



Project Information Document (PID)

Concept Stage | Date Prepared/Updated: 08-Jul-2019 | Report No: PIDC27190

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

Country Azerbaijan	Project ID P171250	Parent Project ID (if any)	Project Name Azerbaijan Employment Support Project (P171250)
Region EUROPE AND CENTRAL ASIA	Estimated Appraisal Date Jan 13, 2020	Estimated Board Date Mar 19, 2020	Practice Area (Lead) Social Protection & Jobs
Financing Instrument Investment Project Financing	Borrower(s) Republic of Azerbaijan	Implementing Agency Ministry of Labor and Social Protection of the Population (MLSPP)	

Proposed Development Objective(s)

The Project Development Objective is to improve the access of vulnerable people to self-employment and income generating opportunities in Azerbaijan.

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

Total Project Cost	100.00
Total Financing	100.00
of which IBRD/IDA	100.00
Financing Gap	0.00

DETAILS**World Bank Group Financing**

International Bank for Reconstruction and Development (IBRD)	100.00
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Environmental and Social Risk Classification
Moderate

Concept Review Decision
Track II-The review did authorize the preparation to continue



Other Decision (as needed)

B. Introduction and Context

Country Context

1. Strong economic growth over the last 15 years has propelled Azerbaijan into the upper middle-income status. The country's gross national income (GNI, Atlas method) per capita rose from \$610 in 2000 to \$4,080 in 2017.¹ The rapid transformation was made possible by the exploitation of hydrocarbon resources and high levels of public expenditure. However, in the last few years economic growth slowed substantially. A collapse in global oil prices in 2014-16 led to the first recession in country's recent history when the real GDP plummeted by 3.1 percent. The GDP growth remained stagnant in 2017 and 2018 (World Development Indicators).

2. In 2000s the expansion of oil production was the main driving force behind economic growth. Since early 2000s the hydrocarbons production skyrocketed and became the dominant sector of the economy. Mining, which mainly represents oil and gas, contributed about 50 percent to total GDP from 2005 to 2012 (SSC). While the sector's role somewhat decreased in 2013-2015, the uptick in prices resulted in an increase in the share of GDP in 2016; and therefore, it remains by far the economy's most important sector.

3. Many sectors, especially in the non-oil industry, remain underdeveloped and grew only marginally over the years. The biggest increase in non-oil activity took place in the construction sector. Fueled by large increases in public investment, especially in roads, construction increased to more than 10 percent of in 2014 (SSC). While the sector slightly decreased because of oil-shock related austerity measures, the government has recently started to increase its investment program again, in the light of an uptick in oil revenues due to increasing oil prices. Over time services became more important in Azerbaijan's economy, however; most service activity takes place in non-tradable sectors such as transportation, public administration, and education.

4. Poverty declined sharply during the boom years. According to the official statistics (SSC), poverty, as defined by the national poverty line, declined from around 30 percent of the population in 2005 to about 5.4 percent of the population in 2017. This sharp reduction – which took place primarily between 2005 and 2015 – was primarily driven by a decrease in the dependency rate (4 percentage points), while various sources of labor income add up to a decrease in poverty by 5.7 percentage points. Extreme poverty, as defined by the international poverty line of \$1.90 PPP per person per day has been almost nonexistent for more than 10 years (ibid).

5. The 2014-2016 collapse in oil prices hit the economy severely. Economic growth plunged in the aftermath of the crisis. The Azerbaijani economy contracted by 3.1 percent in 2016, entirely driven by a 5.4 percent decrease in non-oil sector output. The construction sector was the main contributor to the decline, shrinking by 28 percent. Growth was further held back by poor performance in the service sector, especially in transport and social services. The resulting macroeconomic instability wiped off the external surplus and sharply reduced government revenues.

6. During 2017-18, the Azerbaijan economy began to recover, albeit at a sluggish pace, supported by favorable terms of trade and stable oil production. Economic growth was only 0.1 percent in 2017 and accelerated to 1.4 percent in 2018, with the non-oil sector leading the modest recovery. Agricultural growth averaged 4.5 percent, fueled by higher exports to the Russian Federation, and output in most service sectors recovered to the pre-recession levels. Construction remains

¹ <http://www.doingbusiness.org/data/exploreeconomies/azerbaijan>



an exception to this pattern, still posting negative growth rates. Oil-sector output growth was limited by Azerbaijan's participation in the OPEC/non-OPEC agreement. On the expenditure side, caps on oil-sector output resulted in modest exports contribution to growth while domestic demand was held back by subdued wage and credit growth.

