/key associated outcome targets?

No

c. Will a split evaluation be undertaken?

No

d. Components

1. Improving youth employability (Appraisal: US$ 75.0 million; Actual: US$ 76.9 million): This component aimed to address the problem identified by employers that youth who come out of school and training centers frequently lack the relevant work experience and competencies, including behavioral skills, for employment. The component directly built upon a pilot program from a predecessor Bank operation that provided targeted youth with training and work experience in the private sector with the goal of improving youth employment outcomes. Activities included: provision of three-month training in life skills, core business skills, and technical skills; three-month internships in the formal sector (in partnership between training providers and employers who demand certain skills); three-month apprenticeships in the informal sector led by master craftsmen; upgrading of master craftsmen skills; and development of certification standards for apprenticeships. Results-based financing mechanisms were used for the provision of training by service providers and master craftsmen to incentivize internship placements and completion.

2. Support for job creation (Appraisal: US$ 41.5 million; Actual: US$ 45.6 million): This component aimed to expand opportunities for youth through job creation and increased earnings through self-employment. Activities included: financing of business start-up grants (US$400 seed funding) disbursed in two tranches for simple entrepreneurship plans; provision of business development services (BDS) to support the start-ups, such as mentoring, consulting, and advisory services for marketing or technical issues; business plan competitions for high-potential youth entrepreneurs in expanding or starting up ventures; and innovative catalytic interventions to reach hard-to-serve youth.

3. Improving labor market information (Appraisal: US$ 13.5 million; Actual: US$ 5.5 million): This component aimed to provide timely information about labor demand and supply, as well as career prospects and labor market policies. Activities included: development of a one-stop-shop for access to labor market information; identification of labor market information users; and data gathering; and dissemination of content.

4. Strengthening youth policy development and project management (Appraisal: US$ 20.0 million; Actual: US$ 15.8 million): This component aimed to build capacity in the Ministry of Public Service, Youth, and Gender Affairs. Activities included: review and development of youth employment policy; monitoring and evaluation of youth employment policies and programs; and project management.

e. Comments on Project Cost, Financing, Borrower Contribution, and Dates

Project cost

- The project cost at appraisal was US$ 150 million. The actual cost at completion was US$ 143.7 million. The difference was due to exchange rate fluctuations and lower-than-expected unit costs.
- At the time of the August 2021 restructuring, US$ 15.68 million of unutilized funds under Components 1, 3, and 4 were reallocated to business grants and BDSs under Component 2, which had exhibited faster disbursements and better employment and earnings outcomes than the other interventions. In particular, for Component 3, the planned activity for the Department of Labor to collect labor market data proved costly, and therefore the relevant questions were inserted into other existing data collection instruments instead, thereby lowering project costs.

Financing

- The project was financed by an International Development Association Credit of US$ 150 million, of which US$ 143.7 million was disbursed.

Borrower contribution

- There was no planned Borrower contribution.

Dates

- *May 20, 2016*: Project approval.
- *December 15, 2016*: Project effectiveness.
- *November 11, 2019*: Mid-term review.
- *April 30, 2020*: Project restructuring. The project design and implementation arrangements were modified to include private sector organizations in internship placement, adjust payment mechanisms, and include a microenterprise/small enterprise policy activity. In addition, the operational definition for one key project indicator (number of youth employed, including self-employed, at least six months after receiving a startup grant and/or BDS) was modified, changing it from an absolute number to percentage, in order to match the operational definition of other key project indicators. This change resulted in a slight reduction in the corresponding target from 73.5 percent to 70 percent.
- *August 6, 2021*: Project restructuring. The project closing date was extended from December 31, 2021, to December 31, 2022, due to the initial slow start and six-month halt in activities due to COVID-19. The extension enabled the following: completion of all anticipated rounds of training as well as an additional round benefiting 7,000 youths, to offset higher than anticipated levels of attrition among trainees; and completion of the impact evaluation and tracer studies. Targets for several intermediate indicators were also modified.
- *July 28, 2022*: Project restructuring. The project closing date was extended from December 31, 2022, to August 31, 2023, for similar reasons as above and to allow for the completion of a beneficiary assessment for at least one of the government-funded programs for youth.
- *August 31, 2023*: Project closing.

