

Education for Employment Project for Yemen

Country: Republic of Yemen
Sector: Education
Department: Human Development Department (HDE)
Date (Hijri): Jumada II, 1435H
Date (Georgian): April 2014

TABLE OF CONTENTS

NO.	TABLE OF CONTENTS	Page No.
	IDB PROJECT INFORMATION SHEET	iii
	LIST OF ACRONYMS/ABBREVIATIONS	iv
	EXECUTIVE SUMMARY	v
I	BACKGROUND	1
III	THE SECTOR	2
IV	RATIONALE, OBJECTIVES AND KEY RESULTS	3
V	THE PROJECT	4
VI	PROJECT COST ESTIMATE & FINANCING PLAN	6
VII	IMPLEMENTATION ARRANGEMENTS	7
VIII	RISKS AND SUSTAINABILITY	8
IX	PROJECT JUSTIFICATION	8
X	RECOMMENDATIONS	9

List of Annexes

- 1. Results Based Logical Framework*
- 2. Map of Yemen and Project Location*

LIST OF ACRONYMS AND ABBREVIATIONS

BED	Board of Executive Directors
CHDPRS	Comprehensive Human Development & Poverty Reduction Strategy
EDU	Education Division
E4e	Education For Employment
GDP	Gross Domestic Product
GER	Gross Enrolment Rate
GJP	Green Jobs Programme
GOED	Group Operations Evaluation Department
GOY	Government of Yemen
HDE	Human Development Department
HDI	Human Development Index
ICIEC	Islamic Corporation for the Insurance of Investment and Export Credit
ICD	Islamic Corporation for the Development of the Private Sector
ID	Islamic Dinar
IDB	Islamic Development Bank
IFC	International Finance Corporation
IRTI	Islamic Research & Training Institute
ISI	Implementation Support Agency
ITFC	Islamic Trade Finance Corporation
MDGs	Millennium Development Goals
MENA	Middle East & North Africa
MOTEVT	Ministry of Technical Education and Vocational Training
NER	Net Enrolment Rate
NGOs	Non-Governmental Organizations
OCR	Ordinary Capital Resources
OPSD	Operations Policy and Service Department
PMU	Project Management Unit
TPSD	Transitional Programme for Stabilization and Development Pact
WB	World Bank

CURRENCY EQUIVALENTS

(As of March 2014)

Currency Unit:	Currency Equivalent
Yemen Riyal = YER	1 US\$ = YER 214.75
Islamic Dinar = ID	1 US\$ = ID 1.52

Project Team Members:	1. Br Abdi M Abdullahi, Senior Education Specialist, 2. Br Ahmed M. Elsadig, Senior Country Manager, Yemen
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Date: March 2014

IDB PROJECT INFORMATION SHEET

Education For Employment Project for Yemen

Beneficiary (Country/Organization):		The Government of Yemen		
Executing/Implementing Agency:		Ministry of Technical, Education and Vocational Training		
Project Title:		Education For Employment (e4e) Project		
Sector/Sub-Sector:		Vocational Education		
Total Project Cost:		US\$ 4.732Million		
TFs Contribution:		US\$ 4.582 Million		
Co-financiers Contribution				
Government Contribution:		US\$ 0.150 Million		
Proposed IDB Financing:				
Modes(s)	Amount (US\$, Million)	Repayment Period (Years)	Gestation/Grace Period (Years)	Service Fee/ Mark-up
-	-	-	-	-
-	-	-	-	-
Co-financiers & Terms of Co-financing:				
Co-financier(s)	Amount (US\$, Million)	Maturity (Years)	Grace/Gestation Period (Years)	Service Fee/ Mark-up
		-	-	-
Government	0.150	-	-	-
Implementation Period (Years) from the First Date of Disbursement				2 years
Key Milestones:				
Approval			May 2014	
Signature			July 2014	
Planned First Date of Disbursement			September 2014	
Planned Last Date of Disbursement			31 st July 2016	
Planned Date of Completion			31 st July 2016	

EXECUTIVE SUMMARY

Education For Employment Project for Yemen

1) Rationale for Country and Sector Support

The proposed project is aligned with the objectives of the Transitional Programme for Stabilization and Development (TPSD); 2012- 2014 and conforms to the new vision of the education sector of the Government of Yemen (GOY). The project is also in-line with the IDB 1440H vision, Comprehensive Human Development and Poverty Reduction Strategy (CHDPRS) and the Medium Term Business Strategy of the Bank (2013 – 2015).

