

Document of
The World Bank

FOR OFFICIAL USE ONLY

Report No: 54419-SL

INTERNATIONAL DEVELOPMENT ASSOCIATION

PILOT IDA CRISIS RESPONSE WINDOW

EMERGENCY PROJECT PAPER

ON A PROPOSED

CREDIT IN THE AMOUNT OF SDR 7.5 MILLION
US\$11.0 MILLION EQUIVALENT

AND

GRANT IN THE AMOUNT OF SDR 6.2 MILLION
(US\$9.0 MILLION EQUIVALENT)

TO THE

REPUBLIC OF SIERRA LEONE

FOR A

YOUTH EMPLOYMENT SUPPORT PROJECT

June 16, 2010

Social Protection Sector Unit
Country Department AFCW1
Africa Region

This document has a restricted distribution and may be used by recipients only in the performance of their official duties. Its contents may not otherwise be disclosed without World Bank authorization.

CURRENCY EQUIVALENTS
(Exchange Rate Effective: May 31, 2010)

Currency Unit = Leone (LE)
Le 3,845 = US\$1
SDR 0.6783 = US\$1

FISCAL YEAR
January 1 – December 31

ABBREVIATIONS AND ACRONYMS

AfDB	African Development Bank
BCPR	Bureau for Crisis Prevention and Recovery
CAS	Country Assistance Strategy
CHYAO	Children and Youth in Africa
COC	Community Oversight Committee
COOPI	Cooperazione Internazionale/International Cooperation
EA	Environment Assessment
EC	European Commission
ESMF	Environmental and Social Monitoring Framework
FM	Financial Management
FSRP	Food Security and Reconciliation Project
GTZ	Gesellschaft für Technische Zusammenarbeit/German Technical Cooperation
HDI	Human Development indicators
HIV-AIDs	Human Immunodeficiency Virus/Acquired Immune Deficiency Syndrome
ICT	Information and Communication Technologies
IFC	International Finance Corporation
IFR	Interim Financial Monitoring Report
IRC	International Rescue Committee
ILO	International Labor Organization
IPAU	Integrated Project administration Unit
ISN	Interim Strategy Note
IVS	Inland Valley Swamp
JAS	Joint Assistance Strategy
MDA	Ministry, Department and Agency
MOFED	Ministry of Finance and Economic Development
NaCSA	National Commission for Social Action
NGOs	Non-Governmental Organizations
NPPA	National Public Procurement Authority
NYC	National Youth Commission
OPARD	Organization for Peace Reconciliation and Development
PBF	Peace Building Fund
PMP	Pest Management Plan
RPF	Resettlement Policy Framework
SLETFUND	Sierra Leone Employment Trust Fund
SLYEO	Sierra Leone Youth Organization

UNDP United Nations Development Program
UNV United Nations Volunteers
YESP Youth Employment Support Project
YS Youth Secretariat

The project has been prepared by an IDA team including Mirey Ovadiya, John Van Dyck, Josiane Luchmun (AFTSP); Paula Rossiasco, Beatrix Allah Mensah (AFTCS); Nyaneba Nkrumah (AFTEN); Victor Macias (HDNCY); Rodrigo Garcia Verdu (LCSP); Joyce Olubukola Agunbiade (AFTFM); Ferdinand Tsri Apronti (AFTPC); Rajiv Sondhi (CTRFC); Marjorie Mpundu (LEGAF); Gareth Howell (Consultant) and technical specialists from UNDP (Keith Wright) and ILO (Maria McLaughlin and Kwaku Osei Bonsu).

Vice President : Obiageli Ezekwesili
Country Director : Ishac Diwan
Country Manager : Engilbert Gudmundsson
Acting Sector Director : Tawhid Nawaz
Sector Manager : Lynne Sherburne-Benz
Task Team Leaders : Mirey Ovadiya/John Van Dyck

SIERRA LEONE
Youth Employment Support Project

CONTENTS

	Page
A. Introduction.....	1
B. Emergency Challenge: Country Context, Recovery Strategy and Rationale	1
C. Bank Response: The Project	7
D. Appraisal of Project Activities.....	11
E. Implementation Arrangements and Financing Plan.....	15
F. Project Risks and Mitigating Measures	17
G. Terms and Conditions for Project Financing	19
Annex 1: Detailed Description of Project Components.....	20
Annex 2: Results Framework and Monitoring.....	28
Annex 3: Summary of Estimated Project Costs.....	33
Annex 4: Financial Management and Disbursement Arrangements	34
Annex 5: Procurement Arrangements.....	48
Annex 6: Implementation and Monitoring Arrangements.....	55
Annex 7: Environmental and Social Safeguards Framework	58
Annex 8: Economic and Financial Analysis	60
Annex 9: Overview of Youth Employment Programs and Lessons Learned.....	62
Annex 10: Impact Evaluation Design	73
Annex 11: Overview of Vocational/Skills Training Capacity in Sierra Leone	75
Annex 12: Labor Market Analysis.....	78
Annex 13: Project Preparation and Appraisal Team Members	90
Annex 14: Statement of Loans and Credits	91
Annex 15: Country at a Glance.....	93
Annex 16: Map	95

SIERRA LEONE

YOUTH EMPLOYMENT SUPPORT PROJECT

EMERGENCY PROJECT PAPER

AFRICA

AFTSP

Date: June 16, 2010	Team Leaders: Mirey Ovadiya/John Van Dyck
Country Director: Ishac Diwan	Sectors: Other social services (100%)
Sector Manager/Director: Lynne D. Sherburne-Benz	Themes: Social safety nets (50%); Other social protection and risk management (50%)
Project ID: P121052	Environmental category: Partial Assessment
Lending Instrument: Emergency Recovery Loan	Joint IFC: No
	Joint Level:

Project Financing Data

Loan Credit Grant Guarantee Other:

For Loans/Credits/Others:

Total Bank financing (US\$m.): 20.00

Proposed terms: 10-year grace period and 40-year maturity.

Financing Plan (US\$m)

Source	Local	Foreign	Total
BORROWER/RECIPIENT	0.00	0.00	0.00
International Development Association (IDA)	20.00	0.00	20.00
Total:	20.00	0.00	20.00

Borrower: Republic of Sierra Leone

Responsible Agency:

Ministry of Finance and Economic Development

Ministerial Building, Siaka Stevens Street

Sierra Leone

Tel: (232-22) 222-211

Estimated disbursements (Bank FY/US\$m)

FY	11	12	13						
Annual	7.00	8.00	5.00						
Cumulative	7.00	15.00	20.00						

Project implementation period: Start: June 29, 2010 End: June 30, 2013

Expected effectiveness date: July 15, 2010

Expected closing date: June 30, 2013

Does the project require any exceptions from Bank policies?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Have these been approved by Bank management?	<input type="checkbox"/> Yes <input type="checkbox"/> No
Does the project include any critical risks rated “substantial” or “high”?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No

Project development objective

The specific objective of the project is to increase access to short-term employment opportunities and improve employability of targeted youth. The program seeks to address constraints on the demand and supply side of the labor market namely: (i) to improve technical capacity and promote creation and/or expansion of small youth owned enterprises in economically viable activities; (ii) to improve skills base of young people to make them more employable; and (iii) to provide a safety net and income supplement for the most vulnerable youth through public works. The program will be scaling up ongoing interventions to increase number of beneficiaries and expand geographic coverage. The project will pay particular attention to learning from its experiences through impact evaluations designed around different interventions. Finally, the program is expected to reduce social pressures and the risk of conflict by providing employment support to about 30,000-35,000 vulnerable youth over a period of three years.

Project description

The Project will finance a package of short term to medium term interventions and build on successes of existing youth employment support programs. It will also provide institutional support to national structures, and finance policy studies and analysis to support effective national coordination of youth employment support initiatives. More specifically it will support three components as follows: (i) labor intensive cash for works; (ii) skills development and employment support; and (iii) institutional support and policy development.

Which safeguard policies are triggered, if any?

The project is classified as a category B project. The project triggers O.P 4.01 (Environmental Assessment), O.P 4.09 (Pest Management), O.P 4.04 (Natural Habitats) and O.P 4.12 (Involuntary Resettlement). These safeguard policies are largely applicable to component 1 (Cash for Works), which finances public works, but also component 2, which may finance some agricultural inputs. Public disclosure of an Environmental and Social Monitoring Framework (ESMF), which would include mitigation of risks to natural habitats, a Pest Management Plan, and a Resettlement Policy Framework (RPF), will be a condition of effectiveness.

Effectiveness Conditions

Conditions of effectiveness are as follows:

- a) adoption of the Project Implementation Manual (PIM);
- b) finalization and disclosure of the Environmental and Social Management Framework (ESMF), Resettlement Policy Framework (RPF) and the Pest Management Plan (PMP); and
- c) signing of a subsidiary agreement between the Ministry of Finance and Economic Development and NaCSA

A. Introduction

1. This Project Paper seeks the approval of the Executive Directors to provide a credit in the amount of SDR 7.5 million (US\$11.0 million equivalent) and a grant in the amount of SDR 6.2 million (US\$9.0 million equivalent) under the pilot Crisis Response Window (CRW) to the Republic of Sierra Leone for a Youth Employment Support Project (YESP).
2. The proposed operation would help finance the costs associated with mitigating the impact of the global financial crisis on one of the most vulnerable groups in Sierra Leone, i.e. the youth (people aged 15-35). The project will help respond to the situation by supporting short-term employment through the Government's Cash-for-Work safety net program and testing approaches for improving livelihoods and employability among the youth.
3. The project is part of a coordinated Joint Response to the youth employment crisis by Government and donor partners, including the Bank, the United Nations Development Program (UNDP), Gesellschaft für Technische Zusammenarbeit (GTZ), the International Labor Organization (ILO), and the European Commission (EC).

B. Emergency Challenge: Country Context, Recovery Strategy and Rationale

Country Context

4. Sierra Leone remains close to the bottom of the UN Human Development Index, ranking 180th out of 182 countries. More than 60 percent of the population lived in poverty in 2007, representing a significant fall of between 6 and 8 percent since the end of the conflict in 2002. Given the current global crisis, there are risks that poverty rates may start rising again. Since the war, the availability of services has improved significantly, in line with the decentralization and devolution of authority to local authorities. The proportion of population with access to a health clinic within 30 minutes has risen from 29 percent to 49 percent. And, through support from a variety of health initiatives, there may be early signs of a fall in mortality, particularly among children under five.¹ The government launched its initiative to ensure free access to healthcare for mothers and children in April 2010, which has created a significant organizational and financial challenge. In education, enrollment rates have risen significantly. Sierra Leone will probably have poor human development indicators (HDI) for years to come, but a move out of the bottom positions is feasible in the relatively near future.
5. Sierra Leone's economic performance has been adversely affected by the global economic downturn. As in many African countries the principal transmission channel has been through the real sector affecting imports and exports, remittances and GDP growth—which has in turn lowered Government revenues.
6. Plummeting prices for diamonds, Sierra Leone's main export, caused export earnings from that source to fall from US\$169 million in 2007 to US\$117 million in 2008, and an estimated US\$96 million in 2009. Imports of Sierra Leone's main food staple, rice, more than

¹ The provisional results of the Sierra Leone 2008 Demographic and Health Survey (DHS) indicate that the infant and under-five child mortality rates have significantly improved to 89 and 140 per 1,000 live births, respectively.

doubled from US\$21 million in 2007 to US\$52 million in 2008, and were estimated to have lessened only slightly to US\$47 million in 2009² Overall, terms of trade worsened by 2.5 percent in 2008 and 8.3 percent in 2009. Remittances from abroad, which have played a critical safety net role, declined significantly in 2009, although the weak data base for these prevents precise estimation of the extent of decline. A lower bound estimate of the fall in remittances suggests that they declined by at least 10 percent in 2009. The drop in diamond prices also trickled down to adversely affect the incomes of small scale artisanal producers. Taken together the impact on household and personal disposable incomes of falling diamond prices, increased prices of food staples such as rice, and reduced remittances cannot be overstated.

7. Real growth in 2009 was reduced by as much as 1.5 percentage points as a result of lower exports and remittances. GDP growth is estimated to have declined to 4.0 percent in 2009 (that is, approximately 1.5 percent in per capita terms) whereas the expectation and forecast was for an annual increase of 5.5 percent in real terms. Lower export demand and remittances, and deteriorating terms of trade are believed to have played an important role in the deceleration of economic activity in 2008 and 2009. In contrast, GDP growth averaged 7.0 percent per year over the period 2000-07.

8. Youth (people aged 15-35) account for 34 percent of Sierra Leoneans. They are one of the groups hardest hit by the economic slowdown, given the need for high levels of growth to absorb the large youth population into productive jobs. Despite the country's robust growth performance after the end of the civil war, unemployment and underemployment in Sierra Leone has remained high, particularly among young people. Using data from the 2004 Census and the 2003 Sierra Leone Integrated Household Survey, Peeters et al. (2009) found that despite a very low official unemployment rate of 4 percent, up to 800,000 people between ages 15 and 25 are unemployed, are employed without remuneration, or are underemployed (see Annex 14 for details). It is estimated that the economy will take nearly a decade to create the additional 800,000 jobs, if it grows at an average annual rate of 7 percent.

9. The lack of productive employment for youth is not only an economic problem, but also represents a major political and security risk. Many male youth were combatants in the civil war. A generation of young people received little if any schooling, and has few employable skills and little work experience. Many were uprooted from rural areas and sought refuge in cities, notably Freetown. As the 2012 elections draw nearer, youth unemployment may increasingly become an issue of peace and stability that needs to be managed.

10. Many analysts cite the marginalization of youth and their lack of economic opportunities as one of the main causes of the recent civil war. The foundation of the social organization, especially in rural areas, is based on family lineages, which control access to land. The possibilities for non-landowning families and individuals to develop more independent livelihoods are limited. Land access and labor opportunities are controlled by the elders, who exercise strong social controls over the younger generations. The younger generation, in particular, has been in a disadvantaged position as they lacked voice and means in this social context.

² IMF: Fifth Review Under the Arrangement Under the Poverty Reduction and Growth Facility, January 2010

11. Social patterns in the post-conflict period are changing and youth organizations have flourished as a mechanism to balance power relationships. However intergenerational tensions remain as economic means are still controlled mainly by male elders often limiting opportunities for youth in rural areas. Large numbers of youth have migrated to urban centers as a mechanism to reduce their vulnerability to exploitation by village elders and uncertainty in the returns on investment of their main asset (labor). This migration has resulted in a large concentration of young people often with little to no education in some urban areas adding to the social tensions and economic pressures in urban centers. (Peeters et al, 2009)

12. Most of the population cannot afford not to work, and will accept extremely low remuneration and conditions in exchange for their labor. Young people in urban areas are 25 times more likely to be unemployed than their rural counterparts. The unemployment rates in urban areas reach 17 percent for adolescents. Despite the low overall level of unemployment, inactivity and underemployment are pervasive³. Labor market inactivity rates are high among young people in Sierra Leone, especially for men and urban residents.

13. In many developing and developed countries alike, unemployment rates tend to be significantly higher for youth⁴ than for the general population: on average, youth unemployment rates are twice as high as the general unemployment rate, and three times as high as the adult unemployment rate (World Development Indicators, 2009). In this respect Sierra Leone is no exception, although the situation is accentuated for the case of the cohort whose education was truncated by the civil war. Furthermore, the standard unemployment measures may not capture the full extent to which youth are idle or underemployed, since the official definition of unemployment by the International Labor Organization (ILO) relies on subjective self classification.

14. Another important challenge in Sierra Leone is the low level of human capital of its population whereby the average number of years of education completed in Sierra Leone is half of that of India, one third of China and Latin America and a fourth of South East Asia⁵. The civil war has disrupted the availability and quality of educational services and created a lot of disincentives for young people to remain in school. In particular, the youth cohort that grew up during the civil war, was exposed to violence from a very young age, and was deprived from even a basic education or was forced to abandon school early. As a result, members of this generation have less employable skills, are less prepared for the job market and face a more difficult transition to adulthood than either younger or older cohorts (see Peeters et al. (2009), passim Ch.1, and World Bank (2010)).

³ *Unemployed* is defined as a person not in school or working who is actively looking for work. *Underemployed* refers to person with seasonal or part-time work who would like to work more. *Inactive* means a person who is not in school, working in paid labor, or looking for a job.

⁴ Defined as people aged 15 to 24 which is different that the definition used in Sierra Leone.

⁵ Barro and Lee, 2001

Recovery Strategy

15. ***Government response.*** In December 2009, the Government of Sierra Leone established a National Youth Commission (NYC) with the objective of empowering youth to develop their potential. The NYC is charged with the responsibility of implementing, coordinating and monitoring development programs aimed at creating employment opportunities for youth; developing a comprehensive national youth development plan; collaborating with other government agencies and NGOs on youth skills training; addressing drug abuse by youth; disseminating information on services for the youth; and coordinating the activities of youth groups and youth-serving organizations. While the Commission is established by law, it is not operational as its members and Board have not yet been appointed. In the interim, the Youth Secretariat (YS), a directorate under the Ministry of Education, Youth and Sports is taking a lead role in coordinating the Government youth agenda. The YS is expected to be absorbed into the NYC once the latter is operational.

16. The activities of the Youth Commission are also to be grounded in the priorities set forth the Government's poverty reduction strategy, called the Agenda for Change (2008-2012). The Agenda for Change outlines a strategy to promote youth employment and empowerment through five programs as follows:

- *Support to Youths in Agriculture.* This includes continued support to individuals and youth groups with skills, or those currently engaged in agricultural production and processing. It involves activities such as inland valley swamp (IVS) rice cultivation, groundnut and vegetable production, cassava cultivation, processing and preservation and activities in livestock restocking. A Youth Agricultural Farm Scheme that will provide support for production centers for young people to receive training for a specific period will be implemented. The production centers will be equipped with basic recreation and other relevant facilities.
- *Support for Viable Youth Enterprise.* The major objective of this program is to empower youths, alleviate poverty, stimulate economic activity and provide immediate employment opportunities. Providing skills and opportunities for earning is the most basic aspect of economic development. Young people are excessively represented among the ranks of the poor. Young men and women will be equipped to take control of their own lives and create sustainable and healthy money making options. Individuals and youth groups with business interest and marketable talents will be targeted and empowered through appropriate vocational training, apprenticeship and ICT skills. There will be linkages to activities in the agricultural sector through inputs to young farmers, or adding value to their production for self-sustaining local markets.
- *Labor Intensive Public Works Schemes.* Inadequate or battered infrastructure is a major impediment to economic development in contemporary Sierra Leone; it increases the cost of producing goods and services to levels that make them less competitive. Improving the country's infrastructure through labor-intensive public works schemes could both create numerous job opportunities and also remove this impediment to economic growth. Infrastructure projects with social benefits such as roads, maintenance and rehabilitation

of roads and culverts, and environmental sanitation can be supported to create jobs for unemployed youths.

- *Waste Management and Disposal Project.* Solid waste collection, disposal and recycling can be outsourced to youth enterprises in collaboration with the Freetown City Council for a fee. Other targeted areas of coverage will be Bo, Kenema, Koidu and Makeni City Councils.
- *Handy Corps Scheme.* The scheme will target unemployed youths, organizing themselves into micro-enterprises, after short-term training in the repair and maintenance of basic services (telephone, electricity and water), and provision of other services in the community where they live. Collaboration with public utility companies is necessary for the scheme to be effective. Skills development and training in the provision of repairs and maintenance of basic services will be required. After graduation, the youths will be able to access financial resources from the SLETFUND (as grants and/or loans) as start-up capital, for registration as a micro business, acquisition of tools and equipments and office space, as well as a hotline telephone number.

17. *Donor Response.* This project is part of a coordinated Joint Response on the part of the Government and the key development partners active in youth employment in Sierra Leone: the UN family (UNDP and ILO), GTZ, the World Bank, and the European Union. The Joint Response has a three year duration and is made up of parallel programs and funding from the respective partners. Interventions under the Joint Response are categorized into six broad areas: Labor Intensive Public Works; Private Sector and Agro-Business Jobs; Skills Development and Employment Support; Youth Empowerment; Research on the Situation of Youth; and Sector Planning and Coordination.

18. As part of the Joint Response, the United Nations, as described in its Joint Vision (2009-2012), has developed a US\$13.0 million program for the economic and social integration of youth. The objective of the program is (i) to increase economic opportunities for youth to enable them to contribute to economic and political life without resorting to violence; (ii) to give them greater national representation; (iii) to finance a national public works program to provide temporary employment for at least 200,000 young men and women; (iv) to support a program that provides focused basic education and market demand driven vocational training programs; (v) to support a public - private sector cooperation scheme that provides a channel for the private sector to play an increasing role in absorbing young men and women in long term gainful and decent employment; (vi) to support a national service scheme for university graduates that absorbs at least 5,000 young men and women with university degrees in central and local Government administrations; and (vii) to support a scheme for young entrepreneurs that provides easy access to Business Development Services.

19. The US\$13.0 million GTZ program (2008-2011) aims to create sustainable employment opportunities with a particular focus on the agriculture sector through: (i) promotion of agriculture value chains and out grower schemes; (ii) small and medium enterprises; (iii) skills development and non-formal education; (iv) voluntary resettlement and reintegration of displaced youths and (iv) regional development.

20. The EU (2008-13) assistance strategy provides targeted support for private-sector development and job creation in the main productive sectors of the economy, notably agriculture, fisheries, mining and tourism. In particular, in agriculture, it promotes cultivation of cash crops with export potential, while improving market access for local agricultural commodities. Although these interventions do not solely benefit youth, they do favor youth as beneficiaries.

21. There are promising small scale pilot programs, supported by UNDP, GTZ, EU and the World Bank (See Annex 10). Those supported by UNDP and the Bank (with funding from the Italian Trust Fund for Children and Youth in Africa (CHYAO)) are implemented by NGOs and civil society organizations, utilizing creative private sector based skills training approaches and apprenticeship models, and focusing on the agriculture sector, business management, product marketing and provision of access to credit and markets to small businesses or youth groups organized as cooperatives. GTZ and UNDP mid-term evaluation of a number of these pilot programs suggest that these approaches can be scaled up in select urban and rural areas with population density and/or potential in select sectors such as agriculture to provide support and opportunities to a larger number of youth.

Rationale

22. The rationale for the choice of an emergency intervention focusing on youth employment is based on (i) the vulnerability of youth to a slowdown in job creation due to their marginal position in the Sierra Leone labor market; (ii) the government's urgent request for support in the area and the priority given in the Agenda for Change, its poverty reduction strategy, to addressing the political and social risks associated with youth underemployment and unemployment; and (iii) the extensive analysis of the sector already undertaken by the Bank (Youth Employment in Sierra Leone, 2009) and partners. The strategy identifies youth unemployment as one of the three key risks facing the country—due to its potential, if not appropriately addressed, to result in social unrest and threaten the country's peace and security—especially because of the large number of youth who are ex-combatants. This rationale is consistent with one of the objectives of the pilot crisis response window to assist eligible countries in developing, implementing and monitoring programs to manage the poverty, social, and economic impact of the crisis.

23. Youth was at the core of the conflict in Sierra Leone which was fought primarily by marginalized, uneducated rural young people with no access to social and economic avenues. Many of these young men felt in a 'youth trap' in which they were unable to complete their transition into marriage and adulthood. The control of elders over land and employment, and with that over the labor of youth, together with the collapse of the economic system in the 1980s, resulted in social, political and economic marginalization of young people. Although the post-conflict period has brought some change in the intergenerational relationships in Sierra Leone, young people still lack economic opportunities and alternatives for social mobility. Migration of youth from rural to urban areas has also limited opportunities in urban areas, where large numbers of youth are not only under and unemployed, but also have become disconnected from their families and communities. This, together with a hardly hit economy due to current global

economic crisis, increases the risk of instability and social unrest in the country, making the issue of youth employment a critical one in reducing fragility.

24. The project aims to address the impact of the crisis on youth on two levels. First, the project seeks to mitigate the short-term impact of the crisis by providing a safety net in the form of labor-intensive public works. To enhance the sustainable impact of the public works, contractor training for some groups and life skills training for beneficiaries will be provided. In this regard, the project will build on the experiences of the ongoing cash for works program and international experiences and knowledge in partnership with the ILO. To help lay the foundation for the transition to medium and longer-term support for youth employment, the project will also test the scalability and support the development of innovative programs that can make a more sustainable impact on youth livelihoods and employability. The project will make use of the experiences and technical knowledge gained under the UNDP administered Youth Employment Scheme and GTZ youth employment and reintegration programs. The emphasis on testing approaches rather than implementing an immediate large-scale program is due to the lack of proven models that can operate on a large-scale in the Sierra Leonean context.

25. Other options considered included (i) splitting the available resources between a standalone project addressing Youth Skills Development and Employment Support, and an additional financing grant to the ongoing Cash for Works program, and (ii) adding a “Youth Innovation Fund” to the project to support competitively selected proposals from individual youth (entrepreneurs), youth groups, the public and private sector, and NGOs for activities with a potential to improve employability of youth or create employment for youth. The decision was made not to split the available resources into two projects to avoid the added cost and time of preparing two separate operations, take advantage of possible synergies, and consolidate IDA support for youth employment around the newly established Youth Commission. The second option was rejected in order to avoid an overly complex project structure and to prevent the possibility of overlap with other project components.