3. Relevance of Objectives

Rationale

Kenya is considered a lower middle-income country yet still ranks among the poorest 25 percent of countries in the world, with 40 percent of its population having incomes below the poverty line. The rising number of young people in the working population (ages 15-25 years old) represents an opportunity for faster economic growth, but this depends on whether the economy can create sufficient jobs to absorb the rising number of new entrants and whether these entrants are adequately prepared and qualified to step into these jobs. Between 2009 and 2013, three million youths came of working age, but the economy was able to add only 2.6 million jobs, with most employment growth taking place in the informal trade sector, a low-productivity sector (self-employed, unpaid family workers, and those working for wages in small household enterprises). The rate of unemployment in 2009 for all Kenyans between 15 and 64 years of age was 8.6 percent. For those aged 15 to 19 years, it was 15.8 percent, and for those aged 20 to 24 years, it was 13.1 percent (as reported in the PAD, page 2). In summary, employment rates and productivity levels among young people in the working population were low, largely due to lack of relevant training and readiness and mismatch with market demand. Moreover, these employment challenges were considered as key to political stability in the country.

The government developed the National Youth Empowerment Strategy (NYES) for 2013–2017 to reflect the emphasis placed on youth empowerment in its second Medium-term Plan (2013–2017). The NYES guided implementation of youth-targeted empowerment interventions, with an overarching goal to provide a unified and coherent framework for the development and empowerment of youth at both national and local levels. The project objectives were highly consistent with these priorities as well as with the more recent Kenya Vision 2030 strategy, which aims to create sustainable employment and guarantee improved livelihoods for youth.

The project objectives were also well aligned with the Bank's Country Partnership Framework for FY2023-28, which identifies faster and more equitable labor productivity and income growth as a high-level outcome, with a specific objective on job creation that addresses labor market demand and supply (including the number of jobs created for vulnerable youth as a supplemental indicator). The prior Country Partnership Strategy for FY2014-18, which was in place at the time of project appraisal, referenced the issue of youth employment and the need to explore interventions to help ensure that youth are prepared for wok, under the second domain area of protection and potential, delivering shared prosperity, though no specific objectives or outcomes in youth employment were included.

Rating

High

4. Achievement of Objectives (Efficacy)

OBJECTIVE 1

Objective

Increase employment opportunities for targeted youth

Rationale

The theory of change for this objective was clear. Given the market failures in aligning the supply of youth labor with demand from employers, the project interventions focused on more relevant and effective training for youth employment, identified according to actual needs in the labor market. Activities included financing to start and expand businesses, managerial and entrepreneurial training, networking opportunities, and access to information for government programs. There were also specific elements to further catalyze job creation, targeting high-potential job creators and hard-to-reach youth (i.e. marginalized communities, persons with disabilities, or those affected by conflict). The job training activities were directly based on experience with a pilot project from a predecessor Bank operation and represented a scaling-up.

The target population was youth between 18 and 29 years of age who were without jobs and were experiencing extended periods of unemployment or who were working in vulnerable jobs, defined as those who were self-employed, a contributing family worker, or working for wages in a household enterprise with
fewer than ten workers. The ICR (p. 22) confirms that this planned targeting was effectively implemented, with chiefs and assistant chiefs engaged in the verification process to help eliminate inclusion errors, and special efforts made to reach women, persons with disabilities, and other hard-to-serve youth (single mothers, "street children," and youth living in conflict areas). The project's tracer studies confirmed that targeting was successful.

As noted in the ICR (page 15), the reported data drew from comprehensive tracer studies carried out across six beneficiary cohorts, coupled with impact assessments of certain interventions. Although the complete dataset was only fully accessible post-project completion, it informed the findings of the ICR, thereby resulting in some minor discrepancies compared to the data presented in earlier Implementation Status and Results Reports, which were based on information available at the time.

<u>Outputs</u>

358,432 beneficiaries directly benefited from project activities (target: 280,500). Of these, 50 percent were female. The ICR (page 21) reported that this gender balance was a result of several measures in the project design, including stratifying the pool of applicants by gender prior to the random selection of beneficiaries, targeting outreach to women especially for the business plan competition, providing childcare so that women could attend training, and disbursing grants to individual account holders, not spouses or guardians, which ensured that women were not denied access.