The project will be financed by the Middle East and North Africa Transition Fund (MENA-TF). The proposed project is in-line with the overall objective of the Transition Fund, in particular and aims at: (i) helping government stakeholders, private sector employers, civil society and the education sector work together to improve the quality and relevance of the skills of students (ii) identifying the main basic skills for youth employment; (iii) strengthening partnership between private sector and education providers; and (iv) availing support to the country educational reforms to address skill gaps among the youth.

The project is complementary to IDB broader engagement and financing package for Yemen. It also responds to the recommendations and outcome of the e4e initiative that is being carried out by the IDB and International Finance Corporation (IFC) in 2011.

Yemen is one of the nine deep-dive countries that has been extensively covered by the e4e report. The e4e report identifies three main priorities for Yemen: (i) restructure and transform the vocational education programs in Yemen to prepare skilled and unskilled youth; (ii) invest in job readiness training and retraining; (iii) financing opportunities (for students, entrepreneurs and institutions) to overcome financing gaps.

The project will complement the recently IDB approved projects in Yemen: Youth Employment Support Program; VOLIP and the Deauville Partnership Fund financed the special industrial zone project (SIZ) Project in Hodedah.

2) Project Objectives and Key Results

The main objective of the project is to support the GOY efforts to strengthen youth employability by bridging the skill gaps. More specifically, the project will contribute to: (i) transforming and restructuring of the TVET sub-sector; (ii) introducing a transformative practical work readiness training and re-skilling model for university and TVET Graduates; and (iii) strengthening the capacity of the Ministry of Technical Education and Vocational Training (MOT EVT) in planning, management and strategy formulation and implementation.

3) Project Description

The project comprises the following components (Component 1) Reforming and Transforming the TVET sub-sector through diagnostic assessment of the TVET landscape, bridging the skill gaps of vocational training in priority sectors, and establish a National Qualification Framework (NQF); (Component 2) Investing in youth job readiness and retraining by providing a pilot model for reskilling and retraining of university and TVET graduates and availing the relevant skills and competencies that are needed in the local and regional market; and (Component 3), providing

institutional capacity building for the MOTEVT by providing training to key executive and technical staff, exchange visits, in addition to setting up management information system, and creating a quality assurance system for TVET.

4) Project Cost Estimate and Financing Plan:

Components	in US\$, Million				
	Transition Fund		GOY		Total
	Amount	%	Amount	%	
Component 1: Reforming and Transforming the TVET Sub Sector (IFC executed)	1.850	100.00	-	0.00	1.850
Component 2: Invest in Youth Job Readiness and Retraining (IDB Executed)					
Reskilling of the TVET Graduates	1.216	100.00	-	0.00	1.216
Work Readiness Program	0.600	100.00	-	0.00	0.600
Institutional Capacity Building	0.400	80.00	0.150	20.00	0.550
Component 4: Project Management and Coordination Function	0.266	-	-	-	0.266
For grant preparation, administration and implementation support	0.250	-	-	-	0.250
Grand Total	4.582	96.84	0.150	3.16	4.732

5) Implementation Arrangements

The MOTEVT will be responsible for the overall coordination of the project. The IDB and the International Finance Corporation (IFC) will be the Implementation Support Agencies (ISAs) to oversee the implementation, procurement and judiciary aspects of the project. The MOTEVT will also responsible for the implementation and management of the capacity building component in close coordination with the IDB. The project is expected to take 2 years to complete starting from the signature date of the project agreement. The procurement procedures for the IDB components of the project are as follows:

Items	Short Listing		
	IDBMC	National Firms	National Hiring
1 Reskilling and Job readiness program		√	
2 Monitoring & Evaluation and Information Management Systems		√	
3 Training of MOTEVT Staff	√		
4 PCU Staff			√

6) Project Justification

Youth unemployment remains critical development challenge facing Yemen. In fact, the unemployment rate is 35% in Yemen and is plagued by low productivity, especially in the informal sector. Jobs growth prospects are not promising and pressing unemployment should be addressed immediately. Public sector cannot absorb new labor supply with 190,000 university graduates already waitlisted for jobs.

7) Recommendations

To approve the appointment of IDB as the Implementation Support Agency (ISA) for the preparation and implementation for the components 2, 3 and 4 of the Education For Employment (e4e) project for the Government of Yemen (GOY).

REPORT AND RECOMMENDATIONS OF THE PRESIDENT OF THE IDB ON THE PROPOSED EDUCATION FOR EMPLOYMENT PROJECT FOR YEMEN.