7. Azerbaijan's labor market is characterized by high employment in low productivity sectors, and low employment in high productivity sectors. Labor force participation rate in 2015 stood at 66.2% (approx. 5 million people) and with a significant gender gap (male:75%; female: 54%). Overall unemployment is quite low at 5%, but there are important disparities for age, region, and gender. 25% of all employed work is in the public sector or SOEs, which is a high rate compared to other countries in the region. In the private sector, the sectors that contribute the most to its GDP (and growth), such as energy and mining, are not the same as sectors that employ the most workers, i.e. agriculture. The construction boom went hand in hand with an increase in employment; the sector's employment almost doubled in size between 2005 and 2015 (SSC). Agriculture contributes very little to GDP, but it still employs 36 percent of the population, indicating a slow structural transformation. Industry jobs remained stable from 2005 to 2016, although 2016 saw a slight uptick in industry employment. Services employment increased steadily, with food services and other services experiencing the biggest increases. This indicates that the majority of Azerbaijan's workforce remains stuck in low-productivity jobs, which is a binding constraint to shared prosperity and economic transformation. The value-added by one worker in agriculture is less than one seventh of that in manufacturing, one tenth of that in construction, and less than one percent in oil and gas extractive industries (World Bank 2015). Only 38,000 workers and employees, or about 0.8 percent of total employment, gain access to high-productivity, high-wage jobs in the oil sector (ibid). The rest of the labor force is squeezed into predominantly low-productivity work in the non-oil sector – mostly in agriculture - or into unemployment.

Sectoral and Institutional Context

8. Against this background, Azerbaijan faces the challenge of mitigating the negative impact of macroeconomic shocks on the poor and build a stable and resilient middle class. This involves expanding targeted social safety nets (SSN) and enhancing their effectiveness and coverage of the poor in the short-run. In the longer-term, investing in people to build human capital will increase the country's productivity and growth prospects through better health and education systems and work-based learning opportunities. Given the strong role of location in determining poverty and inequality, even after a decade of robust growth, policies with geographical targeting to rural areas and regions with higher poverty rates may also have a large poverty impact. Equalizing access to basic services and income generating opportunities will be instrumental in addressing existing spatial disparities in the country.

9. Spending on social protection (SP) in Azerbaijan is low. Total spending on SP, including social insurance (SI), social assistance (SA), and labor market programs (LMP) was 5.54 percent of GDP in 2017. This is well below the spending level of comparator countries and the European Union average of 19 percent of GDP. According to data available to the World Bank for Europe and Central Asia (ECA) countries, only Kazakhstan, Kosovo, and Tajikistan spend less than Azerbaijan.

10. The country runs about 20 SP programs in total. Relative to other countries with similarly long history of social security and income support programs, this number can be considered very small. Russia, for example, in SA only, runs about 800 federally mandated programs. In addition, each region has on average about 100 SA programs. However, Azerbaijan's SP system is found inefficient and ineffective in reducing poverty and vulnerability. The reasons behind this poor performance include programs' fragmentation and overlap, too many small benefits that cannot make any meaningful impact, lack of conceptual clarity, lack of targeting, inefficient implementation/ delivery of programs, insufficient institutional capacity, lack of monitoring and evaluation, and others.

11. About one fifth of the population benefited from SP transfers. In 2017, about 2.2 million individuals (about 22 percent of the population) were direct recipients of SI and SA programs. About 60 percent were recipients of contributory SI transfers and about 40 percent of SA programs.



12. Most of SP sending is on contributory Social Insurance. Expenditure on contributory SI pensions constitute the lion's share – 85 percent - of total spending on SP (2017). Their share in GDP was 4.69 percent. Spending on SA is very small, placing Azerbaijan among the countries that spend the least on SA. About 15.0 percent of public spending on SP is allocated to 21 SA programs, accounting for 0.65 percent of GDP in 2017.

13. Among SA programs, targeted SA is the largest program - 38.0 percent of spending on SA, 0.3 percent of GDP in 2017. This share has declined significantly since 2014, when the Targeted State Social Assistance (TSSA) share in SA spending was 42.0 percent, due to a new automated TSSA application system that rejected many of those previously eligible for TSSA. This is very low relative to the poverty rate (24 percent for overall poverty and 6 percent for extreme poverty in 2015 and increased to respectively 29.1 percent and 8.3 percent in 2017 and to 30.1 and 9.5 percent in 2018 because of the crisis).