- Provision of three months of job training and three months of internship experience in the formal sector. The ICR does not report on how many beneficiaries completed the training and/or internships. The training covered life skills, core business skills, and technical skills. Private sector providers were contracted to deliver the life skills and core business skills training according to a standardized curriculum. Following the training, internships were provided through public and private formal training institutions, who partnered with employers to provide the specific skills training identified by the employers.

- Provision of three months of job training and three months of apprenticeship experience in the informal sector. The ICR does not report on how many beneficiaries completed the training and/or apprenticeships. The targeted beneficiaries were vulnerable youth with limited education, as well as youth in rural areas. The job training was identical to the above, but the technical skills were provided by master craftsmen in the form of traditional apprenticeships.
- Upgrading of skills for 1,061 master craftsmen (target: 1,000) and development of certification standards for traditional apprenticeship trades.
- Provision of seed funding (up to US$ 400 per grant) for youth-led start-ups to invest in tools and inputs (target: 30,000 beneficiaries). Eligibility criteria included attaining a minimum score on an entrepreneurship aptitude test. A total of 85,951 beneficiaries received either seed funding and/or business development services.
- Provision of BDS for young self-employed and entrepreneurs (target: 8,000 beneficiaries). The services included a basic package of business and entrepreneurship training as well as mentoring, consulting, and advisory services for marketing or technical issues. A total of 85,951 beneficiaries received either seed funding and/or business development services.
- Business plan competition for high-potential young entrepreneurs to expand businesses or start up new ventures with the potential to create jobs for targeted youth. Support to entrants was also provided, in the form of access to networks, mentoring, and business support services.
- Grants to non-governmental organizations, private sector providers, or community-based organizations to provide services for hard-to-reach youth. This Innovation Challenge competition—the “Future Bora Initiative”—among social enterprises aimed at benefiting particularly vulnerable youth, such as single mothers, “street children," children with disabilities, and youth living in conflict areas. A total of 1,931 vulnerable youths benefited from programs implemented by four social enterprises with a focus on: (i) waste collection and recycling involving homeless youth; (ii) hydroponic farming; (iii) single mothers to engage in community work and business creation; and (iv) farming involving children with disabilities.

In addition,

- Strengthening of the Labor Market Information System (LMIS), including identifying priority users and LMIS needs (i.e. types of indicators, analyses, and reports), information gaps, and awareness creation among potential users. The website has had 2.2 million visits since its launch (target: 10,000). Published reported included the 2020 Informal Sectors Skills and Occupations Survey and the 2022 Employer Skills and Occupations Survey. The ICR noted that these LMIS products, however, were difficult to maintain and update given cost and time requirements. Therefore, the project instead relied on existing data being collected by different government agencies, including Kenya’s Continuous Household Surveys, which provide frequent up-to-date data.
- Preparation of updated National Youth Policy, which was formally endorsed by the Cabinet in November 2019 and disseminated in 2020-21. An implementation plan was also prepared to enact the policy statutes into law.

Outcomes

- The percentage of youth who received training and an internship and who found a job or were self-employed after at least six months increased from 62.8 percent in 2016 to 81.7 percent at project closing, surpassing the target of 77.8 percent. This represented an 18.9 percentage point increase, which surpassed the target of a 15 percentage point increase.

- The percentage of youth who received grants and BDS and who found a job or were self-employed after at least six months increased from 71.6 percent in 2016 to 89.6 percent at project closing. This nearly achieved the original target of 90.1 percent and surpassed the revised target of 86.6 percent. This represented an 18 percentage point increase, which achieved the original target of 18 percentage points and surpassed the revised target of 15 percentage points.
- 2,700 new jobs were created through enterprises from the business plan competition.
- 33,418 youth obtained skills certification, surpassing the target of 27,500 youth.
- 80 percent of participating youth reported high levels of satisfaction with training and internship program.
- The business survival rate was 12 - 14 percentage points higher among project beneficiaries compared to non-project beneficiaries.
- The business creation rate was 27 percentage points higher among project beneficiaries compared to non-project beneficiaries.

