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Report No: PAD3528

INTERNATIONAL DEVELOPMENT ASSOCIATION

PROJECT APPRAISAL DOCUMENT
ON A

PROPOSED CREDIT
IN THE AMOUNT OF EURO 25.8 MILLION
(US$30.0 MILLION EQUIVALENT)

AND A

PROPOSED GRANT
IN THE AMOUNT OF SDR 21.3 MILLION
(US$30.0 MILLION EQUIVALENT)

TO THE

REPUBLIC OF BENIN

FOR THE

# BENIN YOUTH INCLUSION PROJECT

November 19, 2020

Social Protection and Jobs Global Practice
Western and Central Africa Region

This document is being made publicly available prior to Board consideration. This does not imply a presumed outcome. This document may be updated following Board consideration and the updated document will be made publicly available in accordance with the Bank's policy on Access to Information.

CURRENCY EQUIVALENTS

(Exchange Rate Effective October 31, 2020)

| | |
|---|---|
| Currency Unit = | CFA Franc |
| CFA Franc 562= | US$1 |
| SDR 0.70839591 = | US$1 |
| Euro 0.85667780 = | US$1 |

FISCAL YEAR
January 1 - December 31

| | |
|---|---|
| Regional Vice President: | Ousmane Diagana |
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ABBREVIATIONS AND ACRONYMS

| | |
|---|---|
| ABeGIEF | Beninese Integrated Borders Management Agency (*Agence Béninoise de Gestion Intégrée des Espaces Frontaliers*) |
| ACE | Local Employment Agent (*Agent Communal d'Emploi*) |
| ANPE | National Employment Agency (*Agence Nationale pour l'Emploi*) |
| ANPS | National Social Protection Agency (*Agence Nationale de Protection Sociale*) |
| ARCH | Insurance for Strengthening Human Capital (*Assurance pour le Renforcement du Capital Humain)* |
| ASA | Advisory Services and Analytics |
| AWPB | Annual Workplan and Budgeting |
| BCEAO | Central Bank of West African States (*Banque Centrale des Etats de l'Afrique de l'Ouest*) |
| BDS | Business Development Services |
| CAA | Autonomous Amortization Fund (*Caisse Autonome d'Amortissement*) |
| CFP | Vocational Training Center (*Centre de Formation Professionnelle*) |
| CNL-CREVT | National Commission for Countering Radicalization, Violent Extremism and Terrorism (*Commission Nationale de Lutte contre la Radicalisation, l'Extrémisme Violent et le Terrorisme*) |
| COVID-19 | Coronavirus Disease 2019 |
| CPF | Country Partnership Framework |
| CQM | Trade Certificate (*Certificat de Qualification aux Métiers*) |
| CQP | Professional Skills Certificate (*Certificat de Qualification Professionnelle*) |
| CQS | Selection based on Consultants' Qualifications |
| DA | Designated Account |
| DDLER | Local Development and Rural Employment Department (*Département du Développement Local et de l'Emploi Rural*) |
| DETFP | Directorate of Technical and Vocational Training (*Direction de l'Enseignement Technique et de la Formation Professionnelle*) |
| DFIL | Disbursement and Financial Information Letter |
| DG | Director General |
| DGFD | General Directorate of Development Financing (*Direction Générale du Financement du Développement*) |
| DIPAEI | Professional Insertion and Support for Self-Employment Department (*Département de l'Insertion Professionnelle et de l'Appui à l'Emploi Indépendant*) |
| DOP | Orientation and Prospecting Department (*Département de l'Orientation et de la Prospection*) |
| DPEE | Directorate of Employment and Entrepreneurship Promotion (*Direction de la Promotion de l'Emploi et de l'Entreprenariat*) |
| EHCVM | Harmonized Survey of Household Living Conditions (*Enquête Harmonisée sur les Conditions de Vie des Ménages*) |
| EMICoV | Integrated Modular Survey on the Living Conditions of Households (*Enquête Modulaire Intégrée sur les Conditions de vie des Ménages*) |
| ERR | Economic Rate of Return |
| ESCP | Environmental and Social Commitment Plan |
| ESF | Environmental and Social Framework |

| | |
|---|---|
| ESMF | Environmental and Social Management Framework |
| ESMP | Environmental and Social Management Plan |
| ESS | Environmental and Social Standard(s) |
| FA | Financing Agreement |
| FCFA | African Financial Community Franc (*Franc de la Communauté Financière Africaine*) |
| FM | Financial Management |
| FNM | National Fund for Microfinance (*Fonds National de la Microfinance*) |
| FODEFCA | Fund for Continued and Vocational Training and Apprenticeship (*Fonds de Développement de la Formation Professionnelle Continue et de l'Apprentissage*) |
| FY | Fiscal Year |
| GBV/SEA/SH | Gender-based violence/Sexual Exploitation and Abuse/Sexual Harassment |
| GDP | Gross Domestic Product |
| GEMS | Geo-Enabling initiative for Monitoring and Supervision |
| GERME | Improve Your Business/IYB (*Gérez Mieux Votre Entreprise*) |
| GRM | Grievance Redress Mechanism |
| IBM | Iterative Beneficiary Monitoring |
| IDA | International Development Association |
| ILO | International Labor Organization |
| INIFRCF | National Institute of Training Engineering and Capacity Building for Trainers (*Institut National d'Ingénierie de Formation et de Renforcement des Capacités des Formateurs*) |
| INSAE | National Institute of Statistics and Economic Analysis (*Institut National de Statistique et de l'Analyse Economique*) |
| IPF | Investment Project Financing |
| IPV | Intimate Partner Violence |
| ISS | Institute for Security Studies in the Sahel |
| LMIC | Lower -Middle- Income Country |
| M&E | Monitoring and Evaluation |
| MASM | Ministry of Social Affairs and Micro-Finance (*Ministère des Affaires Sociales et de la Microfinance*) |
| MESTFP | Ministry of Secondary Education, Technical and Vocational Training (*Ministère des Enseignements Secondaires, Technique et de la Formation Professionnelle*) |
| MIS | Management Information System |
| MPMEPE | Ministry of Small and Medium Enterprises and Employment Promotion (*Ministère des Petites et Moyennes Entreprises et de la Promotion de l'Emploi*) |
| ND-GAIN | Notre Dame Global Adaptation Initiative |
| NGO | Non-Governmental Organization |
| NPV | Net Present Value |
| PAD | Project Appraisal Document |
| PAG | Government Action Plan (*Programme d'Action du Gouvernement*) |
| PCS | Project Coordination Secretariat |
| PDO | Project Development Objectives |
| PDN | National Development Plan (*Plan National de Développement*) |
| PEJ | Youth Employment Project (*Projet Emploi des Jeunes, P132667*) |
| PIM | Project Implementation Manual |
| PPP | Purchasing Power Parity |

| | |
|---|---|
| PPSD | Project Procurement Strategy for Development |
| ProDIJ | Youth Inclusion Project (*Projet d'Inclusion des Jeunes, P170425*) |
| SC | Steering Committee |
| SCD | Strategic Country Diagnostic |
| SDR | Special Drawing Rights |
| SEP | Stakeholder Engagement Plan |
| SRR | Social Rate of Return |
| ToR | Terms of Reference |
| TRIE | Generate Your Business Idea/GYB (*Trouvez Votre Idée d'Entreprise*) |
| TVET | Technical and Vocational Education and Training |
| ULPE | Local Employment Promotion Unit (*Unité Locale de Promotion de l'Emploi*) |
| VfM | Value for Money |
| WB | World Bank |

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DATASHEET

## BASIC INFORMATION

| Country(ies) | Project Name | |
|---|---|---|
| Benin | Benin Youth Inclusion Project | |
| **Project ID** | **Financing Instrument** | **Environmental and Social Risk Classification** |
| P170425 | Investment Project Financing | Moderate |

### Financing & Implementation Modalities

| | |
|---|---|
| [ ] Multiphase Programmatic Approach (MPA) | [ ] Contingent Emergency Response Component (CERC) |
| [ ] Series of Projects (SOP) | [ ] Fragile State(s) |
| [ ] Performance-Based Conditions (PBCs) | [ ] Small State(s) |
| [ ] Financial Intermediaries (FI) | [ ] Fragile within a non-fragile Country |
| [ ] Project-Based Guarantee | [ ] Conflict |
| [ ] Deferred Drawdown | [ ] Responding to Natural or Man-made Disaster |
| [ ] Alternate Procurement Arrangements (APA) | [ ] Hands-on Enhanced Implementation Support (HEIS) |

| Expected Approval Date | Expected Closing Date |
|---|---|
| 14-Dec-2020 | 31-Dec-2025 |

Bank/IFC Collaboration

No

### Proposed Development Objective(s)

The objective of the Project is to increase economic inclusion of under-employed and under-educated youth aged 15-30 and strengthen employment services and the technical and vocational training system.

### Components

| Component Name | Cost (US$, millions) |
|---|---|

| | |
|---|---|
| Component 1: Supporting the development of a comprehensive system for economic inclusion of vulnerable youth and increasing employability skills | 29.70 |
| Component 2: Strengthening the technical training system and increasing technical skills of vulnerable youth | 16.40 |
| Component 3: Increasing financial capital and improving access to financial services of vulnerable youth | 9.40 |
| Component 4. Project management, monitoring and evaluation | 4.50 |

### Organizations

| | |
|---|---|
| Borrower: | Republic of Benin |
| Implementing Agency: | Ministry of Small and Medium Enterprises and Employment Promotion |

## PROJECT FINANCING DATA (US$, Millions)

### SUMMARY

| | |
|---|---|
| **Total Project Cost** | 60.00 |
| **Total Financing** | 60.00 |
| **of which IBRD/IDA** | 60.00 |
| **Financing Gap** | 0.00 |

### DETAILS

**World Bank Group Financing**

| | |
|---|---|
| International Development Association (IDA) | 60.00 |
| IDA Credit | 30.00 |
| IDA Grant | 30.00 |

### IDA Resources (in US$, Millions)

| | Credit Amount | Grant Amount | Guarantee Amount | Total Amount |
|---|---|---|---|---|
| **Benin** | 30.00 | 30.00 | 0.00 | 60.00 |
| National PBA | 30.00 | 30.00 | 0.00 | 60.00 |

| | | | | |
|---|---|---|---|---|
| **Total** | **30.00** | **30.00** | **0.00** | **60.00** |

### Expected Disbursements (in US$, Millions)

| WB Fiscal Year | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 | 2026 |
|---|---|---|---|---|---|---|---|
| Annual | 0.31 | 8.23 | 11.48 | 13.74 | 12.10 | 10.70 | 3.00 |
| Cumulative | 0.31 | 8.55 | 20.02 | 33.76 | 45.86 | 56.55 | 59.56 |

## INSTITUTIONAL DATA

### Practice Area (Lead)

Social Protection & Jobs

### Contributing Practice Areas

### Climate Change and Disaster Screening

This operation has been screened for short and long-term climate change and disaster risks

## SYSTEMATIC OPERATIONS RISK-RATING TOOL (SORT)

| Risk Category | Rating |
|---|---|
| 1. Political and Governance | Low |
| 2. Macroeconomic | Low |
| 3. Sector Strategies and Policies | Low |
| 4. Technical Design of Project or Program | Moderate |
| 5. Institutional Capacity for Implementation and Sustainability | Substantial |
| 6. Fiduciary | Moderate |
| 7. Environment and Social | Moderate |
| 8. Stakeholders | Low |
| 9. Other | |
| 10. Overall | Moderate |

## COMPLIANCE

### Policy

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

[ ] Yes [✓] No

Does the project require any waivers of Bank policies?

[ ] Yes [✓] No

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

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

**NOTE**: For further information regarding the World Bank's due diligence assessment of the Project's potential environmental and social risks and impacts, please refer to the Project's Appraisal Environmental and Social Review Summary (ESRS).

### Legal Covenants

Sections and Description

Schedule 2, Section I.A.2.a: The Recipient shall establish within three (3) months after the Effective Date and maintain throughout Project implementation, a project steering committee with composition, mandate and resources satisfactory to the Association.

Sections and Description

Schedule 2, Section I.A.3.c: The Recipient shall, within six (6) months after the Effective Date or any later date as may be agreed with the Association, recruit, and thereafter maintain during the implementation of the Project, an independent external auditor for the Project, with qualifications, experience and under terms of reference acceptable to the Association.

Sections and Description

Schedule 2, Section I.A.4.a: The Recipient shall establish within three (3) months after the Effective Date and thereafter maintain throughout Project implementation, a technical committee for the Project, with a composition, mandate and resources satisfactory to the Association.

Sections and Description

Schedule 2, Section I.A.5.a: The Recipient shall establish within three (3) months after the Effective Date, and thereafter maintain throughout Project implementation, a management committee responsible for Part 2 of the Project, with a composition, mandate and resources satisfactory to the Association.

Sections and Description

Schedule 2, Section IV.A.1.a (i): The Recipient shall within three (3) months after the Effective Date recruit for FODEFCA: (A) an accountant who shall report directly to the PCS's financial management specialist; and (B) a procurement specialist who shall reportdirectly to the Project coordinator, all responsible for Part 2 of the Project, and with qualifications, experience and references acceptable to the Association, and all in accordance with this Agreement and the PIM.

Sections and Description

Schedule 2, Section IV.A.1.a (ii): The Recipient shall within three (3) months after the Effective Date recruit for ANPE: (A) an accountant for Part 1 and 3 of the Project who shall report directly to the PCS's financial management specialist; and (B) a procurement specialist for Parts 1, 3 and 4 of the Project who shall report directly to the Project coordinator, all with qualifications, experience and references acceptable to the Association, and all in accordance with this Agreement and the PIM.

Sections and Description

Schedule 2, Section IV.A.1.a (iii): The Recipient shall within three (3) months after the Effective Date install an accounting system within FODEFCA, ANPE and the PCS, in form and substance satisfactory to the Association.

Sections and Description

Schedule 2, Section IV.A.1.b : The Recipient shall within six (6) months after the Effective Date, enter into an agreement with the General Inspectorate of Finance for the purpose of including the Project in its annual work program and conducting semi-annual internal audits of the Project, and causing the General Inspectorate of Finance to submit semi-annual internal audit reports to the Association within forty-five (45) days after the end of

the audit period.

Sections and Description

Schedule 2, Section IV.B.a: The Recipient shall, through the MPMEPE ensure that, within six (6) months after the Effective Date, each commune within the Recipient's territory has: (i) set up a Local Employment Promotion Unit ("ULPE") with a composition, mandate and resources satisfactory to the Association, including at least one communal agent with qualifications and experience satisfactory to the Association; or (ii) put in place alternative measures in the event of the unavailability of qualified staff for the ULPE at the commune level, all in a manner satisfactory to the Association.

**Conditions**

| Type | Description |
|---|---|
| Effectiveness | The Recipient has established a Project Coordination Secretariat ("PCS") in accordance with Section I.A.3 of Schedule 2 to this Agreement. |
| Type | Description |
| Effectiveness | A Subsidiary Agreement satisfactory to the Association has been executed between the Recipient and ANPE and is in full force and effect. |
| Type | Description |
| Effectiveness | A Subsidiary Agreement satisfactory to the Association has been executed between the Recipient and FODEFCA and is in full force and effect. |
| Type | Description |
| Effectiveness | The draft Annual Work Plan and Budget for the calendar year in which the Effective Date falls has been approved by the Association. |
| Type | Description |
| Disbursement | No withdrawal shall be made for payments under Categories (4) and (6), unless and until the pertinent Payment Agreement or Payment Agreements (as applicable to each Cash Transfer and as determined by each corresponding Project Implementing Entity in accordance with the PIM) has been executed on behalf of the corresponding Project Implementing Entity and an eligible Payment Service Provider, in form and substance satisfactory to the Association. |

# I. STRATEGIC CONTEXT

## A. Country Context

1. **Benin is a small West-African coastal country with a growing and youth-dominated population.** Estimated at 11.80 million in 2019, up from the 2013 census population of 9.98 million, the population is growing at a rapid rate of nearly 3 percent annually. The population is young, with a median age of 18.2 years, and about 43 percent of Benin's population is under age 15[1]. This proportion rises to 63 percent for the under-25. The labor market is thus under extreme pressure as approximately 200,000 young people reach working age each year[2].

2. **Despite significant economic growth, poverty levels are high**. Real gross domestic product (GDP) growth rate recently edged up from 5.7 percent in 2017 to 6.7 percent in 2018 and remained high in 2019 at 6.9 percent, supported by the strong performance of cotton production and port activity, and a renewed increase in construction. Benin has recently been upgraded from low-income to a lower middle-income country (LMIC) as its Gross National Income (GNI) per capita reached US$1,250 in 2019. Despite this, poverty levels remain substantial. According to the National Institute for Statistics and Economic Analysis (*Institut National de Statistique et de l'Analyse Economique,* INSAE), Harmonized Survey of Household Living Conditions (*Enquête Harmonisée sur les Conditions de Vie des Ménages,* EHCVM, 2018-2019), 38.5 percent of households have incomes below the poverty line. World Bank estimates based on official consumption aggregates suggest that US$1.9 a day (2011 purchasing power parity, PPP) poverty declined from 49.6 percent in 2015 to 45.4 percent in 2019[3].

3. **The country was among the first hit by the pandemic in Sub-Saharan Africa, but the number of cases remains controlled.** The first known Coronavirus disease (COVID-19) case was reported in March 16, 2020. As of end-March, the country recorded fewer than 100 cases, but swift containment measures were immediately put in place to contain and mitigate the spread of the virus. First, all main cities were quarantined, including Cotonou; and a monitoring system tracked passengers from commercial flights. In addition, the following mitigation measures were imposed: (i) mandatory use of masks; (ii) restrictions on the number of people allowed at bars, restaurants and eateries; (iii) restrictions on the number of passengers on public transport; and (iv) temporary closure of schools, universities and religious institutions. These measures were lifted by mid-May. After a slow recorded spread, the number of reported cases grew rapidly in June and July, before plateauing in August. There were 2,916 confirmed cases (43 COVID-19 deaths) as of November 16, 2020. The number of cases per million people remains low (239), less than one fourth of the sub regional average. To reduce the economic and social impact of the pandemic, the authorities adopted a Health Preparedness and Response Plan and a National Response Plan to protect livelihoods, strengthen the health sector and ensure the recovery of the economy (Annex 4).

4. **The COVID-19 crisis could result in driving poverty back to pre-2016 levels.** As a result of the COVID-19 crisis, growth is currently estimated to decline from 6.9 percent in 2019 to 2 percent in 2020 and real GDP per capita growth is expected to contract by 1 percent in 2020, reversing the gains achieved over the two preceding

[1] Benin ranks 22 out of 217 in terms of percentage of the population with an age under 15 (World Bank staff estimates based on age/sex distributions of United Nations Population Division's World Population Prospects: 2019 Revision).
[2] INSAE, State of Employment in Benin (August 2017).
[3] The World Bank, Benin/Macro poverty outlook (MPO), Feb. 2020 and post-COVID-19 estimates by the IMF, the World Bank and Beninese authorities as of April 2020.

years. Overall, poverty reduction should pick up in 2021 as the economy recovers, with per capita income growth reaching pre-crisis levels by 2023.

5. **Despite the recent economic growth, income opportunities remain limited to low-productive jobs and self-employment**. More than three quarters of the working-age labor force work are self-employed, or entrepreneurs and another 10 percent are family workers or apprentices (salaried or non-salaried). The private sector only accounts for 14 percent of all wage jobs (ERI-ESI, 2018). Benin's investment climate still does not provide sufficiently enabling conditions for private sector development. Other obstacles include weak human capital[4] and inadequate skills of the workforce, which hamper the development of formal private enterprises. According to the 2016 Enterprise Survey[5], 27 percent of interviewed firms rated the inadequately educated workforce as a major constraint to their operation – well above the average 20 percent of the Sub-Saharan African region.

6. **The current Government, in office since April 2016, has shown strong commitment to economic reforms and developed a new and more inclusive growth model.** As stated in its government action plan (*Programme d'Action du Gouvernement , PAG*) for the period 2016-2021, the long-term ambition of the Government is to make the economy less reliant on informal re-export and transit trade with Nigeria, which currently accounts for approximately 20 percent of GDP. The PAG aims to promote new commodity chains in addition to cotton, and emerging sectors (such as digital economy and tourism; as well as artisanal trades, transport, energy and mines) that are potentially job-generating, especially for youth.

### B. Sectoral and Institutional Context

7. **Youth inclusion is a big challenge for Benin.** Youth inclusion can be assessed through: i) participation, voice, and active citizenship; ii) economic opportunities; and iii) access to specific services including health, life skills training, and peer mentoring[6]. Benin's performance on these three dimensions is low, according to the Commonwealth Secretariat Youth Development Index (YDI)[7]. Benin is in the bottom 15 countries in terms of youth development with an index at 0.429, ranking 173 out of 183[8]. Main areas of particular concern include civic and political participation, education, and employment and opportunity.

8. **Youth inclusion has become more challenging as the country experiences increasing risk of violent extremism**. Benin is generally considered an island of stability in West Africa, and the country is not listed in the World Bank's current classification of fragile and conflict- affected situations.[9] But Benin's proximity to Burkina Faso, Niger, Nigeria and Mali – all of which are experiencing forms of active conflict caused by violent extremism, inter-communal tensions, and military operations – makes the country vulnerable to criminal activities and conflict

[4] At 0.41, Benin's human capital index is close to the Sub-Saharan Africa average of 0.40, ranking 127 out of 157.
[5] The World Bank. Benin Enterprise Survey (ES) 2016, Ref. BEN_2016_ES_v01_M.
[6] World Bank. 2014. Tunisia: Breaking the Barriers to Youth Inclusion. Washington, DC: World Bank.
[7] The country performs poorly in all the five dimensions covered by the YDI, which are i) level of education (0.385 ranking 172); ii) health and well-being (0.495 ranking 141); iii) employment and opportunity (0.434 ranking 153); iv) civic participation (0.173 ranking 178); and v) political participation (0.456 ranking 131). For more details visit https://www.thecommonwealth-healthhub.net/global-youth-development-index-ydi/
[8] Global Youth Development Index and Report 2016.
[9] World Bank. 2020. FY21 List of Fragile and Conflict-Affected Situations, http://pubdocs.worldbank.org/en/888211594267968803/FCSList-FY21.pdf

spillovers.[10] About 100 security incidents have been recorded in the period 2019-2020 (see Annex 3), but these are far below regional averages for its neighbors, which number in the thousands.[11] Protests and violent demonstrations related to the 2019 elections top the list, but recent attacks by armed groups against civilians and clashes between various security forces have also been registered.

9. **The conditions for potential radicalization are somewhat more pronounced.** Recent research conducted by the Institute for Security Studies in the Sahel (ISS) and CIVIPOL Conseil points to internal risks associated with the radicalization of young people[12]. Potential internal risk factors identified are of a religious nature, as well as governance deficits and lack of economic opportunities. In their search for and protection of income-generation opportunities, young people face the challenges of unemployment and underemployment, poverty, illegal activities, early marriage as well as access to agricultural and natural resources. These challenges are particularly acute for agropastoral activities.

10. **Underemployment is pervasive, especially for youth.** While the unemployment rate is very low in Benin standing at only 0.7 percent of the population (INSAE, Integrated modular survey on the living conditions of households (*Enquête modulaire intégrée sur les conditions de vie des ménages,* EMICoV, 2015), underemployment affects 72.9 percent of active population in Benin due to technical skills mismatch and lack of employment opportunities in the narrow formal sector. Underemployment notably affects 92 percent of the 15-24 age group (42.2 percent underemployed by hours, 87.6 percent by earnings, and 38 percent both by hours and earnings) and 77.3 percent of the 25-29 age group (41.9 percent by hours, 65.7 percent by earnings and 30.4 percent both by hours and earnings) (see Table 1). Most workers earn less than the minimum wage. The percentage of workers who earn less than the minimum wage decreases with age: youth (15-29 age group) are much more likely to earn less than minimum wage than non-youth (30-64 age group). Underemployed workers are disproportionately young, female, rural, self-employed, with low levels of education; and engaged mainly in agriculture, livestock, fishing, and forestry.