26. Within the framework of the Joint Response to youth employment issues, the Youth Employment Support Project will benefit strongly from collaboration with donor partners. The UNDP is expected to continue to support institutional development for the Youth Secretariat (and in time, the new NYC) and other key central ministries and agencies. The ILO will provide technical support to the project in particular on the training of contractors involved in the Cash for Work activities, and on soft skills training for Cash for Work beneficiaries. The ILO will also continue to support the Sierra Leone Roads Authority to strengthen their capacity to undertake labor intensive roads rehabilitation.

C. Bank Response: The Project

Brief description of Bank’s strategy of emergency support

27. The Bank emergency support strategy focuses on minimizing the impact of the global financial crisis on the most vulnerable segments of the population. The proposed operation is one of three emergency response instruments that the Bank has already put in place or working on to assist the Government of Sierra Leone to manage the adverse effects of the global financial

crisis. The interventions include: (i) a budget support operation primarily focusing on covering the financing gap in the national budget and ensuring that there are no disruptions in basic service delivery complemented by additional budget support to be provided through a Supplemental Financing operation using pilot IDA Crisis Response Window resources; (ii) an emergency safety net operation which provides cash transfers to the urban and rural poor through public works to reduce the impact of the combined global crisis and food price increases; and (iii) an emergency youth employment support operation to provide short term income support and invest in improving employment opportunities for a very large and vulnerable part of the Sierra Leone population.

Project Development Objectives

28. The specific objective of the project is to increase access to short term employment opportunities and to improve employability of targeted youth. The project seeks to address constraints on the demand and supply side of the labor market namely: (i) to improve technical capacity and promote creation and/or expansion of small youth owned enterprises in economically viable activities; (ii) to improve skills base of young people to make them more employable; and (iii) to provide a safety net and income supplement for the most vulnerable youth through public works. The project will be scaling up ongoing interventions and testing approaches to increase number of beneficiaries and expand geographic coverage. The project will pay particular attention to learning from its experiences through impact evaluations designed around different interventions. Finally, the project is expected to reduce social pressures and the risk of conflict by providing employment support to about 30,000-35,000 vulnerable youth over a period of three years.

Summary of Project Components

29. The Project will finance a package of short term to medium term interventions and build on successes of existing youth employment support programs. It will also provide institutional support to national structures, and finance policy studies and analysis to support effective national coordination of youth employment support initiatives.

- (i) **Component 1—Cash for Works (US\$10.0 million):** This component will support a nationwide labor intensive public works program which will provide short term employment to young people. It will build on the existing cash for works program with expanded coverage and improved design features including geographic targeting, project and beneficiary selection and monitoring⁶. The public works projects will be implemented in poorer communities to be selected using a poverty index. They will involve rehabilitation and/or improvement of priority infrastructure and will be chosen from amongst three areas: feeder road rehabilitation and maintenance; agriculture; and renewable energy/environmental management⁷. In light of the findings of the recent qualitative assessment, a more varied works menu with different works typologies will be

⁶ Findings of a recently completed qualitative assessment (May 30, 2010) has guided the design of the component and improvements in the mentioned issue areas.

⁷ The works could include: feeder road rehabilitation, reforestation, swamp development, land reclamation, solid waste management, recycling, compost making and other.

adopted. About 60 percent of the works are expected to be on feeder road rehabilitation and 40 percent on other works to particularly encourage women's participation⁸. Public works projects will be proposed and sponsored by communities in targeted areas. Particular attention will be paid to enforcement of beneficiary selection criteria and continuous monitoring of project sites by NaCSA, partner government agencies and youth advocacy groups.

The component will train and support a portion of the youth groups participating in the project as contractors to acquire improved technical skills and be able to operate independently following the project continuing to employ unskilled youth. As part of the project, 70 percent of beneficiaries (day laborers) will also receive mentoring on money management/investment and entrepreneurship. The duration of works will be 50-75 days and will incorporate a training period. An impact evaluation will be integrated into the design of the component to measure the impact of the income support and skills training on the participating beneficiaries/households.

- (ii) **Component 2—Skills Development and Employment Support (US\$7.5 million):** This component will scale up and test approaches to support young individuals and youth groups who either have established businesses or are interested in pursuing business/employment opportunities through a package of technical assistance which will consist of technical training through apprenticeship schemes in the formal and informal sectors, business development support and coaching, and other life skills. To this end, this component will support three innovative approaches targeting specific segments of the population (urban youth with low levels of education; urban youth with higher levels of education; and rural youth) to provide skills development opportunities to unemployed and under-employed youth to improve their livelihoods and employability in agriculture and other economic sectors. An impact evaluation will be integrated into the design of the component to measure the success of the approaches in improving employability and livelihoods of participating beneficiaries.
- (iii) **Component 3—Institutional Support, Policy Development, and Impact Evaluation (US\$2.5 million):** This component will consist of two sub-components. The first, sub-component on *Institutional Support and Policy Development* will provide financial and technical support to help the National Youth Commission to fulfill its mandated role. The sub-component will also assist the GoSL to develop policy responses in various issue areas through further analytical work on labor markets, skills certification, monitoring and evaluation of existing programs and setting up of systems to assist in the identification and follow-up of beneficiaries. Finally, the sub-component will finance knowledge management and learning events to promote the interests of youth. The second sub-component on *Impact Evaluation* will support impact evaluations of activities under the first two components. The UNDP will provide consolidated technical support that will include parallel financing⁹.

⁸ Field visits and the qualitative assessment (May 30, 2010) revealed that most women find it physically too challenging to take part in road rehabilitation projects. Hence, an effort is being made to allocate more suitable work to women on the same projects and introduce other works typologies which will be more attractive.

⁹ A Memorandum of Understanding is expected to be signed between UNDP, GTZ and the World Bank to outline support for the institutional development of the National Youth Commission.

Eligibility for Processing under OP/BP 8.0

30. The proposed project aims to help mitigate the impact of the global financial crisis on the youth, who are a major vulnerable group in Sierra Leone. The project is consistent with two objectives set out in Operational Policy (OP) 8.0 (*Rapid Response to Crises and Emergencies*) for the provision of rapid response support: (i) establishing and/or preserving human, institutional, and/or social capital, including economic reintegration of vulnerable groups (i.e. youth, many of whom are ex-combatants); and (ii) facilitating peace building, as the lack of opportunities for youth is regarded by Government and observers as a major risk for peace and stability. Failure to deliver timely support could result in adverse economic and social developments and possible disturbances to the social and political environment in particular since the root cause of the earlier conflict was the lack of opportunities for young people.

Consistency with Country Strategy (CAS or ISN)

31. The Joint Assistance Strategy (JAS) for Sierra Leone, approved by the Executive Board of the World Bank on April 6, 2010, sets out planned lending and non-lending support for FY2010 to 2013 for the African Development Bank Group (AfDB), the World Bank and the International Finance Corporation (IFC). Reflecting the structure of the Agenda for Change, the JAS is organized around two pillars: growth and human development. The JAS partners' performance on each pillar is to be measured based on a set of 10 outcome indicators, five for each pillar. The JAS also features two cross-cutting themes: governance and private sector development.

32. The Youth Employment Support Project is one of the main interventions in the JAS to contribute to the achievement of JAS Outcome 4 – “Improved capacity to manage social risks.” The performance relative to this outcome indicator will be assessed based on the number of person-days of short-term employment created, with attention also given to the number of women days created.

Expected Outcomes

33. The project will seek to increase short term employment opportunities and improve employability of targeted youth. The project will monitor amongst other the following outcome and intermediate outcome indicators:

Outcome Indicators:

- a. Direct Project Beneficiaries (number), of which female (%)
 - i. Beneficiaries of cash for work program (number of individuals temporarily employed)
 - ii. Beneficiaries of training programs (number)

- b. Beneficiaries who are employed or self-employed in the field of training six months after receiving skills development
- c. Statistically significant difference in terms of employment of beneficiaries compared to control group (yes/no)
- d. Beneficiary completion rate for skills development and employment support interventions (%)

34. Two impact evaluations around the cash for works and skills development and employment support components will be carried out which will allow adjustments to project design and larger scale up in the future. The evaluations will measure project impact on income, employment probability, and food consumption and selected other welfare indicators as well as effectiveness of targeting in particular for the cash for works program.

D. Appraisal of Project Activities

Economic and Financial

35. While a cost-benefit analysis was not possible due to limited available data, both the Intensive Labor Cash for Works and the Skill Development and Employment Support components of the proposed Project are expected to improve youth labor market outcomes and produce important social benefits. Cash for works will provide temporary income support through short term employment. Moreover, the training targeted at contractors and beneficiaries of the Cash for Works Program as well as the interventions supported by Skill Development and Employment Support Component are expected to increase workers' employability either as a self-employee or employee. This should be reflected in higher future wages/income of trained people compared to a control group. Also the infrastructure created by the projects funded by the Cash for Works Component is expected to improve the livelihoods of the local communities in which they are located. Other social benefits come from the fact that access to temporary jobs and training created by this project will help to reduce the probability of youth unemployment to result in social unrest which was one of the risks identified by the government in the Poverty Reduction Strategy Paper (PRSP). The unit cost of cash for works per beneficiary including short term life-skills mentoring is expected to average around US\$425. The unit cost of the skills development and employment support component per beneficiary is expected to vary. Based on data from pilot interventions, the cost is expected to range around US\$500-1000 per beneficiary depending on the package of support.

36. The total project cost is 1 percent of GDP. The project activities operationalize programs outlined in the GoSL Agenda for Change and are expected to be partially financed by the national budget over the long term. The Government has included financing for the operations of NaCSA and the National Youth Commission in its 2010 and previous budgets¹⁰. Over the project implementation period, the allocations to both institutions are expected to increase by about 30 percent per year which will not impact the total project cost as percent of GDP.

¹⁰ The 2010 budgetary allocations for NACSA and NYC were US\$1,630,000 and US\$285,000 respectively.

Technical

37. The technical design for the project builds on the analysis and recommendations in *Youth Employment in Sierra Leone* (World Bank, 2009). The book identified six approaches for enhancing labor market opportunities for young people in the short-term—the focus of this emergency project. Of these approaches, four were categorized as “low risk” and two as “higher risk and higher cost, but still necessary.” The lower risk approaches included: (1) strengthening the skills of private sector employers and their employees; (2) enhancing labor market opportunities in agriculture; (3) providing young people with work experience through public works schemes; and (4) improving the skills of young people who are out of school. The higher risk approaches were to (1) help private sector employers increase access to financing and (2) improve the chances for successful self-employment and entrepreneurship for young people. The project supports all of these approaches with the exception of helping private sector employers increase access to financing.

38. Under Component 1-Cash for Works, lessons learned from the implementation experience of the phase 1 of the program and preliminary findings of a qualitative assessment have been incorporated into the design.

39. The design includes features to improve: (i) targeting both at the geographic and beneficiary level; (ii) participation of women in the project; and (iii) longer term project impact on beneficiaries’ livelihoods with contractor training and life skills training.

40. Under Component 2-Skills Development and Employment Support, the design adopted a few promising approaches implemented on small scale by NGOs over the last three years. Discussions with implementers and review of program evaluation documents helped distill main design features of the component on beneficiary selection, intervention packages to be supported and the implementation modality for the component.

41. Both components include an impact evaluation to allow through analysis of the results and especially in case of component 2 the viability of skills development and employment support models on a much larger scale.

Institutional

42. The project will be administered by the Integrated Project Administration Unit (IPAU) of the Ministry of Finance and Economic Development (see section E for details of implementation arrangements). The IPAU was established in late 2009 through the merger of the project implementation units of the Institutional Reform and Capacity Building Program (IRCBP) and the Integrated Public Financial Management Reform Project (IPFMRP). The IPAU is currently responsible for the administration of a number of IDA-supported programs, including the IRCBP; the IPFMRP; the Decentralized Service Delivery Program (DSDP); and the Reproductive and Child Health Project (RCHP). Its performance to date in the administration of these programs is rated satisfactory.

43. The NYC is the legally mandated institution to oversee all youth related activities (as per the 2009 National Youth Commission Act). However, currently, the Commission is not operational. The Board of the Commission, the Commissioner, and Deputy Commissioner are yet to be appointed, and the professional staff yet to be assigned or recruited.

44. In the interim period until the NYC is fully operational, the YS, a directorate under the Ministry of Education, Youth and Sports, is taking a lead role in coordinating the Government youth agenda. The YS is eventually expected to be absorbed into the NYC. The YS's governance structure which includes the Youth Employment Steering Committee will remain intact until the Board of the NYC becomes operational.

45. The YS has been administering the Youth Employment Scheme with support from UNDP over the last three years and has some technical capacity. Key technical ministries such as the Ministry of Employment and Labor, Ministry of Trade and Commerce, Ministry of Agriculture and the parent ministry, Ministry of Education, Youth and Sports provide technical support to the YS through youth focal points. The YS does not have stand-alone financial management or procurement capacity; to date, it has relied on UNDP systems for fiduciary management.

46. The National Commission for Social Action¹¹, which has been acting as a technical agency to assist the Government in the delivery of basic services and coordinate the Government's social protection agenda, has adequate capacity to continue to implement the cash for works program.

Fiduciary

47. The IPAU will have the overall fiduciary responsibility of the project. It will coordinate the preparation and submission of requisite financial reporting and withdrawal applications to IDA and procurement activities. NaCSA, which has experienced staff and satisfactory systems in place both for procurement and financial management, will continue to manage the funds for the Cash for Works program (Component 1) and follow the procedures used under the ongoing program. This will include transferring funds to works contractors to make the payments to beneficiaries. This mechanism has proven to have worked effectively under the ongoing program. The IPAU will administer the funds relating to component 2 and 3 of the project. There will be two designated accounts managed by the IPAU and NaCSA. Both the NaCSA and the IPAU financial management and accounting systems will facilitate SOE-based disbursement and produce IFRs.

¹¹ It has been created by an Act of Parliament in 2001.

48. Procurement and financial management assessments have concluded that the existing capacity of the IPAU will be acceptable to manage the IDA project funds, subject to recruitment of additional staff¹² to handle the added workload entailed by the project. In both cases the fiduciary risk assessed to be modest once the proposed mitigating measures are put in place.

49. Procurement of goods, works and selection of consultants would be carried out in accordance with (i) the World Bank's "Guidelines: Procurement under IBRD Loans and IDA Credits" dated May 2004, revised in October 2006 and May 2010; (ii) "Guidelines: Selection and Employment of Consultants by World Bank Borrowers" dated May 2004, revised in October 2006 and May 2010; (iii) the IDA Anticorruption Guidelines dated July 1, 2005 and as amended through October 15, 2006; (iv) Requirements of OP8.00 for Rapid Response to Crises and Emergencies, and (v) the provisions stipulated in the Grant Financing Agreements. Financial management reports and withdrawal applications will be prepared by the IPAU and NaCSA.

Environmental and Social

50. The project focuses on a very important dimension of governance, stability and economic growth for Sierra Leone. The contribution of the youth in this process is crucial. Beyond addressing the challenging issue of employment, there are additional social and communal benefits of a clean environment, accessible roads and community participation which build capacity and empower individuals and communities. The intension to ensure at least 30 percent women participation will not only guarantee that women are participating but also send a signal to leaders at the community and national levels of the importance of gender balance for overall development. Another significant dimension of the project is the social and geographic targeting aimed at ensuring that only those who are in need get the opportunity whilst every district will be a beneficiary. Working together could serve as a platform for social cohesion which can be the basis for other unintended community activities.

51. The project is classified as a category B project. The project triggers O.P 4.01 (Environmental Assessment), O.P 4.04 (Natural Habitats), O.P 4.09 (Pest Management) and O.P 4.12 (Involuntary Resettlement). These safeguard policies are largely applicable to component 1 (Cash for Works), which finances public works, but also component 2, which may finance some agricultural inputs. Although the precise nature of the public works is unknown at this time, such works may include roads rehabilitation, reforestation, and restoration of mangrove swamps, land reclamation, and solid waste management /recycling type projects. The existing Environmental and Social Monitoring Framework (ESMF) and Resettlement Policy Framework (RPF) of the National Social Action Project will be updated to reflect the new activities under this project, changes in the institutional set up for the project, and changes in training cost and needs. An assessment¹³ of environmental safeguard practices under the ongoing phase of the cash for works program made recommendations to improve staff capacity both at the implementing agency and local council level and application of the existing guidelines. These recommendations will be incorporated into the updated ESMF.

¹² An additional procurement staff will be recruited.

¹³ An assessment was completed in February 2010.

52. Given that this is an emergency project operating under O.P 8.0, the updated ESMF and RPF will be completed and disclosed by project effectiveness. As mentioned earlier, safeguard policies on pest management are also triggered under the component 2 because the project may finance the acquisition of pesticides for agricultural production. In this case, the project will also prepare a pesticide management plan by project effectiveness.

E. Implementation Arrangements and Financing Plan

53. The project will be administered by the Integrated Project Administration Unit (IPAU) of the Ministry of Finance and Economic Development (MoFED). The IPAU will have overall responsibility for the administration, fiduciary oversight, coordination, monitoring, and evaluation of project activities. The project will be overseen by a Technical Steering Committee until the Board of the NYC is established. While the IPAU has adequate capacity to carry out its current responsibilities, two additional staff (a procurement and finance officer) will be hired to absorb the added workload of administering this project¹⁴.

54. Given that the IPAU's core competencies are in project administration, contract management, and fiduciary management, it will rely upon the Youth Secretariat and NYC (once operational) for technical expertise in administering and supervising all project activities. The IPAU would not implement project activities itself. Responsibility for the implementation of project components will be as follows and as detailed in Table 1:

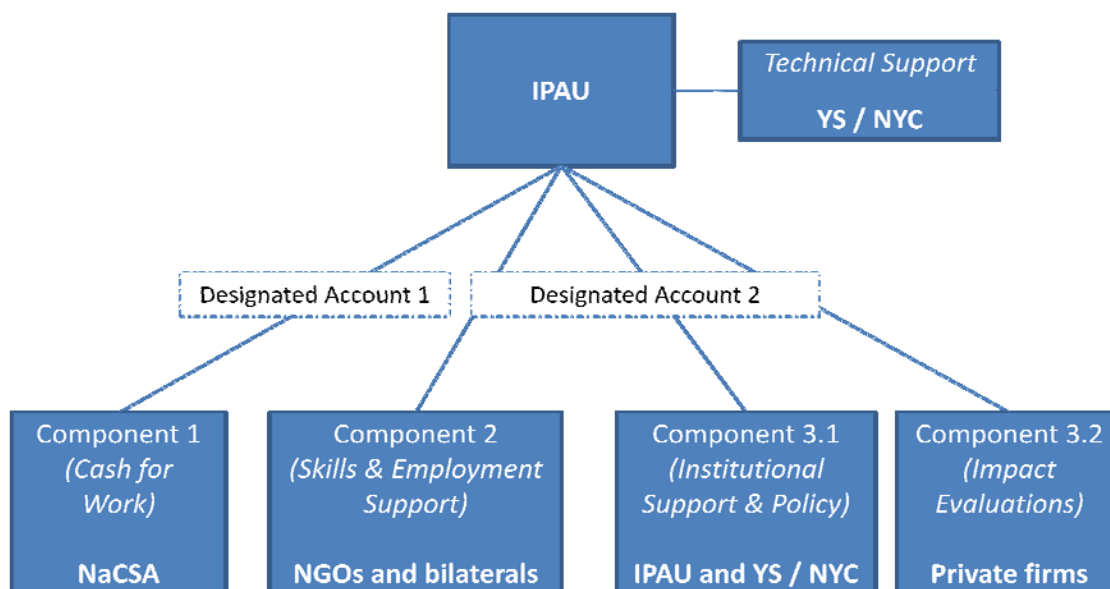
- **Component 1** will be implemented by NaCSA, working in close collaboration with the Sierra Leone Roads Authority, the Ministry of Agriculture, other technical ministries, the YS/NYC, and the ILO. The communities, through Project Oversight Committees and local councils will be involved in the implementation and monitoring of project activities. In particular, youth councils and youth representatives are expected to be active in the selection of cash for works projects and monitoring of work sites. NaCSA will provide monthly progress updates to the IPAU.
- **Component 2** will be implemented by specialized NGOs, technical agencies and private sector (artisans, workshops, small businesses) that are contracted by the IPAU to provide training and employment support services. Youth advocacy groups will take part in the spot monitoring of project activities. Bi-lateral institutions may be identified to provide training services in specialized areas. Contracting will follow agreed Terms of Reference.
- **Component 3** will be implemented by the YS/NYC with administrative support from the IPAU for subcomponent 3.1 (Institutional Support and Policy Development) and by the NGOs or firms contracted by IPAU for subcomponent 3.2 (Impact Evaluations). The UNDP is expected to provide parallel financing of approximately US\$335,000 for institutional support of YS/NYC.

55. At the mid-term review of the project, an assessment will be conducted to determine if the National Youth Commission has the required capacity to assume the role of administering the

¹⁴ Recruitment process for additional staff is expected to be completed by August 30, 2010.

project. Among the criteria to be covered in the assessment will be: the full staffing of all NYC core management functions; adequate staffing by experienced professional in financial management, procurement, and contracts management; the performance of the NYC in managing funds and procurement; the monitoring and evaluation capacity of the NYC; the effective functioning and regular convening of the NYC's Board; the mobilization of planned Government funding for the operation of the NYC; and any other relevant factors.

Table 1: Implementation Arrangements



56. The Bank team will include technical expertise to provide technical support for project monitoring and evaluation. It will conduct quarterly implementation support visits following project effectiveness.

Table 2: Project Financing Plan

Project Component	Total Amount (US\$ million)	IDA Amount (US\$ million)	
		Credit	Grant
Component 1-Cash for Works	10.0	1.0	9.0
Component 2-Skills Development and Employment Support	7.5	7.5	0.0
Component 3-Institutional Support and Policy Development	2.5	2.5	0.0
TOTAL	20.0	11.0	9.0

57. The project will close on June 30, 2013.

F. Project Risks and Mitigating Measures

58. Potential project risks are two-fold: macro-economic and institutional factors. Slow economic growth and limited general economic opportunities for new businesses or business expansion reduces job openings for young people. The project will help young entrepreneurs or capable and willing young people to either become more employable or improve their earning

possibilities. The second risk arises from the failure so far to establish a National Youth Commission, as legislated in 2009 to oversee project interventions. The project will incorporate a component on institutional support for the Commission, which should be appointed shortly and for a transitional project implementation structure. The fiduciary risks will be minimized by relying on two experienced and reputable institutions (NaCSA and MOFED IPAU) to administer financial management, procurement and contract management.

59. Another institutional and implementation risk pertains to component 2 given its experimental high risk/high reward nature. The success of the component will depend on capacity of implementing partners to cope with the scaled-up numbers of unemployed youth to be trained and employed. The selection process for the implementing partners will be primarily based on demonstrated and/or potential capacity to provide services to a large enough number of beneficiaries. There will be several service providers to ensure coverage and quality services. In addition, capacity development support to strengthen the monitoring system within the Youth Secretariat/National Youth Commission and annual impact evaluation cycles should identify and respond to any implementation challenges on a timely basis.

60. The project will also invest on improved communication and information dissemination through media, civil society associations and local government structures. In particular, the project will support involvement of youth advocacy groups and district youth council representatives in the appraisal and monitoring of project activities. Quarterly or bi-annual regional consultative discussions will be held with district youth committees which will ensure continuous interaction with the primary stakeholders on implementation progress.

Table 3: Risks and Mitigation

<i>Risk factors</i>	<i>Description of risk</i>	<i>Rating of risk</i>	<i>Mitigation measures</i>	<i>Rating of residual risk</i>
I: Country and Sector Level Risks				
Macro-economic factors	Overall lack of economic opportunities for business operation, which reduces job opportunities for youth	Substantial	Continued progress in post war reconstruction, of which the Project is part, and attraction of inward investment	Continued Substantial
Institutional factors	Failure to implement the Youth Commission Act, 2009, which establishes the Commission	Moderate	Pressing the issue at meetings with senior government officials Relying on the Youth Secretariat technical capacity in the interim with additional support	Moderate
	Failure to establish adequate fiduciary control systems and account for project funds	Moderate	MOFED IPAU and NaCSA responsible for fiduciary management issues Longer term technical	Slight

			assistance for National Youth Commission	
II: Operation-Specific Risks				
Implementati on Capacity	Challenge of up-scaling current successful programs	Substantial	Selection, briefing, and channeling adequate resources through implementing partners and rigorous monitoring by the YS/NYC supplemented with the annual impact evaluations	Moderate
Project management	Effective use of funds by service providers and contractors	Substantial	Investment in demand side governance measures to compliment the efforts of the Youth Secretariat, NaCSA, MOFED and local councils	Moderate
Sustainability of Project-supported operations	Limited duration of cash transfer for works programs, which jeopardizes operational continuity	Substantial	Project support for skills training and entrepreneur development	Moderate
Training outcomes	Successful training neither meeting nor responding to demand, thus adding youth with enhanced skills to pool of unemployed	Moderate	Encouragement of labor market demand driven training	Slight
Overall Residual Risk Rating <i>Moderate</i>				

G. Terms and Conditions for Project Financing

61. The project will adhere to standard IDA credit/grant conditions. Fifty five percent of the project financing will be a credit and forty five percent a grant.