I. BACKGROUND

1. In April 2011, the e4e report was launched and generated significant interest given its relevance to the unrest in the Arab World at the beginning of the year. The e4e report outlines the perspectives of multiple stakeholders toward what we call Education for Employment, or E4E. It identifies areas for private sector investment and the incentives needed for businesses to seize them. At the same time, it emphasizes the vital role to be played by e4e's relevant stakeholders. The need for e4e programs is vast.
2. After the launch of the report, the initiative entered its second phase of developing Country Specific Action plans that should guide intervention programs and projects focus on a specific country. As of yet, four action plans have been prepared, namely Jordan and Tunisia, Egypt and Morocco. A stakeholder seminar was conducted in Amman, Jordan in January 2012 to validate the outcome of the action plans.
3. The IDB will be the Implementation Support Agency (ISA) responsible for the oversight and management of the funds used for the country-executed portion.
4. The International Finance Corporation (IFC) will be the ISA for the implementation of component one of the project.
5. The RRP was prepared based on a desk review, the outcome of e4e Report in 2011 and country deep dive of the e4e initiative as well as the country dialogue with the GOY during the period 5 – 19 February 2014.
6. According to the IMF estimates, GDP growth of Yemen sharply reduced from 7.7% in 2010 to -11.5% in 2011 and -2% in 2012. For both 2013 and 2014, IMF projects growth of about 4%. Political conflict in Yemen resulted in the overall investment rate to drop from an average of about 20% of GDP during the 2000-05 periods to 11.6% in 2010 and 5.4% in 2011. Inevitably, the sharp economic contraction adversely impacted the poverty rate, livelihood and employment prospects. By the end of 2011, poverty rate in Yemen has increased to 54.5% from the already high level of 42 % by end-2009, while the unemployment rate was recorded at 14.6% in 2009.
7. **Lessons Learned.** The main lessons learned from IDB previous interventions in education sector in Yemen include: (i) close supervision and follow up are necessary to ensure smooth and timely implementation of projects, (ii) capacity of the PMU and its familiarization with Bank procedures are determinant factor, (iii) the Counterpart fund should be made available at the onset of the implementation, and (iv) the ability of the Government to allocate adequate budget for maintenance and recurrent cost of facilities should be ensured. The above lessons learned were taking into consideration in the project design.

II. THE SECTOR

8. Education in Yemen is managed by three ministries: Ministry of Education (MOE) for pre-basic, basic and general secondary education; Ministry of Technical Education and Vocational Training (MOT EVT) for technical education and vocational training; and Ministry of Higher Education and Scientific Research (MOHESR) for tertiary education.
9. Yemen has made great strides in improving access to education but it still has a long way to go to achieve the Millennium Development Goals (MDGs) of universal primary completion and gender parity. Gross Enrolment Rate in primary education is approximately 87% while it is 46% in secondary level, and the adult literacy rate is only 48%. Equity is a severe problem, with only 55% of primary school-aged girls in schools country-wide and less than 30% in rural areas. There are also major disparities across governorates.
10. The number of students enrolled in higher education has successively increased from about 42,000 in 1990 to reach 175,000 in 2000 and more than 230,000 in 2009 which represent approximately 13% of the 19-23 year-old population. Gender and regional equity is a major issue; only 26% of the university population are girls and the proportion of the urban population with university education is more than seven times greater than that of the rural population.
11. Yemeni public universities employ approximately 2,650 fully tenured academic staff, usually holding PhD's, plus a further 1,750 teaching assistants, generally with Masters degrees as their highest qualification. The ratio student/staff is above 50, which is extremely high, compared to the international standard of about 20. This has affected negatively the quality of teaching and learning.
12. The National Strategy for the Development of Higher Education in Yemen (NSDHEY) aims to create a higher education system offering broad participation while maintaining the quality. The strategy focuses on four areas of reform: governance, finance, quality, and diversification. To ensure the achievement of the quality objective, the Government has established a Quality Assurance and Accreditation Council in 2009.
13. **Overview of the Labour Market:** Overall, unemployment among youth is estimated at 53%. While there are no reliable statistics for 2012, anecdotally, unemployment is most likely to have increased significantly during 2012. Jobs growth prospects are not promising and pressing unemployment must be addressed immediately. Labor supply is growing rapidly with 120,000 new entrants in the labor market every year. Public sector cannot absorb new labor supply with 190,000 university graduates already waitlisted for jobs. Low female participation ~22% in labor force, mostly in agriculture.
14. The unemployment is plagued by low productivity, especially in the informal sector. Sectors with potential job growth include construction and services supporting growth in population (e.g. education and health care). Very few Yemeni students enroll in post- secondary education. Most of these students are in Universities (12%) with only 2% in TVET. University graduates are largely in Education, Arts and Law. 50% of University students are in Education, 20% in

Arts and Law, and only under 30% are in Science and Commerce. Universities suffer from quality issues with the common perception that private universities are worse. Overall, the TVET system of Yemen does not respond to the labour market and misalignment between the TVET and the private sector and thereby contributing to the significant skill mismatch.