Of note, the employment gains among beneficiaries contrasted with the youth employment trends exhibited at the national level during the project period. Youth unemployment at the national level increased by roughly 50 percent, from 9 percent in 2017 to 13.4 percent in 2022 (as reported in the ICR, page 17).

Rating
Substantial

OBJECTIVE 2
Objective
Increase earnings opportunities for targeted youth

Rationale
See above for outputs, which overlapped with and were directly relevant for the theory of change for this objective.

<u>Outcomes</u>

- Average earnings among workers at least six months after receiving training and an internship were 40.3 percent higher following project participation. (Note: No target was provided, as this was not an original project indicator.)
- Average earnings among workers at least six months after receiving a start-up grant, BDS, or business competition award were 50.4 percent higher following project participation. This surpassed the target of a 10 percent increase.

The ICR reported the additional findings:

- Beneficiaries that received the start-up grant and BDS had the following results, compared to non-project beneficiaries: higher sales (91 percent and 27 percent larger for new and existing businesses, respectively); higher profits (90 percent larger for new businesses); greater likelihood to be the household's main income provider (4 percentage points higher); and greater likelihood of reporting their business as the main source of income (13-14 percentage points higher).

Rating
High

OVERALL EFFICACY

Rationale
The first objective to increase employment opportunities for targeted youth is rated Substantial due to evidence of training and internship/apprenticeship participation leading to jobs. The second objective to increase earning opportunities for targeted youth is rated High due to evidence of higher earnings following participation in project activities, including significantly exceeding targets. These ratings combine to an aggregate overall Efficacy rating of Substantial.

Overall Efficacy Rating

Substantial

5. Efficiency

An economic analysis was conducted during project appraisal (PAD, pages 27-28) to compare expected costs and benefits of the main interventions supported by the project, using available evidence of the impact of similar programs in Kenya and other countries in Sub-Saharan Africa. The benefits were defined as the average expected increase in annual earnings as a result of program participation, though these activities were expected to result in other monetary benefits (for example, increases in business assets), benefits to human capital (for example, improved business, vocational, and life skills), and other socioeconomic benefits (for example, women’s empowerment). The expected baseline earnings of participants were estimated using the 2013 Skills Toward Employment and Productivity (STEP) survey in Kenya. The results for Component 1 (Improving Youth Employability) indicated that the costs of the training and internship program would be recouped through the increased earnings of program participants within 3 to 7 years, yielding an internal rate of return (IRR) of at least 10 percent. For Component 2 (Support for Job Creation), the estimated IRR was 17 percent for the grants, 15 percent for the BDS, and between 5 percent and 13 percent for the business plan competition.

The economic analysis was updated at project completion (ICR, Annex 4). An overall IRR for the entire project was calculated at 40.6 percent. The IRRs for individual interventions ranged from 14.6 percent for the training component to 100.2 percent for grants and BDSs. Again, this analysis did not include other benefits such as monetary benefits, benefits to human capital, and other socioeconomic benefits. With regards to implementation efficiency, the project nearly fully disbursed, with a total of US$ 143.7 million, or 97.2 percent. The undisbursed balance was the result of fluctuations in the exchange rate between SDRs and the U.S. dollar, as well as lower than anticipated unitary costs. In particular, actual unitary costs under Component 2 (grants and BDSs) were roughly 40 percent less than anticipated. Management costs were at 11 percent by project closing (appraised at 13 percent), with the 2 percent savings re-allocated to grants and BDSs for beneficiaries with the second restructuring.

However, there were significant implementation shortcomings. There were initial implementation delays due to insufficient budgetary allocations and cuts (leading to unpredictable flow of funds), delays in the transfers of the loan proceeds to the project accounts, delays in payments for services rendered by training providers and other contractors (leading to some reputational losses for the project), delays in the payment stipends to beneficiaries (leading to higher attrition rates), delays in procuring a firm to develop the project's management information system (MIS), lengthy procurement processes for business plan competition, and lengthy government processes for developing new occupational testing standards and revision of old ones. Financial management was rated Moderately Unsatisfactory in Implementation Status and Results Reports (ISRs) over a large part of the the project's lifetime (in the last 8 out of a total of 14 ISRs), indicating that there were inefficiencies in that area over an extended period (see also Section 10b). With these shortcomings, project efficiency is rated Modest.