62. Conditions of effectiveness are as follows:

- d) finalization of the Project Implementation Manual (PIM);
- e) finalization and disclosure of the Environmental and Social Management Framework (ESMF), Resettlement planning Framework (RPF) and the Pest Management Plan (PMP); and
- f) signing of a subsidiary agreement between the Ministry of Finance and Economic Development and NaCSA.

Annex 1: Detailed Description of Project Components
SIERRA LEONE: Youth Employment Support Project

Component 1: Labor Intensive Cash for Works (US\$10.0 million)

1. This component will support the continuation of the ongoing cash for works program with refinements in its design. The implementation experience of the existing cash for works programme and a qualitative assessment completed in May 2010 has informed the design of this component.

2. The component will support a labor intensive public works program which will provide short term employment to young people through construction and rehabilitation of key economic infrastructure and other priority public works. The works will be chosen from amongst three areas: feeder road rehabilitation and maintenance; agriculture; and renewable energy/environmental management and will include swamp development, land reclamation, compost making, recycling, reforestation, and other. About 60 percent of the works are expected to concentrate on feeder road rehabilitation and maintenance and the remaining 40 percent on other works typologies. A positive menu will be provided to targeted communities to identify their preferred public works. The positive menu will include works typologies which will have at least 60 percent labor content.

3. A portion of the youth group contractors participating in the program will be trained and supported to acquire improved technical and business skills. They will be expected to be able to operate independently following the program. As part of the program, 70 percent of all beneficiaries (those working as laborers) will also receive mentorship on money management and entrepreneurship. An impact evaluation will be integrated into the design of the component to measure the impact of the increased incomes and skills training on the participating beneficiaries/households. .

4. The project cycle is expected to proceed as follows (please also see Table A1):

5. *Geographic Targeting.* Given the very high poverty levels in Sierra Leone, 63 percent of total population, the program will be implemented throughout the country. After dividing the available resources for cash for work among all 14 districts on the basis of population size, NaCSA will identify public works locations through an intra-district targeting methodology. In order to benefit poorer populations within each district, a composite index which consists of population and relative poverty ranking of chiefdoms or wards will be used to target the poorest communities where the works will be carried out.

6. *Public Works Selection.* A menu of works will be communicated to each targeted community via radio programs and outreach through local councils and regional NaCSA staff. This menu will include works with a labor content of 60 percent or above and which can be classified as: (i) feeder road rehabilitation and maintenance; (ii) agriculture; and (iii) renewable energy and environmental mitigation (to include solid waste management). Each targeted community will be invited to put forth labor intensive public works projects following the

allowable typologies. The total portfolio of works is expected to be 60 percent road rehabilitation and 40 percent other types of projects. This proportional breakdown was determined in light of the experiences with the ongoing program and to increase the ratio of female beneficiaries through different types of projects. NaCSA staff will encourage selection of works projects which will encourage female participation and build in incentives to make non-road projects more attractive to local councils and communities. On a quarterly basis and in each district, the works portfolios to be approved will be reviewed to determine appropriate ratios of works typologies.

7. It is expected that proposals/Letters of Interest would be put forth by community representatives. The submissions will need to be endorsed by a youth leader, women’s representative and the chief. An appraisal and approval committee consisting of local council representatives from the relevant sector, youth representatives, SLRA and NaCSA will select the works projects to be funded.

8. *Selection of Contractors.* In quarters I and II, NaCSA in collaboration with Local councils will select contractors out of a database of those which have already participated in the first and second phases of the program. These will be trained and allocated a sub-project each for implementation. In subsequent quarters (III – VIII) following the contractor training in the first and second quarters of the program, trained contractors will be allowed to bid for the forthcoming works in their localities. At this stage, the Community Oversight Committees (COC), with support from NaCSA, will oversee the selection of contractors in new intervention areas. The program will invite contractors (skilled and youth group) to bid for the works. The successful contractors will be selected based on eligibility and qualifications for the works.

Table A1: Major Steps in Targeting and Project Selection

Stage	Action	Responsible Entity
Geographic Targeting	1. Allocation of resources among Districts by population	NaCSA
	2. Identification of beneficiary communities based on relative poverty index	NaCSA/Local Councils
Project Selection	3. Solicitation of proposals from communities/Letters of Interest	NaCSA/ Local Councils
	4. Submission of proposals	Community Representatives
	5. Approval of proposals	Committee including Local Council, NaCSA, technical agency/ministry, and youth committee representatives

Contractor Selection	<p>6. Preparation of short list from pool of known qualified contractors</p> <p>7. Selection of contractors in Quarters I and II</p> <p>7a. Selection of contractors in Quarters III to VIII</p>	<p>NaCSA</p> <p>NaCSA in collaboration with Local Councils</p> <p>COC with support from NaCSA</p>
Beneficiary Targeting	<p>8. Notification of potential beneficiaries about project, wage, selection criteria, and reporting time/date</p> <p>9. Prospective beneficiaries report to worksite and those who are willing to work for project wage and meet selection criteria (age, proximity to site, one beneficiary per household) are selected by lottery from a pool of eligible individuals</p> <p>10. In case of limited demand, beneficiaries will be selected on a first come first serve basis</p>	<p>NaCSA, Local Council, and COC</p> <p>COC with support from NaCSA and monitoring by youth advocacy groups</p> <p>COC with support from NaCSA and monitoring by youth advocacy groups</p>

9. *Targeting of Beneficiaries.* Beneficiaries will be from the targeted communities. A self-targeting mechanism will be used to secure participation of the neediest individuals in the program using the wage rate. The daily program wage rate will be set lower than the market wage for unskilled labor.¹⁵ A range will be adopted by the program to cater for variations between rural and urban areas. All individuals within the ages of 15-35 residing in the “works” locality and who are willing to work for the program wage will be eligible to participate. Only one person from each household will be allowed to participate. The program will target at least 30 percent participation by female workers. In each work site, beneficiaries will be selected by lottery from a pool of eligible individuals. In case of limited demand, beneficiaries will be selected on a first come first serve basis. In the prior phases of the project, some communities preferred to deal with excess demand by rationing participation in the program through a rotation system; this practice will be curtailed in favor of the lottery. The COCs will oversee the process of beneficiary selection with support from NaCSA. Youth advocacy groups and youth committee representatives will act as observers to the beneficiary subscription process to ensure that the beneficiary eligibility criteria are adhered to and that the lottery is carried out per project guidelines.

¹⁵ A range of Le6,000 (US\$1.5) to Le7,500 (US\$1.9) will continue to be used as the daily wage rate which is thought to be sufficiently below the daily wage rate paid out on road rehabilitation projects and mining sites.

10. *Training.* Two types of training will be provided: (i) contractor training on labor intensive public works and (ii) mentorship on money management and entrepreneurship.

11. *The contractor training* will be provided to Local Artisans' and 'Youth Groups' interested and capable of participating in the implementation of 'Feeder Roads Rehabilitation/Maintenance' and 'Renewable Energy/Environmental Mitigation' type works as contractors across all 14 districts in the country. These will be selected from amongst those which have already participated in the program and performed well. A database of contractors exists in each of the districts. Two (2) sets of 34 contractors each (totaling 68) will be trained in the first two quarters of program implementation. An average of five (5) contractors will be trained per district.

12. The contractor training will be provided by retired SLRA staff who have been previously trained by ILO on labor intensive public works and who will receive a "training of trainers" course. An international expert will also train NaCSA and SLRA staff to be able to supervise and monitor the works. Those implementing partners (youth groups) selected for the 'agriculture" type works will also receive a package consisting of basic financial literacy and business development and management.

13. *The mentorship/entrepreneurship support package* will target 70 percent of all beneficiaries portion of working on the works projects and will include two elements: (i) orientation on the works; and (ii) guidance on saving and investing in a business. The package will aim to improve the economic literacy of the beneficiaries to assist them to create or improve their income generating activities. It will draw upon the knowledge base of the beneficiaries and accommodate their levels of numeracy and literacy and formal thinking skills. The package will be prepared with support from ILO and will be built into the 50-75 days of work cycle. It is expected to be a total of up to 10 days with equivalent of 2-3 days of orientation in the beginning of the works, 2-3 days in the middle and 2-3 days at the end of the works. The sessions will be delivered during the period of the works and as part of the work day to be adjusted according to the locality and needs of the beneficiaries. Beneficiaries will continue to receive the daily wage for the period. The sessions will be delivered in an interactive manner as thematic discussions utilizing real life situations. Delivery of the training will be contracted out to an NGO(s). A detailed set of TORs will highlight the requirements of the mentorship and entrepreneurship support package.

14. *Monitoring.* Program monitoring will be the responsibility of NaCSA. In light of the implementation experience with the ongoing program, the onsite presence and monitoring will be strengthened through improved training of staff and involvement of civil society organizations in monitoring.

15. Monthly reports will be collected from work sites and will be compiled as quarterly reports to be submitted to the Youth Secretariat/National Youth Commission. The service providers for training will also be responsible for providing monthly status reports. The Community Oversight Committees (COCs)¹⁶ will be responsible for smooth running of works

¹⁶ The National Social Action Project which was implemented throughout the country has utilized project management committees in targeted areas to implement small infrastructure projects. For the purposes of the cash for works program, these

activities in a locality. More specifically, they: (i) would be notified by the approvals committee upon approval of the amount of the public works, and would be responsible for disseminating this information in the locality; (ii) would be expected to monitor the subscription of beneficiaries and administer the lottery when and where necessary; (iii) would monitor progress with the works; (iv) would monitor timely wage payments; and (v) intervene and intermedicate in case of a dispute between the contractor and the workers. Youth advocacy groups will also be supported to do spot checks in a sample of work sites on a monthly basis. As part of the monitoring effort, Youth Secretariat/ National Youth Commission in collaboration with NaCSA will organize quarterly information/feedback sessions for district youth committees.

Component 2: Skills Development and Employment Support (US\$7.5 million)

16. This component will test approaches to support young individuals and youth groups who either have established businesses or are interested in pursuing business/employment opportunities through a package of technical assistance which will consist of technical training through apprenticeship schemes in the formal and informal sector, business development support and coaching, and other life skills. To this end, this component will support three innovative approaches targeting specific segments of the population (urban youth with low levels of education; urban youth with higher levels of education; and rural youth) to provide skills development opportunities to unemployed and under-employed youth to improve their livelihoods and employability in agriculture and other economic activities.

17. *Targeted groups.* Three segments of the youth population will be targeted as follows: 1) Urban youth with low levels of education (none or some primary); 2) Urban youth with higher levels of education (completed primary to some secondary); and 3) Rural youth (all levels of education). Interventions in urban areas will be located in the cities of Freetown, Bo, Kenema and Kono. The component will target young men and women ages 15-35, who are not currently in school. The reasons for targeting these three segments include:

- While educational attainment of urban youth is higher than that of rural youth, the jobless rate¹⁷ is higher among urban youth than among rural youth across age categories.
- While 36.5 percent of urban residents ages 20-24 are jobless, the jobless rate among rural youth is 16.4 percent. Moreover, the jobless rate among urban youth ages 25-35 is 31 percent compared to 14 percent among rural youth.
- Unemployment in Sierra Leone is mainly an urban phenomenon, with urban 15 to 24 year-olds about 20 times as likely to be unemployed as their rural counterparts. Rural youth leave school earlier than urban youth. By ages 15-19 approximately 68 percent of urban youth are still in school, compared to 43 percent among rural youth. Productive activities are more structured and less abundant in urban areas than in rural areas.
- Under and unemployment are also exacerbated in urban areas by an over-supply of low-skilled labor, while in some rural areas there is an underserved demand for labor as a result of rural-urban migration of youth (Peeters *et al*, 2009).

committees will be reactivated where they existed or constituted in targeted communities and will be overseeing the works activities.

¹⁷ People who are jobless are either inactive not in school or unemployed.

18. *Selection of implementing partners.* This component will contract one service provider per target group on a competitive basis using quality-based selection (i.e. “Request for Proposals”) based on defined Terms of Reference and implementation guidelines, providing support to a total of three proposals.

19. Each proposal should serve a minimum of 2,000 beneficiaries over 24 months. Training and employment support package will be provided in two rounds. The duration of each round is at most 12 months. The contract for the second round is subject to meet the contract requirements which will include performance indicators specified in the Terms of Reference. This incentive is intended provide a clear signal to service providers of the importance of: i) providing training and employment support in areas for which labor demand exists; ii) making substantial efforts to facilitate the placement of graduates in employment; and iii) providing mentoring in complementary areas to beneficiaries to ensure their success. In order to allow the integration of lessons learned during the first round of training and employment support, this round will serve 40 percent of total number of beneficiaries, with the remaining 60 percent receiving training in the second round. Applicants proposing interventions that would allow a female participation of at least 30 percent will be favored.

20. *Areas of training.* The request for proposals issued to service providers will not specify ex ante the occupations in which training should be provided, although given the structure of the Sierra Leonean economy it is expected that most proposals will provide training and employment support in the area of agri-business and will have a strong focus on entrepreneurship. The decision of economic activities for training should be determined and justified by the service providers’ detailed market analysis, should address specific labor market failures in economic activities that present opportunities for growth and that have sufficient dynamism to absorb low-skilled labor and that are of interest of the target population. All the proposals should take into account inputs from the private sector, expectations and interests of the target group, and national policies in the selection and design of the intervention package.

21. Training and employment support packages will include a combination of the following elements: technical, entrepreneurship and business development, life skills. Training in entrepreneurship and business development may include bookkeeping, financial literacy, and banking, while training in life skills may comprise topics such as teamwork, problem solving, interpersonal communication, self-management, etc. The technical training is expected to be provided on the job and using an apprenticeship model. The specific content of each of these areas of training, as well as other areas (i.e. numeracy and literacy) should be designed to address the specific barriers for employment faced by each of the three segments of youth being targeted, as well as the specific economic activities in which they will be trained.

22. Depending on the training mechanism and the population targeted, a small stipend to facilitate access to the program will be considered in the package of intervention. The amount of the stipend will be fixed lower than the wage that beneficiaries would expect to earn if they would stay working instead of attending the training. In this way, stipends will not create incentives for people without the interest of pursuing a livelihood in the area of training to join the program, while still being enough to allow beneficiaries to attend the training.

23. *Training delivery.* Based on the lessons learned through previous youth employment interventions in the country, training should be preferably provided by small businesses/artisans, trained trainers and mentors. Specific training providers will be chosen by the successful candidate (“service provider”), based on past experience of pilot programs, and on mapping and interest of private and public sector firms and local or national agencies, in sectors which can demonstrate both market potential, and demand from beneficiaries. Technical skills training should rely on non-formal skills training through apprenticeship with master artisans, workshops and small businesses interested to participate in the program and private trainers in more specialized areas.

24. *Selection of beneficiaries.* Beneficiaries will be recruited by each service provider based on age, geographic location and educational criteria above mentioned, plus any other specific criteria required to fit the needs and characteristic of the proposed approach. Since there is expected high demand for training, the proposals should be explicit in the mechanisms used to attract people. The proposals should ensure to have a number of eligible beneficiaries at least 75 percent over the number of served beneficiaries included in the proposal. The final selection of beneficiaries should be done randomly. In this way, the possibility of assignment based on first-come first-serve basis which might create an unfair distribution of benefits will be ruled out.¹⁸

25. *Monitoring and Evaluation.* Proposals should include the design of a monitoring and reporting plan that would allow the IPAU to assess the performance of the proponent quarterly. Monitoring and reporting activities are the responsibility of the applicant and the associated costs for these activities should be included in proposal’s cost structure as an administrative expense. Since the purpose of this component of the project is to learn about skills development to enhance youth employability, an impact evaluation will be carried out to assess the effects of this type of interventions on the employability and livelihoods of the beneficiaries.

Component 3: Institutional Support, Policy Development, and Impact Evaluation (US\$2.5 million)

Sub-Component 3.1: Institutional Support and Policy Development (US\$1.0 million)

26. *Institutional Support.* The Project will collaborate with the UNDP in providing financial and technical support to the help the National Youth Commission to fulfill its mandated role. This will include building capacity in the Youth Secretariat that will be absorbed into the NYC once operational. In particular, the Project will aim to assist the Commission’s capacity to fulfill its role with respect to the:

- (a) coordination of programs managed by public and private implementers in the area of youth employment support to ensure synergies and prevent overlap,

¹⁸ For example, if a training provider will train 1,000 youth per cycle (2,000 over two cycles), the provider should ensure to have a number of eligible youth greater than or equal to 1,750 people per cycle. If the provider uses interview or an exam as mechanisms to screen beneficiaries, the number of eligible beneficiaries is different from the number of applicants; otherwise, the number of eligible individuals and the number of applicants are the same. In order to select the beneficiaries a lottery should be carried out among the 1,750 people for each training cycle.

- (b) provision of policy guidance to ministries, agencies, Local Councils, and other institutions active in the sector, and
- (c) coordination of the dialogue between branches of government and donors, and active mobilization of resources from the private sector, foundations, and multilateral institutions.

27. The Project will also enable key ministries and agencies (including those covering labor and employment, agriculture, trade and commerce and education, youth and sports) to work effectively with the IPAU and YS/NYC to provide technical inputs into Project implementation and overall implementation of GoSL youth agenda. It will ensure that the youth councils and/or youth representatives in the local councils are enabled to actively participate in the implementation and monitoring of Project initiatives. In addition, it will ensure that through learning events and discussion forums, District Youth Committees (which include local youth groups and advocacy organizations) are informed about the program and are invited periodically to provide feedback in program implementation.

28. *Policy Development.* The sub-component will also assist the GoSL to develop policy responses in various issue areas through further analytical work on labor markets, skills certification and other, monitoring and evaluation of existing programs and setting up of systems to assist in the identification and follow-up of beneficiaries. The component will also finance knowledge management and learning events to promote the interests of youth. Parallel financing will be provided by the UNDP which is expected to continue its ongoing support for the Youth Secretariat and the eventual National Youth Commission. The Youth Secretariat will assess the proposals for analytical work made by key ministries on a case by case basis, with a preference for analytical work with a rapid impact given this Project's rapid response nature.

29. *Dissemination of findings and organization of learning events.* The Youth Secretariat would be responsible for the organization of learning events to share the results and lessons learned from the skills development and employment support interventions and the cash for works program. At least two events per year should be organized to facilitate knowledge sharing and improvements to ongoing programs where needed.

Sub-Component 3.2: Impact Evaluation (US\$1.5 million)

30. The design of the planned impact evaluations for components one and two are described in detail in Annex 11. IPAU and NACSA will administer the impact evaluations which will be contracted out to specialized service providers. IPAU will seek the assistance of the YS/NYC in the quality control of the impact evaluations and dissemination of findings to stakeholders and policy makers.

**Annex 2: Results Framework and Monitoring
SIERRA LEONE: Youth Employment Support Project**

PDO	Project Outcome Indicators	Use of Project Outcome Information
Increased access to short term employment opportunities and improved employability of targeted youth	<ol style="list-style-type: none"> 1. Direct Project Beneficiaries (number), of which female (%) <ul style="list-style-type: none"> - <i>Beneficiaries of cash for work programs (number of individuals temporarily employed)</i> - <i>Beneficiaries of training programs (number)</i> 2. Beneficiaries who are employed or self-employed in the field of training six months after receiving skills development and employment support (%) 3. Statistically significant difference in terms of employment of beneficiaries compared to control group (yes/no) 4. Beneficiary completion rate for skills development and employment support interventions (%) 	<p>To assess performance of cash for work component in aiding target population</p> <p>To assess performance of targeted programs under component 2</p>
Intermediate Outcomes	Intermediate Outcome Indicators	Use of Intermediate Outcome Monitoring
<p>Component 1: Labor Intensive Cash for Works</p> <p>Effective implementation and targeting of Cash for Works program</p>	<ol style="list-style-type: none"> 5. Community-based subprojects implemented (number) (disaggregated by district and type of subproject) 6. Completed sub-projects that conform to ministry standards, designs and norms (%) 7. Communities that have community oversight committees in place (%) 8. Roads rehabilitated, rural (km) 9. Person days provided in labor-intensive public works (number) (disaggregated by categories men/women, district and type of subproject) 10. Community-based subprojects having lotteries (number) (disaggregated by district and type of subproject) 	<p>To verify that intended quantity of subprojects has been carried out</p> <p>To assess technical quality of sub-projects</p> <p>To assess participatory nature of the sub projects</p> <p>To measure program outputs</p> <p>To measure short employment</p> <p>To assess demand for</p>

	<p>11. Beneficiaries receiving mentorship support (disaggregated by categories man/woman and district) (number)</p> <p>12. Subprojects benefiting poorest 20 percent communities according to poverty ranking (disaggregated by district) (%)</p> <p>13. Total cost allocated to wages (%)</p>	<p>the program and type of subprojects</p> <p>To verify that intended quantity of training has been carried out</p> <p>To assess targeting among poorest communities</p>
<p>Component 2: Skill Development and Employment Support</p> <p>Increased access to skills training programs</p>	<p>14. People enrolled in vocational skills/apprenticeships training (disaggregated by categories man/woman and district) (number)</p> <p>15. People enrolled in training on the establishment and management of private sector enterprises (disaggregated by categories man/woman and district) (number)</p> <p>16. Beneficiaries who respond that the training program has had a positive impact on their lives (%)</p> <p>17. Employers reporting satisfaction with the skill levels of trained beneficiaries (%)</p> <p>18. Service providers meeting performance indicators specified in contracts (%)</p>	<p>To verify that intended quantity of training has been carried out</p> <p>To verify that intended quantity of training has been carried out</p> <p>To verify quality of training</p> <p>To verify quality and applicability of training</p> <p>To verify that intended quality of service has been delivered</p>
<p>Component 3: Institutional Support and Policy Development</p> <p>Improved understanding of impacts related to both skills training and cash for work program</p>	<p>19. Dissemination of impact evaluations under Components 1 and 2 (yes/no)</p>	<p>To verify dissemination of information on performance and lessons learned</p>

Arrangements for Results Monitoring

Project Outcome Indicators	Baseline	Targets	Data Collection and Reporting		
			Frequency and Reports	Data Collection Instruments	Responsibility for Data Collection
1. Direct Project Beneficiaries (number), of which female (%) <i>Beneficiaries of cash for work programs (number of individuals temporarily employed)</i> <i>Of which female</i> <i>Beneficiaries of training programs (number)</i>	32,085 6,738 0	55,585 7,500 15,900	Annual	Project Administrative data	NYC/NaCSA
2. Beneficiaries who are employed or self-employed in the field of training six months after receiving skills development and employment support (%)	N/A	60	Once during implementation	Baseline and Follow-up Survey	NYC/Consultant
3. Statistically significant difference in terms of employment of beneficiaries compared to control group (yes/no)	N/A	Yes	Once during implementation	Baseline and Follow-up Survey	NYC/Consultant
4. Beneficiary completion rate for skills development and employment support interventions (%)	N/A	85	Once during implementation	Baseline and Follow-up Survey	NYC/Consultant
Intermediate Outcome Indicators					
Component 1: Labor Intensive Cash for Works					
5. Community-based subprojects implemented (number) (disaggregated by district and type of project)	713	470	Quarterly	Project administrative data	NaCSA
6. Completed sub-projects that conform to ministry standards, designs and norms (%)	N/A	100	Quarterly	Project administrative data	NaCSA
7. Communities that have community oversight committees in place (%)	N/A	100	Quarterly	Project administrative data	NaCSA

8. Roads rehabilitated, rural (km)	900	1,278.25	Quarterly	Project administrative data	NaCSA
9. Person days provided in labor-intensive public works (number) (disaggregated by categories men/women, district and type of subproject)	N/A	3,335,100	Quarterly	Project administrative data	NaCSA
10. Community-based subprojects having lotteries (number) (disaggregated by district and type of subproject)	0	353	Quarterly	Project administrative data	NaCSA
11. Beneficiaries receiving mentorship support (disaggregated by categories man/woman and district) (number)	0	15,900	Quarterly	Project administrative data	NaCSA
12. Number of subprojects benefiting poorest 20% communities according to poverty ranking (disaggregated by district)	0	329	Quarterly	Project administrative data	NaCSA
13. Total cost allocated to wages (%)	N/A	60	Quarterly	Project administrative data	NaCSA
Component 2: Skill Development and Employment Support					
14. People enrolled in vocational skills/apprenticeships training (disaggregated by categories man/woman and district) (number) ¹⁹	1,747	6,000	Annual	Project administrative data	NGOs
15. People enrolled in training on the establishment and management of private sector enterprises (disaggregated by categories man/woman and district) (number)	2,891	3,600	Quarterly	Project administrative data	NGOs
16. Beneficiaries who respond that the training program has had a positive impact on their lives (%)	N/A	80	Quarterly	Project administrative data	NGOs
17. Employers reporting satisfaction with the skill levels of trained beneficiaries (%)	N/A	85	Once during implementation	Impact Evaluation Survey	YS/NYC/Consultant
18. Service providers meeting performance indicators	N/A	85	Annual	Project	YS/NYC

¹⁹ Baseline is calculated based on the results of the Youth Employment Scheme pilot programs.

specified in contracts (%)				administrative data	
Component 3: Institutional Support and Policy Development					
19. Dissemination of impact evaluations under Components 1 and 2 (yes/no)	N/A	Yes	Once during implementation	Impact Evaluation Surveys	YS/NYC/NACSA

Annex 3: Summary of Estimated Project Costs
SIERRA LEONE: Youth Employment Support Project

Project component	Categories of Costs	Cost (\$'000)	% of Total
Labor-intensive Cash for Works	Goods; Services, workshops; Operating costs	10.0	50
Private Sector based Skills Training, Apprenticeship and Employment Support	Goods; Services, Workshops; Operating Costs	7.5	37
Institutional Support and Policy Development	Goods; Services, Workshops; Operating Costs	2.5	13
Total Financing Required (inclusive of Taxes)		20.0	100

Annex 4: Financial Management and Disbursement Arrangements SIERRA LEONE: Youth Employment Support Project

Introduction

1. This annex presents result of the assessment of financial management arrangements carried out in line with OP/BP10.02 and OP/BP 8.0 for the Youth Employment Support Project that will be administered by National Commission for Social Action (NaCSA) Ministry of Finance and Economic Development Integrated Project Administration Unit, and the National Youth Commission once it becomes operational. The objective of the assessment is to determine: (i) whether implementing entities' financial management arrangements are adequate to ensure that Project funds will be used for the intended purposes in an efficient and economical way; (ii) Project financial reports will be prepared in an accurate, reliable, and timely manner; and (iii) Project assets will be safeguarded. The financial management (FM) assessment was carried out in accordance with the Financial Management Manual issued in March 2010 of the Financial Management Board.