[10] Benin is bordered by Togo to the west, Nigeria to the east, and Burkina Faso and Niger to the north. These three latter countries are grappling with violent extremism as well as Mali, located in the vicinity of Benin, bordering both Niger and Burkina Faso.
[11] About 4,300 people have been killed as a result of active conflict in Burkina Faso, Niger, and Mali. See International Organization for Migration (IOM). Central Sahel & Liptako Gourma Crisis — Monthly Dashboard #7. July 22, 2020, https://reliefweb.int/report/burkina-faso/central-sahel-liptako-gourma-crisis-monthly-dashboard-7-22-july-2020.
[12] ISS: "Can Benin protect itself from terrorism in the region?" (March 2019), "The dynamics of youth radicalization in Africa" (Aug. 2016); CIVIPOL Conseil- on behalf of the European Union: "Exploratory qualitative study on the risks and potential factors of radicalization and violent extremism in Benin" (Program for the Prevention of Violent Extremism in West Africa and the Lake Chad Basin PPREV-EU II), Sept. 2018.

**Table 1. Underemployment by gender, age group, geographic area and education level (in %)**

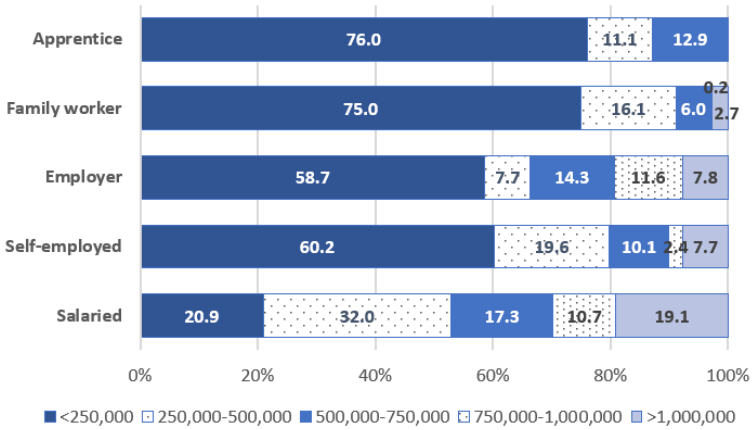
| | By hours[(a)] | By earnings[(b)] | Both hours and earnings (severe[(c)]) | Global (hours and/or by earnings) |
|---|---|---|---|---|
| ***Gender*** | | | | |
| Male | 35.7 | 47.0 | 20.4 | **62.2** |
| Female | 42.8 | 78.6 | 36.3 | **85.1** |
| ***Age group*** | | | | |
| 15-19 | 39.6 | 93.6 | 37.4 | **95.7** |
| 20-24 | 44.8 | 81.6 | 38.3 | **88.2** |
| 25-29 | 41.9 | 65.7 | 30.4 | **77.3** |
| 30-34 | 39.7 | 59.4 | 27.7 | **71.4** |
| 35-39 | 35.1 | 54.9 | 22.9 | **67.2** |
| 40-44 | 36.8 | 53.9 | 24.9 | **65.9** |
| 45-49 | 33.6 | 52.6 | 22.2 | **64.0** |
| 50-54 | 37.8 | 53.9 | 24.3 | **67.4** |
| 55-59 | 41.8 | 59.1 | 28.8 | **72.1** |
| 60-64 | 45.6 | 63.8 | 32.1 | **77.3** |
| ***Geographic area*** | | | | |
| Urban | 33.1 | 53.7 | 22.0 | **64.9** |
| Rural | 44.3 | 69.2 | 33.3 | **80.3** |
| ***Education level*** | | | | |
| No education | 43.5 | 71.1 | 33.5 | **81.1** |
| Primary | 30.1 | 57.7 | 21.4 | **66.4** |
| Secondary | 32.3 | 42.7 | 18.3 | **56.6** |
| Higher | 35.8 | 10.5 | 7.0 | **39.3** |
| ***Total*** | **39.0** | **61.8** | **27.9** | **72.9** |

Source: INSAE (EMICoV 2015). (a) Willing and able to work full-time, but only working part-time and less than 35 hours per week. (b) Working but earning less than the 2015 minimum wage of 40,000 CFAF. (c) Working less than 35 hours per week and earning less than 40,000 CFAF.

11. **Self-employment is hampered by a wide range of constraints but remains the main occupation for youth.** Nearly three quarters of the people 15-35 years of age are self-employed. However, self-employment is currently far from being a good prospect for youth. About 60 percent of the self-employed earn less than half of the legal minimum wage (that is, the equivalent of US$840 annually[13]). This proportion is much smaller for salaried workers, with only 21 percent of them earning less than half of the legal minimum wage. The self-employed family businesses mainly operate in agriculture, followed by retail stores, small-scale manufacturing and accommodation/restaurants (ESI-ERI, 2018). They face various constraints that prevent them from growing and lock them into low earnings. The top constraint cited by non-farm informal entrepreneurs is the limited access to market: 60 percent of these entrepreneurs indicated that they face difficulties selling their products and/or services. Liquidity issues come second, with 57 percent facing limited access to credit and 42 percent considering the cost of credit too high (ESI-ERI, 2018).

[13] Authors' calculations based on ESI-ERI 2018.

**Figure 1: Yearly salary brackets by type of employment**




Source: Authors based on ESI-ERI (2018)

12. **A large share of the youth is working as apprentices or family workers to learn a trade but are then locked in low earnings for years (see Figure 1).** For many trades, the family, the community and informal apprenticeship remain the main way of learning a skill. For many youths without any education, technical and vocational training is key for their professional career, whether they consider starting their business or becoming a salaried worker. The recent Government strategy[14] is to put a strong emphasis on linking training to employment for a better inclusion of youth.

13. **In the medium term, the private sector could contribute more to jobs with larger benefits for youth.** The Government is emphasizing the role of private sector development in the PAG. Several sectors have been identified as key for the economic transformation of the country, such as (i) digital economy; (ii) agriculture; livestock and fisheries; (iii) tourism; (iv) infrastructure, transport and logistics; (v) energy and mines; (vi) manufacturing; (vii) artisans; and (viii) art. Various IDA-funded projects support this program: the Digital Rural Transformation Project (P162599), the Agricultural Competitiveness and Export Diversification Project (P168132), and the Benin Cross Border Tourism and Competitiveness Project (P149117). Youths need to shift from traditional trades (such as sewing, hairdresser, mechanics, and others) to trades that will be needed by the private enterprises operating in the identified priority sectors. In addition, there is a need to better inform youth about the future job prospects, as well as to link them to future vacancies.

14. **There is a substantial gender gap with regards to underemployment.** Women are particularly vulnerable and consistently work in lower-paid jobs than men, and with incomes that on average are two times lower than those of men. One third of working-age women remain outside the labor market, mainly due to the burden of domestic chores, which they typically manage single-handedly. In rural areas, 44 percent of women are engaged in income-earning work for less than 35 hours a week. More than 20 percent of rural women work without pay, compared to only 10 percent of rural men and 6 percent of urban men. Of those gainfully employed, 78.6 percent of females earn below the minimum wage, compared to 47.0 percent of men (see Table 1). This gender gap can be explained by several obstacles that women face. Women traditionally have more limited access than men to resources like land, finance, and training opportunities. Social norms often restrict women's mobility and decision-making, as well as their access to education, employment, and means of livelihood. These limitations increase women's vulnerability and create greater barriers to social protection benefits. This cycle of deprivation

[14] Republic of Benin. National Strategy for Technical and Vocational Education and Training (TVET) (2020-2025). January 2020.

exacerbates women's risk of being subjected to intimate partner violence (IPV), and can also hinder their ability to access available services for survivors of violence.[15] As highlighted by the latest Systematic Country Diagnostic[16] (SCD) conducted in 2017, many limitations are interrelated and are underpinned by pervasive social norms. Young women drop out of school early to have children and/or get married, resulting in women occupying jobs that pay them half the wages of those earned by men. This hinders their ability to save for investments and reduces their bargaining power within their own households. Such gender gaps in the access to and control of resources, in asset development, and in human capital accumulation increase women's vulnerability and underemployment.

15. **With support from the World Bank, the Government has successfully implemented a gender-based approach to promote sustainable and decent jobs for youth under the Benin Youth Employment Project (*Projet Emploi des Jeunes,* PEJ) (P132667)**. Closed in June 2019, this US$35 million IDA-funded operation aimed to improve access to employment skills and employment opportunities for underemployed youth in all 77 communes of Benin. It supported the apprenticeship system, conducted comprehensive business and socio-emotional skills trainings, and provided start-up grants to about 17,000 beneficiaries aged 15-35. The project design particularly focused on gender aspects, making a deliberate effort to include girls in the program and to achieve at least 50 percent female participation. The project included specially designed interventions (insertion of girls in non-traditional trades), gender-sensitive activities (life-skills training), and other actions to maximize female participation (e.g., provision of on-site childcare during training, adjustment of training schedules to accommodate household duties).

16. **Beyond its impacts on the beneficiaries' empowerment[17], the PEJ gave a new impetus to technical and vocational training and youth employment**. The PEJ broke new ground by fundamentally shifting employment support toward those who need it the most: poorly educated youth and women. PEJ introduced new commune-level local employment agents (les *Agents Communaux d'Emploi,* ACE) and a new decentralized delivery mechanism for training. The PEJ also supported the development of new curricula and training modules on socio-emotional skills and the customization of business skills training aligned with the needs of the target population composed of youth with little to no education. In addition, it implemented a new form of start-up capital support via unconditional cash grants delivered through mobile money.

17. **The new National Employment Policy, adopted in March 2020, places more focus on youth with little or no education.** Unlike the previous National Employment Policy (2012-2016) that mostly benefited unemployed young graduates, the Ministry of Small and Medium Enterprises and Employment Promotion (*Ministère des Petites et Moyennes Entreprises et de la Promotion de l'Emploi,* MPMEPE) adopted a specific program for young people with little or no education in the new National Employment Policy. This program will be implemented by the national employment agency (*Agence Nationale pour l'Emploi,* ANPE), which led the business and socio-emotional skills training and the start-up grant components under the PEJ.

[15] World Bank. (2014). *Violence against women and girls resource guide: Social Protection Brief*. Washington, DC: World Bank. https://www.vawgresourceguide.org/sites/vawg/files/briefs/vawg_resource_guide_social_protection_brief_-_nov_26.pdf

[16] Systematic Country Diagnostic 2017, Report 114822-BJ, January 5, 2017.

[17] The PEJ project team conducted a rigorous impact evaluation funded by the World Bank's Gender Innovation Lab, with focus on interventions targeting young women, to study key binding constraints in their training and labor market insertion. The preliminary results came out at midline and showed large effects on women's socio-emotional well-being with a decrease in depression levels and greater control over their own resources. The program also had a significant impact on increasing the investments in productive capital and the individual expenditures by beneficiaries. Overall, women seem to have benefited from the program more than men, with increases in their levels of capital, labor supply and employees.

18. **The Government's recently adopted strategy[18] for technical and vocational training emphasizes the links between training and employment, for a better inclusion of youth in the labor market**. Although significant efforts have been made in recent years to organize the informal/traditional technical and vocational training sector, the provision of technical training is still limited and inadequate for the needs of the labor market. The number of students in technical and vocational training institutions (public and private) in 2018 was 3.3 per 100 pupils at the general secondary education level, and 50 percent of the enrollment was in administrative and management training. Girls were under-represented, at 30 percent of all students. In this context, the Government has established three strategic orientations for the reform of technical training: i) aligning training with the demand for skills by the labor market; ii) strengthening coordination in the sector; and iii) promoting strong linkages and partnerships with the formal private sector and other stakeholders. The strategy focuses on the six priority sectors with high job-creation potential (digital economy, agriculture, tourism and culture, transport, energy and mines, artisanal trades) which are currently poorly covered by the existing curricula.

19. **The Government of Benin is gradually deploying its flagship social protection project** entitled the Insurance for Strengthening Human Capital (*Assurance pour le Renforcement du Capital Humain,* ARCH). The ARCH project covers a package of four subprogram services: health insurance, training, pensions, and microcredit. Among these, the training subprogram focuses on poor workers of the sectors of artisanal trades, art and culture, hotel management and tourism and agriculture, which require little education or training and where most of the skills are acquired on the job. The National Social Protection Agency (*Agence Nationale de Protection Sociale,* ANPS) will contract Technical and Vocational Training Centers (*Centre de Formation Professionnelle, CFP)* to provide trainings; the details of these training programs are under development. Furthermore, the ARCH project document suggests that this subprogram would also assist beneficiaries in developing skills to establish and manage a small business, to enable them to access the microcredit window of ARCH.

20. **Benin's climate change and disaster risk screening suggests a high risk**. The Youth Inclusion Project (*Projet d'Inclusion des Jeunes,* ProDIJ) has been screened for climate change risks. The climate and disaster risks screening conducted by the World Bank as part of project appraisal suggests that the risks are high, due to the potential for extreme temperatures, extreme precipitation and flooding, drought, and sea level rise. In the last published poverty analysis[19], 29 percent of rural households and 16 percent of urban households declared being impacted by biophysics shocks. While serious floods date back to 2010, when half of Benin's communes were affected, seasonal floods impact large numbers of communities and their residents every year.

21. **Benin is only partially equipped to respond to climate shocks**. The country scores 35.7 (ranks 156$^{th}$) in the Notre Dame Global Adaptation Initiative (ND-GAIN), which measures two dimensions of adaptation: (i) the vulnerability of six life-supporting sectors (food, water, health, ecosystem services, human habitat, and infrastructure); and (ii) countries' economic, governance, and social readiness to respond to these vulnerabilities. In 2015, the Government adopted a National Program to manage Climate Change[20]..

22. **Climate change and disasters disproportionally affect the most vulnerable**. The poor are particularly vulnerable to climate-related shocks, as they are net purchasers of food, live in low-quality housing in exposed areas, and have limited access to safety nets. Among poor households, food consumption accounts for over 70 percent of total expenditures on average, and three of the most common reported coping mechanisms to climate

[18].Republic of Benin. National Strategy for Technical and Vocational Education and Training (TVET) (2020-2025). Jan. 2020.
[19] Ministry of the Environment. 2015.
[20] INSAE. EMICoV 2015 Report. March 2016. (Poverty analysis for the 2018 Survey is not yet available).

shocks are reducing food consumption, selling assets, and pulling children out of school (to save the fees and have the children work). In that context, social protection operations are especially relevant for mitigating climate shocks.

### C. Relevance to Higher Level Objectives

23. **Responsibility for a comprehensive system for economic inclusion of vulnerable youth in Benin is anchored in the national employment agency (ANPE)**. This proposed operation, entitled ProDIJ, represents the next phase of the World Bank support that began with the PEJ. The PEJ piloted an innovative approach at large scale and mostly focused on self-employment, and the proposed project aims to institutionalize this approach within the national employment agency. It will also support this same institution in establishing a tailored support to youth for wage work. The ProDIJ will support the economic inclusion of vulnerable youth in Benin with targeted approaches for reducing the gender gap. Also, the ProDIJ will contribute to addressing the risk factors of violence to prevent a rise in violent extremism. The ProDIJ has also been adapted to reflect the priorities of the Government in terms of employment and technical and vocational training. Accordingly, all project activities will be aligned with the Government's reform agenda in these areas.

24. **The Country Program Adjustment due to the COVID-19 crisis aimed at reinforcing resiliency and spurring a sustained economic recovery.** The World Bank support has been first provided through an active management of the existing portfolio of US$1.27 billion of which US$771 million are undisbursed. Cancellations and recommitments, reallocation and acceleration of implementation helped respond to urgent needs:

i. ***To save lives,*** US$102.4 million were mobilized under the existing portfolio to support the emergency response through the REDISSE III Project (P161163) as well as using the Contingent Emergency Response Component (CERC) of the Benin Early Years Nutrition and Child Development Project (P166211). On April 27, 2020, the Board approved the Benin COVID-19 Preparedness and Response Project (P173839) of US$10.4 million under the Fast-Track COVID-19 Facility.[21] In addition to the direct support to the health sector, US$50 million were cancelled and recommitted on June 26, 2020 as a Supplemental Financing (P174008) to the Fiscal Reform and Structural Transformation DPO. Going forward, a Health Program for Results (PforR) Project that aims at strengthening the system and improving access to quality health services (P172940) will be delivered in Q4 of FY21.

ii. ***To protect the poor and vulnerable***, Beside the proposed PRoDIJ that aims at increasing economic inclusion of under-employed and under-educated youth aged 15-35, a survey is being completed under the Community and Local Government Basic Social Services Project (P163560) to identify households that have recently moved to extreme venerability because of the pandemic, which will be supported through direct cash transfers. Also, the COVID-19 Education Response GPE Project (P174186) approved on September 9, 2020, aims to ensuring continuity of teaching, particularly in deprived communes.

iii. **To *save livelihoods, preserve jobs, and ensure more sustainable business growth and job creation,*** the cancellation of US$35 million has been carried out to be recommitted as a COVID-19 economic response component under the ongoing Cross-Border Tourism and Competitiveness COVID-19 additional financing (P175085) to provide rapid financial relief through conditional grants for MSMEs in affected sectors. As a

[21] Together with other donors, this has substantially contributed to the government's effort to implement a phased health response, including development of a robust national testing capacity, set-up of 89 functional screening and case management centers nationwide, and roll-out of a national risk communication and community engagement strategy.

result of trade-related disruptions and lack of adequate storage facilities, the World Bank has reallocated US$10 million under the Agricultural Productivity and Diversification (P115886) project to that objective.

iv. ***To strengthen policies, institutions and investments for resilient, inclusive, and sustainable growth,*** the commitment to the reform program of this DPO series has been maintained as it directly supports the policy and institutional reforms needed to bolster a private sector-led economic recovery. The series are aligned with IPF in the sectors of energy and digital development. The Benin Energy Service Delivery Project (P169796) under preparation for Q4 of FY21 delivery, fosters 'last mile' access to electricity while the on-going Digital Rural Transformation Project, under implementation until 2024, supports universal access of broadband services.

***25.*** **In addition, the proposed operation is in line with the National Development Plan[22] (*Plan National de Développement,* PND 2018-2025) which establishes youth inclusion as a policy priority for the Government.** The PND introduces initiatives to address youth exclusion mainly through skills development, social protection and social services, and presents new guidelines for youth inclusion. The Government intends to streamline youth interventions through better coordination and through focusing on the identified priority areas that include training, social protection, and social services. In this regard, the Government envisages: i) a new technical training strategy; ii) the implementation of the flagship *ARCH Program;* and iii) the development of sports and cultural activities.

26. **The Government of Benin is sharpening its strategies for preventing and countering radicalization and violent extremism.** The Beninese Integrated Borders Management Agency *(Agence Béninoise de Gestion Intégrée des Espaces Frontaliers*, ABeGIEF)) has the mandate for securing and servicing the border areas. In addition, a national commission (*Commission Nationale de Lutte contre la Radicalisation, l'Extrémisme Violent et le Terrorisme,* CNL-CREVT) was recently established for countering radicalization, violent extremism and terrorism. This commission is tasked with developing an intervention and consultation strategy for stakeholders and offering a comprehensive framework for action.

[22] Benin – National Development Plan 2018-2025. Jan. 2019. https://www.gouv.bj/download/2/le-benin-lance-son-ambitieux-plan-national-de-developpement-pnd

## II. PROJECT DESCRIPTION

### A. Project Development Objective

**PDO Statement**

The project development objective (PDO) is to increase economic inclusion of under-employed and under-educated youth aged 15-30 and strengthen employment services and the technical and vocational training system.

**PDO Level Indicators**

Outcome 1: To increase the economic inclusion of vulnerable youth

- **Indicator 1: Percentage of youth in wage employment or starting (or expanding) microenterprises 12 months after the support they received from the project**

Outcome 2: To strengthen employment services and the technical and vocational training systems

- **Indicator 2: The ANPE adopts the tools and services developed under the Azoli [23]system as key processes of its delivery system.**
- **Indicator 3: The Professional Skills Certificate (*Certification de Qualification Professionnelle,* CQP) processes are organized for 10 new economic trades.**

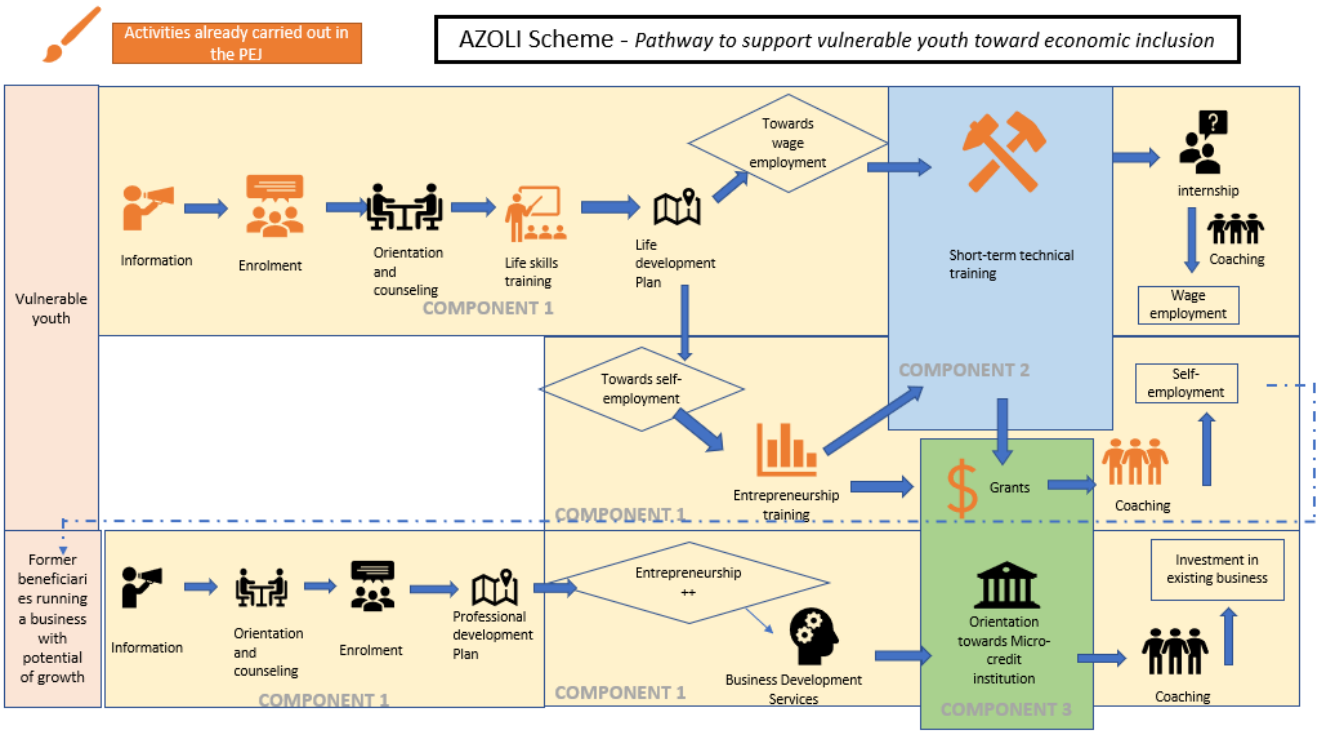
### B. Project Components

27. **The proposed project will consolidate and build on the PEJ's achievements to support the reform, development and institutionalization of employment support services, training, and financial services for vulnerable youth.** It will consist of four components. The first component, "*Supporting the development of a comprehensive system for economic inclusion of vulnerable youth and increasing employability skills"***,** will support the further development of the employment support service system, which will include orientation and provision of employability skills. The project will also support the implementation of the Government's reform of the Guichet Unique for employment services. The second component, "*Strengthening the technical training system and increasing technical skills of vulnerable youths"*, will provide vulnerable youth with technical skills. It will also reinforce the traditional apprenticeship system, which is central to the new government strategy on technical and vocational training and is recognized as the most cost-effective way of providing technical skills to vulnerable youths. The third component, "*Increasing financial capital and improving access to financial services for vulnerable youth"***,** will support the delivery of financial capital and services to vulnerable youth who are starting or expanding businesses. The fourth component, "*Project Management, Monitoring and Evaluation (M&E)*", will support project management and M&E. The project will be primarily implemented in regions where there is a high risk of radicalization that could turn into violent extremism. The targeting methodology is developed in the project implementation manual (PIM).