14. Active labor market programs (ALMPs) constitute an even smaller share of overall SP spending. Azerbaijan spends on LMPs an insignificant amount of resources – 0.04 percent of GDP in 2017, suggesting that LMPs are severely underdeveloped and underfunded. LMPs include cash assistance in case of unemployment and several types of services and ALMPs delivered through the State Employment Service (SES).

15. Programs available to registered job seekers include job search, job counseling, training, vacancy fairs, and public works, with most of the spending going to unemployment assistance. The staff caseload – the ratio of clients to employment counseling staff - is quite favorable and allows to provide employment services based on principles of activation. By the end of 2017, on average there were 43 registered unemployed per one SES staff. Within the European Union, the average staff caseload is around 1:150, while the figure recommended by the ILO is even lower, 1:100.

Self-Employment Program

16. MLSP has put a strong emphasis on self-employment to combat poverty. The fundamental assumption is that families are poor because they have work capable, working age members who are not working. Activating the family members through employment or self-employment would lift such families out of poverty sustainably and permanently. As already discussed, families where not everyone who is work capable is working are not eligible to receive targeted SA – TSSA supports mostly families with members not able to work, or in a much smaller number of cases, working poor families.

17. The first self-employment program was piloted in the Goychay region of Azerbaijan in 2014 in collaboration between the International Labor Organization (ILO) and MLSP. The pilot was funded by ILO, while SES provided facilities and the list of potential trainers. Ultimately four trainers were trained by ILO (ToT) and there were 21 participants (17 male, 4 female) who were selected as trainees. The participants were selected jointly by ILO and SES and the decision was taken based on a series of interviews. Emphasis was put on the background of the applicants, especially whether they had any previous experience in the economic activity they were planning to undertake and whether they had any connections or relations that could help with the activity implementation such as education and family background. Both the future trainers and program participants were trained together for a period of two months. The 2 month-training focused primarily on the: (i) legal requirements; (ii) development of a business plan; (iii) tax rules; (iv) basic accounting; (v) marketing tools and activities; (vi) SI requirements; and (vii) employment principles (for those who may employ workers later).

18. The joint ILO-SES committee reviewed and approved proposed business plans, the participants were given grants to start the implementation (about 4,000 AZN per participant). The total budget, for grants financed by ILO was 61,560 AZN. Most of the activities were in agriculture: livestock farming – 10; poultry farming 2; beekeeping – 1; gardening - 1; greenhouse – 5; computer courses – 1; and grocery shop -1. ILO, which monitored the pilot, assessed it as a success. Subsequently, in 2016, a small second pilot was implemented in the Shamakhi region in Azerbaijan with the support of the Turkish Development Agency, which provided 1 Turkish trainer for bee farming. The program included 11 persons with



disabilities, each of whom, in addition to the training, also received 10 bee boxes and some additional equipment. This program was also assessed as fully successful.

19. Building on the two pilots, it was decided in 2016 to roll out the self-employment programs nationally. To fund the program, 6 million AZN from the President Fund was approved. The program was implemented in 2017. It covered 84 regions and cities and it provided training and assets to 1,281 participants. The program was divided into 6 stages: (i) preparation; (ii) training of local trainers; (iii) selection of participants; (iv) training of participants; (v) approval of business plans; and (vi) purchase and delivery of assets. For each of the 10 economic zones in Azerbaijan 1 representative from SES was appointed to supervise the program in his/her economic zone.

20. Overall, out of 800 applicants for trainers' positions, 138 were selected and underwent a 90-day training by ILO. The selection was based on a set of pre-defined criteria (language skills, education, training experience, economic experience and business plan experience) and a personal interview conducted jointly by ILO and SES. The trainees were paid by ILO and received a salary of \$500 per month. Regarding the participants, 1,767 participants were selected, of whom 1,644 completed a two-month training; 1,339 business plans were approved and finally, 1,281 participants received assets (58 dropped out, while waiting for the assets). Each of the awarded participants, received on average a grant of 4,000 AZN, which was used to purchase assets needed to implement the business plan.