2. No in-depth assessment was conducted for the NaCSA because an FM assessment had been carried out under the on-going Cash for Works, IDA- funded project and its performance had been adjudged satisfactory. However a limited assessment was undertaken to obtain an assurance that the systems were still performing adequately and were still satisfactory. Hence, NaCSA will be responsible for the component 1 of the project.

3. The National Youth Commission is yet to be fully operational and as such it has been agreed that the Youth Secretariat of the Ministry of Education, Youth and Sports will be providing technical support in the implementation of the project responsible until the Commission is fully operational. As the Youth Secretariat currently does not have the requisite financial management capacity, the assessment concluded that it would be best to engage for a temporary period, another Government agency to take on this responsibility. The existing Integrated Project Administration Unit of the Ministry of Finance and Economic Development will administer the second and third components of the project in particular for an interim period. A mid-term assessment will determine whether these responsibilities can be transferred to the National Youth Commission.

4. An external auditor, acceptable to the Bank, will be engaged by NaCSA for the entire project under TOR acceptable to the Bank.

5. The overall project FM risk is Moderate and will be reviewed during various supervision missions. The conclusion of the assessment is that the FM systems in place at the NaCSA and Youth Secretariat (for the Youth Commission component) meet the minimum FM requirement for the Bank and will be adequate for the management of the project resources.

Country Issues

6. Sierra Leone has made substantial progress in a number of areas of governance, although the overall ranking in the Transparency International tables has deteriorated from 150 in 2007 to 158 in 2008 out of 179 and 180 respectively. The peaceful transfer of power from one elected national government to another in September 2007 is a notable achievement in Sub-Saharan Africa, and even more so in a post-conflict situation.

7. PFM has improved significantly over the years as the Medium Term Expenditure Framework budget process has been strengthened. All MDAs now prepare strategic plans that are aligned to the PRSP objectives. In the area of procurement, the National Public Procurement Authority secretariat is now fully operational with an Independent Review Panel and procurement units have been established in all procuring entities. The Public Expenditure Tracking Survey (PETS) and related Public Perception Surveys are regularly conducted and plans of actions developed and implemented based on the recommendations from PETS.

8. The GoSL has made substantive progress in strengthening its public financial management framework and systems, implementing more than 80 percent of the 2002 CFAA recommendations. Major achievements include: (i) establishment of the legal and regulatory framework for budgeting, accountability and procurement; (ii) implementation of a financial management information system in the Accountant General's Department in 2005 with roll out to six MDAs in 2007; and (iii) removal of the substantial backlog in production of annual financial statements such that they are now up to date.

9. On decentralization, implementation of the devolution plan is on-going. A Chiefdom Governance Act has been developed and approved by Parliament. Local Councils were elected in 2004, following the enactment of the Local Government Act 2004, and are managing grants, undertaking participatory planning, and have established basic budgeting, procurement and accounting procedures. 19 out of the 34 identified functions have been devolved to local councils, including primary and secondary health care, and 14 out of the 19 elected councils have met the transparency and financial management accountability requirements. The public sector survey shows that on average across the country, access and customer satisfaction regarding primary health and education improved between 2005 and 2007, while access to markets, roads and water and sanitation also improved. Only agricultural extension has declined during this period of transition from central to local government delivery.

10. The Government is still faced with paucity of required capacity in all MDAs. Management and Functional Reviews were conducted for several ministries, departments, and agencies (MDAs) but the recommendations were not implemented. A Senior Executive Service program was developed but the operating arrangements and cost structure for the program were never finalized. Comprehensive civil service reform remains a prerequisite for the successful implementation, monitoring and evaluation of all development programs.

11. Although a number of relevant legislative Acts have been passed to ensure better fiduciary standards, successful implementation typically takes more time, and requires strong and committed leadership.

12. The summary risk analysis is therefore based on the project’s proposed financial management arrangements and known Country issues.

Key Financial Management Summary Risks and Mitigation Measures

Risk	Risk Rating	Risk Mitigating Measures	Conditions of Negotiations, Board or Effectiveness (Yes or No)	Residual Risk Rating	
INHERENT RISKS					
1	<p>Country Level</p> <p>Weaknesses in legislative scrutiny as well as low human capacity, declining revenue, and energy challenges, are impacting on timely and adequate inter-governmental fiscal transfers.</p>	<p>H</p>	<p>Efforts are being made to help GoSL substantially resolve and enhance revenue management framework in the medium term</p> <p>The recently approved Integrated PFM Reform project seek to address the human capacity issues including FM capacity</p>	<p>NONE</p>	<p>H</p>
2	<p>Entity Level</p> <p>NaCSA is an agency already implementing Bank funded project; There is however the risk that some of the staff may leave and new staff join thus creating possible delays in accounting and reporting.</p> <p>The Youth Commission, the beneficiary is yet to be created and made operational. The risk that this will not be operational</p>	<p>S</p>	<p>Project fiduciary staff, will continue to receive training and ensure that new set of staff are adequately qualified and experienced. NaCSA will also be encouraged to put in place policies that will allow it to retain staff throughout the life of the Project.</p> <p>The IPAU MOFED will be administering component 2 and 3 of</p>	<p>NONE</p>	<p>M</p>

	during the life of the project.		the project with technical support from the Youth Secretariat Simplified procedures will be agreed for the implementation of component 2.		
3	Project Level Project implementation involves stakeholders (including network of local & international NGOs, public, private & civil society institutions) but who are yet to be identified and who are not likely to have experience on implementation of Bank's Assisted Projects on FM.	S	Participating NGOs and other implementers will have their FM arrangements assessed prior to them receiving funds. In addition training will be provided to all staff of these agencies on Bank fiduciary procedures.	NONE	S
	OVERALL INHERENT RISK	S			S
CONTROL RISKS					
4	Budgeting. Budget preparations may delay and may not be comprehensive.	M	The Bank team and Project staff will work closely to establish comprehensive Project cost tables, detailed work program, and quarterly budgeting for the first 12 months of the Project. Training, mentoring, and hands-on experience will be provided to fiduciary staff in financial planning and budget preparation by the Bank team. Regular review /monitoring of Project budget performance,		L

			including timely release of Project funds, will be part of the quarterly IFRs lobe reviewed by the IDA and Project Steering Committee at all levels		
5	<p>Accounting</p> <p>Failure to appropriately account for project funds and provide full supporting documentation.</p>	M	<p>NaCSA and MOFED IPAU are familiar with Bank requirements and have provided adequate accounting in the past. Project software and procedures manuals are in place for NaCSA and MOFED IPAU and will be updated or upgraded as necessary to ensure that they adequately cover the activities under the new project.</p>		L
6	<p>Internal Control.</p> <p>The current staffing and operational arrangement at the Youth Secretariat are weak.</p> <p>There will be inadequate segregation of functions: that full control measures will not be applied: the risk that management may over ride some of the control measures put in place.</p>	S	<p>The MOFED IPAU will be in charge of financial management until there is adequate capacity established within the National Youth Commission.</p> <p>A project-specific FM manual will be designed and will be required to be followed.</p> <p>External audit oversight will also verify the operations of the laid down procedures.</p>		M

7	Fund Flow Delays of funds reaching beneficiaries for effective project implementation; weak banking system may cause delays in the payment systems; new staff may not prepare financial reports on time thus causing delays in funds flows.	S	The project will adopt a simplified flow of funds arrangements. This will also be documented in the FM manual for the MOFED IPAU and later for the National Youth Commission and in the case of NaCSA, in its revised FM manual.	Arrangements for the flow of funds that are acceptable to the Bank will be detailed in the Project Implementation Manual	S
8	Financial Reporting. Since there are decentralized locations of project implementation, there may be delays in reporting in addition to likely poor coordination of the different entities?	S	Simple IFR formats, contents and periodicity will be used. Time table will also be agreed with implementer on the timing for the submission of their reports. Training will be provided to staff in the preparation of IFRs.	IFRs discussed and agreed at negotiations.	M
9	Auditing. Possible delays in the submission of project audits: delays of management taking corrective actions on identified weaknesses.	S	The audit TOR will be agreed and a qualified and acceptable auditor appointed. Continuous satisfactory performance of auditors will be basis for continuous engagement.	TOR for external audit agreed at Negotiations.	M
	OVERALL RISK	S			M

Note: H: High; S: Substantial, M: Moderate and L: Low.

Strengths and Weaknesses of the Implementing Entities; (NaCSA& and MOFED IPAU)

13. **The current strengths of the systems in place at the identified implementing agencies can be summarized as follows;**

- NaCSA and MOFED IPAU already have a fully functioning accounting system, documented in a manual and assessed as satisfactory by the Bank.
- They have staff who have working experience with Bank FM and disbursement requirements;
 - o NaCSA already implementing a similar project with satisfactory results.
- The NaCSA and MOFED IPAU both have computerized accounting systems
- MOFED IPAU has good experience in producing interim un- audited financial reports.

14. **Project Financial Management is weakened by:**

- Inadequate number of accounting staff in the fiduciary unit in the MOFED IPAU.

Financial Management Arrangements

Budgeting Arrangement

15. The Annual Work Plans and Budgets (AWPB) will be prepared and approved based on the policy guidelines and strategy planning as laid-out in the project's operational manual. The AWPBs is expected to be prepared in a participatory way and will be approved before each new financial year begins. The financial part will be monitored during Project implementation using unaudited IFRs. The two key implementing entities have qualified staff to proceed with the review, consolidation, and approval of the annual work program. An effective Budgeting Committee will also be set-up to coordinate the four components budgetary activities. The AWPB will be subject to the Bank's review.

Accounting Arrangement

16. **Books of accounts.** The two implementing entities will maintain books of accounts similar to those for other IDA-funded projects. Books of accounts specifically for this Project will be set up and will include a cash book, ledgers, journal vouchers, a fixed asset register, and a contracts register. A chart of accounts will be drawn up for the Project, in which the account codes will match the classification of expenditures and sources and application of funds indicated in the Financing Agreement. The chart of accounts will be developed in a way that will allow Project costs to be directly related to specific Project activities and outputs.

17. **Information system.** The books of account will be maintained on the computerized accounting system on the two parallel platforms (Sun accounting software of NaCSA & that of the MOFED IPAU). From the preliminary assessment made, the two systems are capable of accurately processing and reporting the use of funds in a transparent, timely manner as well as safeguarding of the projects assets.

Internal Control and Internal Auditing

18. **Internal control.** NaCSA internal control systems have satisfactory levels of segregation of duties and controls. They also have adequate staffing and controls arrangements (including those on relevant approvals & expenditure authorization procedures). Similar enhanced control procedures are expected to be put in place for the Youth Commission, once it becomes operational. The MOFED IPAU has satisfactory control systems but may require some additional staffing to enable it to take on new responsibilities.

19. Procedure Manual covering project financial transactions procedures already exists and found functional in the two key implementing entities systems, but will need to be upgraded.

20. **Internal auditing.** There is no direct formal internal audit arrangement either within the MOFED IPAU to provide cover for its activities or at NaCSA, for the on-going Cash-for work IDA –funded project.

21. The Mitigation measures to be provided will include close monitoring, more frequent supervision, in addition to general and monthly oversight by the central internal audit services provided by the Internal Audit Directorate of MoFED.

Governance and Anti-Corruption

22. Every effort will be put in place to mitigate this risk by advocating for good governance, close monitoring, and spot checks by the internal audit unit of the implementing entities plus an enhanced social responsibility by GoSL to government and project staff. Anti-corruption guidelines especially on conflict of interest, procurement and contract administration monitoring procedures, procedures undertaken for replenishing the Designated Account, and use of projects asset are to be provided as addendum to the Procedures manual for all the project implementing parties

23. An effective Monitoring and Evaluation mechanism will be required to be incorporated into the implementation of all the project components in order to ensure delivery of the end benefits to the targeted youth groups. Use of public notices to disseminate relevant information as well as independent and external players is envisaged.

Fund Flow Arrangement

Bank Accounts

24. The following bank accounts will be opened and maintained by the authorized signatories; Two Designated (Special) Accounts: Denominated in US dollars, disbursements from the IDA Credit/Grant will be deposited into these accounts. (One for the MOFED- IPAU and the other, for NaCSA). Payments for relevant Project expenditures will be paid from the two designated accounts. Local currency transactions will be debited to the designated accounts using the prevailing exchange rate at the date of each transaction.

Fund Flow for Cash- for NaSCA & IPAU

27. In addition to the overall fund flow, additional steps are summarized below that will guide the funds flow for the Cash for work component. The detailed criteria and requirements are spelt out in the components operations manual.

Procedure for release of the 1st Tranche:

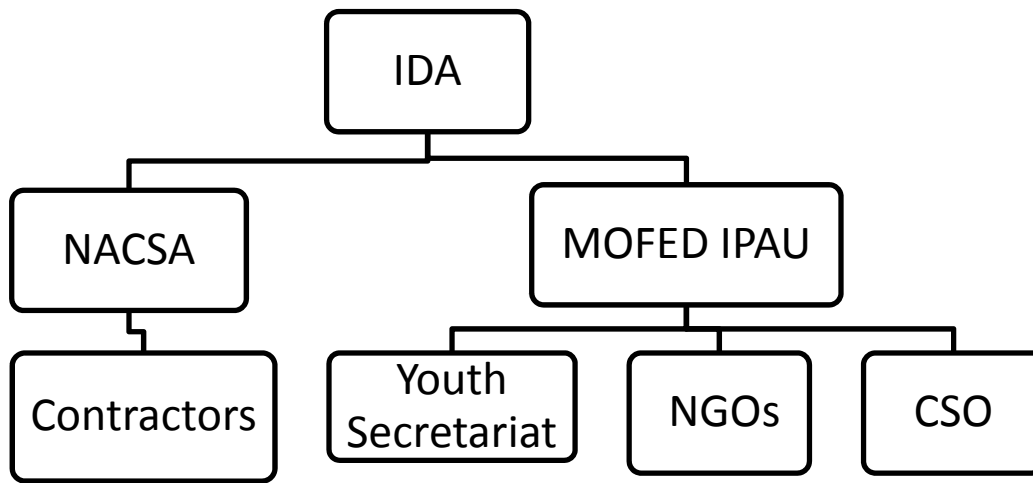
- i. Prior to a beneficiary or a sub-project receiving funds, they must meet all the conditions set out in the sub- program operations manual or manual for the food for works program component of the project. The conditions will include participation at the sensitization program of NaCSA, relative size of beneficiaries, maintaining active Bank accounts with authorized signatories and being a recognized community of particular District;
- ii. Communities prepare their needs and are screened and approved by District Projects' Committee (membership made up of Representatives of NaCSA, District Councils, CBOs/Youth Groups, Line Ministries of Agriculture and SL Road Authority);
- iii. After approval, proposals are submitted to NaCSA along with copies an MoU (which spells-out the respective responsibilities of the parties- including NaCSA's being technical and funding while project monitoring and efficient use of funds being those of the Communities/District) for due processing;
- iv. On receipt of approved proposals by NaCSA, they will be reviewed by Social and Directorate Department to ensure that the approval follows the laid down criteria in the operations manual governing the component; as well as checking for full documentation, project eligibility plus the budget limits;
- v. Once the selection and funding criteria are met and all necessary approvals obtained, NaCSA makes direct payment to the benefiting Community's Bank Account or to the contracted Implementing Agency's account as indicated in the MoU. The allocated funds

or percentage transferred represents the first tranche to the beneficiary Communities or groups;

Release of second and subsequent Tranches:

- i. On completion of activities, the beneficiary will submit a set of reports(End-of Tranche, Monitoring and Expenditure reports) plus other relevant support documents to corroborate the report;
 - ii. NaCSA will review and verify if the monitoring unit has covered the activity, if yes then ensure that the report of the monitors is consistent with the statement, if not then NaCSA will ensure that monitoring unit is notify for a quick review;
 - iii. The Accounts department of NaCSA vouches the Expenditure Report with the supporting documents, if there are shortfalls or unexplainable inconsistencies; the amount is withheld until satisfactorily resolved.
 - iv. If all conditions are met, then the NaCSA Accountant recommends the payment of the second tranche. If this is the last tranche then NaCSA management will ensure that the activity is listed as part of the monitoring unit's work program for that quarter;
28. Initial Designated Account ceilings will be based on four-month cash-flow forecasts and an approved work plan and budget for the three components of the Project. This will be deposited into the DAs based on submission of withdrawal applications to IDA.

Illustrative Fund- Fund-Flow Diagram



29. IDA will process the withdrawal applications and deposit an advance on the Project's Designated (Special) Accounts.
30. Subsequent withdrawal applications will be made at regular intervals, following approval of progress and accountability reports, work plans, and budgets.
31. Funds from the Designated Accounts can be used to pay Project expenditures if denominated in foreign currency, or by direct payment, where applicable.

Disbursement Arrangement

32. Both the NaCSA & the MOFED IPAU financial management and accounting systems will facilitate SOE-based disbursement.
33. Other methods of disbursement include the use of direct payments to suppliers and special commitments. Details will be spelled out in the Disbursement Letter.
34. If ineligible expenditures are made from the Designated Account, the Borrower is obligated to refund the same.
35. If the Designated Account remains inactive for more than six months, the Borrower may be requested to refund to IDA the amounts advanced to the Designated Account.
36. IDA has the right, reflected in the Financing Agreement, to suspend disbursement of funds if reporting requirements are not met.

Financial Reporting Arrangement

37. The MOFED IPAU will be responsible for the overall coordination of preparation & submission of the consolidated, quarterly Interim Financial Report (IFR) and annual Audited Financial Report to IDA within 45 days after the end of the period to monitor the use of Project funds.

38. Formats for these reports (as per agreement during negotiations) should be generated from the implementing entities' financial management system. The information in these reports will be clearly linked with the chart of accounts for the Project.

39. The following quarterly IFRs and annual Financial Report will be produced by the Project:

- A statement of sources and uses of funds for the reported quarter and cumulative Period, from Project inception, reconciled to opening and closing bank balances.
- A statement of uses of funds (expenditures) by Project activity/component, comparing actual expenditures against budget, with explanations for significant variances for both the quarter and cumulative period.

40. The financial statements should be prepared in accordance with International Public Sector Accounting Standards (which inter alia includes the application of the cash basis of recognition of transactions).

41. The IDA Financing Agreement will require the submission of audited financial statements to the Bank within six months after the end of the financial year.

42. These Financial Statements will comprise:

- A Statement of Sources and Uses of Funds / Cash Receipts and Payments, which recognizes all cash receipts, cash payments, and cash balances controlled by the entity and separately identifies payments by third parties on behalf of the entity.
- A Statement of Affairs / Balance Sheet as at the end of the financial year, showing all the assets and liabilities Of the Project.
- The Accounting Policies Adopted and Explanatory Notes. The explanatory notes should be presented in a systematic manner with items on the Statement of Cash Receipts and Payments being cross-referenced to any related information in the notes. Examples of this information include a summary of fixed assets by category of assets and a summary of SOE Withdrawal Schedule, listing individual withdrawal applications.
- A Management Assertion that Bank funds have been expended in accordance with the intended purposes as specified in the relevant World Bank legal agreement.

43. Indicative formats of these statements will be developed in accordance with IDA requirements and agreed with the Country Financial Management Specialist.

External Audit Arrangement

44. The audit will adhere to International Standards on Auditing (IFAC/INTOSAI pronouncements) and the report will be submitted within six months after the end of the financial year. In addition, the auditors will provide a detailed management letter containing significant weaknesses that come to the attention of the auditor during the course of the audit and which are not reflected in the audit opinion.

Effectiveness Conditions and Financial Covenants

45. *No FM Effectiveness conditions are specified for this project, however the project will be required to select the auditors within 4 months after the effectiveness of the project. The revised manual for NaCSA and MOFED IPAU will also be required to be ready within 4 months after the effectiveness of the project. These are in line with the Bank's Financial Management arrangement under OP/BP 8.00 "Rapid Response to Crises and Emergency Operations."*

46. As stated in the Financing Agreement, the financial covenants are the standard ones for Financial Management, Financial Reports, and Audits and Section 4.09 of the General Conditions.

Financial Management Supervision Plan

47. The FM supervision strategy will be risk-based and will comprise of at least one on-site supervision missions that will involve visits to the Implementing Entities by the country FM Specialist in the Freetown country office. Desk reviews of periodic Financial Report (IFRs) and the annual audited project financial statements and the auditor's report and management letter. In addition, the FMS will work with Project FM Teams to resolve any FM-related issue that may come up during project implementation.

48. The supervision mission objective is to ensure that strong financial management systems are maintained throughout the life of the Project. At end of each Supervision Mission, an FM rating will be provided to the TTL for the ISR.

Implementation Support Plan

FM activity	Frequency
Desk reviews	
Interim financial reports review (IFRs)	Quarterly
Project audit report review	Annually
Review of other relevant information such as systems audit reports	As these become available
On site visits	
Review of overall operation of the FM system	Annually and risk- based.
Monitoring of actions taken on issues highlighted in audit reports, auditors' management letters, systems audit report, and other reviews	As needed
Transaction reviews (if needed)	To be done as needed in case of any issue arising
Capacity-building support	
FM training sessions	Before Project start and thereafter as

Conclusion of the Assessment

49. The overall FM risk is *Moderate*. *The FM arrangements in place at the two implementing agencies, NaCSA and MOFED IPAU have systems that* satisfy the Bank's minimum requirements. Based on the agreed measures and action plans, the systems will be enhanced and should be adequate to provide, with reasonable assurance, accurate and timely information on the status of the Project as required by the Bank.

Annex 5: Procurement Arrangements

SIERRA LEONE: Youth Employment Support Project

A. General

1. **Sierra Leone's Procurement Environment:** The Government has introduced a number of reforms in public financial management (PFM) including public procurement reforms meant to reduce the opportunities for corruption. The implementation of the public procurement law enacted in 2004 is part of the PFM reforms component of the Bank-financed Institutional Reforms and Capacity Building (IRCB) Project that is being implemented by the MoFED.

2. The Public Procurement Act (PPA) 2004 is comprehensive and covers all procurement in the public sector (Central Management Agencies, Ministries, Departments and Agencies (MDAs), Metropolitan, Municipal and District Councils as well as parastatal organizations and State-Owned Enterprises). The PPA created the National Public Procurement Authority (NPPA), an autonomous regulator empowered to set rules and oversee public procurement practices by all public sector bodies. In turn, the NPPA has issued standard bidding documents and regulations to ensure open, competitive procurement across government. Dissemination of regulations has been carried out and procurement plans of many MDAs are tied into the budgeting process. Capacity building, development of a procurement cadre within the public sector and auditing of entities are the current challenges being tackled. Progress is being monitored under the MDBs Budget support for Sierra Leone. While there are some very real governance risks, the authorities have been making tangible progress that should be supported and deepened. Government and the key budget support donors have agreed on a well defined program of governance reforms backed by a harmonized approach to reform and monitoring. These reforms and other measures will help reduce the currently high fiduciary risks faced by the donor community.