15. Vocational training institutes exist but need to be improved substantially in both quantity and quality of offering. Several small-scale vocational initiatives exist but macro impact is negligible. At-scale training approach is required to resolve the severe unemployment issue. Private sector education is critical since public sector will not be able to bridge the skill gap and Yemeni leadership recognizes that.
16. **E4e report recommendation on Yemen:** Yemen is one of the nine deep-dive countries that has been extensively covered by the e4e report. The report identifies three main priorities: (i) restructure and transform the vocational education programs in Yemen to prepare skilled and unskilled youth; (ii) invests in job readiness training and retraining for vocational training; (iii) financing opportunities (for students, entrepreneurs and institutions) to overcome financing gaps.

III. RATIONALE, OBJECTIVES AND KEY RESULTS

17. **Rationale for Country and Sector Support:** The proposed project is aligned with the objectives of Transitional Programme for Stabilization and Development Pact (TPSD); 2012- 2014. The proposed project conforms to new vision of education sector of the GOY, which aims at ensuring skills taught are relevant to labor market demand; develop special programs for women that reflect market needs, and to establish institutes that cater for youth and to recruit teaching staff and upgrade the quality of teachers and trainers. The government is keen to attract funding from the private sector for TEVT and to get advice from employers on what skills are most needed.
18. **The Project Objectives:** The main objective of the project is to support the GOY efforts to strengthen youth employability by bridging the skills gap. More specifically, the project will contribute to: (i) transforming and restructuring of the TVET sub sector; (ii) introducing a transformative practical work readiness training and re-skilling model for University and TVET Graduates; and (iii) strengthening the capacity of the MOTEVT in planning, management and strategy formulation and implementation, thus enabling it to oversee and carry out the required reforms.
19. **Key Results:** By 2016, the key expected results of the project include: (i) Diagnostic assessment at country level completed; diagnostic assessment at country level completed; policy options and recommendations for restructuring and transformation of the TVET provided; National Qualification Framework (NQF) developed; strengthened partnership between the private sector and TVET institutions; PPP Placement Company established; 1,900 TVET graduates re-skilled; 800 University graduates retrained; and 65% of beneficiaries are employed. The results based logical framework of the project is attached as **Annex-1**.

IV. THE PROJECT

20. **Project Location.** The project will be implemented in Sana'a Yemen. Key project stakeholder's conferences will take place in Sana'a while the diagnostic studies will cover the whole country. The Map of Yemen and project locations are attached as Annex-2.

Project Components

Component 1: Reforming and Transforming the TVET sub Sector (IFC Executed).

21. This component will have the following activities:
- i. **Diagnostic Assessment for the Development of e4e Country Action Plan towards transforming the TVET landscape:** The overall objective of this component is to identify E4E opportunities in Yemen. The diagnostic will assess the Vocational Training landscape in Yemen to (i) identify the qualitative and quantitative gaps in skills' provision in vocational training; (ii) prioritize sectors for e4e based on the private sector demand, growth opportunities, and potential investments in the medium and long term; (iii) assess various options for e4e opportunities and interventions; (iv) review current / active projects and interventions by other donors, government, and identify stakeholders collaboration opportunities; (v) provide recommendations and actions concerning policy options and recommendations for the transformations of the TVET sub sector to respond to the labour market demand.
 - ii. **Bridging the skills Gap:** Based on the assessment findings, this activity will address the needs identified in terms of vocational training in priority sectors, linking different stakeholders who promote and deliver vocational training. Moreover, this activity will complement existing IFC initiatives in Yemen, in particular, the IFC Business Edge management-training program. The component will link vocational training delivery with Business Edge training delivery to promote entrepreneurship and support skills' development. Business Edge training in Yemen has been delivered since 2009 through a network of five certified training providers with an overall of 23,000 trainings delivered to individuals (over 8,500 women). The component will expand the delivery platforms through partnering with universities and vocational training centres to deliver Business Edge to youth and students in relevance to the e4e recommendations and action plan.
 - iii. **National Qualification Framework (NQF):** To strengthen the delivery of the skills' development programs and enhance the competencies of youth to match the requirements of the labor market, this activity will design a National Qualification Framework (NQF) for a pilot sector based upon identified priority sectors. The NQF will be benchmarked to international and regional standards for recognition purposes. The NQF will be developed utilizing IFC extensive experience and knowledge in implementing various similar