Efficiency Rating

Modest

a. If available, enter the Economic Rate of Return (ERR) and/or Financial Rate of Return (FRR) at appraisal and the re-estimated value at evaluation:

	Rate Available?	Point value (%)	*Coverage/Scope (%)
Appraisal		0	0 ☐ Not Applicable
ICR Estimate	✓	40.60	84.00 ☐ Not Applicable

* Refers to percent of total project cost for which ERR/FRR was calculated.

6. Outcome

Relevance is rated High due to strong alignment with country conditions, government strategy, and Bank strategy. Overall Efficacy is rated Substantial due to Substantial achievement of the first objective to increase employment opportunities for targeted youth (due to evidence of training and internship/apprenticeship participation leading to jobs) and High achievement of the second objective to increase earning opportunities for targeted youth (due to evidence of higher earnings following participation in project activities, including significantly exceeding targets). Efficiency is rated Modest, with favorable benefit-cost analyses and reasonable project management costs, but significant inefficiencies in implementation. Taken together, these ratings indicate that there were moderate shortcomings in the project's preparation, implementation, and results, leading to an Outcome rating of Moderately Satisfactory.

a. Outcome Rating

Moderately Satisfactory

7. Risk to Development Outcome

The project's achievements at the beneficiary level are likely to be sustained due to the training and experience imparted, although the seed funding activities are not likely to be continued. The project also contributed at a higher policy level through the development of the LMIS and the national youth empowerment policy. Lastly, Bank support to this sub-sector will be continued under a follow-on project—the National Youth Opportunities Towards Advancement Project—approved on June 15, 2023, for a total of US$ 229 million, which expands coverage to all 47 counties in the country.

8. Assessment of Bank Performance

a. Quality-at-Entry

The Bank has been actively engaged in the youth employment sub-sector beginning with the predecessor Youth Empowerment Project (P111546, US$ 16.9 million, 2010-2016), which piloted a training and internship program in coordination with private employers. The Bank had also built an evidence-based knowledge program in the sector through assessing various interventions targeted at youth, a study on Kenyan labor demand (focusing on the key growth sectors of manufacturing and services), and an analysis of the 2013 STEP survey (which helped identify employment challenges facing urban youth ages 15 to 24). These prior works by the Bank contributed significantly to the technical soundness of the project design.

The results chain and monitoring framework were clear. The project approach incorporated both direct beneficiary interventions and higher-level policy support. Risk assessment was rated Substantial due to high complexity, with multiple implementing agencies and multi-pronged interventions, implementation mechanisms, and monitoring systems. Use of existing implementation capacity was identified as a mitigation measure, along with formal coordination mechanisms and inclusion of key actions as conditions for effectiveness. One shortcoming in the project design was the limited engagement of the private sector, owing to the Public Finance Management Act; although the underlying results-based financing mechanisms were designed to provide strong incentives for internship placement and completion of on-the-job training, the provision of internship opportunities ultimately proved to be a challenge due to lack of contacts between training providers and private employers.