21. Based on the results of the two pilots, MLSP decided to expand the program in 2018. It invested 35.8 million AZN from the unemployment insurance fund to provide self-employment grants (in assets worth 6,000-7,000 AZN) to close to 8,000 participants. The priority groups for the program participation have been persons with disability and "socially marginalized and not protected people". The criteria for the distribution of funds among regions has been based on a labor market analysis carried out by MLSP, including data on the unemployment rate and the number of farms (the exact allocation mechanism is currently unclear). It is expected that most of the business plans would pertain to projects in agriculture (farming). The interviews with the shortlisted participants are planned to be conducted by the SES officers and the self-employment trainers. There is a discussion to shorten the training of the participants from 2 to 1 month, while keeping the total number of training hours unchanged. The program is planned to be announced on the website of MLSP with the possibility for online application.

22. In addition to MLSP's rollout, UNDP is implementing an additional scheme under the self-employment program aimed at supporting persons with disabilities. UNDP is currently piloting an intervention under the umbrella of the self-employment program that is specifically targeted towards persons with disabilities. Over the period 2019-2024, UNDP plans to assist 500 beneficiary families with entrepreneurship and other supporting training services as well as startup capital to set up their businesses. Individuals can receive the equivalent of up to AZN 9000 through in-kind asset transfers.

Relationship to CPF

23. The proposed operation is built around supporting the government's Self-Employment Program. The objective of this program is to strengthen self-employment and entrepreneurship as a pathway out of poverty and in to the labor market for vulnerable individuals. The improvement and scale-up of the self-employment program is consistent with the recently adopted the "Employment Strategy of the Republic of Azerbaijan for 2019-2030"² and its action plan in draft. The third priority direction on "increasing the scope and efficiency of the active labor market programs and strengthening the integration of citizens in need of social protection and who have difficulties in finding an employment into labor market" points to the need to enhance the effectiveness and scale of interventions supporting entrepreneurship and self-employment through "ABAD" centers and the self-employment program.

² On October 30, 2018 President of the Republic of Azerbaijan ordered a Decree on "Approval of the Employment Strategy of the Republic of Azerbaijan for 2019-2030".



24. The proposed project supports two CPF objectives. The project will focus on improved delivery of public self-employment support services which will directly contribute to the achievement of CPF Objective 1.2 (Support access to and satisfaction with public services). The project will also promote financial inclusion of MSMEs and the B40, in line with CPF Objective 2.2 (Support enhanced access to finance for MSMEs) through its focus on complementary business support services.

C. Proposed Development Objective(s)

The Project Development Objective is to improve the access of vulnerable people to self-employment and income generating opportunities in Azerbaijan.

Key Results (From PCN)

1. Share of SEP participants with an enterprise³ in operation 6 months after the in-kind transfer (by vulnerable groups including by gender, by TSSA participation, disability, IDP);
2. Share of SEP participants with an enterprise in operation 12 months after the in-kind transfer (by vulnerable groups including by gender, by TSSA participation, disability, IDP);
3. Number of TSA beneficiaries graduating from TSA due to increased income from SEP-supported enterprises or formal employment;
4. Increased share of poor and vulnerable individuals (youth, women, internally displaced people, individuals with disabilities) that are placed in jobs as a result of activation services and employment support programs administered by the State Employment Services.

D. Concept Description

25. The proposed project aims to improve employment outcomes (employment status and earnings) among vulnerable groups of jobseekers: youth, women, internally displaced people, individuals with disabilities and those with lower levels of education, including beneficiaries of the Targeted State Social Assistance (TSSA) program. The project will achieve this by (i) scaling up and improving the effectiveness of the Self-Employment Program (SEP); (ii) strengthening program implementation capacity in the State Employment Services (SES), along with the capacity to provide a broader menu of activation and employment support programs (job intermediation services and vocational training interventions); and (iii) improving monitoring and evaluation practices of the SES.

Component 1: Enhancing the scope and effectiveness of the Self-Employment Program (SEP)

26. This component will improve the design and implementation of the existing SEP based on international evidence, best practices and local labor market conditions. The project will support the scale-up of the program and enhance the program effectiveness by improving its targeting, by extending the scope to income generating activities not related to farming and livestock, by introducing complementary support services to increase the likelihood of business survival in the medium to longer term and by strengthening the coordination with the TSSA program.