3. Procurement of goods, works and selection of consultants would be carried out in accordance with (i) the World Bank's "Guidelines: Procurement under IBRD Loans and IDA Credits" dated May 2004, revised in October 2006 and May 2010; (ii) "Guidelines: Selection and Employment of Consultants by World Bank Borrowers" dated May 2004, revised in October 2006 and May 2010; (iii) the IDA Anticorruption Guidelines dated July 1, 2005 and as amended through October 15, 2006 ; (iv) Requirements of OP8.00 for Rapid Response to Crises and Emergencies, and (v) the provisions stipulated in the Grant Financing Agreements. The various items under different expenditure categories to be financed are described below. For each contract to be financed by the Grant, the different procurement methods or consultant selection methods, the need for prequalification, estimated costs, prior review requirements, and time frame are agreed between the Government and the Bank in the Procurement Plan. The Procurement Plan will be updated at least annually or as required to reflect the actual project implementation needs and improvements in institutional capacity.

4. **Procurement of Works.** Works to be procured will include public works programs which will provide short term employment to young people through rehabilitation and/or improvement of key economic infrastructure and/or other priority public works. The works will be chosen from amongst three areas: road rehabilitation and maintenance; agriculture; and

renewable energy/environmental management. The procurement will be done using simplified bidding documents or standard Request for quotations agreed with or satisfactory to the Bank. Following the new Framework for Rapid Response to Crises and Emergencies as stipulated in OP8.00, and to facilitate project implementation and quick delivery of results, no objections will be given, where appropriate, to the application of the following: Using rapid procurement methods (direct contracting *or* simple shopping) for engaging the services of qualified Agencies or civil works contractors already mobilized and working in the project areas; Using lists of pre-qualified contractors with good track record to whom periodic invitations are issued; extending contracts issued under existing projects for similar activities by increasing their corresponding contract amounts; where alternative arrangements are not available, using Force Account for delivery of works services directly related to the project objective; Using Community Participation in Procurement approach (further outlined in the Project Operational Manual (POM) acceptable to the Bank; and using NCB, accelerated bid times not below 21 days, and streamlined procedures and applying Bank provisions on the use of bid-securing declarations and the elimination or waiving of bid bond or, bid securities for small contracts.

5. **Procurement of Goods.** Goods procured under the project would include (i) vehicles, motorcycles, computers and peripherals, items of office furniture and equipment and stationery. Following the new Framework for Rapid Response to Crises and Emergencies captured in OP8.00, and to facilitate project implementation and quick delivery of results, no objections will be given, where appropriate, to the application of the following: Using rapid procurement methods (direct contracting or simple shopping) for engaging the services of qualified Agencies/suppliers of goods; Using NCB, accelerated bid times not below 21 days and streamlined procedures and applying Bank provisions on the use of bid securing declarations and the elimination or waiving of bid bond or bid securities for small contracts. Alternatively, goods may also be procured from UN Agencies (e.g., UNOPS – United Nations Office for Project Services) provided that such a contract does not exceed US\$200,000 for each type of goods.

6. **Selection of Consultants and Service Providers.** Consultancy services to be provided will take the form of Packages of interventions which will be selected through a competitive process (i.e. “Request for Proposals”) based on defined Terms of References (TORs) and implementation guidelines. Drawing on lessons learned from previous youth employment interventions in the country, training should preferably be provided by established entrepreneurs, trained trainers and mentors. Training providers will be chosen by the selected project implementing agencies, based on past experience of pilot programs, and on mapping and interest of private and public sector firms and local or national agencies, in sectors which can demonstrate both market potential, and demand from beneficiaries. The selection process will also include the hiring of individual consultants to provide TA and training, NGOs to manage the implementation processes on the ground, and firms to provide necessary inputs. The project has been classified as a rapid response program where, in conjunction OP 8.00, Accelerated and Streamlined Procedures may apply to improve the flexibility, speed, and effectiveness of the Bank’s emergency response. The use of a “pool of experts” or a list of “pre-selected” consulting firms/service providers and/or individuals may be an appropriate method for supporting project implementation. Firms and NGOs already working in the area and which have a proven track record in similar assignments could be selected through Consultants’ Qualification Selection

(CQS) method. No-Objection will also be given for sole-sourcing (single-sourcing) of consulting firms/service providers, where this presents a clear advantage over competition.

Short lists of consultants for services estimated to cost less than US\$100,000 equivalent per contract may be composed entirely of national consultants in accordance with the provisions of paragraph 2.7 of the Consultant Guidelines. Consultancy services estimated to cost above US\$100,000 per contract for firms, and single source selection of consultants (firms, UN agencies and individuals) will be subject to prior review by the Bank.

7. **Exceptions to National Competitive Bidding Procedures.** The following provisions shall apply to procurement under National Competitive Bidding procedures: (a) foreign bidders shall be allowed to participate in National Competitive Bidding procedures; (b) bidders shall be given at least 28 days to submit performance securities; (c) no domestic preference shall be given for domestic bidders and for domestically manufactured goods; and (d) in accordance with paragraph 1.14(e) of the Procurement Guidelines, each bidding document and contract financed out of the proceeds of the Financing shall provide that: (i) the bidders, suppliers, contractors and subcontractors shall permit the Association, at its request, to inspect their accounts and records relating to the bid submission and performance of the contract, and to have said accounts and records audited by auditors appointed by the Association; and (ii) the deliberate and material violation by the bidder, supplier, contractor or subcontractor of such provision may amount to an obstructive practice as defined in paragraph 1.14(a)(v) of the Procurement Guidelines.

8. **Training and Workshops.** Training will be carried out on the basis of approved programs on a yearly basis. The programs will identify the general framework of training and similar activities for the year, including the nature and objectives of training and workshops as they relate to the project objectives.

9. **Incremental Operation Costs.** The project will finance incremental recurrent expenditures incurred by the implementation agencies, including office supplies, fuel and maintenance of vehicles, maintenance of equipment, field allowances, DSAs, telephone and other communications charges but excluding salaries of officials of the Borrower's civil service (unless expressly agreed upon with the Bank, based on the Country Financing Parameters). They will be procured using the implementing agency's administrative procedures reviewed and found acceptable to the Association.

Assessment of the Capacities of Various Agencies to Implement Procurement associated with Component 1, 2, and 3

10. *Component 1:* The National Commission for Social Action (NaCSA) will continue to take the lead role in the implementation of the Cash for Works program. It will work in close collaboration with SLRA, Ministry of Agriculture and Local Councils, and other technical agencies as required and will coordinate its activities with the Youth Commission/Youth Secretariat. The local councils will be involved in the implementation and monitoring of project activities. In particular, youth councils and youth representatives are expected to be active in the selection of cash for works projects and monitoring of work sites.

11. NaCSA has proven itself capable of effectively managing not only the Bank’s funds, but also those of other donors. Currently, NaCSA implements five different programs with funding from Islamic Development Bank, KfW, African Development Bank and the Italian Government. The NSAP mid-term review found NaCSA’s performance to be satisfactory on all counts, including fiduciary management, monitoring and evaluation, and reporting. The capacity of the agency has been recognized by the Government of Sierra Leone which has expanded and extended NACSA mandate until 2018 to include support for local development/local councils and social assistance programs for the poor, and for the war reparations effort.

12. *Component 2 and 3:* The main procurement activities will involve (i) the competitive selection of NGOs or technical agencies (through a Request for Proposals process), (ii) appointment of youth advocacy groups which will take part in the spot monitoring of project activities; (iii) identification of bi-lateral institutions to provide training services in specialized areas; and (iv) contracting a number of service providers to conduct policy studies and program evaluations on a needs basis. All these are expected to be managed by the Ministry of Finance and Economic Development (MOFED) Integrated Project Administration Unit (IPAU) until the National Youth Commission is operational. One additional contractual staff will be hired to ensure that the IPAU is able to manage its workload. A mid term assessment will determine whether these responsibilities can be transferred to the National Youth Commission.

13. The overall project risk for procurement is **moderate**.

No	Key Risks	Mitigation Actions	By Whom	By When
1	The Youth Commission is yet to be established	MOFED IPAU will act as the principle administering agency/counterpart until Youth Commission is operational. Capacity development support will be provided to the National Youth Commission	GOSL	
2	Overburdening the MOFED IPAU with new responsibilities	Hiring temporary Procurement staff to balance MOFED IPAU workload.	MOFED	From onset of project and ongoing

14. The measures above must be tied in with strong management leadership to provide effective monitoring of all components especially Component 1.

Procurement Plan

15. The Recipient has developed a twelve month procurement plan for project implementation which provides the basis for the procurement methods. This plan has been reviewed and agreed upon during negotiations and will be subject to updates at least once a year.

Table A: Thresholds for Procurement Methods and Prior Review

No	Expenditure Category	Contract Value Threshold** (US\$)	Procurement Method	Contracts Subject to Prior Review (US\$)
1	Goods and Services (other than Consulting Services)	C >= 500,000	ICB	All Contracts
		50,000 = < C < 500,000	NCB	Specified contracts as would be indicated in the PPs
		C = < 200,000	UN Agencies (UNOPS)	
		C < 50,000	Shopping	None
		All values	Direct Contracting	All Contracts
2	Consulting Services	C >= 200,000 firms	QCBS	All Contracts
		100,000 = < C < 200,000 firms	QCBS, FBS, CQS	All Contracts
		C < 100,000	CQS, FBS, LCS (for Audit)	Only TORs
		C >= 50,000 individuals	IC	All contracts
		C < 50,000 individuals	IC	TOR
		All Values	Single Source Selection	All Contracts
3	Training, Workshops, Study Tours	All Values	To be based on Annual Work Plan & Budgets	

*These thresholds are for the purposes of the initial procurement plan. The thresholds will be revised periodically based on re-assessment of risks.

** Contracting under Community sub-projects will be through CDD, Shopping and Direct Contracting as detailed out in the Project Implementation Manual

D. Frequency of Procurement Supervision

8. In addition to the prior review supervision to be carried out from Bank offices, the capacity assessment of the Implementing Agency has recommended three (3) supervision missions each year.

E. Details of the Procurement Arrangements Involving International Competition

1. Goods

- (a) List of contract packages for the initial 12 months:

1	2	3	4	5	6	7	8	9
Ref. No.	Contract (Description)	Estimated Cost (USD)	Proc. Method	Expected Bid Invitation Date	Expected Bid Closing Date	Review by Bank (Prior / Post)	Expected Contract Award Date	Expected Contract Completion Date
1	Procurement of Motor Vehicles	300000	ICB/UN OPS	July 2010	August 2010	PRIOR	September 2010	December 2010
2	Procurement of motorcycles with helmets	117600	ICB/UN OPS	July 2010	August 2010	PRIOR	September 2010	December 2010
3	Procurement of Computers and Peripherals	10500	SHOPPING	July 2010	August 2010	POST	August 2010	August 2010
4	Community Sub-projects	4467000	CDD/S HOPPING/DIRECT CONTRACTING	TBD	TBD	PRIOR/POST	TBD	TBD
5	Equipment	65300	NCB	TBD	TBD	PRIOR	TBD	TBD

- (b) Initial contracts (irrespective of value), ICB contracts estimated to cost above 500,000 US\$ per contract and all direct contracting will be subject to prior review by the Bank.

2. Consulting Services

- (a) List of consulting assignments for initial 12 months:

1	2	3	4	5	6	7	8	9
Ref. No.	Description of Assignment	Estimated Cost	Selection Method	RFQ Issued	Expected Proposals Submission Date	Review by Bank (Prior/Post)	Expected Contract Award Date	Expected Assignment Completion date
1	Targeting Survey	60000	CQS	TBD	TBD	PRIOR	TBD	TBD
2	Financial Audit	12000	LCS	TBD	TBD	PRIOR	TBD	TBD
3	Impact Evaluation (Various Contracts)	1500000	QCBS/C QS/IC	TBD	TBD	PRIOR	TBD	TBD
4	Intervention Packages	2000000	QCBS/C QS/ICS/DIRECT CONTRACTING	TBD	TBD	PRIOR/POST	TBD	TBD
5	Training Services	60000	ICs	TBD	TBD	TBD	TBD	TBD

(b) Consultancy services estimated to cost above USD 100,000 for firms and USD 50,000 for individuals per contract, all single source selection of consultants and contract for project auditors will be subject to prior review by the Bank.

(c) Short lists composed entirely of national consultants: Short lists of consultants for services estimated to cost less than USD 100,000 equivalent per contract, may be composed entirely of national consultants in accordance with the provisions of paragraph 2.7 of the Consultant Guidelines.

Annex 6: Implementation and Monitoring Arrangements

SIERRA LEONE: Youth Employment Support Project

1. The project will be administered by the Integrated Project Administration Unit (IPAU) of the Ministry of Finance and Economic Development (MoFED). The IPAU will have overall responsibility for the administration, fiduciary oversight, coordination, monitoring, and evaluation of project activities. The project will be overseen by a Technical Steering Committee. The Committee will be chaired by Ministry of Education, Youth and Sports (MEYS) and will have director level representation from key line ministries.²⁰ The Steering Committee will cease its operation once the NYC Board is established. While the IPAU has adequate capacity to carry out its current responsibilities, two additional staff, a procurement and finance officer, will be hired to absorb the added workload of administering this project²¹.
2. Given that the IPAU's core competencies are in project administration, contract management, and fiduciary management, it will rely upon the Youth Secretariat and NYC (once operational) for technical expertise in administering and supervising all project activities. The IPAU would not implement project activities itself.
3. At the mid-term review of the project, an assessment will be conducted to determine if the NYC has the required capacity to assume the role of administering the project. Among the criteria to be covered in the assessment will be: the full staffing of all NYC core management functions; adequate staffing by experienced professionals in financial management, procurement, and contracts management; the performance of the NYC in managing funds and procurement; the monitoring and evaluation capacity of the NYC; the effective functioning and regular convening of the NYC's Board; the mobilization of planned Government funding for the operation of the NYC; and any other relevant factors.
4. Responsibility for the implementation of project components will be as follows:

Component 1: Cash-for-Works

5. *Implementation responsibility.* The National Commission for Social Action (NaCSA) will continue to take a lead role in the implementation of the Cash-for-Works program, working in close collaboration with Sierra Leone Roads Authority, Ministry of Agriculture, other relevant technical ministries, Local Councils, communities and youth groups.
6. It is expected that the ILO will provide technical support to the program. This will include the adaptation and introduction of training modules on labor-intensive works: in road rehabilitation and maintenance, agriculture, and renewable energy. The ILO will also continue to support the Sierra Leone Roads Authority to strengthen its capacity to undertake labor intensive roads rehabilitation.

²⁰ Key line ministries include Finance and Economic Development, Agriculture, Trade and Commerce, and Labor and Employment

²¹ Recruitment process for additional staff is expected to be completed by August 30, 2010.

7. *Monitoring.* Program monitoring will be the responsibility of NaCSA. Monthly reports will be collected from work sites and will be compiled as quarterly reports to be submitted to the IPAU. The service providers for training will also be responsible for providing monthly status reports. The Community Oversight Committees (COCs) will be responsible for smooth running of works activities in a locality. More specifically, they: (i) would be notified by the approvals committee upon approval of the amount of the public works, and would be responsible for disseminating this information in the locality; (ii) would be expected to monitor the subscription of beneficiaries and administer the lottery when and where necessary; (iii) would monitor progress with the works; (iv) would monitor timely wage payments; and (v) intervene and intermediate in case of a dispute between the contractor and the workers. Youth advocacy groups and youth committee representatives will act as observers to the beneficiary subscription process to ensure that the beneficiary eligibility criteria are adhered to and that the lottery is carried out per project guidelines.

8. On site supervision and monitoring will be provided by technical ministries and agencies such as SLRA and Ministry of Agriculture district staff as well as NaCSA staff. The contractor training will be provided by a group of trained trainers. Mentoring of beneficiaries on basic financial skills will be provided by an NGO or a group of NGOs depending on capacity.

9. *Impact Evaluation.* The evaluation of the component will be contracted out to specialized service providers. NaCSA and IPAU will jointly oversee the impact evaluation which will be funded out of component 3.2. The evaluation design is explained in detail in Annex 11.

Component 2: Skills Development and Employment Support

10. *Implementation Responsibility.* This component will be managed by the YS/NYC with support from the IPAU. The project will provide support for employability and business development in relation to the value chain in the agricultural sector, and for other economically viable activity demonstrated by market demand.

11. Activities will be implemented by competitively selected private or non-governmental agencies, through a Request for Proposals process based on agreed implementation guidelines. Up to three or four agencies will be selected to scale up their existing programs, or to introduce innovative training approaches based on proposals which reflect the Government's development priorities. A procurement/selection committee will include representation from IPAU, the YS/NYC, and relevant key ministries. The IPAU may also contract specialized agencies to provide specialized training and act as trainers of trainers to selected implementing partners.

12. It is expected that the successful candidates will be responsible for delivery of apprenticeship/business development support packages through a network of service providers. The implementing partners will be responsible for the selection of training/ apprenticeship providers and beneficiaries. They will follow guidelines set out in the operational manual. All implementing partners will report to the IPAU and YS/NYC on a monthly basis.

13. *Monitoring.* IPAU and YS/NYC will monitor implementation progress of programs carried out by contracted service providers, and will collect and validate results data generated by service providers. Each implementing partner will be responsible for providing monthly progress reports to the IPAU and YS/NYC. The TORs for the service providers will specify the types of monitoring data to be collected under each contract.

14. *Impact Evaluation.* The impact evaluation of the component will be contracted out to specialized service providers. IPAU will oversee the impact evaluation which will be funded out of component 3.2.

Component 3: Institutional Support and Policy Development

15. *Implementation Responsibility.* The YS/NYC will be responsible for the implementation of this component with support from the IPAU. For sub-component 3.1 on Institutional Support and Policy Development, the YS/NYC will have responsibility for issuing calls for proposals for analytical work, knowledge sharing or learning events to key ministries and agencies involved in the youth sector. Each proposal will have an advertised ceiling. The YS/NYC will assess the quality of the proposals and approve for funding. IPAU will handle all transfers of funds and fiduciary oversight related to these proposals. Guidelines to administer the policy development part of the component will be included in the operational manual.

16. For sub-component 3.2, IPAU will contract specialized service providers to carry out impact evaluations of components 1 and 2.

Annex 7: Environmental and Social Safeguards Framework SIERRA LEONE: Youth Employment Support Project

Introduction

1. This project is rated a category B project in terms of safeguards. This means that impacts are likely to occur but such impacts can be mitigated or avoided altogether. To this extent, the project triggered four safeguards policies, the Involuntary Resettlement, OP/BP 4.12, OP/BP 4.09 Pest Management, OP/BP 4.01, Environmental Assessment and OP/BP 4.04 Natural Habitats. This project is operating as an emergency project (O.P 8.0) and therefore for these triggered policies, the Government of Sierra Leone will prepare and disclose, before project effectiveness, a resettlement policy framework (RPF) an updated environmental and social management framework (ESMF) and a Pest Management Plan (PMP).

2. The RPF will set out the legal and administrative framework which includes the system of land ownership and tenures system and the socio-economic characteristics of beneficiary districts. It will also detail out the consultation processes, the eligibility criteria and the methodology for valuation of assets and a clear entitlement policy and compensation payment processes. The RPF will have sections on organizational arrangements for implementation and monitoring and a template for the design of a resettlement action plan. The project will prepare a resettlement action plan or an abbreviated resettlement action plan if it becomes necessary during implementation. The RPF will outline measures for building the capacity of officials required for implementing the RPF.

3. The ESMF will address the national legal, policy, and administrative framework and the World Bank's requirements on safeguards and description of environmental and social baseline conditions. The ESMF will discuss the potential social and environmental impact and the screening processes for identifying these impacts. It will outline mitigation and safeguard measures and principles, implementation and management arrangements under Component 1 (Cash for Works) and Component 2 to ensure an aversion or minimization of impacts before, during and after sub-project implementation. An existing ESMF for the National Social Action Program (NSAP) will be updated to ensure it addresses all the possible negative impacts under this project. Monitoring information, costs related to mitigation and training, institutional arrangements, disclosures and consultations, as well as recommendations from a study done in 2009 to improve safeguards implementation will all be updated in the ESMF prior to disclosure.

4. Under component 2 the project will invest in agricultural production for youth and will specifically focus on training, as well as the provision of agricultural inputs such as tools, seeds, etc. Other inputs, such as pesticides, may be financed and for that purpose, a pest management plan will be developed and disclosed. The aim of the pest management plan is to mitigate any adverse effect from the pesticide use including ensuring the proper handling, use and disposal of pesticides.

Capacity Building

5. The contractor will provide, under the terms of his contract, sufficient training to his personnel to ensure that they are all aware of the general conditions and safeguard issues in the

ESMF and RPF. The contractor is responsible for having sufficient capacity in terms of the number of staff trained in natural habitat protection, forestry/agro-forestry and environment.

6. Contractors should understand the implications of the RPF and avoid situations that could have any impacts on land issues, restriction of access and impacts on livelihoods. When confronted with such cases, the contractor should draw attention of project implementation unit to the issue and consult for a resolution on the matter. They will have general knowledge on environmental assessment and management and will be able to undertake regular self-monitoring and evaluation of the project. The contractors would however need to be trained on how to implement the screening checklist, on how to fulfill mitigation commitments and permit conditions, reporting requirements, and compliance checklists. In addition, training would be necessary for the project implementation agencies and partners (YES, NaCSA, SLRA, Ministry of Agriculture and NGOs) to enable them to implement the screening checklist and to do the requisite monitoring and reporting. The cost of this training, securing of environmental permits, mitigation, and monitoring will be included in the overall project costs and will be fully spelt out in the ESMF.

Annex 8: Economic and Financial Analysis
SIERRA LEONE: Youth Employment Support Project

Economic Analysis

1. **Public works can be more effective if combined with skill development.** Although public works programs are one of the active labor market policies most used by governments, especially during economic crisis, there are few evaluations showing a positive impact on workers' employability. However, the addition of training makes this type of program potentially more effective at increasing employability (Peeters *et al.*, 2009). The Labor Intensive Cash for Works Component of the Project is part of this new design of public works programs that provide temporary income support as well as training in order to improve workers' employability.
2. **Most young individuals in Sierra Leone lack the skills demanded by the labor market.** The average level of education is very low. While the percentage of people 15-24 never having attended school is 35 percent, this fraction is equal to 63 percent among people 25-35 years. Large employers and formal employers face the lack of the necessary skills more seriously. While 47 percent of large businesses will hire more workers 18-24 years if they were better educated, the fraction is 26 percent among small businesses. Moreover, the lack of working experience is also a hiring constraint. While 60 percent of large businesses will hire more workers 18-24 years if they had better working experience, the fraction is 32 percent among small businesses (Peeters *et al.*, 2009).
3. **The training provided should be strongly linked to market needs.** The most needed areas of training are management, marketing, food-processing technology, business development and literacy. In addition, the design of programs for young entrepreneurs should also include counseling and access to credit (Peeters *et al.*, 2009).
4. **The favored training method varies across firms.** While agricultural producers, especially the large ones, prefer training delivered by NGOs and government, many employers would rather choose on-the-job experience and apprenticeships (Peeters *et al.*, 2009). Traditional apprenticeships are a popular source of training throughout West Africa because of their practical orientation, self-regulation and self-financing (World Bank, 2006).
5. **Business training constitutes an opportunity for employment creation and private sector development in many developing countries where a high fraction of individuals are self-employed.** Several microfinance organizations are incorporating business training to their programs. An example is the randomized control trial used by Karlan and Valdivia (2009) in order to study the effect of adding business training to a lending program targeted among women in Peru. The authors found a positive effect of training on profits, business knowledge and implementation of innovations in the business. Other evaluations emphasized the impact heterogeneity across population groups (see Field *et al.*, 2010) on their analysis of a business training program in India). In spite of the few evaluations of business trainings programs in developing countries, the support of this type of programs (or self-employment programs in a

broader sense) constitute a promising approach to create employment in areas with low labor demand (Cunningham *et al.*, 2008).

6. **There is increasing evidence that incorporating life skills training into youth interventions increases the effectiveness of the program.** Many programs implemented by NGOs add life skills training to their interventions regardless the content of the program (technical training, business training or numeracy and literacy skills). The expected outcomes from life skills training include increase employability, increase self-esteem, improve decision-making skills, etc. Since this type of training is part of a training package in many interventions, it is difficult to isolate the effect of life skills training. However, evidence from the Jovenes job training programs that have been implemented in several Latin America and Caribbean countries shows that employment probability and earnings increase as a result of the program (Cunningham *et al.*, 2008).