[23] The Azoli system is one of the pathways the Guichet Unique will offer to provide a comprehensive set of employment services for vulnerable youth to ensure greater economic inclusion. See Figure 2 for details.

28. **The reform aims to institutionalize the *Azoli*[24] system and support the introduction of a one-stop-shop for jobs (*Guichet Unique de l'Emploi)*.** The Azoli system is one of the pathways the *Guichet Unique* will offer to provide a comprehensive set of employment services for vulnerable youth to ensure greater economic inclusion. As such, the Azoli system covers both wage employment and self-employment, though it is likely that most young people will choose the path of self-employment given the limited number of vacancies on the Beninese labor market. The services offered include information, intake and orientation, life skills training, entrepreneurship and business development services (BDS), coaching, internships, short term technical trainings, start-up grants, financial inclusion and link with micro-credit institutions. The services and different paths of the Azoli system are presented in Figure 2 and split between the three components to match the mandate of each implementing agency. The Azoli system provides services tailored to the specific needs of the target youth population. Azoli services are integrated as part of a package to achieve the maximum possible impact for youth, while minimizing complexity. Azoli supports the provision of short-term technical skills training that is linked to employment opportunities identified prior to the training. In order to offer a full package of support to beneficiaries, ANPE is in charge of delivering services to increase employment skills, and will coordinate with the Directorate of Technical and Vocational Training (*Direction de l'Enseignement Technique et de la Formation Professionnelle,* DETFP) / Fund for Continued and Vocational Training and Apprenticeship (*Fonds de Développement de la Formation Professionnelle Continue et de l'Apprentissage,* FODEFCA) and the National Fund for Microfinance *(Fonds National de la Microfinance,* FNM) to deliver the services related to increasing technical skills and financial capital.

**Figure 2: Description the Azoli system – Pathway to support vulnerable youth towards economic inclusion**




[24] Azoli means "the pathway to employment" in "Fon", one of the most important national languages.

29. **The project will focus on areas at risk of violent extremism.** The project will target areas of growing risks of violence to increase participation from youths residing in these areas. The targeting methodology for these areas is developed in the PIM.

30. **The project will make a direct contribution to adaptation to climate change.** Specifically, it will help vulnerable youth from rural areas, who are often dependent upon subsistence agriculture, to diversify their livelihoods through training, grants and technical support. Also, the activities chosen will be less weather-dependent (for example artisanal trades, agricultural transformation activities, digital technology, construction, fixing bicycles or solar panels or trade in a non-agricultural commodity) and less polluting than current practice. The proposed project will also help vulnerable youth from urban areas increase productivity and revenues, through the same type of activities (training, grant and technical support) to increase their resilience in case of a covariate or biophysical shock affecting urban areas. Moreover, the project ensure that training is provided in areas that can be expected to have higher marginal benefits from helping beneficiaries mitigate the risks from climate change, or better adapt to its impacts.

**Component 1: Supporting the development of a comprehensive system for economic inclusion of vulnerable youth and increasing employability skills (US$29.7 million equivalent)**

31. **This component will leverage the expansion of youth employment services developed under the PEJ.** The National Agency for Employment (ANPE) will be the lead agency for this component. Over the past six years, ANPE, with support from the World Bank-financed PEJ, introduced municipal employment services with dedicated agents over the entire territory. ANPE also delivered entrepreneurship support packages to low-educated youths in each of the 77 communes. The municipal employment services were seen as a success by all parties and the entrepreneurship support program was the first ever of this scale offered by ANPE to vulnerable youth. These programs are a key part of the Azoli system.

32. **Under this component, the project will finance**: i) technical assistance to review life skills and entrepreneurship curricula; ii) the design and implementation of outreach and communication campaigns; iii) production of training material; iv) service providers costs to deliver training and BDS and child care services; v) the development of a Management Information System (MIS); vi) equipment and running costs of employment services at commune level; vii) costs associated with the participation in training and internship opportunities; and viii) cash transfers for beneficiaries of the wage employment pathways during their internship. Approximately 4,800 beneficiaries will receive a three-month internship allowance of up to US$400 (approximately US$120 per month) under this program. This allowance will be paid by account-to-account transfer from ANPE to the beneficiaries.

33. **This component will support the ANPE reform as well as all the principal functions of the Azoli system.** The component will support the employment services' reform to introduce the Guichet Unique by strengthening the capacity of the ANPE to: i) engage with the private sector and get more job offers; ii) link labor demand and supply (including for self-employment and for youth to choose a business activity); iii) plan, organize and coordinate the services provided by the ANPE under the Azoli system; iv) coordinate with the Ministry of Secondary Education, Technical and Vocational Training (*Ministère des Enseignements Secondaires, Technique et de la Formation Professionnelle,* MESTFP) to satisfy the technical training needs of youths; and v) coordinate with the Ministry of Social Affairs and Micro-Finance (*Ministère des Affaires Sociales et de la Microfinance,* MASM) in order to expand financial services for youth. The project will support the development of a MIS that will serve as

the management tool of the Azoli scheme and possibly of the Guichet Unique. The MIS will be interoperable with the MIS of the MESTFP for managing short term training, and of the MASM for managing grants and micro-credits. The project will also support the ANPE to carry out analytical work to support the implementation of this reform.

34. **The Azoli system will build on and continue to support activities and services offered under the previous World Bank PEJ operation and adapt them to integrate key learnings**. Existing services that will be expanded under this project include (see orange icons in Figure 2):

a) **Provision of Information:** Awareness and sensitization about the program will be conducted in every commune to generate interest among potential beneficiaries and service providers. Steps will be taken to ensure that 50 percent of the participants in the program are women and that 40 percent of the participants come from areas at risk of violent extremism.

b) **Life Skills Training:** The training will help selected vulnerable youth develop critical life skills while strengthening their connections with other members of the community. Beneficiaries will develop socioemotional skills, such as self-awareness, self-esteem, emotional intelligence, empathy, interpersonal skills, communication skills, leadership, problem solving, and non-violent conflict resolution. Training topics will also promote gender equality, including equitable decision making and division of resources within the household, with a focus on transforming gender norms.

c) **Entrepreneurship training**: This training program will be provided to youth who choose the self-employment pathway. Entrepreneurship training will include courses on how to create and manage a business, leading to the development of a business plan (Start and Improve Your Business (SIYB) Program designed by the International Labor Organization (ILO)). An emphasis will also be placed on creation and management of small economic groups to encourage youth to organize their business in groups. The training will also ensure that the selected activities are less weather-dependent and less polluting and will raise awareness about climate change adaptation and mitigation measures.

d) **Coaching**: Each beneficiary will be provided with ongoing coaching by an employment counselor who will assess how youth are faring, offer support, help youth overcome constraints, orient them towards additional opportunities and help boost their self-confidence.

35. In addition to the services described above, the project will also comprise the following:

a) **Outreach campaign to areas at risk of violent extremism**: The communication and outreach campaign will be more intense in areas at risk of violent extremism. It could include socio-cultural activities in order to address some of the risk factors of violence and prepare the youth residing in these areas to actively participate in the economic inclusion program. These activities will develop skills such as teamwork, conflict resolution, leadership, and building trust, with gender-sensitive design to ensure maximum inclusion of girls into the activities and the program. The activities will also raise the beneficiaries' awareness to climate risks. The specific communication and outreach activities targeting areas at risk of violent extremism will be managed by the Project Coordination Secretariat (PCS), as they do not fall directly into the mandate of ANPE and there is still no agency in the Government directly in charge of this mandate. The PCS will coordinate with the ABeGIEF, as well as the National Commission for Countering Radicalization, Violent Extremism and Terrorism (*Commission Nationale de Lutte contre la Radicalisation, l'Extrémisme Violent et le Terrorisme,* CNL-CREVT) in designing and implementing these activities. Local non-governmental organizations (NGOs) will be selected through a competitive process to implement the outreach activities in the areas at risk of violent extremism.

b) **Orientation, and Job Counseling**: This represents the first step in identifying vulnerable youth and launching them on the path to employment within the Azoli system. Initial orientation sessions will carry out a skill-assessments and will assist vulnerable youth to think critically about their proposed employment pathway.

c) **Life and Professional Plan**: At the end of the life skills training, each youth will develop a Life and Professional Plan (in a format adapted to their low level of literacy) in order to set a ten-year vision for themselves, their family and community, supplemented by an action plan to reach this vision. Employment counselors will support the beneficiaries in elaborating their plan.

d) **Internships for one to -three months**: Under the wage employment pathways, beneficiaries will be supported by the employment counselors to find an internship opportunity. The objective of the internship will be to consolidate the skills gained through the short-term technical training (see Component 2 for the description of the short-term technical training) and allow for the acquisition of the skills sought by local firms. The internship can be in formal or informal sector businesses. The project will support monthly cash transfers to the beneficiaries for the duration of the internships.

e) **Business Development Services**: The project will offer BDS to beneficiaries of the former World Bank project and first cohorts of beneficiaries of the Azoli system who are running businesses with potential for further investment and job creation. The second-generation beneficiaries will receive consulting services to expand their activity (explore new markets, diversify into a new product, develop a marketing strategy), meet business registration and licensing requirements, and connect with markets. When this expansion requires more financing, the BDS providers (consulting firms) will help the beneficiaries link up with financial institutions. To lower the cost of the program, this support will combine individual with group approach [25]. Besides lowering the cost, this will foster linkages between participants[26]. Beneficiaries will also be encouraged and assisted to apply for other business support and/or microfinance available in their area. A feasibility study will be carried out to understand the availability and costs of service providers in Benin before procuring these services. Service providers will be recruited to offer this service under the supervision of ANPE.

36. **The commune-level employment promotion units (*Unités Locales de Promotion de l'Emploi*, ULPE) are key for the delivery of services at commune level**. The services described above will be coordinated at the commune level by at least one communal agent. This agent will carry out the functions dedicated to the ULPE, under creation and integration into the new organizational chart of the communes. His/her role will be essential to coordinate, organize and deliver the employment services to the beneficiaries in the commune. The communal agent(s) to be assigned to the ULPE will be selected within the staff with the adequate profile who are already in place in the commune, to avoid new budget burdens on the communes. In the event of unavailability of staff at the commune level, the project may finance the recruitment of contract agents to carry out these functions. In this case, the staff will be recruited by the communes in accordance with the civil service law.

37. **The component aims to reduce gender gaps in employment**. The Azoli system will aim for gender parity among beneficiaries (50 percent male youth and 50 percent female youth). To address gender gaps, the project will implement a national communication campaign directly targeting young women to increase their registration in the Azoli system. In addition, specific coaching services will be provided to young women to find wage

[25] Iacovone, Leonardo and Maloney, William F and Mckenzie, David J. 2019. Improving Management with Individual and Group-Based Consulting: Results from a Randomized Experiment in Colombia.
[26] Cai, J. & Szeidl, A., 2017. Interfirm relationships and business performance. The Quarterly Journal of Economics.

employment or start a business activity. Gender-sensitive measures will be implemented to facilitate access of women to training facilities, such as childcare services and separate wash facilities. To ensure all measures are in place to prevent gender-based violence (GBV), trainers and beneficiaries will be trained on risks of GBV, including sexual exploitation and abuse and sexual harassment (SEA/SH), codes of conduct, ways to report incidents of SEA/SH via multiple entry points of the Grievance Redress Mechanism (GRM), and anti-harassment awareness, prevention and mitigation. Finally, the project will coordinate closely with the Sahel Women's Empowerment and Demographics Project (SWEDD, P166813) to address gender norms that hinder women's access to and success in the labor force.

38. **The component aims to support livelihood diversification.** The services provided through the Azoli system will support vulnerable youth to diversify their livelihood and increase their resilience. Awareness to climate risks will be raised during the life skills training and coaching activities.

39. **Implementation of the Azoli system will be done gradually.** To ensure a continuous delivery of services over the course of the project and establish the Azoli system as one of the core services of ANPE, the services will be organized by cohorts of beneficiaries (one cohort every year over three years). Also, to mitigate the risks of complexity, the implementing agency will focus first on the implementation of the self-employment pathway that builds mostly on the PEJ curricula and processes. Only when this pathway is established, will the implementing agency develop the wage employment pathway and BDS.

**Component 2: Strengthening the technical training system and increasing technical skills of vulnerable youths (US$16.4 million equivalent).**

40. **This component will build on the experience from the PEJ as well as support the development of the new strategy on technical and vocational training from the MESTFP**. The component will build on the development of the certification process of the apprenticeship system (CQP and CQM) and will finance the training and certification of 7,000 apprentices in CQP and CQM. The development of the CQP and CQM in trades with high economic potential is one of the priorities of the new government strategy on technical and vocational training and is seen as a path to productive employment for low educated youths.

41. **Under this component, the project will support the Government's efforts to strengthen the apprenticeship and training systems, as well as improve access to technical training of high-potential trades for vulnerable youths.** The lead agencies under this component will be FODEFCA and DETFP. This component includes three dimensions: development of the supply, access and quality of technical trainings in the apprenticeship system, and short term technical and vocational training. The activities included under these three dimensions are described below.

***Strengthening the supply of technical training available for vulnerable youth***

**42. Under this dimension, the project will:**

a) **Support the development of new training curricula for CQP and short-term training accessible to beneficiaries with low level of education, especially to young women**. Trades will be chosen for their potential of income generation, economic inclusion of vulnerable youth, and limited weather dependence (including in target areas such as northern and remote regions) and will be identified within the six priority

growth sectors of the Government (digital economy, agriculture, tourism and culture, transport, energy and mines, artisanal trades). A set list of trades will be supported by the project for CQP training, while for short-term trainings the choice of trades supported by the project will be made based on beneficiaries' demand. ANPE will provide information on local opportunities and potential trades at local level prior to establishing the beneficiaries' demand. These trades should encourage domestic production of goods or services that are currently imported (using household data to determine consumption patterns). Furthermore, they should be trades that improve significantly the productivity of other sectors. Identified trades will include both trades for which curricula already exist, and such trades that have no developed curricula. Standardized lists of competencies will be developed in collaboration with the private sector, artisanal trade associations, key ministries, and local governments. The project will finance the improvement of existing curricula when necessary, and the development of at least 15 new curricula for CQP. The life skills and entrepreneurship modules included in the CQP curricula will also be updated.

b) **Strengthen CFPs to offer new training curricula for the identified trades.** The project will support the upgrading of some CFPs to ensure that at least one such center per trade has the necessary equipment and human resources to offer training in the identified trades. The project will also help with the establishing of *Reference CFP,* as per the national TVET Strategy. The support provided to the *Reference CFPs* will include the purchase of equipment, training of trainers, and institutional support to improve the governance and management of CFPs. It will be coordinated by the DETFP to avoid duplication with support to *Reference CFPs* from other sources of funding. The supported CFPs will be identified through a call for interest, complemented by a nationwide diagnostic on existing capacities and offers of services by CFPs. Special support will be provided to CFPs in or close to areas at risk of violent extremism. Construction and civil works will not be eligible for financing under the project.

c) **Provide institutional support to stakeholders engaged in the reform of the technical and vocational training framework for vulnerable youth**. The project will carry out necessary analytical work to inform the implementation of the reform on technical and vocational training. This analytical work could include: i) the support for the development of strategies to reform short-term training certification (such as the integration of life skills and entrepreneurship modules in the CQP curricula); ii) the support for the development of training curricula and certification processes of Master Artisan; iii) the establishment of a coordination tool, such as a simple MIS to manage the training system; or iv) various evaluations or analytical work contributing to the reform implementation. In addition, the project will support the organization of the certification exams for apprentices and short-term trainees, i.e., the CQP and the CQM. Stakeholders include, but are not limited to, FODEFCA, DETFP, Directorate of Handcrafts (*Direction de l'Artisanat))* and CMA-Benin.

***Improve access to dual training and short-term training in selected trades***

**43. Improved access to dual and short-term training builds on the PEJ support in the traditional apprenticeship sector and the provision of short- term technical training to the employment services.**

a) **The project will provide financial support, in addition to Government's own resources, to enable a greater number of qualified apprentices to participate in the CQP classroom training and thus complement their on-the-job training**. Training modules for trades identified as having high potential for economic inclusion will receive particular support. Communication campaigns will inform youth about the dual training opportunities within the CQP program and encourage them to find a master artisan in these identified trades. In order to ensure that distance from training centers is not a barrier for youth living in

remote areas, the project will support the organizing of residential trainings.

b) **The project will also offer short-term training to beneficiaries of Component 1 (part of the Azoli scheme).** DETFP and the FODEFCA will be responsible for covering the training demand for employment services. The technical skill training consists of short-term job specific training (from two weeks to three months in duration, depending on the level of complexity of the trade). The short-term training could be supplemented by an internship in an enterprise (formal or informal, for a period of three months – see Component 1). The beneficiaries of Component 1 will be eligible for the short-term training only after completing the life skills training and professional development plan.

***Improve dual training offering by supporting master artisans***

44. **The project will improve the quality of apprenticeships by supporting master artisans that are training youth beneficiaries**. To ensure better work and learning conditions for apprentices, the project will support the provision of technical training to master craftsmen in coordination with the ARCH program and the CMA-Benin and in accordance, as much as possible, with ongoing reform of the status of Master Craftsman. The representatives of the MESTFP at local level will participate in the ARCH coordination meetings. In addition, tied to the attendance of technical training, master artisans will receive various gender and andragogy courses. Furthermore, artisans will receive business consulting services. This support will be similar to the one provided under Component 1 to beneficiaries of the former World Bank project and first cohorts of beneficiaries of the Azoli system who are running businesses with potential for further investment and job creation. These consulting services will include a diagnostic exercise, a needs assessment, the elaboration of an action plan for each master artisan (with the objective of increasing the productivity of his/her business), monthly follow-up for a minimum of 12 months, and support to link up with financial institutions for accessing loans (if needed).

45. **The component aims to reduce gender gaps in technical training**. The technical training activities will aim for gender parity among beneficiaries (50 percent male youth and 50 percent female youth). The project will tailor the package to support girls in newly incorporated trades by building on the experience the PEJ gained in training young women in male-dominated trades (see section F on Lessons Learned and Reflected in the Project Design). It will also include key learnings from the impact evaluation in Kenya (Hick et al, 2015) demonstrating that providing information on income in various trades encourages women to choose more often traditionally male-dominated trades. To further address gender gaps, the project will conduct a national communication campaign directly targeting young women, aiming to attract them for technical training (short-term or apprenticeship) in the identified trades. Success stories, role models and other communication material will be developed and used for this purpose. Also, a regular cash transfer will be given to the young women of the poorest households (identified through the Social Registry) entering apprenticeships in the identified trade, to support their enrolment into the CQP or CQM (as literature shows that young women are more likely to drop out their trainings, because it is more costly for them as they are not supported as much by their family (Cho et al, 2013)). About 500 young women coming from poor households will benefit from this apprenticeship support program. Each will receive a subsistence allowance of approximately US$55 per month over the three years of training. This allowance will be paid via mobile transfer. In addition, specific coaching services will be provided to young women who received the technical training and wish to start a business in the field. Finally, gender-sensitive measures will be implemented to facilitate access of women to training facilities (such as childcare services and separate wash facilities), and master artisans and beneficiaries will be trained on risks of GBV and in anti-harassment awareness, prevention and mitigation to ensure that all measures are in place to prevent GBV.

46. **Technical trainings offered in the project will contribute to livelihood diversification of vulnerable youth.** Through the skills acquired in the technical trainings, vulnerable youth will be encouraged to diversify their livelihood to increase their resilience. Most trades in which technical trainings will be offered will be non-weather dependent and beneficiaries will be sensitized to climate risks for weather-dependent trades during the trainings.

47. **Impact evaluation.** An impact evaluation will be conducted to measure the impact of the traditional apprenticeship system on the economic inclusion of vulnerable youth and the costs/benefits of different measures (for instance, how the support offered to master artisans impacts the economic inclusion of apprentices).

48. **Under this component, the project will finance multiple activities**. These include: i) consulting services to carry out analytical works (such as the identification of trades with high potential for economic inclusion, the development of new curricula, informing the reform of technical and vocational training, and studying the job opportunities on the local labor market); ii) purchase of equipment for training facilities; iii) youth technical training in CFPs and associated costs to the delivery of the training; iv) communication campaign and production of communication tools; v) subsidizing apprenticeship fees for young women coming from very poor households; vi) BDS for master artisans; vii) training materials and costs for modules delivered to master artisans; and viii) workshop and monitoring costs.

**Component 3: Increasing financial capital and improving access to financial services for vulnerable youth (US$9.4 million equivalent)**

49. **The component will support increasing the access to financial capital for the beneficiaries**. The PEJ had a significant impact on investments in productive capital and higher individual expenditures by beneficiaries. This component will build on this experience. The Government will increase financial capital of vulnerable youth as they transition into productive self-employment. This component is led by the MASM as it has the mandate of providing subsidies and cash transfers to vulnerable households and individuals.

50. **The component will offer two funding windows**. The project will help beneficiaries to address capital constraints and access financial services through two windows:

a) **A grant transfer window will provide productive cash transfers (approximately US$400) for individuals and be financed from the project.** About 24,000 vulnerable youths are expected to benefit from this window. They will have an account opened in a financial institution to ensure their long-term inclusion in the financial system and to build their credit history and saving capacity. The cash transfer will be used for supporting the required technical operations to set up the beneficiary's activity. The project will not finance activities that require the acquisition of land and the criteria for selecting beneficiaries will include evidence that the planned activity does not involve the acquisition of land or restrictions on the use of land and, if relevant, the beneficiary should provide proofs of the transfer of any needed land. In terms of the scope of income-generating activities to be funded, youth will be encouraged to consider activities which may have positive externalities in terms of helping build community resilience to climate change.

b) **A loan window will be funded by the Government through its ARCH program**. ARCH is developing a credit product at subsidized interest rates to support the investments by small businesses active in trades with high economic inclusion potentials. After providing BDS to second generation beneficiaries (see Component 1), the employment services will refer and support beneficiaries to apply to the ARCH loan window or any other product available on the market and subsidized by FNM. The beneficiaries will follow

the same screening process as other applicants to the loan window but are expected to have a high level of eligibility. IDA funding will not be used to fund this window.

51. **FNM will lead this component and provide the two funding windows, with the support from the project.** FNM is the operational arm of the Government of Benin in promoting the microfinance sector in general and the financial inclusion of disadvantaged groups in particular. FNM serves as a relay to facilitate access to microcredit for beneficiaries of several donor-supported public programs and pilots the microcredit component of the ARCH program. FNM will define the most adequate way of transferring cash transfers through the micro-finance institutions network to ensure accessibility by youth and affordability for the project. Technical support will be provided to FNM to develop the ARCH product.

52. The component will finance i) cash transfers; ii) the costs associated with money transfers; iii) technical assistance to develop these two windows; and iv) institutional support to the FNM and monitoring activities of decentralized financed services to beneficiaries.