Subcomponent 1.1: Expanding the program scale and scope of support

27. Self-employment, and in particular entrepreneurship, may not be suitable for all individuals, especially those who are

³ For the purposes of the PDO indicators, the term “enterprise” is used in accordance with its OECD definition, i.e. “a project or venture undertaken for gain”. This includes all income generating activities, formal or informal, carried out in the context of the SEP.



at the very bottom of the income distribution or those who are more likely to access wage employment opportunities. Accordingly, SEP could be better targeted to individuals screened for their entrepreneurial attitude/knowledge and to business development in sectors other than agriculture (currently about 75 % of businesses established through the Self Employment program are in farming and the selection is done in an ad hoc manner). This sub-component would support (i) the development of specific vocational skills training modules (in addition to the ILO standard training module currently implemented) specific to selected non-farming activities/occupations in demand based on the analysis of local economy and (ii) the scale up of the program to about 25,000 beneficiaries over a four-year period. The development of the short skills training courses will be aligned with local labor market conditions, with demand from program applicants and to fill the gaps of the existing supply of professional training by the local Vocational Training Centers.

Subcomponent 1.2: Testing the introduction of complementary business support services for SEP beneficiaries

28. This sub-component will support the piloting and evaluation of a comprehensive package of support services for beneficiaries of SEP as a way to increase the likelihood of their business success, profitability, and sustainability over time. The SEP is currently a livelihood support program providing assets for income generating activities among poor rural people. This sub-component will invest in complementary services that could turn livelihood activities for successful SEP participants into growing businesses, as a possible further graduation pathway. Specifically, the subcomponent will finance advisory services to (i) provide regular mentoring visits and advisory services during the first six months of business operation, relevant business skills and practices, including market development and intelligence, as well as management capacity for individuals who want to create micro-enterprises; (ii) connect the small-scale producers to priority value chains (local, regional and global); (iii) facilitate the establishment of social enterprises and social cooperatives; (iv) provide services to acquire required licenses and permits; (v) offer financial literacy training; (vi) promote access to affordable finance from formal sources (for example, the Entrepreneurship Fund) and to relevant financial products; and (vii) improve the linkages with subsidized credit programs (for example, those run by the Ministry of Agriculture).

Subcomponent 1.3: Improving the coordination between the SEP and the TSSA program

29. As many of the applicants may be TSSA beneficiaries, the SEP should work hand in hand with TSSA to ensure a sustainable exit from the TSSA program – as well as reentry for those who do not manage to establish sustainable livelihood through the program. Activation of TSSA beneficiaries requires improved business processes and adaptation of the organization of work in the SES, including re-organization of front-line services to provide one stop shops for vulnerable people and reduce caseloads for job counsellors to ensure that they have more time per client. To this end, this sub-component will contribute to (i) clear institutional arrangements, roles and responsibilities between the SES, the MLSP and SEP at the national and municipal level to coordinate the activation of TSSA beneficiaries and their exit from the TSSA cash transfer as well as to ensure re-entry in to the program if needed; and (ii) develop a TSSA graduation strategy and action plan that builds on the enhanced SEP as well as on other active measures supported through the project. The TSSA graduation strategy would introduce design features to promote TSSA beneficiaries' active behavior/incentives for example by introducing conditionalities to accept appropriate SES job offers and offers to participate in ALMPs, sanctions in case of non-compliance with requirements and responsibilities and by setting some rules to gradually removing the TSSA benefits once the living conditions (family income) improve.

Component 2: Strengthening employment services and programs

30. Since not all jobseekers have the attitude and motivation to become successful entrepreneurs, increasing the quality of job assistance and intermediation services would contribute to improve employment outcomes of vulnerable jobseekers.⁴ Currently, very few vacancies and only 13 percent of the unemployed register at SES (the registration is

⁴ For instance, assistance to write a good CV, strengthen interviewing skills, soft-skills development, technical (re)training, better information on vacancies. First time labor market entrants (youth) may need, apprenticeship, internships.



necessary for TSSA recipients). Most job seekers find jobs outside SES. Registered jobseekers, including SEP beneficiaries, may also be interested in obtaining new skills through vocational trainings, or becoming employed in public or private sector jobs, which in turn requires linkages with active labor market programs managed by SES, or other relevant interventions such as agricultural or entrepreneurship programs.

Subcomponent 2.1: Strengthening SES's capacity to deliver employment services.