Quality-at-Entry Rating
Satisfactory

b. Quality of supervision

Regular supervision missions were carried out, including field visits to participating counties to monitor implementation of the various project activities. To ensure adequate supervision in remote counties, local consultants were hired to carry out announced spot checks of service providers, master trainers, and employers. The Bank team provided ongoing technical support and training, particularly in the areas of randomized beneficiary selection, monitoring and evaluation, and procurement (for example, results-based procurement mechanisms for formal and informal training). The Bank team responded effectively to some implementation challenges throughout the project period, including insufficient government budget allocations and delayed release of funds, and changes in ministry leadership and project counterpart staff. Multiple project restructurings were effectively utilized to resolve some implementation problems, particularly in light of the COVID-19 pandemic. However, fiduciary challenges were significant, and many remained unresolved, with the last 8 ISRs rating Financial Management as Moderately Unsatisfactory. The final ISR cites lengthy delays in carrying out internal audits, outstanding unresolved audit issues dating back to 2018, questions about whether internal reviews were being conducted by key implementing entities, "rampant bounced payments" for payees, and lack of a key control for verification of payee bank accounts. The ICR noted that “Observations in past external audits remained unresolved for extended time periods” (page 29). The Region has more recently indicated the following. The long outstanding issues of 2018 had been closed by the year 2022. The last Financial Management supervision mission flagged an amount of Kshs 26,030,088 (USD 221,099) as potentially ineligible but this was subsequently resolved. According to the Region, the financial management issue “has been demonstrated as having been resolved.” There is, however, one more audit report expected for the period ending 30 June 2024 to be submitted by 31 December 2024 -- according to the Region, this audit should cover all expenditure in the application period of 29 February 2024. It is currently unavailable for this ICR Review. Overall, the lack of sufficient timeliness and extended time periods over which Financial Management issues remained unresolved are flagged.

Quality of Supervision Rating
Moderately Satisfactory

Overall Bank Performance Rating
Moderately Satisfactory

9. M&E Design, Implementation, & Utilization

a. M&E Design

The M&E design and arrangements were clear. The results framework identified measurable and relevant indicators, including baseline and target figures. M&E arrangements included the key activity of the development of an LMIS. Evaluative activities were also included, such as impact evaluations and tracer studies. As noted in the ICR (page 27), the choice of which interventions to evaluate with rigorous methods (which included randomization) stemmed from the existing gaps in evidence regarding their efficacy.

b. M&E Implementation

As reported in the ICR (page 27), initial M&E implementation had some weaknesses under Component 1, including problems tracking beneficiary progress from intake to completion and administrative support (for example, payments to training providers and master craftsmen and payment of beneficiary stipends). These delays resulted in information gaps and payment delays to both providers and beneficiaries, and 42 percent of beneficiaries indicated that delays in stipend payments had been the most negative aspect in their experience. However, several measures were taken to address these weaknesses, including hiring an external firm to conduct an overall diagnosis of the MIS and identify needed improvements, which were subsequently put in place. The project also utilized a Geo-Enabling initiative for Monitoring and Supervision, including capacity building, to conduct spot checks for remote supervision and real-time risk monitoring. Despite initial minor shortcomings, the project monitoring system was a key element of tracking project progress and making adjustments to ensure project achievements.

The evaluative studies were completed as planned, including four tracer studies, which assessed the project's beneficial effects in terms of increased employment and earnings at various points during implementation. The project also supported a process evaluation of the government's Catalytic Funds (Youth Enterprise Development Fund, Women Enterprise Fund, and Uwezo Fund), completed in the last year of the project, which gave recommendations on how to consolidate and improve functioning of the funds. The ICR (Annex 6) describes the methodology and quality of these evaluative studies.

c. M&E Utilization

Examples of the use of M&E to inform project decisions (ICR, page 25):

a. Reallocation of unutilized funds to business grants, which had shown faster disbursement rates and more promising employment and earnings results based on evidence from tracer studies and beneficiary surveys.
b. Adding two training rounds to offset higher than expected attrition rates, focusing the intake of participants to counties showing lower attrition rates and higher employment rates.

In addition, the project contributed to knowledge through conducting impact evaluations and tracer studies, which helped develop in-house institutional M&E capacity.

M&E Quality Rating

High

10. Other Issues

a. Safeguards

The project was classified as an Environmental Category "C" project, and therefore no Environmental Assessment was required.