**Component 4. Project Management, Monitoring, and Evaluation (US$4.5 million equivalent)**

53. **This component will support activities related to project management and M&E.** It will support the set-up of a PCS, under the ANPE Director General (DG), who is the project coordinator. The PCS will support the project coordinator in ensuring that the project is implemented in accordance with the Financing Agreement (FA), the Project Appraisal Document (PAD), the manuals for project implementation (the operational manual), and the safeguards instruments. In addition, the PCS will oversee the overall M&E functions, as defined in the *Results M&E Arrangements* section below. The monitoring of the project will follow a participatory approach where youth (beneficiaries) are given a prominent voice: using instruments such as scorecards, or Iterative Beneficiary Monitoring (IBM). In addition, this component will fund i) the implementation of a fiduciary unit at the FODEFCA and ANPE to facilitate procurement activities and payments; and ii) technical assistance to support the teams of the implementing agencies as needed.

54. **Specifically, this component will finance:**

- Staff for the PCS. A technical secretary will be hired along with a training and employment placement expert, as well as M&E, social and gender, environmental, and financial management (FM) specialists to support the implementation of project activities.
- Technical assistance. The ANPE team will be reinforced with a specialist in training and professional insertion, and both FODEFCA and ANPE will have an accountant and a procurement specialist recruited and housed in their respective institution.
- Impact evaluation surveys;
- Specialized evaluations and beneficiary surveys;
- Equipment and operating costs;
- Small refurbishing work of PCS premises;
- Regular internal and external audits (which will focus on financial and procurement aspects);
- Training of the PCS staff and implementing agencies, including on SEA/SH risks and mitigation measures, codes of conduct and GRM;
- Institutional support to the MPMEPE and implementing agencies (trainings, study tours, etc.); and
- The costs associated with producing project reports, including a mid-term review involving stakeholders and civil society.

### C. Project Beneficiaries

55. **The primary target group who will benefit from the project are vulnerable youth aged 15-30.** These are youth who have reached at most middle school (with or without graduating) and are underemployed or inactive. The project will be implemented in the 77 communes of Benin but will pay special attention to vulnerable youth residing in areas at risk of violent extremism.

56. **The project has the capacity to support a total of 35,000 youth in the Azoli system and 7,000 in the apprenticeship system.** Of the 35,000 participants in the Azoli system, 25,000 would benefit from the entrepreneurship pathways, 6,000 from the wage employment pathways, and 4,000 from the BDS. In the entrepreneurship and wage employment pathways of the Azoli system, 12,000 people would benefit from short-term technical training. In addition, 4,000 apprentices would benefit from the dual training within the CQP scheme and 3,000 apprentices are expected to get the CQM in trades supported by the project.

57. **The detailed procedures for outreach, identification, selection, and enrollment in program interventions are defined in the PIM**. The PIM requires that at least 50 percent of participants are women and that priority is given to communes that accumulates risk factors of violence.

58. **Other project beneficiaries include** master artisans (supported under Component 2 to improve the quality of technical training offered to apprentices), as well as ANPE, DETFP, FODEFCA and FNM, receiving support in the implementation of governmental reforms and programs.

### D. Results Chain

59. **The project supports interventions to boost economic inclusion for vulnerable youth, and to strengthen employment services and the technical training system in several ways.** It does so by: i) developing and increasing access to comprehensive employment services for vulnerable youth and providing employability skills to vulnerable youth (Component 1); ii) improving access to technical training for identified trades with high economic inclusion potential, supporting the technical training system and actors, and developing technical skills (Component 2); and iii) improving access to financial services and capital (Component 3). The activities, outputs and outcomes, and how these relate to the PDO, as well as the main assumptions behind the Theory of Change are captured in Figure 3 below.

### E. Rationale for World Bank Involvement and Role of Partners

60. **The World Bank brings significant international experience on the topic of economic inclusion and youth employment and has developed unique expertise in the design and implementation of employment projects in Africa in recent years**. As illustrated by the 2013 World Development Report on Jobs [27], the World Bank has developed a body of knowledge on youth employment across the world and in Sub-Saharan Africa in particular. The 2014 Youth Employment in Sub-Saharan Africa Report[28] was followed by several country-specific assessments of youth employment (Benin, Côte d'Ivoire, Kenya, Mauritania, Burkina Faso, Nigeria, Senegal). In addition, the

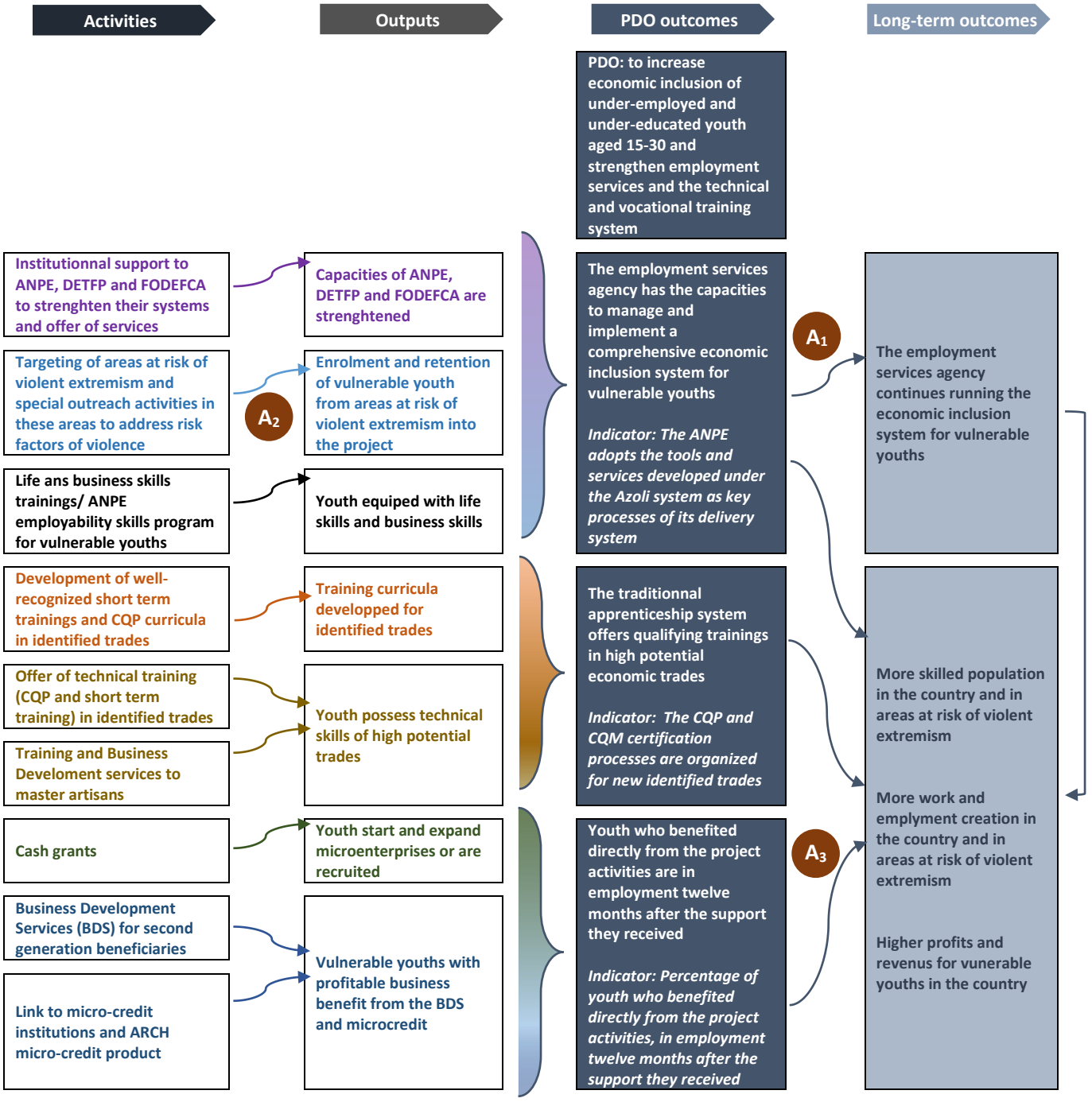
[27] World Bank. 2012. World Development Report 2013: Jobs. Washington, DC. © World Bank.
[28] Filmer, Deon; Fox, Louise. 2014. Youth Employment in Sub-Saharan Africa. Africa Development Forum. Washington, DC: World Bank and French Development Agency (*Agence Française de Développement, AFD)*. © World Bank.

World Bank has been supporting Youth Employment projects in Benin, Burkina Faso, Nigeria, Togo, Niger, Kenya, Uganda and Côte d'Ivoire, among other Sub-Saharan countries. With projects and expertise in these areas, the World Bank is in a unique position to deliver a coordinated response to the multi-sectoral challenge of youth employment.

61. **The World Bank supported the Government in the implementation of a PEJ (P132667) in Benin from 2014 to 2019**. The IDA-funded Benin PEJ was designed to improve access to employment skills and employment opportunities for underemployed youth in Benin. The project has demonstrated satisfactory results, particularly in improving non-cognitive skills, self-efficacy, locus of control, and reducing depression (especially for women). The supported training also had a large impact on business practices.

62. **The Government successfully managed to mobilize a wide range of partners to support the implementation of the National TVET Strategy.** The Donor Coordination Group on Education is leading the dialogue and the coordination efforts with the Government. Key actors working on traditional apprenticeship and short-term technical trainings include the French Development Agency (*Agence Francaise de Développement*), the Swiss Cooperation and the German cooperation. The World Bank team has closely coordinated with them during preparation and will continue to do so during implementation.

**Figure 3: Theory of change**




**Critical assumptions**

**A1**. Local Employment Promotion Units (*Unité Locale de Promotion de l'Emploi,* ULPEs) are set up in all communes and staffed with enough competent agents.

**A2**. Existing targeting mechanism of areas at risk of violent extremism is effective.

**A3**. The economy generates enough demand for labor that will support better paid jobs and self-employment

### F. Lessons Learned and Reflected in the Project Design

63. **The project draws on lessons learned from various evaluations, as well as earlier World Bank operations and promising experiences in Benin and neighboring countries.** The project design reflects the accumulated knowledge that improving employability of vulnerable youth requires holistic initiatives to move these youth into gainful employment. Effective programs for vulnerable youth contain an appropriate mix of foundational skills, occupational skills training, and work-based learning, and provide a variety of support services, such as business skills and job counseling[29] [30]. Attempts to identify in a systematic way design and implementation features associated with higher effectiveness across interventions indicate that some design characteristics are more promising than others[31]. In particular, a successful program consists of a diversified package of interventions that address the needs of beneficiaries through good profiling and follow-up systems and use appropriate contracting and payment systems.

64. **The proposed project interventions have many of these promising design features.** More importantly the project addresses multiple constraints by providing support for social emotional skills training, job-specific technical skills training coupled with internships, entrepreneurship-skills training, grants to promote self-employment or increase productivity, BDS, and coaching.

65. **The project also takes into consideration that successful interventions maintain strong links to the local labor market.** Hence an emphasis is placed on identifying the demand for workers. The project will support ANPE and DETFP to identify trades with a high potential for economic inclusion and to develop (when necessary) the relevant training curricula. The associations of crafts persons in the informal sector will play a key role to validate training curricula and to accept new apprentices.

66. **This project builds on the key findings of the impact evaluation results of the PEJ (P132667).** The preliminary results at end line showed that the life skills and entrepreneurship training with start-up grants had large effects on women's socio-emotional well-being, with a decrease in depression levels and greater control over their own resources. The program also had a significant impact on investments in productive capital and higher individual expenditures by beneficiaries. Overall, women seem to have benefited from the program more than men, with increases in their levels of capital, labor supply and employees, but without significant effects on their profits and earnings. Several avenues have been suggested to explain this last point, among which three main reasons seem to emerge from the data collected from beneficiaries. The first possible reason is the sales on credit. The subsidy increased credit sales among female recipients, a practice that appears to be traditionally widespread among women. The second reason points at labor costs. Women who received the subsidy hired more employees. This has a negative effect on their profit. Finally, there are the effects linked to the growth cycle and the business size. Women-owned businesses are smaller than those founded by men. This suggests that it might take longer to capitalize on the training and see the positive effects of their investments translate into higher profit.

[29] Anvil Adams, *The Role of Youth Skills Development in Transition to Work: A Global review* (World Bank, 2007).
[30] Integrated Youth Employment Programs, *A Stocktake of Evidence on what works in Youth Employment Programs* (Jobs Working Paper Issue no 24, World Bank, 2018).
[31] J. Kluve. et al. *A review of the effectiveness of Active Labor Market Programs with a focus on Latin America and the Caribbean* (ILO Research Department Working Paper, 9, Geneva ILO, 2016).

67. **Lessons learned from the PEJ (P132667) were captured during preparation of this project through analytical work[32] and through the PEJ Implementation Completion Report** [33]. The key lessons are: i) to increase impact of short term training on youth economic inclusion, youth should map out a professional plan before engaging in a training, the professional and social recognition of short-term technical training should be enhanced, and short term technical training should be complemented by on-the-job-training; ii) apprentices should benefit from life skills and entrepreneurship training to help them start a business; iii) more investment is needed in childcare to ensure a greater and better learning experience of female participants from project activities; iv) coaching and mentoring of vulnerable youth after training is essential to help them successfully engage in their activities; v) employment counselors at commune level are key actors to deliver employment services to vulnerable youth and should be part of the services offered at local level on a sustainable manner; and vi) empowering artisan associations is an efficient way to strengthen traditional apprenticeship from the ground up, to establish and disseminate technical standards trade by trade, and to organize the certification of technical abilities for out-of-school youth who otherwise have little or no access to recognized, marketable skills.

68. **Supporting young women's ability to make informed decisions about their training and employment pathway is critical to reducing the gender gap**. Changing gender norms in labor markets is challenging and takes time, but is not impossible, particularly when working with youth who are eager to learn and who can be more accepting of breaking from traditional practices. Nevertheless, the job counselors and participants will need active guidance and support. The PIM and the various skills training programs ensure that women's needs are specifically considered.

## III. IMPLEMENTATION ARRANGEMENTS

### A. Institutional and Implementation Arrangements

69. **The MPMEPE, as the ministry responsible for youth employment in Benin, will be responsible for coordinating and supervising the implementation of the project.** The line Minister, or his representative, will chair the steering committee (SC). The SC of the project will be responsible for guiding the implementation of the project and ensuring multisectoral collaboration. The SC will meet at least twice per year to approve the overall annual work plan prepared by the PCS, review progress, and agree on performance targets and timelines for proposed activities under the different components. Extraordinary sessions will be organized as relevant. The SC will include representatives of the Directorate of Employment and Entrepreneurship Promotion (*Direction de la Promotion de l'Emploi et de l'Entreprenariat,* DPEE), Bureau of Analysis and Investigation (*Bureau d'Analyse et d'Investigation,* BAI), the Crafts and Artisans Chamber (*Chambre des Métiers et de l'Artisanat,* CMA-Benin), the Coalition of Civil Society Organizations involved in youth employment, and the Ministries of i) Economy and Finance; () Planning and Development; iii) Social Affairs and Microfinance; iv) Secondary, Technical and Vocational Education and Training (TVET); and v) Interior and Public Security. Implementing agencies will participate in the SC's sessions without the right to vote. The SC will involve the General Directorate of Development Financing (*Direction Générale du Financement du Développement,* DGFD) of the Ministry of Planning and Development and the Autonomous Amortization Fund (*Caisse Autonome d'Amortissement,* CAA) of the Ministry of the Economy and

[32] The analytical work carried out during preparation are: Evaluation of the pilot on technical training of youth women in traditionally male dominated trade, process evaluation of the employment program and short-term technical training, Diagnostic of stakeholders active in the youth employment sector at local level.
[33] Implementation Completion and Results Report (ICR) Document - Benin Youth Employment Project - P132667, Dec 30, 2019.

Finance in the six-monthly external monitoring missions of project activities, according to procedures which is specified in the PIM.

70. **The project will be coordinated by the DG of the ANPE**. The DG will be supported by the PCS. This secretariat will be composed of a small team, recruited by the project, including: a technical secretary, a FM specialist, a M&E specialist, and environmental and social safeguards specialists.

71. **The PCS will support the Project Coordinator in**: i) drafting partnership agreements with implementing agencies; ii) supporting implementing agencies in planning and coordinating the implementation of each component; iii) organizing technical committees; iv) providing technical support to the implementing agencies in the drafting of terms of reference (ToR), reviewing documents, supervision and evaluation; v) managing fiduciary activities (FM and procurement) as per the plan defined with implementing agencies for the implementation of their component; vi) recruiting and managing personnel for the PCS; vii) consolidating annual work programs and budgets and present them to the SC; viii) managing the grievance redress mechanism and provide technical assistance to implementing agencies on environmental and social safeguards; and ix) provide the secretariat for the SC and follow-up on its orientations and recommendations.

72. **Each implementing agency will be responsible for the implementation of all activities under its component**. Each implementing agency will sign an agreement with the CAA for the implementation of the component under its responsibility, detailing the expected implementation arrangements, roles, and responsibilities of each implementing agency. Project activities are aligned with the mandate and objectives of the implementing agencies and provide them with additional resources to fulfill their missions. Coordination of the activities is the responsibility of DG ANPE for Component 1, Executive Secretary of FODEFCA for Component 2 and DG FNM for Component 3. The implementing agencies' staff is responsible for the design and technical implementation of the activities. The project will not pay any compensation to the implementing agencies' staff who are civil servants. A specialist in training and professional insertion will be recruited by the project and provide technical assistance to the ANPE team.

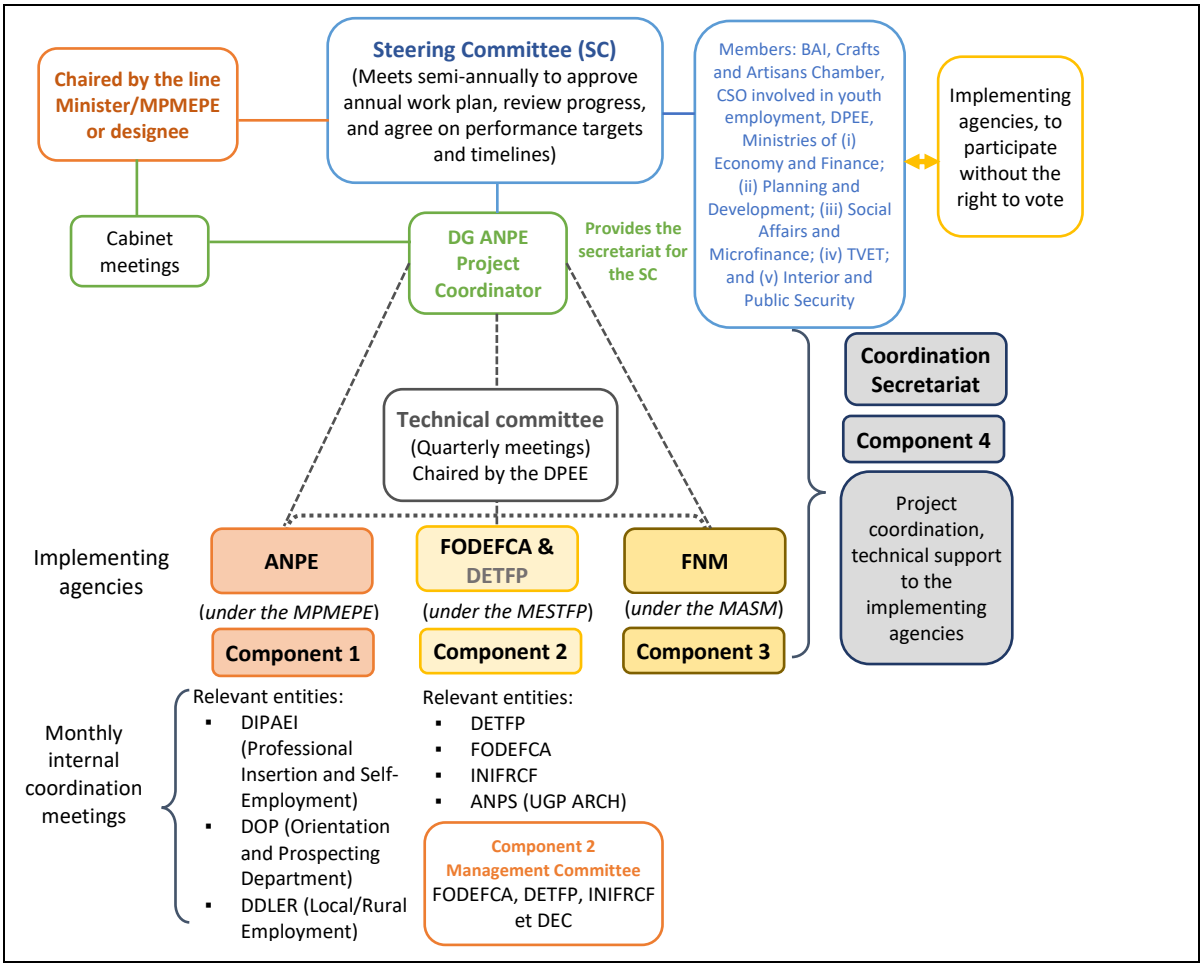
73. **FODEFCA and ANPE will be given fiduciary autonomy to ensure the implementation of activities**. Both institutions will have an accountant and a procurement specialist, to be recruited by the project, and housed in the respective institution to help manage the financial and procurement activities of the project. Both implementing agencies will be granted a joint-signature sub-account.

74. **A technical committee will be established to ensure a good coordination of activities**. The technical committee will meet quarterly under the aegis of the project coordinator to discuss implementation challenges, activities' plans, and procurement processes. In addition, regular coordination meetings will be held under each implementing agency to coordinate amongst the various actors responsible for the implementation of activities supported by the project. The Directorate of Employment and Entrepreneurship Promotion is a member of the technical committee.

75. **In addition, a management committee will be established at the Component 2 level to facilitate multi-stakeholder planning and management**. The management committee will be set up by decision of the Executive Secretary of FODEFCA, and will include the heads of DETFP, the National Institute of Training Engineering and Capacity Building for Trainers (*Institut National d'Ingénierie de Formation et de Renforcement des Capacités des Formateurs,* INIFRCF) and the DG of Directorate for Exams (*Direction des Examens et Concours*, DEC), all of whom

will be directly involved in achieving the results of Component 2. The committee will validate the annual workplan and budget, and the procurement plan of Component 2 before transmission to the PCS and validation by the SC and will closely monitor progress in achieving planned results.

**Figure 4: Project institutional arrangements**




## B. Results Monitoring and Evaluation Arrangements

76. **The PCS will develop a computerized monitoring system**. This will track outcomes and intermediate indicators as well as other information required for effective project management.

77. **The project will support the execution of a series of technical and process evaluations**. These will examine the quality of various services and the extent to which stakeholders are satisfied with the project (with emphasis on gender-differentiated project satisfaction), and the extent to which project procedures are effective and respected, as follows:

- *Process evaluation.* Process evaluations will be conducted every year to detect bottlenecks and identify good practices and inform possible adaptation of the economic inclusion program design and/or of the

standard operations procedures.

- *Beneficiary engagement*. A qualitative assessment (for example scorecards type of assessment) will aim to engage youth, training providers, and master artisans in order to find out their experience with the program and obtain their recommendations for improvement.
- *Beneficiary survey*. A quantitative survey to measure labor market status, understanding of the program, and satisfaction with the overall program, including grievance redress, will be conducted on an annual basis beginning with the second year of implementation. The IBM could be one of the tools used to do this survey.

78. **Citizen Engagement**. As the project's implementation will be done via three cohorts of beneficiaries, the findings of the process evaluations, beneficiary engagement and beneficiary surveys organized with the first cohort will feed into the design and the delivery mechanisms of services offered for the next cohort. Beneficiaries and stakeholders will be informed of the changes reflected in the design through the various information sessions organized at commune level.