7. **The experience of many NGOs running small programs in the area of skill development in Sierra Leone might be relevant for scaling up.** The type of interventions includes basic numeracy and literacy, life skills, technical skills, reproductive health and HIV/AIDS, business development and microfinance. Although these programs lack of rigorous impact evaluations, anecdotal evidence shows that many of them are using promising approaches to tackle several barriers to youth employment. The Component 2 of the Project intends to take advantage of this experience gained by NGOs and other organizations making a Request for Proposals based on defined Terms of Reference.

REFERENCES

- Cunningham, W., Cohan, L., Naudeau, S. and L. McGinnis. *Supporting youth at risk: a policy toolkit for middle income countries.* World Bank.
- Field, E., Jayachandran, S. and R. Pande. 2010. *Do traditional institutions constrain female entrepreneurship? A field experiment on business training in India.* *American Economic Review Papers and Proceedings.* Vol. 100, No 2.
- Karlan, D. and M.Valdivia. 2009. *Teaching entrepreneurship: Impact of business training on microfinance clients and institutions.*
- Peeters, P., Cunningham, W., Acharya, G. and A. Van Adams. 2009. *Youth employment in Sierra Leone.* World Bank.
- World Bank. 2006. *World Development Report 2007: Development and the next generation.*

Annex 9: Overview of Youth Employment Programs and Lessons Learned

SIERRA LEONE: Youth Employment Support Project

1. The limited opportunities for employment offered by the Sierra Leonean economy together with the central role that youth unemployment had in the country's civil war has motivated the Government of Sierra Leone (GoSL) to commit itself to improving young people's employment prospects. Youth employment is specifically highlighted as a central issue in the PRSP, and the Government has made significant investments in multiple areas of such as education, entrepreneurship and technical training schemes with the objective of improving the livelihoods of young men and women.

2. The multiple youth employment pilots and small and medium size interventions implemented in the country during the last few years have served to identify constraints, challenges and innovative solutions for the country challenges around youth under and sub-employment. The present section summarizes the main initiatives being implemented in the country and identify the main lessons learned from three interventions. The identification of interventions and lessons learned has been mainly done through the review of project documents, reports and evaluations, as well as interviews and technical discussions with implementing agencies and stakeholders performed during appraisal.

Cash for Works Interventions

3. **World Bank's Cash for Works Program:** The recent global economic crisis and the subsequent increase in food prices made that those in the lowest income category were unable to sustain previous levels of consumption as a result of food price increase. The Food and Agricultural Organization (FAO) categorized Sierra Leone and seven other countries as the most vulnerable nations to the food crisis. For this reason, the World Bank and the Government of Sierra Leone therefore designed the Cash-for-Work (CfW) Program as a temporary relief measure to assist vulnerable groups (especially unemployed youths) cope with the rising food prices at the time. CFW was designed for two-years (2009-2011). The cash for work program focuses on offering short-term seasonal employment opportunities to 31,000 beneficiaries, mostly youths, to undertake public works in roads cleaning and clearing roads and drainages, as well as rehabilitating farmland in urban and rural areas in return for cash payment. The program is managed by the National Commission for Social Action (NaCSA), which as an autonomous government agency that support poverty reduction in Sierra Leone through community oriented development and social funds mechanisms. Individual sub-projects are implemented via direct contracting of Implementing partners (e.g. Youth Groups/Community-based Organizations, Local Contractors/Artisans. Phase one of the program which ended in December 2009, targeted selected communities in seven districts in the country. By then, works had reached 16,515 beneficiaries, generating 665,280 person-days of employment, against the end-of-phase 1 target of 849,000 person-days of employment. The second phase of the program was approved in November 2009.

Agricultural-Based Interventions

Lessons Learned- Cash for Work Programs

A qualitative evaluation of the first phase of the Cash for Works Program has identified as the main lessons learned for future phases the following aspects:

- ✓ Beneficiary communities should be directly involved in selecting project type.
- ✓ Rotational work arrangements in which a larger number members of the community benefit from the program by shortening the period in which they participate in the work assignment should not be allowed to take place as they didn't showed positive outcomes.
- ✓ Communities should participate more actively in the processes of selection of communities targeted within each district, type of work to be carried out and selection of beneficiaries in order to reduce risks of elite capture. They should also participate more actively in the monitoring of the implementation of the works.
- ✓ Female participation should be improved by including other types of works besides road improvements which are more adequate for females, as well as by effective provision to provide interim care for beneficiaries with small children.
- ✓ In order to improve the sustainability of the works implemented through the program, it is necessary to facilitate training for local communities in managing and maintaining the project, generating more sustainable forms of employment

Agriculture Based Interventions

4. Both GoSL and the donor community have underscored the importance of the development of agricultural exports in boosting economic growth, improving rural livelihoods, expanding the base of the economy beyond mining, and having a real impact on overall development goals in Sierra Leone. Agricultural-based initiatives are key not only because of their potential for positive spillovers (it is estimated that 75 percent of the population is directly or indirectly involved with agriculture), but also for addressing other key issues that restrain the overall development of the country such as food security and chronic rural poverty.

5. There are multiple challenges for the development of the agricultural sectors including poor infrastructure, lack of investment and technical capacity, as well as agricultural labor shortages in some areas of the country. A large number of initiatives are currently underway or planned in this sector. In this section only those related to the creation of employment and livelihoods opportunities are included.

6. **World Bank's Rural and Private Sector Development Project:** This US\$30 million project focuses on improving efficiencies along the value chain of agricultural commodities (both food and export crops) with higher benefits flowing to producers, by: a) Improving domestic distribution channels for agricultural products to improve the ability of farmers and traders to market their goods in Freetown and other large domestic markets; b) Providing the

necessary tools and services for promoting agricultural exports of commodities such as cocoa, coffee, cashew, oil palm, cassava and ginger; c) Increasing farmers' access to improved agricultural technology and practices to support quality improvement of commodities supported under Components A and B and strategic studies to identify support for additional commodities and markets; and d) Support the development of key policy regulations, the project management function and monitoring and evaluation. While the project doesn't focus on youth exclusively, it includes mechanisms to ensure participation of vulnerable groups such as women and youth in the provision of grants and training.

7. **African Development Bank (AfDB) - Agricultural Sector Rehabilitation Project:** This project has as its main objective to provide a policy and financing framework for rehabilitation of the agriculture and rural development sector, heavily affected by the war. The project has three main components: (i) Agricultural Production; (ii) Capacity Building of the Ministry of Agriculture, Forestry and Food Security (MAFFS) and Rural Communities; and (iii) Project Management and Coordination. Its main focus is on enabling farmers to return to farms and provide the basic infrastructure and support key institutions required to make the sector operational. The delivery mechanism is based on a community-driven development approach. As in the case of the World Bank PSDP, this initiative doesn't target youth specifically, although it is expected to serve a large number of people between the ages of 15 and 35.

8. **International Fund for Agricultural Development (IFAD) Rural Finance and Community Improvement Programme:** This initiative targeted as beneficiaries (i) Smallholder farmers, including women heads of households; (ii) Micro-entrepreneurs and the operators of small businesses, including women; and (iii) Young people, including ex-combatants, and sexually abused young women and single mothers. It aimed to the generation of short-term employment opportunities for youth through the support of community sub-programs, as well as more sustainable livelihoods through farming and income-generating activities funded by loans from financial services associations and community banks.

9. **USAID LINKS initiative:** LINKS (Promoting Linkages for Livelihood Security and Economic Development) project, was implemented between 2004 and 2007 by CARE International, Catholic Relief Services, World Vision, Africare/Sierra Leone and Search for Common Ground. LINKS had interventions in the three Districts of Koinadugu, Kono and Kailahun where the project provided training for women and youth associations in farm and business management; sponsored technical and agricultural trainings to over 7,000 farmers (55 percent of whom were women); and encouraged livelihood skills training for over 1,000 youths. Training was complemented by over 5,000 small business loans.

10. **UNDP – support to food security project:** The UNDP together with the FAO between 2004 and 2009 provided technical assistance to the country's farmers through the creation of Farmer Field Schools (FFS) at the chiefdom, section and village level. The FFS mobilized local farmers into small groups to facilitate the receipt of training and resources. The program targeted 100,000 farmers over five years, and created than 500 FFS have been created.

11. **GTZ – Voluntary Youth Resettlement and Reintegration Project in Sierra Leone:** The youth resettlement from urban and mining areas to their villages of origin has its origins in

the GTZ Food Security and Reconciliation Project (FSRP), during which it became apparent that there was a serious shortage of youth (ages 15 – 35) in beneficiary communities which affected all project activities, while un- and underemployed youth both in Freetown and in the artisanal diamond mines of Kono District were expressing their desire and willingness to return to their villages of origin. After a number of pilots and based on consultations with both returnees and host communities, GTZ/FSRP developed a set of procedures for successful resettlement. These procedures consist of six steps including:

- 1) Identification and registration of returnees (groups of an approximate size of 40 – 60 heads of families)
- 2) Verification of returnees
- 3) Negotiation and arbitration between villagers and returnees
- 4) Transportation of returnees
- 5) Resettlement kits for male returnees, their families and recipient community
- 6) Livelihood support activities and follow up

12. GTZ has complemented this resettlement program with further technical assistance for moving away from subsistence into commercial agriculture. Currently GTZ is complementing this initiative with further technical assistance for the development of value chains of some agriculture products in order to move communities away from subsistence and into commercial agriculture.

ActionAid Youth Agricultural Project - Youth Employment Scheme

13. Through this project, ActionAid is providing seeds and tools to young people in Kono and Bombali districts who want to set up their own agricultural cooperatives, so they can start growing rice. ActionAid is also providing training on agriculture and the production of organic fertilizer in villages, which is helping many individual young people to grow vegetables in their gardens, which are then sold within the community. As well as helping people earn an income, it means the women of the village no longer have to walk for long distances to the nearest markets.

OPARD- Youth Employment Scheme

14. OPARD's initiative has as its main objectives to explicitly link agriculture to industry and commerce; support both producers' cooperatives and large-scale agribusiness and utilize technology to process oft-neglected agricultural commodities to maximize farmers' income. This project includes the distribution of agricultural inputs (seeds, cuttings, tools) to each group for cultivation of crops of their choice as well as training to ensure maximization of crop yields, but in addition to this it guarantees the purchase of the farmers produce for processing at its sizeable agribusiness complex, thereby reducing farmer credit risk. Juices, syrups, jams and yoghurt are manufactured thereby enabling value addition to crops commonly omitted from the processing chain (ie mangoes, pineapple etc). A further source of employment is also created by the use of sales agents to market the produce.

Lessons Learned- Agriculture- Based Interventions for Youth

- ✓ Agriculture-based interventions in rural areas offer great potential for employment creation for youth, as it is a sector with large and currently unsatisfied demand for labor.
- ✓ Employment programs have shown higher impact in terms of employment in rural areas of the country than in urban areas, mainly due to the large number of youth in urban areas with similar skills and the narrow base of the economy.
- ✓ Youth –especially urban youth, generally doesn't feel attracted to pursue a livelihood in traditional agriculture. However, economic activities in agriculture that involve some level of technification or transformation (i.e. agro-processing, agribusiness) are considered by young men and women as more appealing and therefore more likely to have higher and more sustainable impact.
- ✓ Attracting youth motivated to pursue a livelihood in agriculture-based project is critical for the success of the initiatives.
- ✓ Support in agriculture related areas such as seeds improvement, product management, processing, storage, packing and commercialization are emerging as critical bottle necks for the further development and expansion of the sector.

Multi-Sectoral Initiatives

UNDP- WB- Irish Aid- DIFID- PBF- BCPR, UNV, Japan: The Youth Employment Scheme (YES):

15. This 3 Million program aims to enhance Government interventions in reducing unemployment among youth in Sierra Leone and in consolidating the peace building efforts.
16. Its specific objectives are:
 - to provide rapid employment opportunities and income generating activities for young people;
 - to strengthen the capacity of the Youth division of the Ministry of Education, Youth and Sports;
 - to promote and facilitate the participation of young people in decision making processes and the development of youth interest initiatives.
17. The YES is based on four streams of work:
 - Youth Agricultural Engagement
 - Public Works Scheme
 - *Youth Enterprise Development*
 - *Youth Policy Development*

18. Activities under the YES started in late 2006 and involved short-term public sector works program delivered through various ministries and agencies. These employment opportunities were largely unskilled and labor intensive in nature, in sectors including road building, rehabilitation of social infrastructure, rubbish collection and street cleaning. In total around 10,000 temporary jobs were created over a period of six months.²² In addition to this, YES has supported a series of small programs in agriculture and enterprise development implemented by NGOs such as COOPI, IRC, OPARD and SLYEO in different districts. The main programs supported are described in this annex under the name of the implementing partner.

UNDP- Private Sector Development Program

19. UNDP's 5 year (2007-2012) US\$14M Private Sector Development Program has as its main objective creating an enabling environment for promoting the private sector through trade and investment. While the main focus of the program is on addressing the impediments to private sector development overall the program also addresses, in partnership with the United Nations Industrial Development Organisation (UNIDO), capacity building for indigenous small to medium-sized enterprises, to create opportunities for self-employment and income generation, particularly among youths. This initiative is supported through growth centres, under the supervision of UNIDO and MTI. In addition, support is provided for strengthening the capacity of the Chamber of Commerce (SLCoC) and the Sierra Leone Indigenous Business Association (SLIBA).

GTZ Employment Promotion Program

20. This 5-year (2006-2010), US\$10 million initiative, aims to target marginalized youth primarily through supporting private sector initiatives in urban and rural areas. Under this project a range of interventions have been developed, including:

- A National Employment Survey;
- Private Sector Development – Direct Action to assist rural enterprise development by providing technical support and access to finance to SME, which will enable them develop new production processes which will add-value to their business activities (such as the development of intensive farming methods, the processing raw commodities etc);
- Support to youth run micro and small enterprises such as farms, including those run by women, carpentry shops, automobile repair shops, artisans, dyers, metalworkers and food processing enterprises.

MTI / UNIDO – SME Support Programme for Industrial Development and Poverty Alleviation

21. The program develops growth and production centers around the country; encourages skills development among micro and small businesses; and facilitates trade by linking production centers to strategic marketing and distribution depots, and to export markets abroad. The program has developed 5 growth centers in: Bo (marketing of arts & crafts, gari processing, tin

²² This included road building (SLRA – 3,550), rehabilitation of social infrastructure (NaCSA, 2000 jobs), rubbish collection and street cleaning (YES – 1271 jobs), youth and sports (1,300) and beach cleaning, lifeguard duties (Ministry of Tourism, 198 jobs). See Annex 3 for full details.

smithery); Pujehun, Binkolo, Kpandebu; Rotifunk, and a production centre (AMPC) in Freetown. Machinery and technology for use and adaptation in local food industry has been designed; and food processing (fruit juices, marmalades, jams, industrial starch, etc) has taken place.

UNIDO - Productive and Decent Work for Youth in the Mano River Union and Côte d'Ivoire.

22. This US\$5.0 million, four year, multi-agency program aims to create employment opportunities for youth in the MRU countries and Côte d'Ivoire, by assisting and training youth in identifying, designing, and implementing projects in self-employment and group activities; establishing a financing facility for youth-led projects in partnership with local banks and financial institutions; and train youth in various skills such as mining, forestry, agriculture, agro-industries, and construction. The program will also set up a sub-regional information system on labor market supply and demand, as well as a program management system, which includes monitoring, learning lessons, public relations and an Information, Communication and Technology network.

Human Security Fund - Fuel wood Project

23. Under the Japanese Governments Human Security Fund, a one year (2007-2008) US\$284,086 "Fuel wood Project for Youth Empowerment and the Sustainable Management of the Western Area Environment", has been developed with UNDP, MEYS and the National Commission on Environment and Forestry. Targeting over 550 young people it focuses on the replanting trees in deforested areas around Freetown which will later be used to create firewood and generate income for the youths.

AFFORD - Supporting Entrepreneurs and Enterprise Development in Africa (SEEDA) Program

24. Through its SEEDA program, the UK based NGO, AFFORD has established two pilot business development centers in Bo and Freetown to help clients get their businesses to be investment-ready in preparation for expansion and growth. AFFORD identifies entrepreneurs by working in partnership with a range of business associations across the country including both fairly well-established structures and less structured associations operating at local level in various communities.

COOPI- Vocational Training for Youths with Disabilities in Western Area and Kono Districts of Sierra Leone towards Productive and Active Social Lives

25. The project "Vocational Training for Youths with Disabilities in Western Area and Kono Districts of Sierra Leone towards productive and active social lives" funded by World Bank CHYAO Africa Trust Fund aimed to increase youths' access to economic opportunities and to referral services for physical rehabilitation through three main axes of activities: education, vocational skills training and referral for rehabilitation and/or psychological assistance. The

project developed a specific on on-the-job training method based on a learning-by-doing approach, directly exposing the clients to “real -world” productive/marketing challenges.

COOPI- Youth Employment Scheme

26. This is one of the projects identified by the YES as good practice for scale up. The project aims to encourage the pursuit of agriculture as a business (new and existing producers’ cooperatives); attracts urban youth to establish new agribusinesses; support new and existing producers’ cooperatives to maximize profit through appropriate crop selection and expand marketing of commodities. The initiative has been conceived to ensure the consolidation of the groups, in terms of motivation, organizational structure, leadership etc. - embark on two further phases which reinforce the message that agriculture is a *business* rather than a subsistence activity.

27. The project includes the following activities:

- Sensitization of existing Youth groups of 20 individuals (mostly mixed gender and inclusive of disabled persons)
- Distribution of agricultural inputs (seeds, cuttings, tools) to each group for cultivation of crops of their choice
- Training to ensure maximization of crop yields delivered by MAFFS extension officers
- Basic literacy and numeracy using the REFLECT methodology
- Life skills, conflict management and HIV/AIDS awareness
- Intensive BDS training to two representatives of each youth group
- any additional training required for the implementation of their business plans plus support to establish savings accounts.

HELP- SL - Youth Employment Scheme

28. This project specifically targets one of the principal obstacles to youth entrepreneurship, namely lack of access to finance, *in a progressively staged approach*. In the first phase, beneficiaries are provided with basic BDS and mentoring plus a soft loan of between Le 400,000– 700,000 to establish or expand an existing enterprise by the Development Department of HELP-SL. In the second phase, at the end of the repayment period of six months, the credit rating of the beneficiaries is transferred to the Micro-Finance Department of HELP-SL who then reassesses the business for areas of expansion and consequently provides a second, larger loan. Through this program, beneficiaries’ access formal banking sector and with that for yet further expansion is facilitated by building their capacity and reducing their financial risk.

IRC- Youth Employment Scheme

29. The IRC micro-franchise pilot project implemented by IRC supports SME expansion in the private sector while promoting individual entrepreneurship in emerging areas. The initiative begins with a mapping of potential franchise partners and assessment of the value chain. Selection is based upon current success and simplicity of the business model plus local

accessibility of the required goods. At present, micro-franchises in five areas are being traded under the scheme: bread; mobile phone top-up cards; fish; ice; and cosmetics.

Lessons Learned- Agriculture- Based Interventions for Youth

- ✓ There is a developmental case for interventions in urban areas due to the large number of un- and under-employed youth. However, over-supply of labor in these locations may make it challenging to obtain results at large scale.
- ✓ Projects working with established youth groups who are currently conducting an economic activity tend to show better results. However, these groups should be already in existence to guarantee social cohesion and trust among their members.
- ✓ Urban youth tends to be largely attracted to self-employment/ entrepreneurship opportunities. This may be explained by their early exposure to this kind of livelihoods.
- ✓ Programs including innovations aimed to tackle some of the most pressing constraints that youth face in completing their transition into the labor market (i.e. business development skills, access to capital, and connections to networks) have more promising results than programs aimed only to the development of technical skills.
- ✓ Matching between market opportunities and packages of intervention is critical for success.
- ✓ The screening process of beneficiaries should be designed to identify beneficiaries with a real motivation for the area of intervention.

30. The micro-franchise model gives its beneficiaries the training and tools needed to develop a business plan, a task lists and performance indicators for the micro-franchise which is approved suppliers. Beneficiaries are trained in concepts such as: customer service; budgeting; profit and loss; market demand and competition; and key elements of the product. They also receive life skills and mentoring to enable appropriate responses to dilemmas as and when they arise plus support to open savings accounts. IRC also provide BDS as and where required to the franchisors, monitoring and supporting local suppliers to ensure timely payment and provision, supporting beneficiaries through the early days of operation.

Institutional Technical Training Interventions

31. GTZ - Promotion of the Development Capacity of Youths and Young Adults

This program aims to strengthen the ability of the general vocational training system to prepare youth for the labor market. The program's non-formal education component is oriented to the needs of youths and young adults in rural areas. These needs are determined on the basis of the capacity of various employment sectors to absorb job-seekers. The program offers its services in four components:

- Apprenticeships in community training centers (five district level centers to be created).
- Community-based teaching of functional literacy in conjunction with relevant employment or income-generating activities (25 village centers to be created).
- Socio-educational counseling of young people in community training centers and in literacy-teaching measures linked to micro-projects.
- Capacity-building at all levels: ministries, district administrations, school committees, non-governmental organizations, youth social workers, and trades people.

32. Vocational training and functional literacy curricula have been reconfigured and oriented to the labour market and the sales market for the products and services of self-employed entrepreneurs. The curricula have been devised in cooperation with MEYS and university experts and are strongly aligned with the demands of the economy. This work is based on the initial results of the **GTZ - Enhancing Technical Skills of Young People**

33. The German Federal Agency for Technical Relief (THW) is implementing two components of this project on behalf of GTZ. These two components include:

34. Vocational Training Centre, Kissy: provides basic and advanced technical training for young people a new vocational training programme for young people between 15 and 25 has been created. The 18-month programme at a training centre near Freetown (Kissy) offers courses in motor vehicle mechanics, air conditioner maintenance, electrical engineering and welding.

35. Mobile Training Units: youth in rural areas are being trained as metalworkers, car mechanics and electricians- through the use of mobile vocational training units. Units are equipped with the necessary tools for the training such as drills, angle grinders and bench grinders, workbenches and tents as well as with generators to run the electric machinery. The training is being carried out on the dual teaching principle, dovetailing theory and practice. 36 apprentices, including 14 women were initially trained and the project expects to qualify more than 200 youth during its lifespan.

CARE International – Youth Training Initiative.

36. This project, targets vulnerable young people in two of the most deprived slums of Freetown (Kroo Bay and Dwarzack). These include female headed households, those with a large number of dependents, ex-offenders, ex-combatants, young people with disabilities and school drop outs. This project aims to provide beneficiaries with training in vocational skills, post-training business development support and educational and recreational activities to enable 1,200 disadvantaged young people to either gain employment or establish their own micro-enterprises.

Lessons Learned- Education Initiatives for Youth Employment

- ✓ Employers highlight as major problems to satisfy the chronic shortage of employers both the quality and relevance of education output, particularly in regard to graduates of the TVET system.
- ✓ Problems in the quality and relevance of the training options offered in the country are explained by the very poor capacity of training institutions, the lack of adequate equipment for training and the very few linkages between the TVET system and the private sector.

Annex 10: Impact Evaluation Design
SIERRA LEONE: Youth Employment Support Project

1. Two impact evaluations will be carried out around the cash for works and skills development and employment support components. The evaluations will measure program impact on income, employment, food consumption and selected other welfare indicators.

Component 1: Labor Intensive Cash for Works Program

2. The main purpose of the evaluation of the cash for works program is to analyze whether or not the short term training added to a public works program makes a difference in terms of the employability and livelihood of beneficiaries. The knowledge acquired from this type of program will help the design of future public works programs.

The evaluation of the Cash for Works Program includes the randomization of training at the level of the project (Figure 1). In this Figure all the beneficiaries of Project A receive training; whereas the people employed by Project B will not receive training. As part of the evaluation the Project will collect baseline data of beneficiaries of Projects A and B as well as data of a follow up six months after leaving the Program. Additionally, the use of lotteries to assign benefits if the number of job applicants is greater than the number of jobs available per project creates a third group of individuals who did not receive any type of treatment. In summary, the design includes three groups: cash for works and training (group I), only cash for works (group II) and no cash for works and no training (group III).

Figure A9.1: Cash for Works Program

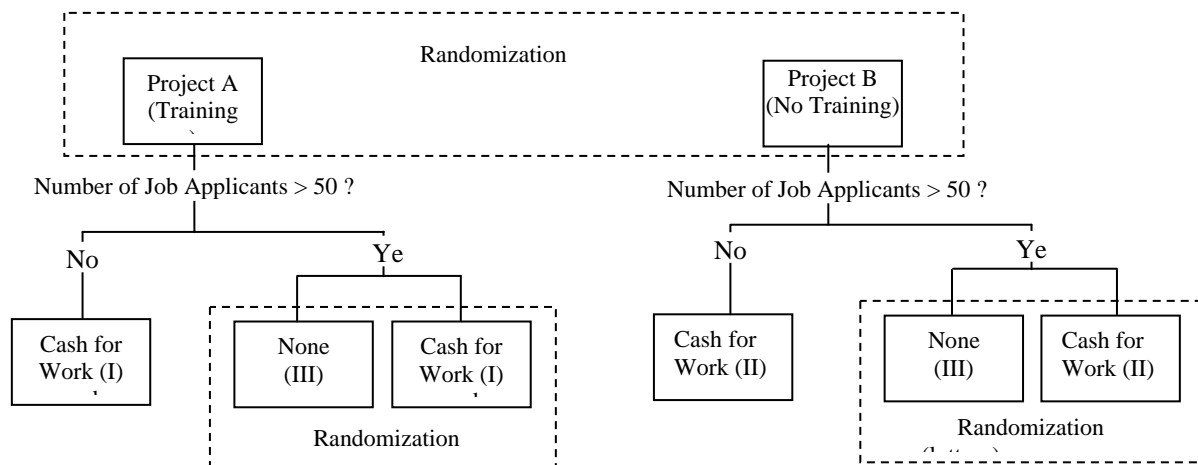


Table A1 presents the timeline of projects in Component 1. The collection of baseline data will be from the quarter April-June 2011 to the quarter January-March 2012.