The safeguard policy OP/BP 4.10 on Indigenous Peoples was triggered due to challenges in access to project activities from vulnerable and marginalized areas and also concerns that the anticipated project benefits would not be culturally appropriate and/or gender and inter-generationally inclusive. A Vulnerable and Marginalized Group Plan was prepared to mitigate impacts on indigenous peoples, with measures requiring female and disabled persons participation, utilization of Free Prior and Informed Consent processes, and establishment of a grievance redress mechanism. According to the ICR (page 28), safeguard implementation was rated satisfactory throughout the project period, with sustained outreach to indigenous communities and an accessible and functional redress mechanism.

b. Fiduciary Compliance

Financial management: Financial management performance was weak, with the ICR (page 29) noting the following shortcomings: delays in the internal flow of funds (for example, delays of up to 30 days between the time funds were drawn from Designated Accounts to their deposit in the project's bank accounts); gaps between the budget allocations and the project's planned use of funds as a result the lack of participation of project teams in the budgeting process; lack of continuity among accounting staff; weaknesses in the project's MIS, including a lack of functioning finance and accounting modules that required manual interface between the MIS and other payroll systems; large numbers of bounced stipend payments; delays in the implementation and submission of internal audit reports; recurring delays in submission of Interim Financial Reports; and observations in past external audits remaining unresolved for extended time periods. Financial management performance was rated as moderately unsatisfactory in the last 8 ISRs. Please see section 8b above for further details.

Procurement: Procurement risk was rated High during project appraisal due to limited capacity and experience with Bank projects and insufficient office infrastructure of the implementing agencies responsible for procurement. Mitigation measures included hiring an experienced procurement consultant early on in the project period, in parallel with the Bank's ongoing procurement training. Given the many procurements under the project, establishment of Framework Agreements (FA) for a large number of formal and informal sector training providers proved a critical procurement approach, although this required close monitoring and verification. Despite some delays in payments and in providing Systematic Tracking of Expenditures in Procurement documentation, the FA contracts were executed reasonably well. Overall procurement performance was rated moderately satisfactory.

c. Unintended impacts (Positive or Negative)

None reported.

d. Other

---

11. Ratings

Ratings	ICR	IEG	Reason for Disagreements/Comment
Outcome	Satisfactory	Moderately Satisfactory	Shortcomings in implementation efficiency led to an Efficiency rating of Modest.
Bank Performance	Highly Satisfactory	Moderately Satisfactory	Lack of sufficient timeliness and extended time periods over which financial management issues remained unresolved.
Quality of M&E	High	High	
Quality of ICR	---	Modest	

12. Lessons

Lessons drawn from the ICR (pages 32-33):

- Self-employment and entrepreneurship can provide critical employment growth opportunities in a dominantly informal economy. In the case of this project, given the context of limited formal jobs growth, the clear focus on supporting self-employment with skill building and work experience through apprenticeships, combined with a comprehensive package of support for young entrepreneurs, played a key role in achieving short-term employment outcomes.
- Participation of private sector employers, not just training providers, can be a critical element of employment accessibility for vulnerable youth. In the case of this project, job placement was a key bottleneck under Component 1 on employability. Although the project's original model for engaging private sector employers was not followed, the project's arrangements addressed the job placement challenge through including apprenticeships in the informal sector, using results-based financing models with private employers in the formal sector, and hiring specialized service providers for training and linkage/placement with employers.
- Evidence-based decision making and knowledge building can inform and strengthen operational implementation. In the case of this project, a strong monitoring and evaluation system supported implementation effectively and transparently. Results of impact evaluations helped to direct overall funds allocation based on the relative effectiveness of individual interventions and to adopt corrective measures.

13. Assessment Recommended?

No

14. Comments on Quality of ICR

The ICR was concise and consistent with guidelines. It had a strong results orientation, using impact assessment data to focus on outcomes in employment and income, not just participation in training. The quality of the evidence was satisfactory, although the analysis could have included more details on project outputs (for example, number of beneficiaries who completed the training and/or internship) in order to clearly trace the results chain (Efficacy section). Also, results-based financing mechanisms were an important aspect of the provision of training, but this aspect was not clearly explained upfront in the ICR. Lessons were extensive and useful for informing future operations in youth employment.

In a significant shortcoming, the ICR (page 28) incorrectly characterized the project's Financial Management performance, stating that it improved to Moderately Satisfactory toward the end of the project's lifetime, when in fact Financial Management was rated Moderately Unsatisfactory in the last several ISRs. The ICR erroneously stated on page 28 "FM performance gradually improved from “Moderately Unsatisfactory” to “Moderately Satisfactory” toward the end of the Project’s lifetime.”

a. **Quality of ICR Rating**
   Modest