79. **Institutional arrangements for M&E**. The PCS will be responsible for overall M&E of the project. It will ensure that all the executing agencies collect and share data on key performance indicators. ANPE, FODEFCA, DETFP and FNM will be responsible for setting up operational monitoring systems for the interventions under the project and will review data management and reporting systems for their respective activities. Overall, the PCS will be responsible for consolidating and analyzing all data, and for monitoring the various indicators, as well as for tracking intermediate targets. In addition, the PCS will be required to produce three-months Progress Status Reports to be shared with the SC and the World Bank. To this end, the PCS will recruit an M&E specialist for monitoring activities of the project. Each implementing agency will prepare a quarterly report which will be sent to the SCP no later than the end of the month following the quarter that is reported on. The SCP will consolidate these reports to establish a quarterly global report which will be sent to the World Bank no later than forty-five (45) days after the end of each quarter.

80. **Several actions will be needed to strengthen the Government's capacity to ensure reliable and high-quality M&E**. First, the project will support ANPE's efforts to enhance its current information system so that it can gather basic data on beneficiaries, services offered, and beneficiary outcomes of the Azoli system. It will also support the FODEFCA and DETFP to build an information system for the technical training, and the apprenticeship activities and certification. Second, the project will support technical assistance to the PCS and implementing agencies to design the M&E system for the project and to develop operational monitoring systems at the program level. Lessons learned from the assessment of progress will be utilized for on-going program refinement.

### C. Sustainability

81. **The Government has demonstrated strong ownership of the project from the beginning**. This has been confirmed through the high-level involvement from senior officials of MPMEPE, ANPE, DETFP and FODEFCA throughout the preparation process. The project makes a distinct effort to build on the PEJ achievements and on initiatives already under development rather than introducing entirely new activities. Building on one of PEJ's key lessons, the Government committed to setting up ULPEs in the organization chart of the communes in order to make the communes responsible for the implementation of employment projects and programs, and to ensure continuity of employment services at commune level at the end of the project. Institutional capacity-building

efforts will be also built into the development of the economic inclusion program to ensure that the implementing agencies have the resources and ability to successfully implement the program. The capacity-building efforts will be complemented by a sustain policy dialogue to increase the mobilization of resources on youth employment programs and ensure the long-term technical and financial sustainability of the program beyond the completion date of the project.

## IV. PROJECT APPRAISAL SUMMARY

### A. Technical, Economic and Financial Analysis

***Technical analysis***

82. **The technical aspects of the project have been designed to ensure that each component builds on existing evidence and incorporates a set of best practices**. It builds on a large body of evidence examining which training and employment initiatives work that has been generated through Independent Evaluation Group (IEG) reports[34] and Advisory Services and Analytics (ASA)[35]. It also builds upon the lessons that have been learned from other World Bank projects that have offered a similar package of services across the Sahel countries (Burkina Faso, Niger, and Senegal). Moreover, it attempts to incorporate lessons from global systematic reviews of youth employment programs, such as those conducted by the World Bank[36] in 2018.

83. **For Component 1 and 2, a distinct effort has been made to ensure that the training aspects of the program (life skills, business, and technical skills training) involve the private sector and some elements of on-the-job learning (internships**). Global evidence suggests that the most effective programs are those that involve employers closely in defining the competencies to be taught and that include opportunities for trainees to practice and learn on the job. Component 2 features both elements in the design of its training interventions. This would benefit youth who wish to enter formal wage employment, but also youth who are already in activity and may be seeking to increase their productivity and earnings through self-employment.

84. **In addition, two other critical aspects have been incorporated into the design of Component 1 and 2: (i) offering of a package of training and employment services; and (ii) better orientation depending on the profile of each individual**. There is strong evidence to suggest that programs that integrate multiple interventions are more likely to have a positive impact, particularly in lower middle-income countries. While the evidence suggests that there is no specific combination of services that will always work, programs that combine complementary services, tend to perform better (both in terms of employment and earnings effects). The success of economic inclusion programs for youth rests on their ability to respond to multiples needs and constraints involving a heterogeneous group of beneficiaries. Programs that target multiple categories of beneficiaries require multiple types of interventions. In addition, there is a growing body of evidence to suggest that better orientation and

[34] IEG Review Team.2020. Benin - BJ-Youth Employment (FY14) (English). Washington, D.C.: World Bank Group. http://documents.worldbank.org/curated/en/431581591803740154/Benin-BJ-Youth-Employment-FY14.pdf
[35] World Bank, "Qualitative evaluation of the PEJ pilot on women training on traditionally male dominated trades" (2019, non-published) and World Bank, "Process evaluation of the employments services funded under PEJ" (2020, non-published).
[36] Datta, Namita; Assy, Angela Elzir; Buba, Johanne; Johansson De Silva, Sara; Watson, Samantha. 2018. Integrated Youth Employment Programs : A Stocktake of Evidence on What Works in Youth Employment Programs. Jobs Working Paper; No. 24. World Bank, Washington, DC. © World Bank.

individualized follow-up improve program performance (World Bank[37], 2018). In the case of Component 1, all beneficiaries would benefit from a core set of services (orientation sessions, life skills training, and so forth). However, individuals who continue under the economic inclusion program would be directed towards different tracks based on their profiles and their aspirations/needs.

***Economic and financial analysis***

85. **There are three main activities that target youth**: i) support to a wage employment track whereby youth will be trained in trades that are in demand by firms and receive life skills training and stipends; ii) support to income generating activities whereby youth will receive entrepreneurship and life skills training and an unconditional grant; and iii) support to youth to attend dual and short-term training. The cost per youth is about US$1,000 (about US$600 for technical assistance and US$ 400 in grants). This cost is within the range of jobs and livelihoods programs' costs (from US$41 to US$2622 in 2011 PPP) (PEI, State of Economic Inclusion Report, 2020) but stands on the higher side. Indeed, grants are twice the level of typical economic inclusion project in the region (US$100 – US$200) based on feedbacks from focus groups and the impact evaluation of the PEJ. Technical assistance includes two elements that are usually present in economic inclusion project, namely life skills and entrepreneurship training programs but these two elements are more intensive. In addition, technical assistance includes a new module on orientation given the existence of two tracks for youth (wage work and entrepreneurship).

86. **For the wage employment track:** i) the project will increase the employability of the targeted population and hence increase earnings, either through income-generating activities or through higher employment rates[38]; and ii) the project will create positive social externalities linked to the reduction of inactivity and underemployment (which are called positive *job externalities*). The same applies to youth attending technical and vocational training programs: they are more likely to be employed as wage workers or apprentices with better pay.

87. **There are two main activities that target microenterprises**: i) BDS to expand and facilitate access to finance for the second generation-entrepreneurs; and ii) technical training and BDS to enhance the productivity and facilitate access to finance for master artisans who will train youth beneficiaries.

88. **For microenterprises, the analysis is capturing three aspects:** i) the project will increase revenues for microenterprises by providing business development services but also by facilitating access to finance (the two main binding constraints faced by micro-enterprises). An Internal Rate of Return can be calculated separately based on data from an Informal survey; ii) these microenterprises will generate additional jobs that will benefit other under/un-employed people; and iii) master artisans will be able to better train youth in a dual training track, hence increasing their probability of getting a job or succeeding at their entrepreneurial adventure. -

89. **Based on the assumptions detailed in Annex 2 and with a discount rate of 6 percent, the Net Present Value (NPV) without counting social externalities is equal to US$47.7 million (Economic Rate of Return (ERR) of**

[37] Datta, Namita; Assy, Angela Elzir; Buba, Johanne; Johansson De Silva, Sara; Watson, Samantha. 2018. Integrated Youth Employment Programs: A Stocktake of Evidence on What Works in Youth Employment Programs. Jobs Working Paper; No. 24. World Bank, Washington, DC. © World Bank.

[38] Microentrepreneurs supported through Component 1 are considered as being on the supply side since they are anticipated to mostly be self-employed and not generate a significant number of new jobs in addition to their own activities.

**22 percent).** With the same assumption but including social externalities, the Social Rate of Return (SRR) is equal to 28 percent.

## B. Fiduciary

### (i) Financial Management (FM)

90. **The FM of the project covers mainly the activities of the PCS and of the implementing agencies.** The conducted assessment focused on the FM capacity in terms of planning and budgeting, accounting, funds flow, financial reporting, internal controls and external auditing in place to satisfy the World Bank's Policy and Directive – Investment Project Financing (IPF), which describes the overall FM policies and procedures. The implementing entities' arrangements are acceptable if they are considered capable of recording correctly all budgets, transactions and balances, supporting the preparation of regular and reliable financial statements, safeguarding the entities' assets, and are subject to auditing arrangements acceptable to the World Bank. The FM assessment – conducted in June 2020 to ensure that the PCS meets the minimum requirements to manage the project funds – revealed some weaknesses. These include i) lack of familiarity with IDA procedures for reporting, disbursement arrangements, and auditing; ii) lack of qualified FM staff; and iii) lack of FM tools: accounting software, manuals of accounting procedures and FM. The FM assessment was carried out in accordance with the FM Manual for World Bank IPF Operations that became effective on March 1, 2010 and re-issued on February 10, 2017.

91. **The overall FM residual risk rating for the project is assessed as Moderate based on the planned mitigation measures incorporated in the project design.** These consist of : i) the recruitment of a qualified and experienced FM specialist in charge of the accounting of Component 4 and the overall FM of the project, an Accountant in charge of Components 1 and 3 (housed in ANPE), and a qualified and experienced accountant (based at FODEFCA) dedicated to Component 2; ii) the conclusion of an agreement with the General Inspectorate of Finance within six months after the effectiveness of the proposed project to include the project in its annual work program and carry out semi-annual internal auditing; iii) the development of a comprehensive Administrative, Accounting and Financial Manual of procedures, as part of the PIM, in a form and substance acceptable to the World Bank; and iv) the setup of an adequate accounting software with multi-projects, multi-sites, and multi-donors' characteristics to be installed for the PCS ANPE and FODEFCA. Finally, the project annual accounts will be audited by an independent external auditor to be recruited in compliance with ToR acceptable to IDA.

92. **The proposed risk mitigation measures (see Annex 1, Table A2: FM Action Plan) will strengthen the internal control environment and maintain the continuous timely and reliability of information produced by the PCS with inputs from FODEFCA and an adequate segregation of duties.** These mitigation measures have been incorporated into the design of the project FM arrangements. The proposed FM arrangements including the mitigation measures for this financing are considered adequate to meet the World Bank's minimum FM requirements under World Bank Policy and Directive – IPF. Detailed FM arrangements are provided in Annex 1.

### (ii) Procurement

**93. The Borrower will carry out procurement for the proposed project in accordance with the World Bank's "Procurement Regulations for IPF Borrowers" (Procurement Regulations) dated July 2016 and revised in November 2017 and August 2018 under the "New Procurement Framework" (NPF), and the "Guidelines on**

**Preventing and Combating Fraud and Corruption in Projects Financed by IBRD Loans and IDA Credits and Grants", dated July 1, 2016, and other provisions stipulated in the Financing Agreement (FA).**

94. **Procurement activities shall be carried out by the implementing agencies.** The PCS will support the project coordinator in ensuring that the project is implemented in accordance with the FA, the PAD, and the manuals for project implementation (the operational manual). All procuring entities as well as bidders, and service providers, i.e. suppliers, contractors and consultants shall observe the highest standard of ethics during the procurement and execution of contracts financed under the project in accordance with paragraph 3.32 and Annex IV of the Procurement Regulations.

95. **The Borrower (with assistance from the World Bank) has prepared the Project Procurement Strategy for Development (PPSD) which describes how procurement activities will support project operations for the achievement of PDOs and deliver Value for Money (VfM).** The procurement strategy will be linked to the project implementation strategy ensuring proper sequencing of activities to be supported. It considers institutional arrangements for procurement; roles and responsibilities; thresholds, procurement methods, and prior review, and the requirements for carrying out procurement. It also includes a detailed assessment and description of state government capacity for carrying out procurement and managing contract implementation, within an acceptable governance structure and accountability framework. Other issues considered includes the behaviors, trends and capabilities of the market (i.e. Market Analysis) to respond to the procurement plan.

96. **The project procurement risk prior to the mitigation measures is rated "Substantial".** The risk can be reduced to a residual rating of "Moderate" upon consideration of successful implementation of the mitigation measures.

## C. Legal Operational Policies

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

## D. Environmental and Social

**Environmental aspects (including safeguards)**

97. **The expected environmental and social impacts of the project will be generally positive.** The project will not directly finance civil engineering works, but Component 3 will provide opportunities for individuals and groups to access funds for undertaking private activities that could induce risks and/or negative environmental and social impacts. The following World Bank Environmental and Social Standards (ESSs) are relevant to the proposed project: ESS1 Assessment and Management of Environmental and Social Risks and Impacts; ESS10 Stakeholder Engagement and Information Disclosure; ESS2 Labor and Working Conditions; ESS4 Community Health and Safety; and ESS6 Biodiversity Conservation and Sustainable Management of Living Natural Resources.

98. **The environmental risk classification for the project is moderate under the World Bank Environmental and Social Framework (ESF), based on the nature of the indirect project activities.** The project will cover a wide

geographical area that spreads in each commune of Benin. The project will mainly support improving the quality of apprenticeships and short-term technical training, however the activities to be supported under Component 3 might be associated to potential environmental adverse impacts. Most of the impacts likely to be generated from these indirect project activities can be mitigated with measures that are readily identifiable.

99. **ESF instruments.** An Environmental and Social Commitment Plan (ESCP) has been prepared and sets out a summary of measures and actions to address potential environmental and social risks and impacts. It is also outlining the Borrower's commitments to screen all sub-projects during implementation with the aim of eliminating any sub-projects that would have negative environmental and social impacts and if necessary, the Borrower will prepare associated simplified Environmental and Social Management Plans (ESMPs), as may be required. If needed, the ESCP was publicly disclosed on November 4, 2020 and will be updated to consider findings of the subsequent environmental and social assessment.

**Social aspects (including safeguards)**

100. **The social risks classification for the project is moderate.** Although the expected social impacts of the project will be overall positive, some negative risks and impacts relating to social inclusion mainly on gender and vulnerable groups consideration, key stakeholders' consultation and participation mainly in the context of COVID-19, complaints management, sexual exploitation and abuse/sexual harassment might arise during the project implementation lifecycle. Mitigation measures are referenced in the project's ESCP, Stakeholder Engagement Plan (SEP), Environmental and Social Management Framework (ESMF), and Labor Management Procedures (LMP) to address any potential social risks. Social impacts will be assessed on the ground during Environmental and Social Impact Assessments (ESIA) missions and subsequent ESMPs will clearly include specific mitigation actions in accordance with any relevant negative social impacts. The SEP, ESMF and LMP were publicly disclosed on November 4, 2020.

101. **Security risks are presently moderate, as Benin has yet to experience the magnitude of violence in its neighboring countries.** Yet, given the volatility of the region and the high degree of mobility of violent extremist groups, the project will monitor threats to human security as part of the ESCP and ESMF. These would include actual and potential risks for project beneficiaries and assets, especially in higher risk activities such as cash grants.

102. **No land acquisition is expected under the project.** However, some activities under Component 3 could negatively affect private assets and lead to economical displacement. Given sensitivity of land issues, mainly in rural areas where intercommunity conflicts are most affecting agricultural and livestock activities, and as due diligence, the project will assess on the ground any social impacts related to land use and involuntary resettlement. Therefore, subsequent ESMPs – if required – will include mitigation measures to address any involuntary resettlement issues in compliance with ESS5 requirements prior to the commencement of the implementation of each selected subproject's activities. The PIM includes screening criterions to retain only those without any concerns related to land issues.

103. **Some activities carried out through Component 3 could involve social exclusion (including within the target group), GBV/SEA/SH, social conflicts, etc.** The project activities were provisionally rated as moderate risk for SEA/SH using the draft Social Protection SEA/SH risk assessment tool. Country-level factors that contribute to this risk SEA/SH risk include high national prevalence of intimate partner and sexual violence. Project-level factors that increase potential SEA/SH risks are related to the proximity of project staff with vulnerable women during

project activities (trainings, apprenticeships, cash transfers) with potentially limited supervision over the selection of beneficiaries and transfer of benefits (cash transfers). In addition, the project may introduce a potential level of risk of increased IPV linked to changes in gender dynamics within the household as a result of participation of young women in project activities. Consultations with women and girls have not yet been undertaken, nor is there a plan for a project monitoring of SEA/SH risks as of yet (codes of conduct and SEA-sensitive GRM).

**104. The project's ESCP, the SEP, and ESMF/ESMPs include mitigation measures to ensure social inclusion mainly within the target group, to support vulnerable groups (including people with disabilities and ethnic minorities), to address complaints relating to the project activities (including to prevent and address GBV/SEA/SH issues in the project context), as well as to monitor security risks.**

## V. GRIEVANCE REDRESS SERVICES

105. **Communities and individuals who believe that they are adversely affected by a World Bank (WB) supported project may submit complaints to existing project-level grievance redress mechanisms or the WB's Grievance Redress Service (GRS).** The GRS ensures that complaints received are promptly reviewed in order to address project-related concerns. Project affected communities and individuals may submit their complaint to the WB's independent Inspection Panel which determines whether harm occurred, or could occur, as a result of WB non-compliance with its policies and procedures. Complaints may be submitted at any time after concerns have been brought directly to the World Bank's attention, and Bank Management has been given an opportunity to respond. For information on how to submit complaints to the World Bank's corporate Grievance Redress Service (GRS), please visit http://www.worldbank.org/en/projects-operations/products-and-services/grievance-redress-service. For information on how to submit complaints to the World Bank Inspection Panel, please visit www.inspectionpanel.org.

## VI. KEY RISKS

106. **The overall risk to the PDO for this operation is rated as Moderate.** Political and governance, macroeconomic, sector strategies and policies as well as the stakeholder's risks are considered low. Technical project design, fiduciary risks, and environmental and social risks are assessed as moderate, and the institutional capacity for implementation is rated as substantial for the project.

107. **The institutional capacity for implementation and sustainability risk is Substantial.** This risk is linked to the implementation of the ULPEs. The strategy of the MPMEPE consists of creating ULPEs in the organizational chart of the communes and asking the communes to select – within their staff with adequate profile – at least one agent to carry out the functions dedicated to ULPEs. The ULPEs are not yet established in the communes In order to limit the risks associated with this strategy (non-integration into the organization chart, slowness in the appointment of municipal staff, failure to match the profile of the designated staff with the needs of the position), the MPMEPE shall ensure that each commune has: i) set up a Local *ULPE*, including at least one communal agent with qualifications and experience satisfactory to the World Bank; or ii) in the event of the unavailability of qualified staff for the ULPEs at the commune level, put in place alternative measures, all in a manner satisfactory to the World Bank.

## VII. RESULTS FRAMEWORK AND MONITORING

**Results Framework**

**COUNTRY: Benin**

**Benin Youth Inclusion Project**

### Project Development Objectives(s)

The objective of the Project is to increase economic inclusion of under-employed and under-educated youth aged 15-30 and strengthen employment services and the technical and vocational training system.

### Project Development Objective Indicators

| Indicator Name | PBC | Baseline | Intermediate Targets | End Target |
|---|---|---|---|---|
| | | | 1 | |
| **Beneficiaries in wage employment or starting (or expanding) microenterprises 12 months after support** | | | | |
| Percentage of youth in wage employment or starting (or expanding) microenterprises 12 months after the support they received from the project (Percentage) | | 0.00 | | 75.00 |
| **ANPE adopts the tools and services developed under the Azoli system as key processes of its delivery** | | | | |
| ANPE adopts the tools and services developed under the Azoli system as key processes of its delivery system (Yes/No) | | No | | Yes |
| **The CQP certification processes are organized for new identified trades** | | | | |
| The CQP certification processes are organized for new identified trades (Number) | | 0.00 | 5.00 | 10.00 |

## Intermediate Results Indicators by Components

| Indicator Name | PBC | Baseline | Intermediate Targets | | End Target |
|---|---|---|---|---|---|
| | | | 1 | 2 | |
| **Component 1: Supporting the development of a comprehensive scheme for economic inclusion of vulnerab** | | | | | |
| The list of areas at risk of violent extremism as well as the positive discrimination strategy towards these areas are adopted by the Steering Committee (Yes/No) | | No | | | Yes |
| Communes where the Azoli system is operational (Number) | | 0.00 | 38.00 | 60.00 | 77.00 |
| Direct project beneficiaries who were underemployed, and/or with low level of education, at the beginning of training [Percentage point] (Percentage) | | 0.00 | 90.00 | 95.00 | 95.00 |
| Youth completing life skills training under the project (Number) | | 0.00 | 8,000.00 | 19,000.00 | 31,000.00 |
| of which female (Percentage) | | 0.00 | | | 50.00 |
| of which those who have developed a professional development plan [Percentage point] (Percentage) | | 0.00 | | | 95.00 |
| Beneficiaries following the wage employment pathways (Number) | | 0.00 | 3,000.00 | | 6,000.00 |
| of which those benefiting from the internship program (disaggregated by sector-formal or informal) [Percentage point] (Percentage) | | 0.00 | | | 80.00 |
| Youth completing small business training under the project (Number) | | 0.00 | 7,000.00 | 17,000.00 | 25,000.00 |
| Youth satisfied by the Azoli system (Percentage) | | 0.00 | | | 80.00 |
| Youth perception of increased revenues | | 0.00 | | | 65.00 |

| Indicator Name | PBC | Baseline | Intermediate Targets | | End Target |
|---|---|---|---|---|---|
| | | | 1 | 2 | |
| (Percentage) | | | | | |
| Youth benefiting from Business Development Services (Number) | | 0.00 | 1,000.00 | 3,000.00 | 4,000.00 |
| of which former PEJ beneficiaries [Percentage point] (Percentage) | | 0.00 | | | 25.00 |
| Youth completing the Azoli scheme who reside in areas at risk of violent extremism [Percentage point] (Percentage) | | 0.00 | 40.00 | | 40.00 |
| The gender gap in underemployed status of beneficiaries of the Azoli system (who worked less than 40 hours over the last 7 days, not by choice) (Text) | | gap at entry | | | gap at entry / 2 |
| The MIS for the management of the Azoli system is developed and operational (Yes/No) | | No | | | Yes |
| The delivery mechanisms and processes of the Azoli system are adapted to integrate key learning and beneficiary feedback before the enrolment of new beneficiaries' cohorts (Yes/No) | | No | | | Yes |
| **Component 2: Strengthening the training system and increasing technical skills of vulnerable youth** | | | | | |
| Curricula developed for identified trades, including renewed curricula (Number) | | 0.00 | 5.00 | 10.00 | 15.00 |
| At least one CFP per trade has the necessary equipment and human resources to offer training in the supported trades for the CQP (Yes/No) | | No | | | Yes |
| The MIS for the management of the technical training and the apprenticeship system is developed and operational | | No | | | Yes |

| Indicator Name | PBC | Baseline | Intermediate Targets | | End Target |
|---|---|---|---|---|---|
| | | | 1 | 2 | |
| (Yes/No) | | | | | |
| Female youth registered in the CQP training out of the total number of registered apprentices supported by the project[Percentage point] (Percentage) | | 0.00 | | | 50.00 |
| Youth in apprenticeship satisfied by the training received in the Vocational Training Center (Percentage) | | 0.00 | | | 80.00 |
| Youth supported by the project receiving the Certificat de Qualification Professionnelle (CQP) (Number) | | 0.00 | 2,000.00 | | 4,000.00 |
| Youth receiving the Certificat de Qualification au Métier (CQM) in trades supported by the project (Number) | | 0.00 | | | 3,000.00 |
| Beneficiaries of short-term technical training (Number) | | 0.00 | 3,000.00 | 7,000.00 | 12,000.00 |
| of which female [Percentage point] (Percentage) | | 0.00 | | | 50.00 |
| The dropout rates of CQP apprentices supported by the Project [Percentage point] (Percentage) | | 20.00 | | | 10.00 |
| Master artisans receiving technical and pedagogical training and business development services (Number) | | 500.00 | | | 1,000.00 |
| Young women coming from very poor households supported for apprenticeship (Number) | | 0.00 | 200.00 | | 500.00 |
| **Component 3: Increasing financial capabilities and improving access to financial services of vulnera** | | | | | |
| Youth receiving cash grants under the project (Number) | | 0.00 | 7,000.00 | 16,000.00 | 24,000.00 |

| Indicator Name | PBC | Baseline | Intermediate Targets | | End Target |
|---|---|---|---|---|---|
| | | | 1 | 2 | |
| Youth benefiting from business development services accessing financial services to expand their business [Percentage point] (Percentage) | | 0.00 | | | 50.00 |

| Monitoring & Evaluation Plan: PDO Indicators | | | | | |
|---|---|---|---|---|---|
| **Indicator Name** | **Definition/Description** | **Frequency** | **Datasource** | **Methodology for Data Collection** | **Responsibility for Data Collection** |
| Percentage of youth in wage employment or starting (or expanding) microenterprises 12 months after the support they received from the project | Percentage of supported youth with employment or self-employment twelve months after the support they received / Total number of supported youth. Person with employment: person of working age who during a specified period such as one week or one day, either: (a) performed work for wage or salary in cash or in kind, or (b) performed work for profit or family gain in cash or in kind, or (c) performs work on a | Yearly, starting year 2 [For each cohort, and globally] | ANPE & PCS M&E systems | Beneficiary intake: data collection form to be administered by the ULPE or self-reported and entered into MIS | ANPE PCS technical advice |

| | | | | | |
|---|---|---|---|---|---|
| | regular basis, but was temporarily absent from work during the reference period.<br>Self-employment jobs are those jobs where the remuneration is directly dependent upon the profits derived from the goods or services produced (where own consumption is part of profits). The survey used to collect data will take into account the length of continuous activity to the beneficiary. | | | | |
| ANPE adopts the tools and services developed under the Azoli system as key processes of its delivery system | This indicator tracks the use of the tools and services developed under the Azoli system as key processes of the ANPE delivery system to come on stream later on as part of the New Employment Policy. Those tools and services include system modules: initial modules (for example, in sequence, applications by beneficiaries, registration, information and counseling, trainings, profiling), administrative modules | Once during Project | Reports of ANPE & PCS | To be provided by the ANPE and confirmed on the ground during supervision missions | ANPE<br>PCS |

| | | | | | |
|---|---|---|---|---|---|
| | (payment, monitoring); and services providers modules. | | | | |
| The CQP certification processes are organized for new identified trades | Number of new trades supported by the project that are officially included on the list of CQP and CQM exams/tests | Yearly, starting year 2 | TVET exams, project administrative data from implementing agencies (DETFP & FODEFCA) | Lists of trades selected for the CQP and CQM exams, to be provided by the DETFP & FODEFCA | DETFP, FODEFA, PCS |