Table A1-Project Implementation Timeline

Type Projects	Oct-Dec 2010	Jan-Mar 2011	Apr-Jun 2011	Jul-Sep 2011	Oct-Dec 2011	Jan-Mar 2012	Apr-Jun 2012	Total
Number Projects	48	48	76	76	76	76	70	470
Person/project	50	50	50	50	50	50	50	
Total Beneficiaries	2400	2400	3800	3800	3800	3800	3500	23500
No training	0	0	1900	1900	1900	1900	0	7600
Training	2400	2400	1900	1900	1900	1900	3500	15900

Component 2: Skills Development and Employment Support

3. The evaluation of this component of the project seeks to have a better understanding of the effects of entrepreneurship/business development programs on the well-being of beneficiaries measured by income, consumption and other welfare indicators.

The type of interventions included as part of this component will be selected through a competitive process (i.e. “Request for Proposals”) based on defined Terms of Reference. The impact evaluation design will be based on the randomization of treatment. In order to allow for the randomization of beneficiaries, the implementing partners should ensure to have a number of eligible participants at least 75 percent over the number of served beneficiaries included in the proposal. For example, if a training provider will train 1,000 youth per cycle (2,000 over two cycles), the provider should ensure to have a number of eligible youth greater than or equal to 1,750 people per cycle. If the provider uses interview or an exam as mechanisms to screen beneficiaries, the number of eligible beneficiaries is different from the number of applicants; otherwise, the number of eligible individuals and the number of applicants are the same. In order to select the beneficiaries a lottery should be carried out among the 1,750 people for each training cycle. In this example, the number of people in the treatment group is equal to 1,000 and the control group is composed by 750 people.

4. The evaluation will collect baseline data and a follow up after 6 months the program finishes. In order to make sure that people in the control group will be willing to participate in the follow up, the evaluation team will provide monetary incentives.

Annex 11: Overview of Vocational/Skills Training Capacity in Sierra Leone

SIERRA LEONE: Youth Employment Support Project

1. In 2006, it was estimated²³ that about 30,000 students were enrolled in 200 formal and non-formal Technical and Vocational Education and Training (TVET) institutions in Sierra Leone. Thirty percent of the institutions were created after 2000. The private sector accounts for 24 percent of the total number of providers. Many of these are shop-front establishments which charge fees to trainees for teaching skills regarded as valuable in the labor market. While large in number, these institutions are generally small in size, enrolling only 16 percent of trainees.
2. Communities, faith-based organizations and NGOs constitute 35 percent of training providers. The government owns only 4 percent of TVET institutions, and assists the remaining 37 percent with financing. However, there is little uniformity of curricula, or of staff salaries and fees charged.
3. The TVET share of budgetary allocations to education decreased from 9 percent in 2000 to 4 percent in 2004, equivalent to a nearly 25 percent drop in real terms over four years.
4. Most institutions lack the capacity to meet even the limited present skill demands of the economy: despite high unemployment, business leaders complain of serious shortages of skilled labor²⁴.
5. A recent assessment²⁵ of national technical and vocational education and training capacity concluded that most formal training facilities are inadequate and ill-equipped for their purpose. Trainees lack basic tools and training materials, and no standard curriculum is in use, even in institutions supported and formally accredited by the Ministry of Education, Youth and Sports.
6. The majority of centers are constrained by lack of funds, and of trained instructional staff, who often are young former graduates with little industrial experience. Moreover, some instructor/student ratios were found to be about 1: 60, against a preferred international standard of about 1: 20. Apart from one identified NGO training center²⁶ the same assessment found few links between training institutions and local industry, and no structured tracer studies or follow up of former trainees.
7. The TVET system in Sierra-Leone suffers from a weak institutional framework, lack of relevance in skills taught, low effectiveness and efficiency, and severely constrained funding. Training is mainly confined to narrow traditional skill areas which do not meet current labor market needs. In consequence, attendance is low and drop-out rates are high.

²³ “Youth Employment in Sierra Leone”, World Bank, Peeters *et al*, 2009

²⁴ discussion with Mohamed B. Cole, President, SL Chamber of Commerce, Industry and Agriculture

²⁵ “Sierra Leone: TVT Capacity Assessment Report”, UNDP and YES, Freetown, February 2009

²⁶ This is the NGO faith-based St. Joseph Training Center, Lunsar (visited during the April 2010 World Bank appraisal mission). It offers good training to national standards, and supports further education, job placement, self-employment, and self-sustaining micro-finance serving a wide local area.

8. Training expertise and learning materials are deficient. These need to be sharply improved as part of a strategy to ameliorate current conditions, through accelerated modular training in key skills needed in the labor market.

9. The present national system of standard setting, testing and certification suffers from lack of market-relevance, and needs to be broadened and strengthened. Much of the testing equipment used is not serviceable, and instructors and examiners need training in modern skill assessment techniques. Competencies need to be developed for each occupation. These would provide a bench-mark for assessing the relevance and quality of formal training programs, and also would equip graduates with portability of skills, and recognition of the learning standards which they attain.

10. The TVET system is largely supply-oriented and unresponsive to the job market. In addition, despite a remarkable recovery from conflict and severe social and economic disruption, Sierra Leone has not yet developed a sufficiently clear new direction in economic development so as to be able to plan properly for its future skill needs.

11. It is estimated that 90 percent of the country's training institutions do not possess the minimum workshops or facilities necessary to run their programs. Student learning outcomes are poor, with low pass rates on examinations of the National Commission for Technical, Vocational, and other Academic Awards²⁷.

12. Much private sector training takes place with greater or lesser efficiency on the job, at the workplace, through exposure to skilled workers or managers, while engaged in productive work. This type of on-the-job training reflects industrial and commercial practice in many developed and developing economies, where skills are learned from colleagues and supervisors, sometimes supported by theoretical instruction.

13. Investment of management time and resources in in-service training brings measurable returns in business performance. Many managers understand the cost of inefficient training, measured in low performance, slow learning, and damage to equipment, poor quality output, and costly bad workplace decisions.

14. Limited economic scope, absence of training facilities of adequate scale and quality, the need for sustainable rehabilitation of infrastructure, and the pressing demand for gainful youth employment create an urgent need to broaden the development potential for youth training and employment in Sierra Leone.

15. In order to improve the relevance and quality of training, many countries in Africa and developed and developing economies elsewhere, have established national training funds. These have been described as a flow of financing outside normal government budgetary channels dedicated to developing productive work skills²⁸.

²⁷ "Education in Sierra Leone: Present Challenges, Future Opportunities", World Bank, 2007

²⁸ Johanson, Richard. 2009. *A Review of National Training Funds*. Social Protection Discussion Paper 922, World Bank, Washington, D.C.

16. Training Funds have been established in some thirty Sub-Sahara African countries. They are variously financed by government budget, and/or payroll levy on employers (for which employer buy-in is regarded as crucial), and/or with other levy or international donor support. They help to spread the cost of training through offering training services and programs, and/or paying grants to companies and other training providers who meet specified criteria for grant support.

17. Although the appraisal mission was told that outline proposals have been drafted in Sierra Leone²⁹, the current stage of national economic development probably indicates that a levy-based fund would be inappropriate: the industrial base is limited, and levy-generating capacity and scope for its successful administration are weak.

18. There is in Sierra Leone a present emergency employment situation, a recent transition from destructive conflict, and a need to scale up the numbers of young people able to benefit from the impact of current successful private, donor, NGO and government training and employment initiatives. Therefore, short-term employment, with selective opportunities to learn additional skills for generating sustainable jobs for small entrepreneurs and those they employ, as foreseen under the proposed Project, is an effective immediate step toward broadening the national vocational skill base.

19. Interest also has been expressed in undertaking studies, with the support or in parallel with the proposed Bank project, to analyze evolving national TVET priorities, and to propose additional means for accomplishing them.

20. These might include, though not necessarily be limited to:

- initiating a comprehensive assessment, in consultation with employers and youth representatives, of the medium-term scale and content of national TVET priorities in light of projected future economic needs,
- the scope for improving quality, and increasing and identifying sources of investment (national budget, fees, donors) in fixed public training centers and in approved programs of private training providers linked to job placement and self-employment support initiatives, and
- extending and broadening competency-based skill standards, certification and testing procedures, to also encompass intermediate skill levels in agriculture, solid waste disposal and highway construction and rehabilitation.

²⁹ discussion with Ing. Mohamed A. Jalloh, Director, National Council for Technical, Vocational, and other Academic Awards

Annex 12: Labor Market Analysis
SIERRA LEONE: Youth Employment Support Project

I. Introduction

1. Sierra Leone is one of the countries with the lowest levels of development in the world, as measured by standard indicators such as life expectancy at birth (47.7 years in 2008), infant mortality rate (155 deaths for every 1,000 live births in 2007), maternal mortality ratio (261.8 deaths for every 100,000 live births in 2007), its level or rank according to the Human Development Index (0.365 out of a maximum of 1, which ranks it 180 out of 182 countries in 2009), or its level of real Gross National Income (GNI) per capita (750 dollars per annum in 2008).

2. This low level of wellbeing is partly the result of the decade-long civil war which engulfed the country between 1991 and 2002. Nevertheless, even when compared with the average for the Sub-Saharan Africa region -several of whose countries have also experienced civil wars-, with the average level for low income countries, or with the levels of the other members of the Mano River Union, Sierra Leone stands out as the least developed country (See Table 1 below).

Table 1
Selected welfare and economic indicators for a group of West African countries

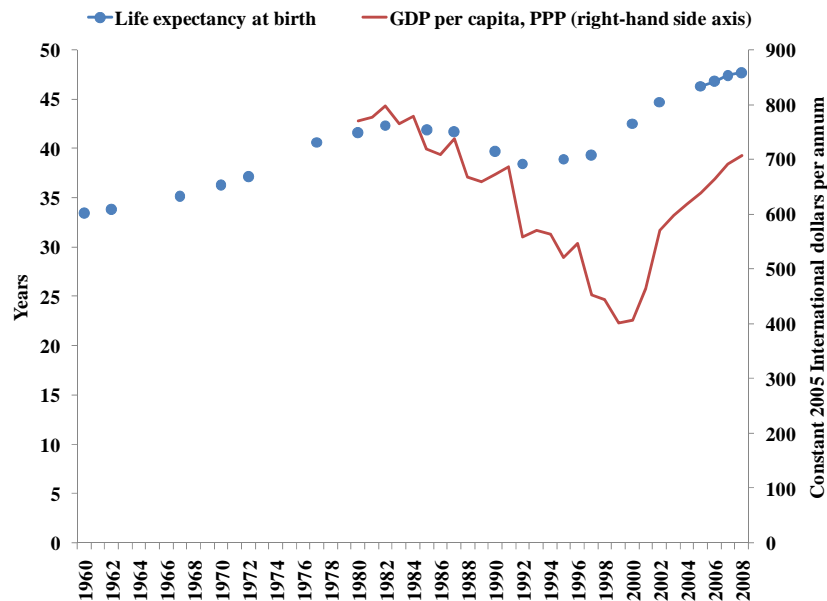
	Life expectancy at birth (2007)	Infant mortality rate, per 1,000 live births (2007)	Infant mortality rate under 5, per 1,000 (2007)	Maternal mortality ratio, per 100,000 live births (2005)	Human Development Index (2009)	Human Development Index rank (2009)	GDI per capita, PPP (current international \$) (2008)
Côte d'Ivoire	57.3	89.1	126.5	810	0.484	163	1,580.00
Guinea	57.6	92.6	150.3	910	0.435	170	1,190.00
Liberia	58.0	93.1	132.8	1,200	0.442	169	300.0
Sierra Leone	47.4	155.0	261.8	2,100	0.365	180	750.0
Sub-Saharan Africa	51.5	88.5	146.3	900	0.514	NA	1,990.7
Low Income	58.7	77.9	119.9	790	NA	NA	1,407.0

Source: World Development Indicators (2009), The World Bank.

3. Moreover, as emphasized in the World Bank-IFC-African Development Bank Joint Assistance Strategy for FY10-FY13 (JAS) for Sierra Leone, some of these same welfare indicators have persistently been among the lowest even before the onset of the civil war (cf. World Bank (2010), p. 16). Therefore, the civil war cannot by itself explain the poor performance, although it certainly aggravated the already bleak development outcomes (Figure 1).³⁰

³⁰ An empirical regularity documented by Collier (2007) using weather and rainfall shocks as instrumental variables for income is that poor economic performance (i.e. a decline income) tends to cause the outbreak of violence. Thus, there appears to be a vicious circle of low income, conflict, and low income.

Figure 1
Life expectancy at birth and real GDP per capita in Sierra Leone: 1960-2008



Source: World Development Indicators (2009), The World Bank.

4. Among the many development challenges faced by Sierra Leone is the youth cohort that grew up during the civil war. In particular, this cohort was exposed to violence from a very young age, was deprived from even a basic education or was forced to abandon school early. As a result, members of this generation have less employable skills, are less prepared for the job market and face a more difficult transition to adulthood than either younger or older cohorts (see Peeters et al. (2009), passim Ch.1, and World Bank (2010)).

5. In response to the high levels of youth unemployment in Sierra Leone, the JAS for Sierra Leone explicitly recognizes it as one of the main challenges the country faces, along with increasing access to basic health and education services and improving its infrastructure, particularly in energy and transport. The JAS also specifies a division of tasks among its three partners (AfDB, IDA and IFC), with IDA being responsible for investments in human development, including youth employment and skills formation.

6. The Government of Sierra Leone has also highlighted the importance of tackling youth unemployment in its second Poverty Reduction Strategy Paper (PRSP II), and even considers it as a key risk area to peace, security and stability, along with governance and corruption, and illicit drug trading (cf. World Bank (2010), p. 14). Thus, one of the main public policy challenges is reducing youth unemployment in a context characterized by a public sector with

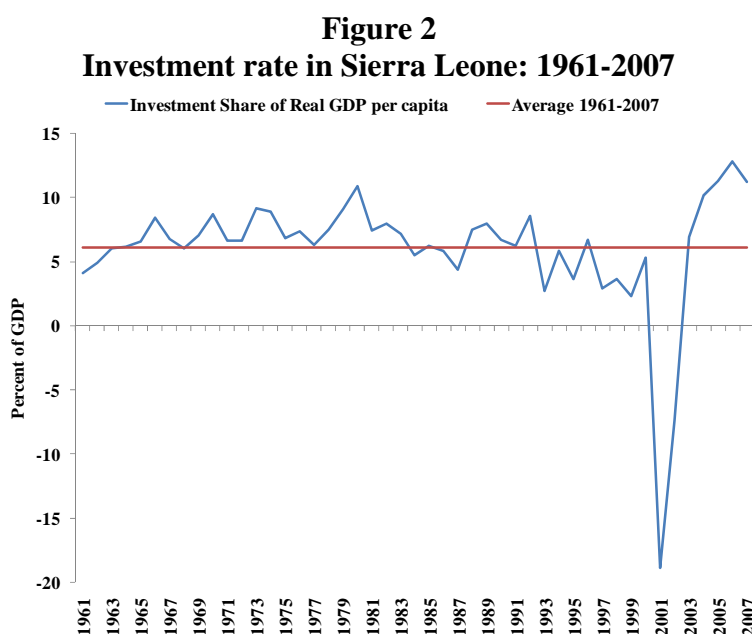
very limited capacity, including insufficient qualified personnel and an extremely weak fiscal position.³¹

7. This section describes the main features of Sierra Leone’s labor market, based on a review of recent studies, including the World Bank-IFC-AfDB JAS, the country’s second PRSP, the Doing Business 2010, and a recent report on Youth Employment in Sierra Leone by Peeters et al. (2009). Its objective is to provide the economic background needed in the preparation of the Emergency Youth Employment Support Project in Sierra Leone.

II. Macroeconomic context

8. As shown in Table 1, Sierra Leone has a very low level of GDP per capita even after using purchasing power parity exchange rate conversions and even when compared to other Sub-Saharan countries or to the group of low income economies. Moreover, this low level of per capita GDP is not recent; in fact, real GDP per capita in 2008 was lower than in 1980 (see Figure 1).

9. The proximate cause of this low level of real GDP per capita is the chronic underinvestment that has characterized the country: even before the war outbreak in 1991, the investment share of real GDP over the 1961-1990 period was only 7 percent (Figure 2). This low investment rate implies steady declines in the capital-output ratio and in the level of capital per worker.



Source: Heston, Summers, and Aten (2009), Penn World Table Version 6.3.

³¹ Government revenues as a share of GDP have remained around 11 percent since 2003, although the introduction in January 2010 of the Goods and Services tax, a value added tax which replaced seven existing taxes, may help increase tax collection. See World Bank (2010).

10. The low investment rate suggests that the Sierra Leone economy has been characterized by low rates of return to investment in physical capital, a high degree of uncertainty, low penetration of the financial system, inefficient intermediation of savings to investment, and a very inhospitable business environment, including a significant risk of expropriation.

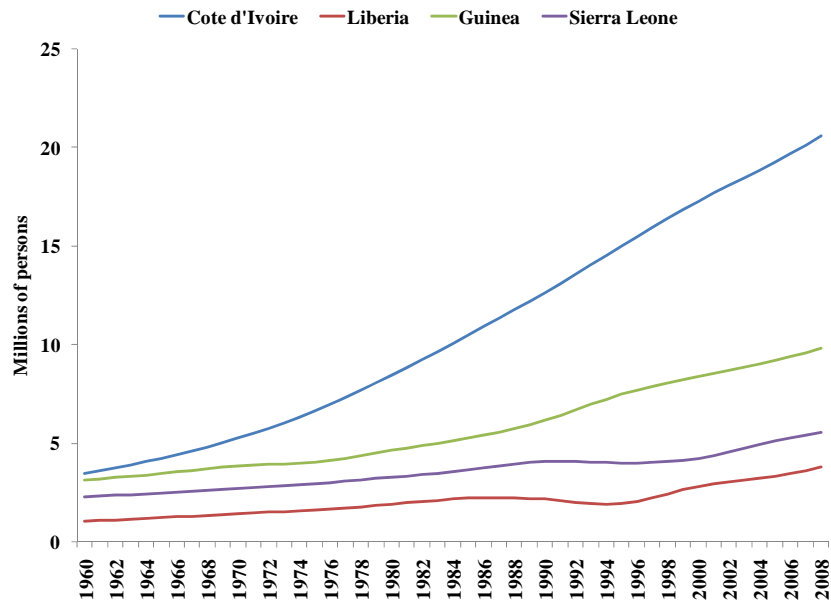
11. In fact, the results from the World Bank's Doing Business 2010 report confirm that setting up and operating a business in Sierra Leone is significantly more expensive in terms of resources and time than for the average Sub-Saharan African country. As a result, Sierra Leone was ranked 148 among a total of 183 economies.

12. Despite the gains registered by Sierra Leone between 2007 and 2010 in the Doing Business index -which have placed the country above Guinea (173), Côte d'Ivoire (168), and Liberia (149)-, it still is below the average for Sub-Saharan Africa in all components (cf. World Bank and International Finance Corporation (2009)).

13. In addition to the low investment rate and the resulting small capital stock and low average level of capital per worker, another proximate cause of the low level of real GDP per capita has been the impact of the civil war on the labor force: direct casualties, war-related disabilities, population displacement, emigration, famine, and foregone education and training opportunities. These factors have jointly resulted in a smaller labor force and in a lower level of investment in human capital.

14. As can be seen in the figure below, both Sierra Leone and Liberia experienced declines in their absolute number of inhabitants during their respective periods of civil war, whereas neighboring Guinea and Côte d'Ivoire did not (Figure 3). To the extent that civil war affected disproportionately working-age males through forced recruitment, its impact on the size of the labor force was even larger.

Figure 3
Total Population in selected West African countries: 1960-2008



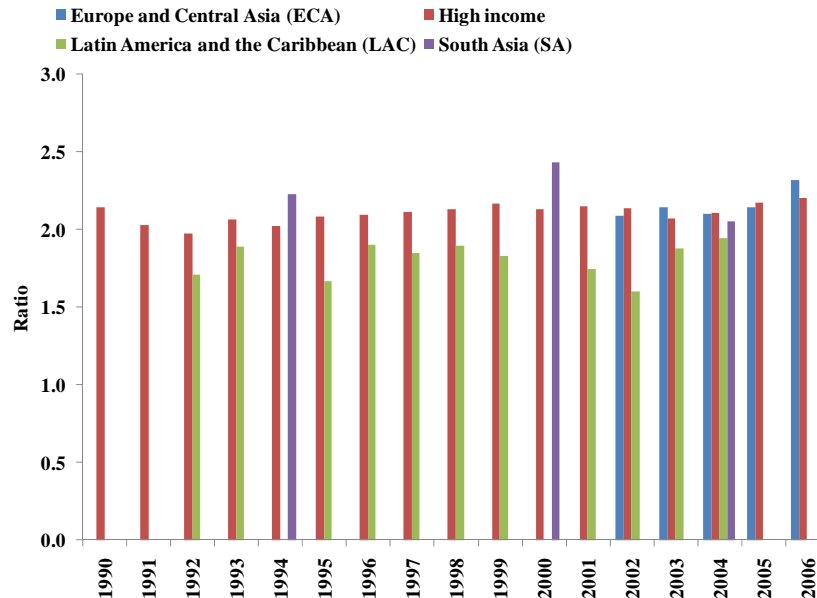
Source: World Development Indicators (2009), The World Bank.

III. Labor market performance

15. Even before the war ended in 2002, the Sierra Leone economy began to register positive growth rates of real GDP per capita, which averaged close to 7 percent annually from 2000 to 2007. Despite this robust growth performance, unemployment and underemployment in Sierra Leone have remained high, particularly among young people. Using data from the 2004 Census and the 2003 Sierra Leone Integrated Household Survey, Peeters et al. (2009) found that up to 800,000 people between ages 15 and 25 are unemployed, are employed without remuneration, or are underemployed.

16. A stylized fact in developed and developing countries alike is that unemployment rates tend to be significantly higher for youth (defined as those between ages 15 and 24) than for the general population: on average, youth unemployment rates are twice as high as the general unemployment rate, and three times as high as the adult unemployment rate (Figure 4). In this respect Sierra Leone is no exception, although the situation is accentuated for the case of the cohort whose education was truncated by the civil war.

Figure 4
Ratio of youth to total unemployment rates



Source: World Development Indicators (2009), The World Bank.

17. Moreover, as explained by Ryan (2001), Ryan (2006), Cunningham et al. (2008), and Peeters et al. (2009), the standard unemployment measures may not capture the full extent to which youth are idle or underemployed, since the official definition of unemployment by the International Labor Organization (ILO) relies on subjective self classification. In particular, people may classify themselves as out of the labor force and not as unemployed after becoming frustrated with a futile job search process due to high levels of unemployment.

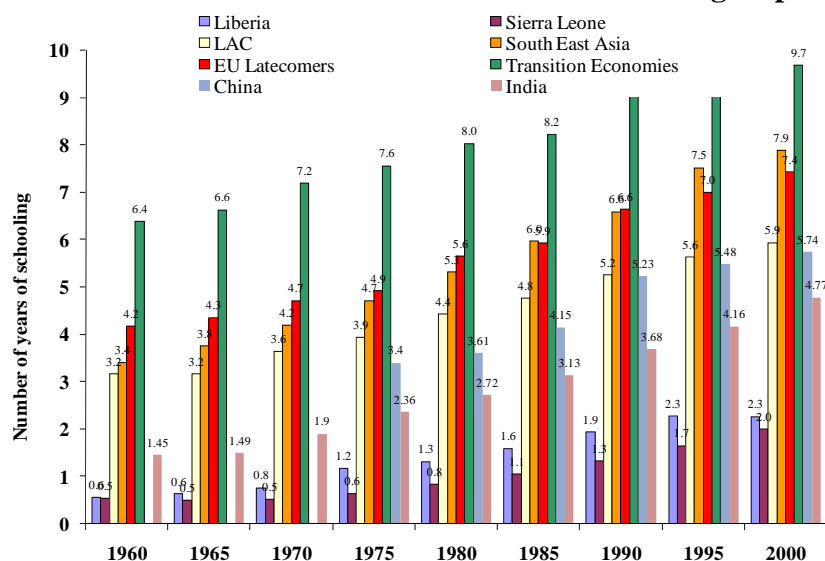
18. In particular, the ILO definition requires that the persons interviewed as part of the employment household surveys classify themselves as unemployed or out of the labor force based on subjective criteria: to be considered unemployed, the person has to be: definitely without a job; “willing” and able to work; and “effectively” searching for a job. As a result, a person who is unemployed may well classify themselves as out of the labor force based on the self assessment that they are not really willing to work or are not searching for a job “effectively”.