31. This subcomponent would help improve SES' capacity to perform its core tasks in the employment service delivery chain, including: reaching out to inactive people, profiling of registered job seekers to allow improved targeting of services, delivery of job search assistance services, counselling, job matching and referral to appropriate employment programs. This subcomponent would also support SES in improving its outreach to employers, collect more vacancies, but also to provide more specialized and expanded hiring services for firms. Specifically, this sub-component will support: (i) the development of a methodology and related IT tools for jobseeker profiling, individualized case management and job-matching algorithm, as well as regular training and certification programs for SES employees and (ii) regular training and certification programs for SES and MLSPP employees. The profiling methodology will include guidelines on what kind of support jobseekers with different characteristics (such as age, education, length of job search, TSSA participation) would need; and which type of ALMP works best for what kind of jobseeker (based on evidence generated from better monitoring of ALMP). Special attention will be paid to building the capacity to profile and provide individualized case management to TSSA beneficiaries and other vulnerable groups that are more difficult to serve and place in jobs.

Subcomponent 2.2: Piloting a new youth employment program

32. This sub-component support MLSPP and SES to expand the supply of skills development and employment support programs currently offered to best meet the needs of recent graduates. Specifically, this sub-component will invest in designing, piloting and evaluating a new active labor market program targeted to young graduates to facilitate their transition from school to the labor market. The program is meant to equip young graduates with the job-relevant skills acquired by learning on the job through either an internship or a wage subsidy program to be further discussed.

Subcomponent 2.3: Foster job-relevant skills development through upscaling and diversifying vocational training

33. This sub-component would support the MLSPP to improve the quality, scope and delivery of professional training programs. The current provision of professional training delivered by the MLSPP is limited and is not responsive to employers' needs (based on qualitative evidence collected through employers' association and selected employers). Furthermore, it is not coordinated with skills provision within the formal VET system implemented by the National Agency for Vocational Education (NAVE).

34. The activities to be supported could include: (i) a need assessment of the current professional training provision by the Vocational Centers mapped to MLSPP; (ii) improving the quality of the training and the demand-responsiveness of public *Vocational Training Centers* to introduce new competency-based trainings or improve their existing offerings. The support would include adaptation of curricula, training of trainers and assessors, training-learning resources both for students and instructors, development of students' counselling, placement and tracing routines in close partnership with the private sector and NAVE. The proposed needs analysis will inform the design and implementation of the programs. Activities could also include (iii) stimulating private provision of training in selected occupations by piloting a competitive grant program for private training providers that can demonstrate good results and know-how in and strong linkages with the firms in the private sector. This could allow the government to tap on the promising providers (in priority/identified sectors), and at the same time scale up provision and quality of trainings.

Component 3: Project management / monitoring and evaluation

35. Administrative record keeping – ideally publicly available – provides important information to monitor programs' implementation, and to identify potential bottlenecks and solutions. Collecting household surveys and the capacity to



analyze microdata are in turn key to track the performance of social protection and labor programs over time, and to assess their distributional impacts, including impacts on poverty and inequality. Monitoring activation and employment support programs should not only serve the purpose of tracking outcomes (job placement and quality of jobs), but they should also provide insights into program design and implementation – for example, whether the net income from self-employment for example is sufficient to ensure sustainable livelihood – and to identify obstacles, issues and lessons learned. To this end, this component will support (i) the regular monitoring of key indicators to track the performance of the different employment programs implemented by the SES, including input indicators (budget executed, administrative and equipment expenses and number of staff employed by task) and output indicators (i.e. number of employers contacted, number of vacancies by sector and firm ownership, number of referrals, number of jobseekers that were offered, accepted or refused a job offer, job placement through intermediation services and ALMPs); (ii) tracer studies of the employment trajectories of SES beneficiaries; (iii) a rigorous impact evaluation of SEP; (iv) communication campaign to increase the awareness about existing employment support programs and services; (v) training for survey and program administrative data analysis to generate relevant statistics to inform policy making; and (vi) the overall project management and reporting requirements. The component will also finance a project implementation unit (PIU) in MLSP to manage the overall project.

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

Summary of Screening of Environmental and Social Risks and Impacts

The environmental risk of the project is rated as moderate because project activities will not cause environmental risk or impact on human population and environment. The social risk is rated as moderate reflecting: (i) significant political and governance risks outlined in the project concept note; (ii) the required analysis of a broad range of social issues, including measures for improving beneficiary targeting; (iii) the capacity building support to the client for effective stakeholder engagement; (iv) support for ESS2 and the overall ESF compliance necessary for this project. Overall, the project doesn't have significant negative social impacts and the project aims to improve employment opportunities among vulnerable groups of jobseekers: youth, women, internally displaced people, individuals with disabilities and those with lower levels of education, including beneficiaries of the TSSA program.

Note To view the Environmental and Social Risks and Impacts, please refer to the Concept Stage ESRS Document.

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