**Monitoring & Evaluation Plan: Intermediate Results Indicators**

| Indicator Name | Definition/Description | Frequency | Datasource | Methodology for Data Collection | Responsibility for Data Collection |
|---|---|---|---|---|---|
| The list of areas at risk of violent extremism as well as the positive discrimination strategy towards these areas are adopted by the Steering Committee | The list of areas at risk of violent extremism as well as the positive discrimination strategy towards these areas to be developed by the ABeGIEF (Beninese integrated border management Agency) and the CNL-CREVT (National Commission for Countering Radicalization, Violent Extremism and Terrorism) must be adopted by the Steering Committee. The list will be updated yearly. | Yearly, 3 months before the registration campaign, for the first 3 years | The Steering Committee meeting minutes | Collect the list of areas at risk of violent extremism and the document describing the positive discrimination strategy towards these areas adopted by the Steering Committee | PCS |

| | | | | | |
|---|---|---|---|---|---|
| Communes where the Azoli system is operational | Number of communes where the Azoli system is operational | Yearly | Reports of ANPE & PCS | To be provided by the ANPE and confirmed on the ground during supervision missions | ANPE<br>PCS |
| Direct project beneficiaries who were underemployed, and/or with low level of education, at the beginning of training [Percentage point] | Number of direct project beneficiaries who were underemployed, or neither in school nor in employment, at the beginning of training / Total number of supported youth. Denominator will be fixed (i.e. drop outs will not lead to lower denominator and thus higher overall share). | Yearly, at entry and the beginning of training [For each cohort, and globally] | ANPE M&E system | Beneficiary intake: data collection form to be administered by the ULPE and the training centers | ANPE<br>PCS technical advice |
| Youth completing life skills training under the project | Number of youth completing life skills training under the project | Yearly at entry and at completion of life skills training [For each cohort, and globally] | ANPE M&E system | MIS. Reports of training centers. Spot check validation by the ULPE | ANPE<br>PCS technical advice |
| of which female | Number of female youth completing life skills training under the project / Number of youths completing life skills training under the project | Yearly at entry and at completion of life skills training | ANPE M&E system | MIS. Reports of training centers. Spot check validation by the ULPE | ANPE<br>PCS technical advice |

| | | | | | |
|---|---|---|---|---|---|
| of which those who have developed a professional development plan [Percentage point] | Number of youth completing life skills training under the project and who have developed a professional development plan / Number of youths completing life skills training under the project | Yearly at entry and at completion of life skills training | ANPE M&E system | MIS. Reports of training centers. Spot check validation by the ULPE | ANPE<br>PCS technical advice |
| Beneficiaries following the wage employment pathways | Number of direct project beneficiaries following the wage employment pathways<br>(to be disaggregated by gender) | Yearly, following orientation session<br>[For each cohort, and globally] | ANPE M&E system | MIS. Beneficiary intake: data collection form to be administered by the ULPE | ANPE<br>PCS technical advice |
| of which those benefiting from the internship program (disaggregated by sector-formal or informal) [Percentage point] | Number of direct project beneficiaries following the wage employment pathways, benefiting from the internship program in formal [informal]/ Number of direct project beneficiaries following the wage employment pathways<br>(to be disaggregated by gender) | Yearly, following orientation session | ANPE M&E system | MIS. Beneficiary intake: data collection form to be administered by the ULPE | ANPE<br>PCS technical advice |

| | | | | | |
|---|---|---|---|---|---|
| Youth completing small business training under the project | Number of youth completing small business training under the project (to be disaggregated by gender) | Yearly, at entry and completion of small business training [For each cohort, and globally] | ANPE M&E system | MIS. Reports of training centers. Spot check validation by the ULPE | ANPE<br>PCS technical advice |
| Youth satisfied by the Azoli system | Percentage of all youth who entered the program and declared themselves satisfied following completion. Those who dropped out would also be surveyed.<br>(to be disaggregated by gender) | At entry and completion [For each cohort, and globally] | ANPE M&E system | Beneficiary intake: data collection form to be administered by the ACE or self-reported and entered into MIS. Beneficiary survey: Rating on fixed scale: 1-Not satisfied at all; 2-Not really satisfied; 3-Indifferent; 4-Satisfied; 5-Very satisfied. Those who dropped out would be surveyed. | ANPE<br>PCS and INSAE technical advice |
| Youth perception of increased revenues | Percentage of youth who, 12 months after receiving the support of the Azoli system, report that their revenue increased in comparison to their revenue before benefiting from the Azoli system | Twice during the life of the project | Survey on a sample of beneficiaries | By phone | ANPE<br>PCS |

| | | | | | |
|---|---|---|---|---|---|
| Youth benefiting from Business Development Services | Number of youth benefiting from Business Development Services under the project (to be disaggregated by gender) | Yearly at entry and at completion of small business training [For each cohort, and globally] | ANPE M&E system | Beneficiary intake: data collection form to be administered by the ULPE or self-reported and entered into MIS. | ANPE<br>PCS technical advice |
| of which former PEJ beneficiaries [Percentage point] | Number of former PEJ beneficiaries benefiting from Business Development Services under the project / Number of youth benefiting from Business Development Services under the project | Yearly at entry and at completion of small business training | ANPE M&E system | Beneficiary intake: data collection form to be administered by the ULPE or self-reported and entered in the MIS | ANPE<br>PCS technical advice |
| Youth completing the Azoli scheme who reside in areas at risk of violent extremism [Percentage point] | Number of beneficiaries completing the Azoli scheme who reside in areas at risk of violent extremism / Total number of youth registered to the Azoli scheme. Denominator will be fixed (i.e. drop outs will not lead to lower denominator and thus higher overall share). | Yearly at entry and at completion [For each cohort, and globally] | ANPE M&E system | MIS. Reports of ANPE. Spot check validation by the ULPE. | ANPE<br>PCS technical advice |
| The gender gap in underemployed status of beneficiaries of the Azoli system (who | Reduction of gender gap among project beneficiaries. | Yearly at e ntry into | ANPE M&E system | Beneficiary intake/MIS will establish baseline; | ANPE<br>PCS and INSAE technical |

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| worked less than 40 hours over the last 7 days, not by choice) | Indicator comparing the underemployed gender gap (difference between male and female underemployed rate) for beneficiary youth of the project: (underemployed rate among female beneficiaries) - (underemployed rate among male beneficiaries). Includes both wage- and self-employment. | the scheme and 12 months after their exit [For each cohort, and globally] | | reports of service providers; Spot check validation by the ULPE and by government administrative data (INSAE etc) | advice |
| The MIS for the management of the Azoli system is developed and operational | This indicator tracks establishment of system modules: initial modules (for example, in sequence, applications by beneficiaries, registration, information and counseling, trainings, profiling), administrative modules (payment, monitoring); and services providers modules. The MIS must be operational, at least, throughout the life of the project. | Yearly | Reports of ANPE & PCS | To be provided by the ANPE and confirmed on the ground during supervision missions | ANPE PCS |
| The delivery mechanisms and processes of the Azoli system are adapted to integrate key learning and beneficiary feedback before the enrolment of new beneficiaries' cohorts | Citizen engagement indicator - Process evaluation, beneficiary engagement and surveys will be conducted in the | Before the enrolment of a new cohort of beneficiari | PCS and ANPE | Supervision mission | PCS |

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| | course of the project. The conclusions and key learnings from these evaluation will be reflected in the delivery mechanisms and processes of the Azoli system before the enrolment of new beneficiaries' cohorts. | es (twice in the project) | | | |
| Curricula developed for identified trades, including renewed curricula | Number of new or renewed curricula supported by the project | Yearly, starting year 2 | Project administrative data from implementing agencies (DETFP & FODEFCA) | Lists of new or renewed curricula to be provided by the DETFP & FODEFCA | DETFP<br>FODEFA<br>PCS |
| At least one CFP per trade has the necessary equipment and human resources to offer training in the supported trades for the CQP | Number of well-equipped CFPs (supplied with all the necessary equipment and human resources) offering training in trades supported by the project<br>[For each trade supported by the project] | Yearly, starting year 2 | Project administrative data from implementing agencies (DETFP & FODEFCA) | Lists of CFPs (supplied with all the necessary equipment and human resources) offering training in trades supported by the project, to be provided by the DETFP & FODEFCA | DETFP<br>FODEFCA<br>PCS |
| The MIS for the management of the technical training and the apprenticeship system is developed and operational | This indicator tracks establishment of system modules: initial and training modules, administrative modules and services | Yearly | Reports of DETFP & FODEFCA | To be provided by the DETFP & FODEFCA and confirmed on the ground during supervision missions. | DETFP<br>FODEFCA<br>PCS |

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| | providers modules.<br>The MIS must be operational, at least, throughout the life of the project. | | | | |
| Female youth registered in the CQP training out of the total number of registered apprentices supported by the project[Percentage point] | Number of supported female youth registered in the CQP training / Total number of supported youth registered in the CQP training.<br>Denominator will be fixed (i.e. drop outs will not lead to lower denominator and thus higher overall share). | Yearly<br>[For each cohort, and globally] | DETFP & FODEFCA M&E systems | MIS. Data provided by CFPs | DETFP<br>FODEFCA<br>PCS technical advice |
| Youth in apprenticeship satisfied by the training received in the Vocational Training Center | Percentage of all youth in apprenticeships, supported by the project who declared satisfaction with the relevance and the impact of the training following completion. Those who dropped out would also be surveyed.<br>(to be disaggregated by gender) | In the middle of the training (2nd year of CQP) and after the CQP exam<br>[For each cohort, and globally] | DETFP, FODEFCA and ANPE M&E systems | Beneficiary intake: data collection form to be administered by the ULPE or self-reported and entered into MIS.<br>Beneficiary survey: Rating on fixed scale: 1-Not satisfied at all; 2-Not really satisfied; 3-Indifferent; 4-Satisfied; 5-Very satisfied on relevance of training and impact of training. An average of both scores will be aggregated for the indicator. Those who | DETFP<br>FODEFCA<br>ANPE<br>PCS and INSAE technical advice |

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| | | | | dropped out would be surveyed. | |
| Youth supported by the project receiving the Certificat de Qualification Professionnelle (CQP) | Number of youths supported by the project having successfully passed the CQP | For each exam, and globally | DETFP & FODEFCA M&E systems | MIS. Data provided by CFPs, tests scores and records | DETFP, FODEFA PCS technical advice |
| Youth receiving the Certificat de Qualification au Métier (CQM) in trades supported by the project | Number of youths having successfully passed the CQM in trades supported by the project | For each exam, and globally | DETFP & FODEFCA M&E systems | MIS. Data provided by CFPs and master artisans, tests scores and records | DETFP FODEFCA PCS technical advice |
| Beneficiaries of short-term technical training | Number of beneficiaries of short-term technical training under the project | Yearly [For each cohort, and globally] | DETFP & FODEFCA M&E systems | MIS. Data provided by CFPs | DETFP FODEFCA PCS technical advice |
| of which female [Percentage point] | Number of supported female benefiting from short-term technical training / Number of beneficiaries of short-term technical training under the project | Yearly [For each cohort, and globally] | DETFP & FODEFCA M&E systems | MIS. Data provided by CFPs | DETFP FODEFCA PCS technical advice |
| The dropout rates of CQP apprentices supported by the Project [Percentage point] | 1-[Number of apprentices supported by the Project having completed the CQP cycle / Total number of apprentices supported by the Project for the CQP] (to be disaggregated by gender) | Yearly [For each cohort, and globally] | DETFP & FODEFCA M&E systems | MIS. Data provided by CFPs | DETFP FODEFCA PCS technical advice |

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| Master artisans receiving technical and pedagogical training and business development services | Number of master artisans receiving business development services under the project<br>(to be disaggregated by gender) | Yearly<br>[For each cohort, and globally] | ANPE M&E system | MIS. Reports of ANPE. Spot check validation by the ULPE | ANPE<br>PCS technical advice |
| Young women coming from very poor households supported for apprenticeship | Number of young women (identified through the Social Registry) coming from very poor households supported by the project for apprenticeship. | Yearly<br>[For each cohort, and globally] | DETFP & FODEFCA M&E systems | MIS. Data provided by CFPs | DETFP<br>FODEFCA<br>PCS technical advice |
| Youth receiving cash grants under the project | Number of youths receiving cash grants under the project<br>(to be disaggregated by gender) | Yearly, starting year 2<br>[For each cohort, and globally] | ANPE, FNM and PCS M&E systems | MIS. Beneficiary survey | ANPE<br>FNM<br>PCS |
| Youth benefiting from business development services accessing financial services to expand their business [Percentage point] | Number of youths benefiting from business development services under the project accessing financial services to expand their business / Total number of youths benefiting from business development services under the project. Calculated for both first- and second-generation beneficiaries<br>(to be disaggregated by | Yearly, starting year 2<br>[For each cohort, and globally] | ANPE and FNM M&E systems | MIS. Beneficiary survey | ANPE<br>FNM<br>PCS |

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| | gender) | | | | |

## ANNEX 1: Implementation Arrangements and Support Plan

**COUNTRY: Benin**
**Youth Inclusion Project**

1. **The MPMEPE, as the ministry responsible for youth employment in Benin, will be responsible for coordinating and supervising the implementation of the project.** The line Minister, or his representative, will chair the SC. The SC of the project will be responsible for guiding the implementation of the project and ensuring multisectoral collaboration. The SC will meet at least twice per year to approve the overall annual work plan prepared by the PCS, review progress, and agree on performance targets and timelines for proposed activities under the different components. Extraordinary sessions will be organized as relevant. The SC will include representatives of the DPEE, BAI, the Crafts and Artisans Chamber (CMA-Benin), the Coalition of Civil Society Organizations involved in youth employment, and the Ministries of (i) Economy and Finance; (ii) Planning and Development; (iii) Social Affairs and Microfinance; (iv) Secondary, TVET; and (v) Interior and Public Security. Implementing agencies will participate in the SC sessions without the right to vote. The SC shall be established within three (3) months after the project effectiveness date or any later date as may be agreed with the World Bank and thereafter maintain throughout project implementation. The SC will involve the DGFD of the Ministry of Planning and Development and the CAA of the Ministry of the Economy and Finance in the six-monthly external monitoring missions of project activities, according to procedures which will be specified in the PIM.

2. **The project will be coordinated by the DG of the ANPE**. He will be supported in his mission by a PCS. This secretariat will be composed of a small team, recruited by the project, including: a technical secretary, a FM specialist, a M&E specialist, and environmental and social safeguards specialists.

3. **The PCS will support the Project Coordinator in**: (i) drafting partnership agreements with implementing agencies; (ii) supporting implementing agencies in planning and coordinating the implementation of each component; (iii) organizing technical committees; (iv) providing technical support to the implementing agencies in the drafting of ToR, reviewing documents, supervision and evaluation; (v) managing fiduciary activities (FM and procurement) as per the plan defined with implementing agencies for the implementation of their component; (vi) recruiting and managing personnel for the PCS; (vii) consolidating annual work programs and budgets and present them to the SC; (viii) managing the grievance redress mechanism and provide technical assistance to implementing agencies on environmental and social safeguards; and (ix) provide the secretariat for the SC and follow-up on its orientations and recommendations.

4. **Each implemented agency will be responsible for the implementation of all activities under its component**. Each implementing agency will sing an agreement with the CAA for the implementation of the component under its responsibility detailing the expected implementation arrangements, roles, and responsibilities of each implementing agency. Project activities are aligned with the mandate and objectives of the implementing agencies and provide them with additional resources to fulfill their mission. Coordination of the activities is the responsibility of DG ANPE for Component 1, Executive Secretary of FODEFCA for Component 2 and DG FNM for Component 3. The implementing agencies' staff is responsible for the design and technical implementation of the activities. The project will not pay any compensation to the implementing agencies' staff who are civil servants. A specialist in training and professional insertion will be recruited by the project and provide technical assistance to the ANPE team.

5. **The ANPE through the ULPEs will support beneficiaries' identification, and intake; referrals to the services provided by other ministry departments and agencies; and beneficiaries' orientation, life skills training, and coaching during their participation in the program**. This role is consistent with ANPE's mission to contribute to the implementation of a national employment policy and is also aligned with its public employment services mandate.

6. **A technical committee will be established to ensure a good coordination of activities**. The technical committee will meet quarterly under the aegis of the project coordinator to discuss implementation challenges, activities plans and procurement processes. It shall be established within three (3) months after the project effective date or any later date as may be agreed with the World Bank and thereafter maintain throughout project implementation. The DPEE is a member of the technical committee.

7. **In addition, a management committee will be established at the Component 2 level to facilitate multi-stakeholder planning and management**. The management committee will be set up by decision of the Executive Secretary of FODEFCA, and will include the heads of DETFP, of INIFRCF and of the Directorate for Exams, all of whom will be directly involved in achieving the results of Component 2. The committee will validate the annual workplan and budget, and the procurement plan of Component 2 before transmission to the PCS and validation by the SC and will closely monitor progress in achieving planned results. It shall be established within three (3) months of the project effectiveness date, and thereafter maintained throughout project implementation.

8. **Nevertheless, ANPE can only take on this role if its capacity is strengthened.** The ANPE, created in 2003, is tasked to orient job seekers, provide them with capacity building and training and promote their insertion into the labor market. The ANPE currently operates four main programs: (i) the Salaried Employment Support Program, which arranges and finances internships (*Programme d'Appui à l'Emploi Salarié,* PAES); (ii) the Self-Employment Support Program, which aims to train, assist with the development of a business plan, and finance entrepreneurs (*Programme d'Appui à l'Emploi Indépendant,* PAEI); (iii) Capacity Building for Job Seekers, which seeks to improve the technical skills of job seekers in agriculture, trades, and other high potential sectors (*Renforcement de Capacité des Demandeurs d'Emploi*, RCDE); and (iv) the Decentralized Partnership for Jobs, which aims to build the capacity of local governments in employment promotion (*Partenariat Décentralisé pour l'Emploi,* PaDE). These programs, launched in 2006, reach from several hundred to two thousand beneficiaries per year, and are not well evaluated. They target mostly youth with higher levels of education. Until the PEJ, ANPE had limited experience with young people with low level of education. The new orientations of the Azoli system will require the ANPE to reorient its strategy to assist predominantly youth with no or little education in developing skills to establish and manage a small business. To succeed in this mission, it is important to capitalize on the PEJ experience by strengthening the ACE capacities, and to build a well-qualified team within the ANPE to manage the Azoli system.

9. **The FODEFCA and DETFP are responsible for ensuring that the provision of vocational training responds to the demand of the labor market and for providing support to the vocational training sector.** Both FODEFCA and DETFP acknowledged the learning and capacity enhancement they experienced under the PEJ Project. The FODEFCA, attached to the MESTFP and originally created in 1999 under the World Bank's Labor Force Development Project, channels government funding of around CFAF 1 billion (US$2 million) per year for apprenticeships and supports youth employability by co-funding skills enhancement and apprenticeship training. The DETFP oversees the CFP, ensuring their compliance with quality standards and providing them accreditations. The DETFP will coordinate with Artisans associations and other partners the process of developing skills matrices and charts of competencies. Likewise, the DETFP will analyze in coordination with the PCS needs for consultants

and facilitators for the development of new matrices and charts of competences under the project.

10. **The FNM is responsible for delivering financial and non-financial services adapted to the needs of the low-income population in the country.** The FNM, created in 2006, uses a network of competitively selected microfinance institutions to develop products adapted to the needs of the target population. The rationale for involving the FNM is that it is institutionally better placed to provide cash grants to vulnerable youths than the ANPE. The FNM falls under the Ministry of Social Affairs and Microfinance, who is in the lead on the cash transfer projects and the support to vulnerable households. Providing cash transfers to beneficiaries falls outside of the scope of ANPE's mandate.

## FINANCIAL MANAGEMENT AND DISBURSEMENTS ARRANGEMENTS

11. **The PCS will handle the overall responsibility of project's FM aspects including budgeting, disbursement, financial reporting, supervision, management of the Designated Account (DA), and auditing.**

### Budgeting arrangements

12. **The PCS, in close collaboration with all involved implementing partners and technical units, will prepare a consolidated annual work plan and budget for implementing project activities, considering the project's objectives.** The work plans and budgets will identify the activities to be undertaken and the role of respective parties in implementation. Not later than November 30 of each year, the annual work plans and budgets for the following year will be approved by the SC and submitted to the World Bank for no-objection. The budgetary discussions will begin at least six months before the fiscal year of implementation and will consider the procurement plan as the starting point. Once the budget is approved, it will be integrated in the computerized accounting system to serve as a basis for a budget execution monthly follow-up, based on variance analysis.

### Accounting and Reporting Arrangements

13. **Accounting policies and procedures.** As part of the project preparation, the Recipient prepared a PIM with adequate FM arrangements that are acceptable to the World Bank. The accounting systems, policies, and administrative and financial procedures will be documented in the PIM.