19. In order to render labor statistics more comparable, Ryan (2001) and others have proposed estimating inactivity and joblessness rates. According to these definitions, a young person is defined as inactive if they are not working (either formally or in a family business -with or without pay-) and not studying. The jobless rate is then defined as the sum of the unemployment rate and the inactivity rate.

20. One of the main challenges in Sierra Leone is the low level of human capital of its population. As can be seen in the figure below (Figure 5), the average number of years of education completed in Sierra Leone by the year 2000 was 2, while for India it was 4.77, for

China 5.74, the regional (weighted) averages were 5.9 for Latin America and the Caribbean, 7.9 for South East Asia (Taiwan, China), 9.7 for the Transition Economies or former Soviet Republics and some of its Eastern European satellites (Bulgaria, Czechoslovakia, Hungary, Poland, Romania, the USSR, and Yugoslavia).

Figure 5
Average years of education attained in selected countries and groups: 1960-2000



Source: Barro and Lee (2001).

21. As mentioned in the introduction, war casualties during the decade of the 1990s reduced life expectancy significantly. Besides the disruption of the education system and the public provision of education services led to early school leaving and reduced teaching quality through absenteeism.

22. Since mortality during the civil war occurred at all ages and not only during old age, this created disincentives to accumulate which were even higher than if mortality had increased in old age. Rising life expectancy after the war ended will increase the returns to education: even with constant rates of return to each additional or marginal year of schooling, the longer horizon in which to reap the benefits from a given amount of schooling will increase total returns and thus the optimum number of years of education

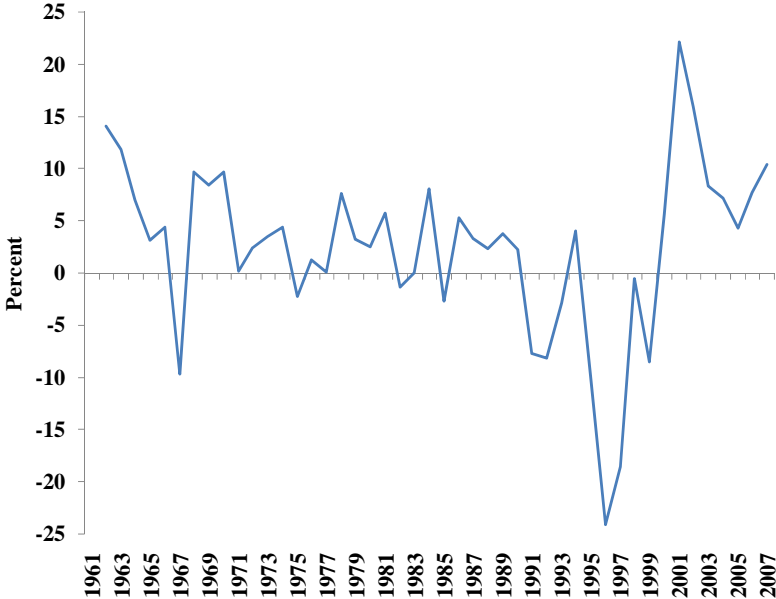
IV. The relationship between real GDP and employment in Sierra Leone

23. This section provides an estimate of the elasticity of employment to real GDP based on data from Sierra Leone. The objective is to estimate the growth rate of real GDP and the number of years required in order to create 800,000 additional jobs. The estimate provided is based on time series data on real GDP and a broad measure of total employment.³²

³² Both series are taken from the World Penn Table (PWT), Mark 6.2, database, available at <http://pwt.econ.upenn.edu/>

24. After a prolonged period of armed conflict between 1991 and 2002, Sierra Leone has registered positive real GDP growth for the past eight years. As can be seen in the graph below (Figure 6), growth rebounded after 1999 after falling sharply during the civil war. In fact, real GDP fell by nearly 60 percent from its peak in 1990 to its trough in 1999. Between 2000 and 2007, the annual growth rate of real GDP has averaged over 10 percent.

Figure 6
Annual growth rate of real GDP in Sierra Leone: 1961-2007



Source: Heston, Summers, and Aten (2009), Penn World Table Version 6.3.

25. One of the few -if not the only-- time series available of total employment in Sierra Leone is the one provided by the International Labour Office (ILO), which is a labor force estimate based on census and demographic surveys and made available through the PWT.

26. As the authors of the PWT acknowledge, this time series is not a satisfactory measure of labor, and better time series would be the number of fully employed workers, the aggregate number of hours worked, or the aggregate number of hours worked by workers employed by industry. To produce series of any of these improved measures of employment or labor would require a regular labor force or employment household survey, or alternatively administrative records from payrolls, both of which are not available in the case of Sierra Leone.

27. In the absence of any of these alternative series, the estimates of the relationship between real GDP and employment use the series from the ILO, which is based on one of the most comprehensive definitions of employment, since it includes “all status categories of persons in employment, not only employees-- including paid family workers but also employers, own-

account workers, members of producers cooperatives, contributing family workers and workers not classifiable by status”.³³

28. As a result of the comprehensiveness of the definition of employment used, the estimates of the growth rates needed to sustain employment creation of 800,000 jobs in a given period should be interpreted with caution, as the jobs created include not only formal salaried positions but also include self employed workers and non-remunerated family workers.

29. Thus, while this comprehensive measure of employment is appropriate for a labor market such as Sierra Leone’s, where self employment, informal employment and non paid employment constitute a very high share of total employment³⁴, the estimate should not be interpreted to mean that if the Sierra Leone economy grows at X percent during Y number of years then 800,000 salaried job.

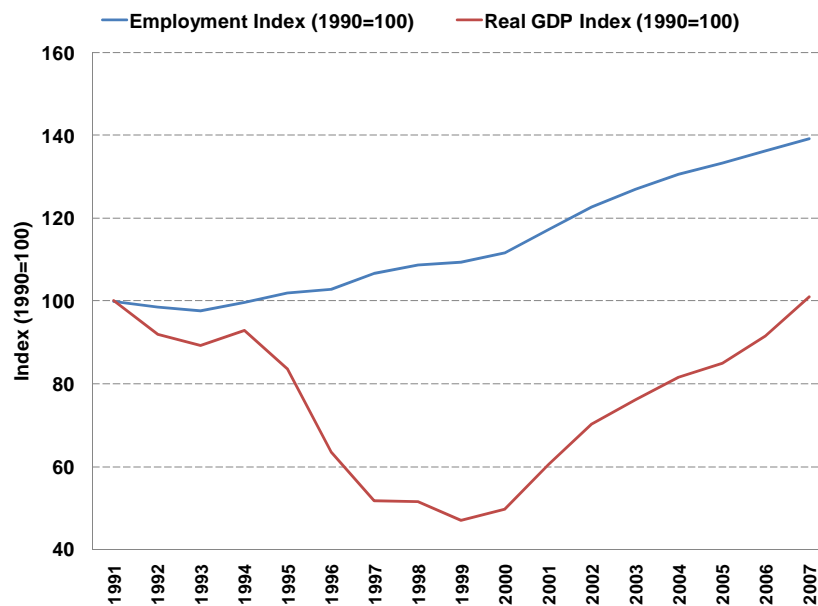
30. In order to estimate the elasticity of total employment to real GDP, a linear regression is fitted to the time series data using Ordinary Least Squares (OLS) estimator using the natural logarithm of total employment as the dependent variable and the natural logarithm of real GDP as the independent variable.

31. The sample is restricted to the interwar periods corresponding to 1961-1990 and 2000-2007. The reason for this selection is that the time series for total employment is likely to significantly underestimate the decline in employment during the civil war period (1991-1999). This is suggested by the behavior of the time series depicted in the following graph (Figure 7), which shows that whereas real GDP fell by more than 50 percent from peak to trough, employment fell by less than 3 percent.

³³ See the documents “What is New in PWT 6.3?” and “Additional variable definitions for PWT 6.3”, both of which are available in the PWT website.

³⁴ According to data from the 2009 World Development Indicators, only 6.4 percent of total employment was in industry, which is the sector –along with government and financial and telecommunication services- where the highest share of workers are formal salaried employees.

Figure 7
Indexes of total employment and real GDP in Sierra Leone: 1991-2007



Source: Heston, Summers, and Aten (2009), Penn World Table Version 6.3.

32. The point estimates using only the peacetime samples (1961-1990 and 2000-2007) yield an average elasticity of 0.38, with a higher elasticity in the pre-war period (0.43) than in the post-war period (0.32). The average elasticity for both periods implies that every percent increase in real GDP will lead to an increase in total employment of 0.38 percent.

33. In turn, the estimate of the average elasticity of employment to real GDP implies that in order to create 800,000 additional jobs (an increase of approximately 35 percent from the 2007 level of employment of 2.3 million workers), real GDP in Sierra Leone will need to nearly double (precisely, it would need to increase by 90 percent).

34. Thus, if the Sierra Leone economy grows at an average annual rate of 7 percent, the economy will take nearly a decade to create the additional 800,000 jobs.³⁵ The table below provides estimates of the time it will take to create the additional 800,000 jobs based on alternative assumptions about the annual growth rate of real GDP in Sierra Leone.

³⁵ A well known rule of thumb establishes that the time t (in years) it takes for any variable growing continuously at a constant growth rate g to double is given by the formula $t=\ln(2)/g$, where g is the annual growth rate of the variable.

Table 2: Number of Years needed to Create an Additional 800,000 Jobs in Sierra Leone under Alternative Assumptions About the Annual Growth Rate of Real GDP

Number of Years	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20
Average Annual Growth Rate (%)	12.9	10.8	9.2	8.1	7.2	6.5	5.9	5.4	5.0	4.6	4.3	4.0	3.8	3.6	3.4	3.2

Source: Own estimates based on Heston, Summers, and Aten (2009), Penn World Table Version 6.3.

35. As can be seen from Figure 6 above and as underscored in the JAS, the growth rate of real GDP in Sierra Leone begun to decrease in the latter half of the 2000 decades, which is natural to expect given that the low hanging fruits of the peace dividend were reaped in the earlier half.

36. As the country’s economy begins to experiment decreasing marginal returns to new investments (perhaps due to bottlenecks as a result of insufficient or inadequate public investment), the growth rate of real GDP is likely to fall even further and thus a greater number of years will be needed to add the 800,000 jobs. Furthermore, the estimates presented in Table 2 should be taken with the caveat in mind that the elasticity of employment to real GDP might fall over time, leading to even less employment creation.

References

Alan Heston, Robert Summers and Bettina Aten (2009), Penn World Table Version 6.3, Center for International Comparisons of Production, Income and Prices at the University of Pennsylvania, August 2009.

Barro, Robert J., and Jong-Wha Lee (2001), “International Data on Educational Attainment: Updates and Implications,” Oxford Economic Papers, Vol. 53, No. 4, pp. 541-563. URL: <http://www.cid.harvard.edu/ciddata/ciddata.html>.

Collier, Paul (2007), The Bottom Billion: Why the poorest countries are failing and what can be done about it, Oxford and New York: Oxford University Press (2007).

Cunningham, Wendy, Linda McGinnis, Rodrigo García-Verdú, Cornelia Tesliuc, and Dorte Verner, (2008), Youth at Risk in Latin America and the Caribbean. Understanding the Causes, Realizing the Potential, Directions in Development, Washington, DC: The World Bank.

Heckman, James and Pedro Carneiro (2003), “Human Capital Policy,” in Inequality in America: What Role for Human Capital Policies, James Heckman and Alan Krueger, editors, MIT Press, 2003. Also available as: “Human Capital Policy,” NBER Working Papers 9495, Boston, MA: National Bureau of Economic Research.

International Development Association, International Finance Corporation and African Development Bank (2010), Joint Country Assistance Strategy for Sierra Leone for FY10-FY13, March 2, 2010, Washington, DC: The World Bank.

Peeters, Pia, Wendy Cunningham, Gayatri Acharya and Arvil Van Adams (2009), Youth Employment in Sierra Leone: Sustainable Livelihood Opportunities in a Post-Conflict Setting, Washington, DC: The World Bank.

Ryan, Paul (2006), “Youth at Risk in Developed Economies: Unemployment, Inactivity and Joblessness,” mimeo, Department of Management, King’s College, London. Policy paper prepared for the Policy Toolkit of the World Bank’s Youth at Risk in Latin America and the Caribbean. Understanding the Causes, Realizing the Potential.

Ryan, Paul (2001), “The School-to-Work Transition: A Cross-National Perspective,” Journal of Economic Literature, Vol. 39, No. 1, March 2001, pp. 34-92.

U.S. Census Bureau (2009), International Data Base, Population Division, International, Washington DC, December 2009.

World Bank and International Finance Corporation (2009), Doing Business 2010: Reforming Through Difficult Times, Washington, DC: The World Bank.

**Annex 13: Project Preparation and Appraisal Team Members
SIERRA LEONE: Youth Employment Support Project**

Team Members

Mirey Ovadiya	Sr. Operations Officer, Social Protection, AFTSP
John Van Dyck	Sr. Operations Officer, Social Protection, AFTSP
Victor Macias	Labor Economist, HDNCY
Paula Rossiasco	Operations Analyst, AFTCS
Rodrigo Garcia Verdu	Economist, LCSPP
Gareth Howell	Labor Market Specialist, Consultant
Ferdinand Tsri Apronti	Procurement Specialist, AFTPC
Joyce Agunbiade	Financial Management Specialist, AFTFM
Nyaneba Nkrumah	Sr. Natural Resource Management Specialist, AFTEN
Beatrix Mensah Allah	Social Development Specialist, AFTCS
Josiane Luchmun	Program Assistant, AFTSP
Maria Mc Laughlin	Labor Market Specialist, ILO, Sierra Leone
Kwaku Osei Bonsu	Labor Intensive Works Specialist, ILO, Ghana
Keith Wright	Principal Technical Adviser, UNDP, Sierra Leone
Eldridge Adolfo	Advisor, UNPSIL, Sierra Leone

Annex 14: Statement of Loans and Credits
SIERRA LEONE: Youth Employment Support Project

Sierra Leone: IFC Investment Operations Program

		2007	2008	2009	2010*
<u>Commitments (US\$m)</u>					
	Gross	50.00	1.61	7.16	1.05
	Net**	25.00	1.61	7.16	1.05
<u>Net Commitments by Sector (%)</u>					
	GUARANTEE		100	100	100
	LOAN	100			
	Total	100	100	100	100
<u>Net Commitments by Investment Instrument (%)</u>					
	Guarantee		100	100	100
	Loan	100			
	Total	100	100	100	100

* As of March 31, 2010

** IFC's Own Account only

**Sierra Leone
Committed and Disbursed Outstanding Investment Portfolio
As of 5/31/2010
(In USD Millions)**

<u>FY Approval</u>	<u>Company</u>	<u>Committed</u>					<u>Disbursed Outstanding</u>				
		<u>Loan</u>	<u>Equity</u>	<u>**Quasi Equity</u>	<u>*GT/RM</u>	<u>Partici pant</u>	<u>Loan</u>	<u>Equity</u>	<u>**Quasi Equity</u>	<u>*GT/RM</u>	<u>Partici pant</u>
2007	Celtelsierraleon	23.13	0	0	0	6.48	6.48	0	0	0	6.48
Total Portfolio:		23.13	0	0	0	6.48	6.48	0	0	0	6.48

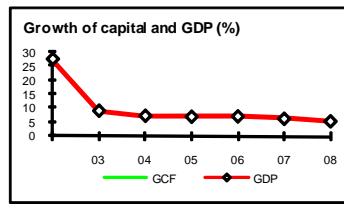
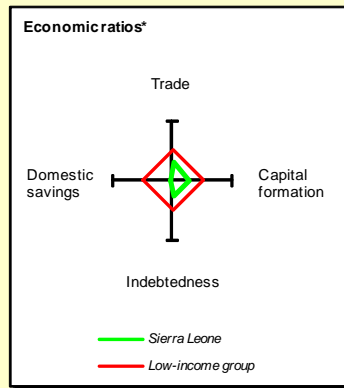
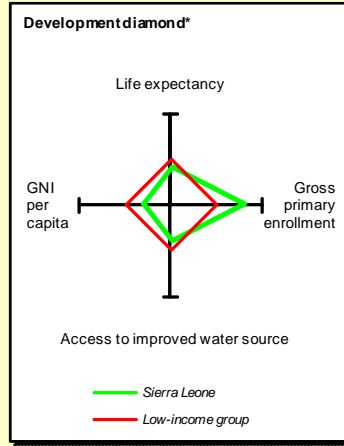
* Denotes Guarantee and Risk Management Products.

** Quasi Equity includes both loan and equity types.

Annex 15: Country at a Glance

SIERRA LEONE: Youth Employment Support Project

Sierra Leone at a glance				12/9/09
POVERTY and SOCIAL	Sierra Leone	Sub-Saharan Africa	Low-income	
2008				
Population, mid-year (millions)	5.6	818	973	
GNI per capita (Atlas method, US\$)	320	1,082	524	
GNI (Atlas method, US\$ billions)	18	885	510	
Average annual growth, 2002-08				
Population (%)	3.4	2.5	2.1	
Labor force (%)	3.2	2.8	2.7	
Most recent estimate (latest year available, 2002-08)				
Poverty (% of population below national poverty line)	70	..	..
Urban population (% of total population)	37	36	29	
Life expectancy at birth (years)	48	52	59	
Infant mortality (per 1,000 live births)	123	89	78	
Child malnutrition (% of children under 5)	28	27	28	
Access to an improved water source (% of population)	53	58	67	
Literacy (% of population age 15+)	38	62	64	
Gross primary enrollment (% of school-age population)	158	98	98	
Male	168	103	102	
Female	148	93	95	
KEY ECONOMIC RATIOS and LONG-TERM TRENDS				
	1988	1998	2007	2008
GDP (US\$ billions)	1.1	0.67	1.7	2.0
Gross capital formation/GDP	5.9	5.5	13.2	14.7
Exports of goods and services/GDP	28.7	16.2	20.8	16.3
Gross domestic savings/GDP	20.2	2.7	6.1	1.7
Gross national savings/GDP	15.8	-0.1	9.7	8.3
Current account balance/GDP	-7.5	-5.6	-3.4	-10.7
Interest payments/GDP	0.7	1.8	0.3	0.2
Total debt/GDP	97.1	190.4	18.8	19.9
Total debt service/exports	11.6	22.1	2.7	1.1
Present value of debt/GDP	..	..	8.6	8.6
Present value of debt/exports	..	..	38.8	32.3
	1988-98	1998-08	2007	2008
(average annual growth)				
GDP	-4.2	9.9	6.4	5.5
GDP per capita	-4.2	6.2	3.5	2.9
Exports of goods and services	-3.9	..	..	..
STRUCTURE of the ECONOMY				
	1988	1998	2007	2008
(% of GDP)				
Agriculture	46.0	61.8	49.9	50.2
Industry	12.0	24.7	24.3	23.5
Manufacturing	3.0	4.0	..	..
Services	42.0	13.5	25.9	26.3
Household final consumption expenditure	73.1	88.4	82.0	85.8
General gov't final consumption expenditure	6.7	8.9	11.8	12.5
Imports of goods and services	14.4	19.0	27.8	29.4
	1988-98	1998-08	2007	2008
(average annual growth)				
Agriculture	-12.4	..	4.1	6.1
Industry	-0.6	..	11.7	2.0
Manufacturing	6.1	..	..	..
Services	-0.3	..	6.6	6.6
Household final consumption expenditure	-5.3	..	..	..
General gov't final consumption expenditure	8.8	..	..	..
Gross capital formation	3.0	..	..	..
Imports of goods and services	-0.4	..	..	..



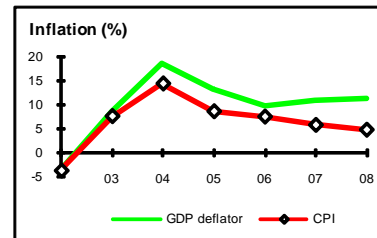
Note: 2008 data are preliminary estimates.

This table was produced from the Development Economics LDB database.

* The diamonds show four key indicators in the country (in bold) compared with its income-group average. If data are missing, the diamond will

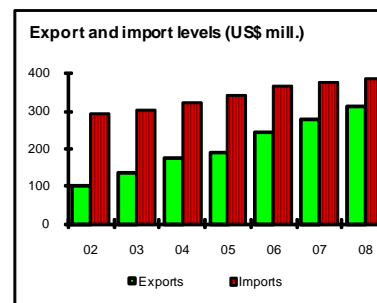
PRICES and GOVERNMENT FINANCE

	1988	1998	2007	2008
Domestic prices				
(% change)				
Consumer prices	34.1	35.5	5.7	4.7
Implicit GDP deflator	64.3	27.0	10.8	11.2
Government finance				
(% of GDP, includes current grants)				
Current revenue	8.4	9.7	42.9	..
Current budget balance	-7.6	-5.4	29.6	..
Overall surplus/deficit	-12.1	-10.3	25.3	-4.7



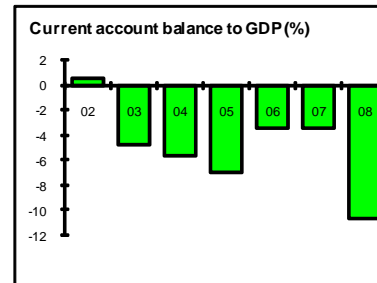
TRADE

	1988	1998	2007	2008
(US\$ millions)				
Total exports (fob)	106	65	280	314
Rutile	46	..	67	95
Diamonds (recorded)	11	2	163	169
Manufactures	..	..	..	..
Total imports (cif)	171	97	372	381
Food	50	36	54	55
Fuel and energy	26	25	48	49
Capital goods	44	9	42	43
Export price index (2000=100)	..	102	123	137
Import price index (2000=100)	..	95	103	105
Terms of trade (2000=100)	..	108	119	130



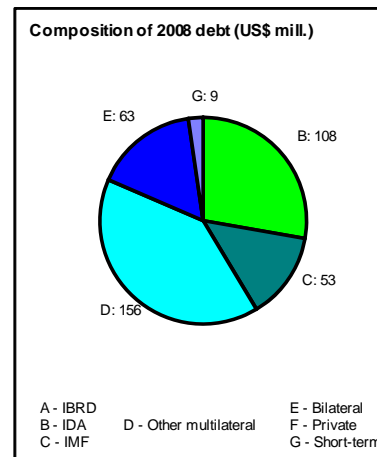
BALANCE of PAYMENTS

	1988	1998	2007	2008
(US\$ millions)				
Exports of goods and services	159	109	346	319
Imports of goods and services	191	128	462	574
Resource balance	-32	-19	-117	-255
Net income	-57	-35	-35	-39
Net current transfers	11	16	94	85
Current account balance	-79	-38	-57	-209
Financing items (net)	91	40	88	185
Changes in net reserves	-12	-2	-31	24
Memo:				
Reserves including gold (US\$ millions)	9	43	..	..
Conversion rate (DEC, local/US\$)	32.5	1,563.6	2,985.2	2,982.3



EXTERNAL DEBT and RESOURCE FLOWS

	1988	1998	2007	2008
(US\$ millions)				
Total debt outstanding and disbursed	1,024	1,280	312	389
IBRD	10	1	0	0
IDA	78	298	84	108
Total debt service	18	26	10	6
IBRD	0	1	0	0
IDA	0	6	1	1
Composition of net resource flows				
Official grants	55	70	1,038	249
Official creditors	15	30	23	60
Private creditors	-1	0	0	0
Foreign direct investment (net inflows)	-23	0	97	-3
Portfolio equity (net inflows)	0	0	0	0
World Bank program				
Commitments	0	0	0	16
Disbursements	1	21	14	26
Principal repayments	0	3	0	0
Net flows	0	18	14	26
Interest payments	0	3	1	1
Net transfers	0	15	14	25



Note: This table was produced from the Development Economics LDB database.

12/9/09

Annex 16: Map
SIERRA LEONE: Youth Employment Support Project

SIERRA LEONE

- SELECTED CITIES AND TOWNS
- ⦿ DISTRICT CAPITALS
- ⊗ NATIONAL CAPITAL
- ~ RIVERS
- MAIN ROADS
- RAILROADS
- DISTRICT BOUNDARIES
- - - INTERNATIONAL BOUNDARIES



This map was produced by the Map Design Unit of The World Bank. The boundaries, colors, denominations and any other information shown on this map do not imply, on the part of The World Bank Group, any judgment on the legal status of any territory, or any endorsement or acceptance of such boundaries.