14. **Accounting staff.** The PCS will retain staffing resources that are adequate for the level of project operations and activities and are enough to maintain accounting records relating to project financed transactions, and to prepare the project's financial reports. The FM function will be carried out by a team composed of: (i) a qualified and experienced FM specialist in charge of the project's overall FM activities and the accounting activities of Component 4; (ii) A qualified and experienced Accountant in charge of Components 1 and 3 to be based within ANPE; and (iii) a qualified and experienced Accountant in charge of Component 2 to be based within FODEFCA. All these FM staff will be recruited through a competitive process in compliance with the World Bank's Procurement Regulations. The team will have the overall FM responsibility over budgeting, accounting, financial reporting, flow of funds, internal control, and auditing. The FM staff will have their capacity reinforced over the project implementation through the rolling out of the training plan that includes training on IDA disbursement procedures and financial reporting arrangements, among others.

15. **Accounting information systems software.** The PCS will purchase an adequate accounting software with multi-projects, multi-sites and multi-donor features, and will ensure that it is customized to generate its financial

reports. This software must be installed within three months after project effectiveness at the PCS, ANPE, and FODEFCA level.

16. **Accounting standards.** The PCS will use SYSCOHADA accounting standards which is commonly used amongst West African Francophone countries. Accounting procedures will be documented in the PIM.

**Internal Control and Internal Audit Arrangements**

17. **Internal controls.** The internal control policies and procedures will be documented in the Administrative, Accounting and Financial Manual of procedures to be included in the PIM, which will be prepared and agreed to by the World Bank before project effectiveness. The PIM will document the FM and disbursement arrangements, including internal controls, budget process, assets safeguards, and will clarify roles and responsibilities of all the stakeholders. Furthermore, a specific chapter will describe the cash transfers mechanism to be implemented under Components 1, 2, and 3.

18. **Internal audit.** The General Financial Inspectorate (*Inspection Générale des Finances*, IGF) should adequately conduct the internal audits of the project. However, IGF need to include the project within its work plan to ensure that the internal audits are done semi-annually using a risk-based approach. These semi-annual internal audit reports need to be submitted to the World Bank within 45 days after the end of the semi-annual period. These audits should cover operations expenditure including per diems, travel advance, workshop costs and other soft expenditures, to ensure they are used in an economical manner and for the purposes intended. These internal audits will also give a special attention to cash transfers to be implemented under Components 1, 2, and 3.

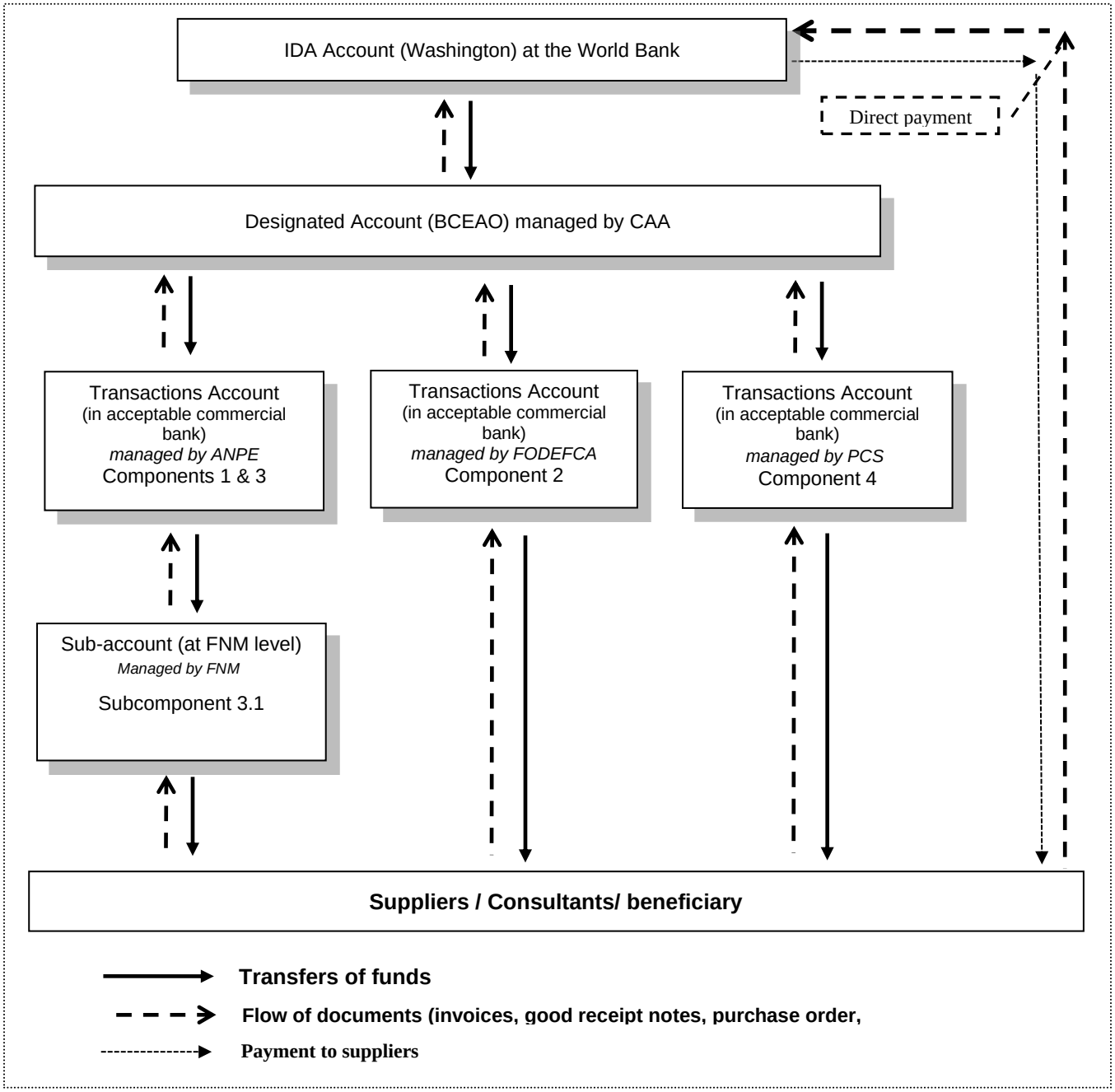
19. **Governance and Anti-Corruption (GAC) arrangements.** To enhance transparency and accountability, the PCS will have to deal with fraud and anti-corruption in accordance with the World Bank Anti-Corruption Guidelines referred to in the FA.

**Flow of Funds and Disbursements Arrangements**

20. **Designated Account.** A DA will be opened at the Central Bank of West African States (*Banque Centrale des Etats de l'Afrique de l'Ouest,* BCEAO). The funds will be released to three Operational Accounts to be opened in a reputable commercial bank acceptable to the World Bank. The first Operational Account will finance eligible expenditures under Components 1 and 3 and will be managed by ANPE. The second Operational Account will finance all eligible expenditures under Component 2 to be managed by FODEFCA. The third Operational Account will finance eligible expenditures under Component 4 to be managed by the PCS. The DA will be used to make payments in accordance with the Disbursement and Financial Information Letter (DFIL). Cash withdrawal transactions from the Operational Account under PCS will be authorized by its FM Specialist and its Coordinator while the cash withdrawal transactions from the Operational Account under ANPE and FODEFCA will be authorized, respectively, by ANPE's General Director and the Accountant dedicated to components 1 and 3; and by FODEFCA's General Secretary and the Accountant dedicated to Component 2. The accounts are set up to fund eligible expenditures based on the approved annual work plans. The ceilings of the DA would be equivalent to cash forecast for two (2) quarters, as specified in the quarterly unaudited Interim Financial Reports (IFR) and the related templates. Replenishment of all operational accounts will be done by the PCS upon submission of acceptable supporting documents. For the smooth implementation of activities under Component 3 related to

beneficiaries' access to financial services, the Fonds National de Micro-Finance (FNM) will open an account (named "sub-account") to finance (i) the grants; (ii) the costs of money transfer; (iii) technical assistance; and (iv) institutional support to the FNM. Replenishment of this sub-account will be done by the project upon submission of acceptable supporting documents. Payments from the sub-account will be subject to acceptable arrangements for the World Bank.

**Figure A1. Funds Flow Diagram**



21. **Disbursements will be made in accordance with the Disbursement Guidelines for IPF dated February 2017**. The CAA is the assigned representative of the Recipient for the mobilization of IDA funds. Withdrawal application requests will be prepared by the PCS's FM Specialist signed by a designated signatory or signatories (the signature authorization letter is signed by the Minister of Finance) and sent to the World Bank for processing. This procedure applies to all World Bank-financed projects in Benin. The project will submit applications using the electronic delivery tool, "e-Disbursements", available at the World Bank's Client Connection website/web-based portal. The Authorized Signatory Letter signed by the GoB will include authorization for the designated signatories to receive Secure Identification Credentials (SIDC) from the World Bank for delivering such applications by electronic means.

22. **Disbursements under the Project will be report-based**. The PCS will use report-based disbursement mechanism each quarter. Not later than 45 days following the end of the quarter, they will elaborate and transmit to the World Bank Interim Unaudited Report (IFR) that will serve as basis for disbursement. IFR will be supplemented by (i) World Bank reconciliation statements of the DA; (ii) cash flow forecast for the following semester; and (iii) the list of payments against contracts that are subject to World Bank prior review.

23. **The DA will be replenished through IFRs on quarterly basis**. Other disbursement methods (reimbursement, direct payment and special commitment) will be available for use under the Project. Further instructions on the withdrawal of proceeds will be outlined in the DFIL and details on the operation of the DA will be provided in the Project Administrative, Accounting and Financial Manual of procedures (as part of the PIM).

***Flow of funds for cash transfer payments***

24. **For cash transfer under Component 1**, **cash transfer payments to beneficiaries will be made by ANPE to the beneficiaries from funds available in the related Transaction Account.**

25. **For cash transfer under Component 2, cash transfer payments to beneficiaries will be made exclusively by way of a payment agent(s).** A payment agent would be an established a microfinance institution, a mobile phone company, or a digital payment company. At the established payment intervals (i.e. once every two or three months), FODEFCA would provide the payment provider(s) with a list of beneficiaries (i.e. a payroll) of cash transfers, including the necessary identifying information for each beneficiary as well as the payment amount for each beneficiary, and the total to be disbursed. Funds would be transferred by FODEFCA from the related Transaction Account to the payment agent(s) in the total amount of the cash transfers to be disbursed in that payment cycle, plus any contractually agreed transaction fees for the service. At the end of each payment cycle, the payment agent must provide a payment reconciliation report to FODEFCA and return to FODEFCA any balance as shown in the reconciliation report and approved by FODEFCA. No expenditure should be reported until payment to the "final" beneficiaries. Outstanding amounts at the Payment Agents should be reflected in the DA reconciliation statement.

26. **For cash transfer under Component 3, cash transfer payments to beneficiaries will be made exclusively by way of microfinance institutions that will be competitively selected by FNM.** At the established payment intervals, ANPE would provide FNM with a list of beneficiaries (i.e. a payroll) of cash transfers, including the necessary identifying information for each beneficiary as well as the payment amount for each beneficiary, and

the total to be disbursed. Funds would be transferred by ANPE from the related Transaction Account to FNM's sub-account. FNM will then provide each selected microfinance institutions with the list of attributed beneficiaries, including the necessary identifying information for each beneficiary as well as the payment amount for each beneficiary, and the total to be disbursed. Funds would be transferred by FNM from the related sub-account to the microfinance institutions in the total amount of the cash transfers to be disbursed in that payment cycle, plus any contractually agreed transaction fees for the service. At the end of each payment cycle, the microfinance institutions must provide a payment reconciliation report to FNM and return to the FNM any balance as shown in the reconciliation report and approved by FNM. No expenditure should be reported until payment to the "final" beneficiaries. Outstanding amounts at the microfinance institutions should be reflected in the DA reconciliation statement.

27. **Categories of eligible expenditures**. Table below specifies the categories of eligible expenditures to be financed out of the proceeds of the Credit, the amounts under each category, and the percentage of expenditures to be financed for eligible expenditures in each category.

**Table A1: Category of Eligible Expenditures**

| Category | Amount of the Credit Allocated (expressed in EUR) | Amount of the Grant Allocated (expressed in SDR) | Percentage of Expenditures to be Financed (inclusive of Taxes) |
|---|---|---|---|
| **ANPE**<br>(1) Goods, works, non-consulting services, consulting services, Training and Operating Costs under Part 1 (except under 1.1(b)) of the Project | 13,421,000.00 | 8,607,000.00 | 100% |
| **ANPE**<br>(2) Cash Transfers under Part 1.1(b) of the Project | 857,000.00 | 708,400.00 | 100% |
| **FODEFCA**<br>(3) Goods, works, non-consulting services, consulting services, Training and Operating Costs under Part 2 (except under 2.4(b)) of the Project | 6,596,000.00 | 5,455,000.00 | 100% |
| **FODEFCA**<br>(4) Cash Transfers under Part 2.4(b) of the Project | | 708,400.00 | 100% |
| **FNM**<br>(5) Goods, works, non-consulting services, consulting services, Training and Operating Costs under Part 3 (except under 3.1) of the Project | | 283,400.00 | 100% |
| **FNM**<br>(6) Cash Transfers under Part 3.1 of the Project | 3,855,000.00 | 3,188,000.00 | 100% |

| Category | Amount of the Credit Allocated (expressed in EUR) | Amount of the Grant Allocated (expressed in SDR) | Percentage of Expenditures to be Financed (inclusive of Taxes) |
|---|---|---|---|
| **PCS**<br>(7) Goods, works, non-consulting services, consulting services, Training and Operating Costs under Part 4 of the Project | 1,071,000.00 | 885,500.00 | 100% |
| (8) Refund of Preparation Advance | | 1,464,300.00 | Amount payable pursuant to Section 2.07 (a) of the General Conditions |
| **TOTAL AMOUNT** | **25,800,000.00** | **21,300,000.00** | |

**Financial Reporting Arrangements**

28. **The PCS will prepare consolidated quarterly unaudited IFRs in form and content satisfactory to the World Bank, which will be submitted to the World Bank within 45 days after the end of the quarter to which they relate**. The quarterly IFR will include the following information: (i) Statement of Sources and Uses of Funds; (ii) Statement of Uses of Funds by project Activity/Component including comparison with budget for the quarter and cumulative; and (iii) the Designated and project Account Reconciliation Statements and related bank statements.

29. **External Audit Arrangements**. An external independent and qualified private sector auditor will be recruited to carry out the audit of the project's financial statements under the supervision of the supreme audit institution. Therefore, the annual audits will be conducted based on ToR agreed with the supreme audit institution and that are satisfactory to the World Bank. The auditor will express an opinion on the Annual Financial Statements and perform their audit in compliance with International Standards on Auditing. The auditor will be required to prepare a Management Letter detailing observations and comments and providing recommendations for improvements in the accounting system and the internal control environment. The auditor will also provide a special opinion on cash transfers operations under Components 1, 2, and 3. The audit report on the annual project financial statements and activities of the DA shall be submitted to the World Bank within six (6) months after the end of each fiscal year.

30. **In accordance with the World Bank Policy on Access to Information, the Borrower is required to make its audited financial statements publicly available in a manner acceptable to the World Bank**. Following the World Bank's formal receipt of these statements from the Borrower, the World Bank also makes them available to the public.

**Table A2: FM Action Plan**

| Issue | Remedial action recommended | Responsible entity | Completion | Effectiveness conditions |
|---|---|---|---|---|
| Staffing | Recruit (i) a qualified and experienced FM specialist under the PCS for the FM of the project and the accounting activities of Component 4; (ii) a qualified and experienced Accountant in charge of the project's FM activities under ANPE for the accounting activities of Components 1 and 3 and (iii) a qualified and experienced Accountant to be based at FODEFCA's level for the accounting activities of Component 2. | PCS | Three months after effectiveness | N |
| Information system accounting software | Set up a "multi-project" computerized accounting system to be installed at PCS, ANPE and FODEFCA levels. | PCS | Three months after effectiveness | N |
| Internal audit | Conclude an agreement with the General Inspectorate of Finance to include the project in its annual work program and carry out semi-annual internal auditing. Submit semi-annual internal audit reports to the World Bank within 45 days after the end of the audit period. | PCS | Three months after effectiveness | N |
| External financial auditing | Appoint an external auditor acceptable to IDA | PCS | Six months after effectiveness | N |

31. **Implementation Support Plan.** FM implementation support missions will be carried out twice a year based on the substantial FM residual risk rating. Implementation Support will also include desk reviews such as the review of the IFRs and audit reports. In-depth reviews may be conducted where deemed necessary. The FM implementation support will include FM training missions for all implementing entities and will be an integrated part of the project's implementation support plan.

**Table A3: FM Implementation Support Plan**

| FM Activity | Frequency |
|---|---|
| **Desk reviews** | |
| Interim financial reports review | Quarterly |
| Audit report review of the project | Annually |
| Review of other relevant information such as interim internal control systems reports. | Continuous as they become available |
| **On site visits** | |
| Review of overall operation of the FM system | Once per year (Implementation Support Mission) |
| Monitoring of actions taken on issues highlighted in audit reports, auditors' management letters, internal audit and other reports | As needed |
| Transaction reviews (if needed) | As needed |
| **Capacity building support** | |
| FM training sessions | During implementation and & as needed. |

32. **The conclusion of the assessment is that the FM arrangements in place meet the World Bank's minimum FM requirements under World Bank Policy and Directive for IPF Operations, and subject to the implementation of the FM action plan above, are therefore adequate to provide, with reasonable assurance, accurate and timely information on the status of the project required by World Bank.** The project's overall FM residual risk rating is assessed as Moderate, based on the planned mitigation measures incorporated in the project design.

**PROCUREMENT**

33. **The Borrower will carry out procurement under the proposed project in accordance with the World Bank's "Procurement Regulations for IPF Borrowers" (Procurement Regulations) dated July 2016 and revised in November 2017 and August 2018 under the NPF, and the "Guidelines on Preventing and Combating Fraud and Corruption in Projects Financed by IBRD Loans and IDA Credits and Grants", dated July 1, 2016, other provisions stipulated in the FA.**

34. **Procurement activities shall be carried out by the implementing agencies.** The National Employment Agency (ANPE) DG, who is the project coordinator, and the structures involved. The PCS will support the project coordinator in ensuring that the project is implemented in accordance with the FA, the PAD and the manuals for project implementation (the operational manual). All procuring entities as well as bidders, and service providers, i.e. suppliers, contractors and consultants shall observe the highest standard of ethics during the procurement and execution of contracts financed under the project in accordance with paragraph 3.32 and Annex IV of the Procurement Regulations.

35. **The Bidding Documents-BD, Request for Proposals-RfP (a post-review), elaborated by the implementing agencies will be submitted to request the clearance of the Procurement Control Commission or the National Procurement Control Directorate (*Direction Nationale de Contrôle des Marchés Publics*) under the Ministry of Finance depending of the competency of the procurement control threshold.**

36. **The Borrower shall prepare and submit to the World Bank a General Procurement Notice (GPN) and the World Bank will arrange for publication of the GPN in the United Nations Development Business (UNDB) online and on the World Bank's external website. The Borrower may also publish it in at least one national newspaper.**

37. **The Borrower shall publish the Specific Procurement Notices (SPN) for all goods, works, non-consulting services, and the Requests for Expressions of Interest (REOIs) on their free-access websites, if available, and in at least one newspaper of national circulation in the Borrower's country, and in the official gazette.** For open international procurement selection of consultants using an international shortlist, the Borrower shall also publish the SPN in UNDB online and, if possible, in an international newspaper of wide circulation; and the World Bank arranges for the simultaneous publication of the SPN on its external website.

38. **Project Procurement Strategy for Development:** As part of the preparation of the project, the Borrower (with assistance from the World Bank) prepared the PPSD, which describes how procurement activities will support project operations for the achievement of PDOs and deliver VfM. The procurement strategy is linked to the project implementation strategy, ensuring proper sequencing of the activities. It considers institutional arrangements for procurement; roles and responsibilities; thresholds, procurement methods, and prior review, and the requirements for carrying out procurement. It also includes a detailed assessment and description of state government capacity for carrying out procurement and managing contract implementation, within an acceptable governance structure and accountability framework. Other issues considered includes the behaviors, trends and capabilities of the market (i.e. Market Analysis) to respond to the procurement plan.

39. **The recruitment of civil servants as individual consultants or as part of the team of consulting firms will abide by the provisions of paragraph 3.23 (d) of the Procurement Regulations.**

40. **Procurement Plan:** The Borrower prepared a detailed 18-month procurement plan, which was agreed upon by the Government and the World Bank during negotiations. The Procurement Plan will be updated in agreement with the World Bank Team, annually or as frequently as required, to reflect the actual project implementation needs and improvements in institutional capacity. The scope of procurement is described in the PPSD and the Procurement Plan agreed with the World Bank and summarized below.

41. **The procurement activities that are critical for the success of this operation will consist for most of the contracts of:**

a) **Works:** These mainly concern the small works of setting up the PCS office (for example, painting and other small refurbishments), and no other construction will be supported by the project. The focus during implementation should be on the involvement of SMEs in the organization and management of construction sites; the respect of deadlines for the execution of works; the quality of the implementation of the works.
b) **Consulting services:** They will play an important role in the success of the project. As a result it is important to focus efforts on: (i) good pre-selection of consultants for the establishment of short lists; (ii) accurate wording of the ToR; (iii) the proper evaluation of the technical proposals; and (iv) a good appreciation of the reports that will be delivered by the consultants is extremely important. The support of the identified technical teams will be important, and measures will be taken to ensure their effective participation when called upon during requests for proposals.

c) **Acquisitions of goods:** Goods will be mostly locally procured, and include digital equipment and materials; cars; equipment, furniture and office supplies, etc. which are currently distributed by many local suppliers who may respond based on procedures open at national level in relation to the estimated amounts and the size of the contracts involved.

d) **Training, Workshops, Study Tours, and Conferences**: Training activities would comprise workshops and training, based on individual needs, as well as group requirements, on-the-job training, and hiring consultants for developing training materials and conducting training. Selection of consultants for training services follows the requirements for selection of consultants referred to above. All training and workshop activities (other than consulting services) would be carried out on the basis of approved Annual Work Plans/Training Plans that would identify the general framework of training activities for the year, including: (i) the type of training or workshop; (ii) the personnel to be trained; (iii) the institutions which would conduct the training and reason for selection of this particular institution; (iv) the justification for the training, and how it would lead to effective performance and implementation of the project and/or sector; (v) the duration of the proposed training; and (vi) the cost estimate of the training. A report by the trainee(s), including completion certificate/diploma upon completion of training, shall be provided to the Project Coordinator and will be kept as parts of the records, and will be shared with the World Bank if requested. A detailed training and workshop plan outlining the nature of the training/workshop, number of trainees/participants, duration, staff months, timing and estimated cost will be submitted to the World Bank for review and approval prior to initiating the process. The selection methods will derive from the activity requirement, schedule and circumstance. After the training, the beneficiaries will be requested to submit a brief report indicating what skills have been acquired and how these skills will contribute to enhancing their performance and to the attainment of the project objective.

e) **Operational Costs**: Operational costs financed by the project means the incremental expenses incurred by the project as necessary for the required purpose, based on the Annual Workplan and Budgeting (AWPB) as approved by the World Bank, on account of: project implementation, management, and M&E; office space rental; computers; utilities; supplies; equipment maintenance; bank charges; vehicle operation, maintenance, and insurance; communications and public awareness-related media expenses; travel and supervision; salaries, bonuses and incentives of contractual and temporary staff, but excluding those of members of Benin's civil service.

42. **Procurement Manual**: Procurement arrangements, roles and responsibilities, methods and requirements for carrying out procurement shall be elaborated in detail in the Procurement Manual which will be a section of the PIM. The PIM has been prepared by the Government and agreed with the World Bank.

43. **Procurement methods**: The Borrower will use the procurement methods and market approach in accordance with the Procurement Regulations. Open National Market Approach is a competitive bidding procedure normally used for public procurement in the country of the Borrower and may be used to procure goods, works, or non-consultant services provided it meets the requirements of paragraphs 5.3 to 5.6 of the Procurement Regulations. The thresholds for market approaches and procurement methods are indicated in the below table. The thresholds for the World Bank's prior review requirements are also provided in the table below.

**Table A4: Thresholds for Procurement Methods, and Prior Review**

| No | Expenditure Category | Contract (C) Value Threshold* [eq. US$] | Procurement Method | Contracts Subject to Prior Review / [eq. US$] |
|---|---|---|---|---|
| 1 | Works | C ≥ 10,000,000 | Open Competition International Market Approach and Direct Contracting | ≥ 10,000,000 |
| | | 200,000 < C < 10,000,000 | Open Competition National Market Approach | None |
| | | C ≤ 200,000 | RfQ | None |
| 2 | Goods, IT and non-consulting services | C ≥ 1,000,000 | Open Competition International Market Approach and Direct Contracting | ≥ 2,000,000 |
| | | 100,000 < C < 1,000,000 | Open Competition National Market Approach | None |
| | | C ≤ 100,000 | RfQ | None |
| 3 | National shortlist for selection of consultant firms | C < 100,000 | For Consulting Services | None |
| | | C ≤ 300,000 | For Engineering and Construction Supervision | None |
| 4 | International shortlist for selection of consultant firms | C ≥ 100,000 | For Consulting Services | ≥ 1,000,000 |
| | | C > 300,000 | For Engineering and Construction Supervision | ≥ 1,000,000 |
| 5 | Selection of Individual consultants | All Values | All Approaches | ≥ 300,000 |
| 6 | Direct contracting | All Values | | As agreed in the Procurement Plan |
| 7 | Training, Workshops, Study Tours | All Values | Based on approved AWPB | AWPB |

Note: The thresholds are for all countries unless indicated otherwise for specific items. They are set for the purposes of the initial procurement plan for the first 18 months. The thresholds will be revised periodically based on re-assessment of risks. All contracts not subject to prior review will be post-reviewed.

44. **Procurement Risk Rating**: The project procurement risk prior to the mitigation measures is rated "Substantial". The risk can be reduced to a residual rating of "Moderate" upon consideration of successful implementation of the mitigation measures. The risks and mitigation measures are provided in the table below.

**Table A5: Procurement Risk Assessment and Mitigation Action Plan**

| Procurement Risk | Mitigation measure | Responsibility and Deadline | Risk level Initial/residual |
|---|---|---|---|
| **Benin** | | | **Substantial/Moderate** |
| | | | |
| Staffing | Recruit one (01) procurement specialist for ANPE and one (01) procurement specialist for FODEFCA. | PCS<br>Three months after effectiveness | Substantial |
| Weak capacity of the PCS, ANPE and FODEFCA in NPF procedures | Capacity building will be provided by the World Bank on NPF procurement. | World Bank<br>During project implementation | Moderate |
| Delay in developing ToR | Invite beneficiaries to submit a draft TOR for the registration of the activity in the AWPB;<br>Anticipate soliciting from the World Bank ToR templates upon approval of the AWPB;<br>Use consultants to develop TORs in case of lack of in-house expertise. | MPMEPE/ANPE/ FODEFCA<br>During project implementation | Moderate |
| Long delay of the procurement process | Put in place a mechanism for monitoring the execution of the different phases of the procurement process.<br>To sensitize the actors, the organs and authorities involved in the procurement process to the respect of the regulatory deadlines of the procurement Code. | MPMEPE/ANPE/ FODEFCA | High |

## IMPLEMENTATION SUPPORT PLAN AND RESOURCE REQUIREMENTS

45. **The project implementation supervision and support plan are informed by lessons learned from supervising and supporting other World Bank projects in Benin.** Nevertheless, the multisectoral nature can pose significant challenges for project implementation. Accordingly, planned supervision and support by the World Bank is expected to be intensive to allow for: (i) oversight and proactive actions to address any identified weaknesses in project implementation; (ii) timely development and implementation of needed risk mitigation measures; and (iii) timely and high-quality advisory and technical support for the design and implementation of services to be carried out by third parties contracted by the Government using project funds.

46. **Project implementation supervision and support by the World Bank will take place through at least two formal implementation review missions every year throughout the project life, with review findings and recommendations recorded in Aide Memoires and in Implementation Status and Results reports.** The Government will also prepare implementation status reports prior to each mission, with necessary updates on

results and indicators, implementation challenges, and risk mitigation measures. In the interim periods, shorter missions with specific high-priority objectives may be carried out by country-based staff. World Bank staff and contracted local and international consultants will maintain continuous project implementation supervision and technical and advisory support through face-to-face, audio- and video-conference meetings, email, and phone communications. Project implementation supervision and support will also rely on the review of data and documentation submitted by the Government, utilizing agreed-upon formats, timetables, and content. Key required data and documentation will include those related to compliance with legal covenants, results and other monitoring indicators, financial reports, and procurement documents and contracts. Key resources and implementation support plan are summarized in Table A6 below.

**A6: Implementation Support Plan**

| Time Year | Focus | Primary Skills Needed | Number of Missions | Estimated Budget (US$) |
|---|---|---|---|---|
| Year 1 | ▪ Project launch<br>▪ Initialization of project components<br>▪ FM systems functioning effectively<br>▪ Procurement practices following World Bank norms<br>▪ ESMF in place | ▪ Team lead<br>▪ FM, procurement<br>▪ Environmental Specialist<br>▪ Social Safeguards Specialist<br>▪ Youth Employment specialist<br>▪ TVET specialist<br>▪ MIS Specialist<br>▪ Gender and social development Specialist<br>▪ M&E Specialist<br>▪ Communications Specialist | 2 | 200,000 |
| Year 2 | ▪ Monitor implementation of project activities<br>▪ FM, procurement, safeguards | ▪ Team lead<br>▪ FM, procurement<br>▪ Environmental Specialist<br>▪ Social Safeguards Specialist<br>▪ Youth Employment specialist<br>▪ TVET specialist<br>▪ MIS Specialist<br>▪ Gender and social development Specialist<br>▪ M&E Specialist<br>▪ Communications Specialist | 2 | 200,000 |
| Year 3 | ▪ Monitor implementation of project activities<br>▪ FM, procurement, safeguards<br>▪ Midterm review | ▪ Team lead<br>▪ FM, procurement<br>▪ Environmental Specialist<br>▪ Social Safeguards Specialist<br>▪ Youth Employment specialist<br>▪ TVET specialist<br>▪ MIS Specialist<br>▪ Gender and social development Specialist<br>▪ M&E Specialist<br>▪ Communications Specialist | 2 | 180,000 |

| Time Year | Focus | Primary Skills Needed | Number of Missions | Estimated Budget (US$) |
|---|---|---|---|---|
| Year 4 | ▪ Monitor implementation of project activities<br>▪ FM, procurement, safeguards | ▪ Team lead<br>▪ FM, procurement<br>▪ Environmental Specialist<br>▪ Social Safeguards Specialist<br>▪ Youth Employment specialist<br>▪ TVET specialist<br>▪ MIS Specialist<br>▪ Gender and social development Specialist<br>▪ M&E Specialist<br>▪ Communications Specialist | 2 | 180,000 |
| Year 5 | ▪ Monitor implementation of project activities<br>▪ FM, procurement, safeguards | ▪ Team lead<br>▪ FM, procurement<br>▪ Environmental Specialist<br>▪ Social Safeguards Specialist<br>▪ Youth Employment specialist<br>▪ TVET specialist<br>▪ Gender and social development Specialist<br>▪ M&E Specialist<br>▪ Communications Specialist | 2 | 150,000 |

47. **Given the moderate probability that insecurity or instability may limit the access of World Bank staff to remote locations where there is risk of violent extremism, the project shall map out options for smart supervision and implementation support.** These options include: (i) third-party monitoring (TPM) that can be contracted either by the World Bank or by the Government through local NGOs; (ii) deploying phone-based technology to geo-locate project sites and activities through the geo-enabling for monitoring and supervision initiative (Geo-Enabling initiative for Monitoring and Supervision, GEMS); (iii) partnerships with humanitarian actors on the ground whose tolerance for security risks is higher than the World Bank's; and (iv) setting up clear procedures for incident reporting and emergencies.

48. **The semiannual project implementation support and review missions will cover, among other things:** (i) governance and accountability, budgets and spending, and institutional strengthening (including necessary staff and other resources) and performance; (ii) project implementation status and progress and performance to date with respect to the PDO-level indicators, legal covenants, results and monitoring indicators, and use of capacity development, technical assistance, and project management support funds; and (iii) any actions and measures (including risk-mitigating measures) required to keep project implementation in line with plans, monitor progress on pace, and keep performance at expected levels. To gather firsthand, qualitative information on project implementation status, progress, and performance, participation in government consultations with stakeholders and visits to project sites will be integral elements of overall supervision and support.

## ANNEX 2: Financial and Economic Analysis

1. The methodology behind the discussion below is a cost/benefit analysis, which is a technique used for assessing the viability of new investments or expenditure programs. It can be narrow in scope (that is, limited to direct project results) and/or it could include indirect impacts such as indirect environmental effects. It is based on a summary of measures of performance: ERR and NPV, calculated on the incremental benefits and costs to the project as a whole. The social rate of return (SRR) measures the economic costs and economic benefits for the society, and hence requires introducing in the equations opportunity costs, and social externalities. Presented below are the main benefits and costs, with the underlying assumptions.

2. The NPV can be written as follows, with *NPV* being the NPV of the project, *r* being the discount rate and *Benefits-Cost Flows at time t* being the net benefits at time *t* accrued to the project. The SRR and/or IRR is the discount rate for which the NPV is equal to zero:

(1) $NPV = \sum_{t=1}^{T} \frac{Benefits-Cost\ Flows_t}{(1+r)^t}$

3. In the project, there are three main activities that target youth: (1) support to wage employment track whereby youth will be trained in trades that are in demand by firms and receive life skills training and stipends; (2) support to income generating activities whereby youth will receive an entrepreneurship and life skills training and an unconditional grant; and (3) support to youth to attend dual and short-term training.

4. For youth, the analysis is capturing two aspects: (a) the project will increase the employability of the targeted population and hence increase earnings whether this is through income-generating activities or through higher employment rate[39]; and (b) positive social externalities linked to the reduction of inactivity and underemployment (which are called positive job externalities). The economic benefits in each period for both the self-employed and wage tracks are adjusted for a social externality $\delta$, where $0 < \delta < 1$. The supply-side SRR is given in Equation (2). The variable $c_i$ is the cost per beneficiary and $N_1$ is the total number of beneficiaries that entered the program at the start (including those that dropped out prior to finishing), $N_{1,w}$ and $N_{1,se}$ are the number beneficiaries that went through the wage and entrepreneurship tracks of Component 1, respectively, $\Delta\hat{y}_{w,i}$ and $\Delta\hat{y}_{se,i}$ the economic benefits per beneficiary for the wage and entrepreneurship tracks (increase in earnings), respectively. The increase in earnings is the difference between the incomes of beneficiaries that are supported by the project and their incomes if there was no project (opportunity cost).

5. The same applies to youth going to technical and vocational training programs: they are more likely to be employed as wage workers or to be apprentices with better pay.

(2) $0 = \sum_{t=1}^{T} \frac{\left(\sum_{i=1}^{N_{1,w}} \Delta\hat{y}_{w,i} + \sum_{i=1}^{N_{1,se}} \Delta\hat{y}_{se,i}\right)(1+\delta) - \sum_{i=1}^{N_1} c_i}{(1+SRR)^t}$

6. The assumptions for the calculation are as follows:

[39] In this program, microentrepreneurs who go through Component 1 are considered as being on the supply side since they are anticipated to mostly be self-employed and not generate a significant number of new jobs in addition to their own activities.

| Parameters | Value | Source/Explanation |
|---|---|---|
| $N_{1,w}$ | 6,000 | About 6,000 beneficiaries will go to the wage work track |
| $N_{1,se}$ | 26,000 | About 26,000 beneficiaries will go the self-employment track. Not all beneficiaries will have a grant: 95 percent will get a US$400 grant. |
| $\Delta\hat{y}_{w,i}$, increase in earnings for wage work track | +25 percent | The project increases their chance of being employed by 20 percent (compared to an initial 28 percent)[40]. In a scenario without a project, youth are earning about US$110 per month on average (ESI-ERI, 2018). Access to a formal job will increase their salary by 25 percent (reaching US$140). Hence, the project has two impacts: an increase of the probability of being employed and an increase of salary for those that are employed in the formal sector. |
| $\Delta\hat{y}_{se,i}$, increase in earnings for self-employment track | +25 percent | We take a similar assumption as in the wage work track. We also take into account an annual failure rate of 12 percent (Pauffhausen and McKenzie, 2019) for all income generating activities. |
| $\delta$, social externality | 0.2 | There are no studies that estimate the value of social externalities from creating employment in developing countries. The best example of calculating these types of externalities is "Investing in All the People" (1994) by Lawrence Summers. For India and Kenya, he estimated the cost of educating girls for one additional year and how the cost to produce similar health and fertility benefits and estimated social rates of return of 63percent for India and 14percent for Kenya. The analysis uses a value in this range (.2 or 20percent). |

7. There are **two main activities that target microenterprises**: (1) BDS to expand and facilitate access to finance for the second generation-entrepreneurs; and (2) technical training and BDS to enhance the productivity and facilitate access to finance for master artisans that will train youth beneficiaries. The services being offered by the project for both groups (second generation and artisans) will be similar.

8. For microenterprises, the analysis is capturing three aspects: (a) the project will increase revenues for microenterprises by providing BDS but will also facilitate access to finance (which are the two main binding constraints faced by micro-enterprises). An Internal Rate of Return can be calculated separately based on data from an Informal survey; (b) these microenterprises will generate additional jobs that will benefit other underemployed/unemployed people; and (c) master artisans will be able to better train youth in a dual training track, hence increasing their probability of getting a job or succeeding in their entrepreneurial undertaking.

$$(2)\ 0 = \sum_{t=1}^{T} \frac{\left(\sum_{i=1}^{N_{1,w}} \Delta\hat{y}_{w,i} * N_j * N_f (1+\delta) + \sum_{i=1}^{N_{1,se}} \Delta\hat{y}_{f,i}\right) - \sum_{i=1}^{N_1} c_i}{(1+SRR)^t}$$

[40] McKenzie, D. (2017). How Effective Are Active Labor Market Policies in Developing Countries? World Bank Policy Research Working Paper.

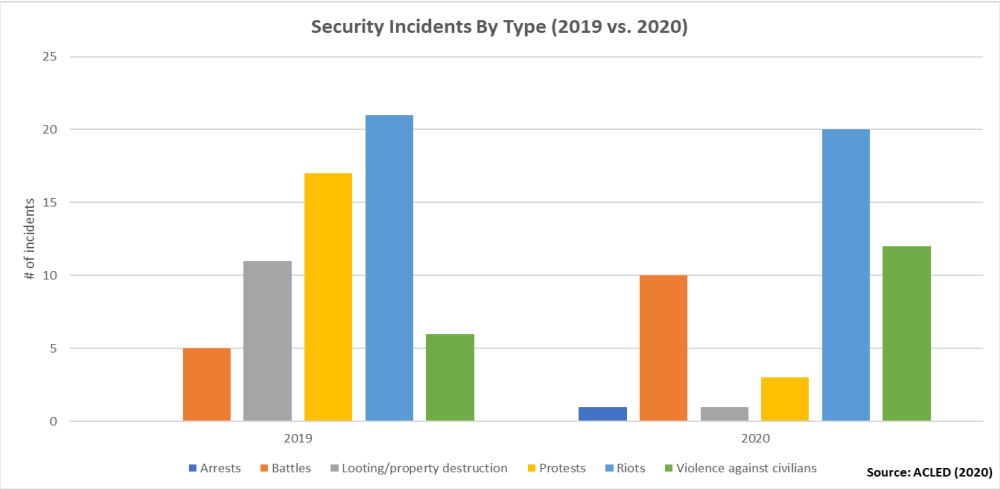
9. The assumptions for the calculation are as follows:

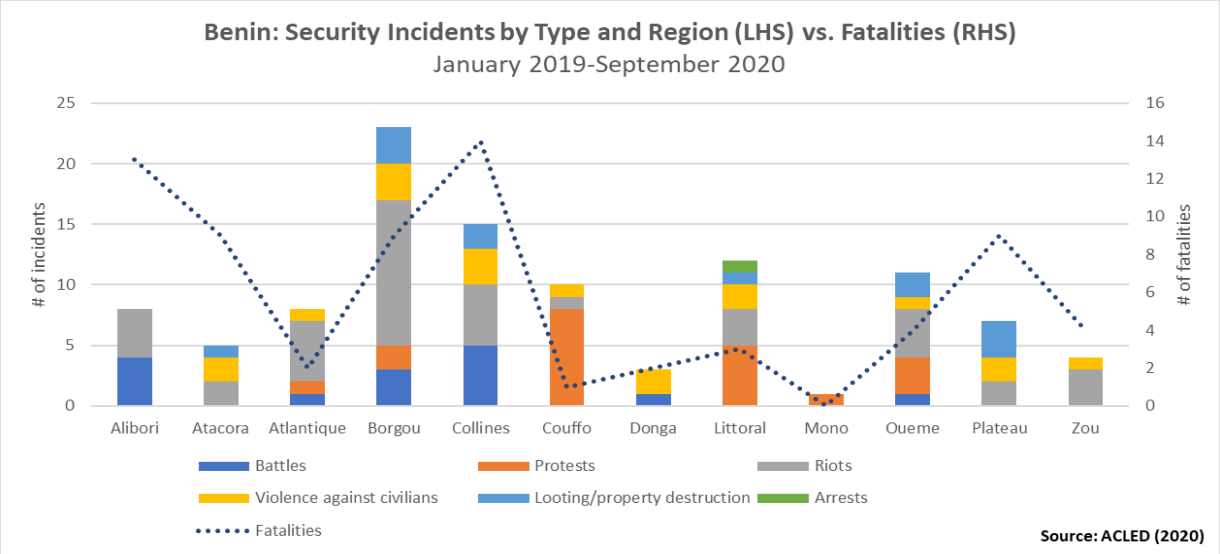
| Parameters | Value | Source/Explanation |
|---|---|---|
| $N_j$ | 3 | 3 jobs per firm (second generation and master artisan) being supported |
| $N_f$ | 3,000 | About 4,000 as second-generation entrepreneurs and 1,000 as master artisans. |
| $\Delta\hat{y}_{w,i}$, increase in earnings for wage work track | +25 percent | Same as above. Salaries of apprentices are increased by 10 percent when youth are being trained by a supported master artisan. |
| $s\Delta\hat{y}_{f,i}$, increase in revenues for microenterprises | +20 percent | Following Valdivia (2012), a combined package of technical assistance and access to finance can increase earnings by 20 percent. According to the ESI-ERI, we estimate an initial monthly profit of about US$200. There is an annual failure rate of 5 percent (less than the one for income-generating activities). |
| $\delta$, social externality | 0.2 | There are no studies that estimate the value of social externalities from creating employment in developing countries. The best example of calculating these types of externalities is "Investing in All the People" (1994) by Lawrence Summers. For India and Kenya, he estimated the cost of educating girls for one additional year and how the cost to produce similar health and fertility benefits and estimated social rates of return of 63 percent for India and 14 percent for Kenya. The analysis uses a value in this range (.2 or 20 percent). |

10. **Based on the assumptions detailed above, and with a discount rate of 6 percent[41], the NPV without counting social externalities is equal to 47.7 million (ERR of 22 percent). With the same assumption but including social externalities, the Social Rate of Return (SRR) is equal to 28 percent.**

[41] The economic discount rate of 6 percent corresponds to the yield of public bills issued by Benin in 2017, with a maturity of between 5 and 7 years. https://www.bceao.int/.

## ANNEX 3: Review of Security Incidents in Benin (2019-2020)



## ANNEX 4: Benin's Emergency Response to the COVID-19 Crisis

1. Cognizant of the potential impact on livelihoods, the Government of Benin did not impose a full lockdown. A Health Preparedness and Response Plan was adopted in March 2020. The Health Plan was prepared with the WHO and was coordinated with all key development partners, including the World Bank. It is costed at CFAF 80 billion (0.9 percent of GDP) in 2020 and CFAF 66 billion for 2021 (0.7 percent of GDP). The Plan also created an inter-ministerial committee chaired by the Ministry of Health; and instituted regular weekly meetings of the National Health Crisis Committee, comprising various technical teams across ministries, the National Council to fight epidemics and partners in the health sectors (including the World Bank).

2. A socio-economic response plan to mitigate the impact on businesses, the self-employed and households was also put in place. It supports formal sector companies (CFAF 82 billion or 0.9 percent of GDP) and vulnerable households (CFAF 16 billion or 0.2 percent of GDP). A public guarantee plan and credit lines and refinancing measures were established to foster access to finance for micro, small, and medium enterprises.

3. To contain fiscal pressures, spending related to these recovery plans are expected to stretch throughout the 2020-2022 period and will be adjusted depending on needs.

**Table A7: Summary of Benin' s COVID-19 Crisis measures**

| MITIGATION/HEALTH MEASURES | |
|---|---|
| ▪ Cordon sanitaire (confinement to the city of residence for 12 urban areas)<br>▪ Containment measures were effective between end-March and mid-May.<br>- closing of schools and universities<br>- a restriction on large public gatherings<br>- mandatory use of masks<br>- Bar closings and limited number of clients for restaurants and eateries.<br>▪ Mitigation measures are still effective and include<br>- limitation to the number of people allowed in taxis and motorbike taxi | ▪ Wide-ranging awareness campaigns and surveillance (systematic screening at the airport, port and land border posts)<br>▪ Reinforcement of national laboratory capacities (Only one reference laboratory for hemorrhagic fevers is equipped for first stage diagnosis testing. This shortcoming will be addressed by an expected donation of almost 41,600 diagnostic tests as well as access to 40 GeneXpert machines using the new rapid diagnosis test.)<br>▪ Mechanisms for country-level coordination, planning and monitoring<br>▪ Training of surveillance and rapid-response teams<br>▪ Rehabilitation of facilities to put in place epidemic treatment centers with isolation capacity |
| **SOCIAL MEASURES** | |
| ▪ Reduction in the price of fuel<br>▪ Suspension of electricity cut-offs due to non-payments (replaced by subsidies after July 2020) | ▪ Household water and electricity bill relief (FCFA 5.8 billion)<br>▪ Direct social assistance to self-employed workers (FCFA 5 billion, 55,000 households) |
| **ECONOMIC AND FISCAL MEASURES** | |
| ▪ Formal employee salary relief for 90 days, up to 70%<br>▪ Acceleration of the reimbursement of VAT credits<br>▪ Exoneration of the motor tax vehicle for transport sector workers in 2020<br>▪ Tax deferrals for the hospitality sector during April-June 2020<br>▪ Exemption from custom taxes of emergency-related items (health).<br>▪ Office rental relief for travel agencies<br>▪ Enterprises electricity bill relief for hotels and travel agencies | ▪ FCFA 10 billion refinancing credit line opened (2% fixed interest rate) for micro-credit agency in order to cap up micro-credit agency loans to the micro, small and medium enterprises to 12% interest rate (versus 20 percent on average in 2020)<br>▪ FCFA 85 billion public guarantee to cap up credits to agricultural firms at 12% interest rate (2% for most vulnerable micro-farms)<br>▪ FCFA 50 billion Public guarantee for 50% of credit to small and medium enterprises (up to FCFA 500m per firm) |