interventions in the region, to identify skill, knowledge and competency requirements in pre-identified priority sectors. The NQF will provide guidance on curriculum design, quality assurance processes required to deliver newly designed education/training programs, in addition to training required for trainers to deliver the programs. It will also be a tool for providing career paths/ advice to students/trainees. Moreover, this activity will focus on building the capacity of the private sector, NGOs, and Business Associations to develop and host a unit that will support the implementation of the NQF at the sector level, provide support and recommendations on regulations, and engage with stakeholders on different components for NQF. This activity will also aim to create a national placement company (Public Private Partnership) to strengthen youth employability in domestic and regional markets especially the Gulf Cooperation Countries (GCC).

- iv. ***Stakeholders and investment seminars:*** The project will also conduct the following workshops: (a) kick of workshops and symposiums (3-4) to gather and harness relevant data and information from the different stakeholders, government, private sector, legislative bodies, media and employers; and (b) main workshop to disseminate findings of the report and get the support and consensus of the key stakeholders including the Government of Yemen, private sector and development partners.

Component 2: Invest in Youth Job Readiness and Retraining (IsDB Executed)

- i. This component is designed to provide a pilot model for reskilling and retraining of university and TVET graduates by availing the relevant skills and competencies that are needed in the local and regional market. Specifically, this activity will strengthen the employability of 2,700 youth in Yemen through work readiness training with a focus on English and computer skills for university graduates and reskilling TVET graduates for specific vocational jobs (e.g. construction). The component will cover the following activities:
 - a- ***Reskilling:*** Retraining 1,900 TVET graduates mainly in the construction sector, which is one of the potential growing sectors that are demanded by the domestic and regional market. The re-training program will be for a period 6 – 12 months. The programme will be carried out by specialised training and skills development agencies in Yemen. The reskilled graduates will have the opportunity to access labour market jobs in the construction sector in the local and regional labour market.
 - b- ***Work readiness programme:*** this aims at strengthening the employability of 800 university graduates through carrying out the following activities: (i) training on English and computer skills; (ii) interpersonal skills training which includes teamwork, verbal/nonverbal communication skills, managing stress, conflict resolution and active learning techniques; (iii) training in job search techniques such as CV preparation, job interviews, social networking and negotiation of wages; and (iv) provide coaching, mentoring and advice for the trained youth in order to improve their access to employment opportunities; and (v) solicit youth internships with the private sector and industry.

Component 3: Institutional Capacity Building for the MOTEVT (IsDB Executed).

- i. The project will provide institutional capacity building and training to MOTEVT to strengthen its ability to plan, manage, monitor, evaluate and formulate TVET reform and strategies. This activity will include setting up an effective monitoring & evaluation, and TVET management information system. Moreover, it will identify skills required for training the trainers for the sector, train and create a cadre of trainers/teachers able to deliver using new training methodologies and approaches (student centred competency based). The specific activities of this component include:
 - (a) Training in leadership, management, planning; project management; monitoring and evaluation of the MOTEVT staff;
 - (b) Exchange and familiarization visits to renown vocational education agencies/ministries;
 - (c) Setting up TVET management information system;
 - (d) Creating a quality assurance system for TVET, accrediting training/educational institutions based on quality delivery.

Component 4: Project Management and Coordination Function (IsDB Executed).

- ii. A Project Management and Coordination Function (PMCF) will be established in the MOTEVT and will be responsible for the day-to-day project management concerning component 2 and 3. A Project Coordinator and a VET Expert will be hired by the project for about 24 months to support the implementation of the different activities for components 2 and 3. .

V. PROJECT COST ESTIMATE AND FINANCING PLAN

22. The total cost of the project is estimated at US\$ 4.736 million. It is proposed that MENA TF finance the project in amount of US\$ 4.582 million. The IDB is responsible for the implementation of component 2, 3 and 4, which amount to US\$ 2.632 million while the IFC covers component (1), which amounts to US\$ 1.850 million. The GOY will also contribute US\$0.150 million to the project cost (in kind contribution to the project cost).

Table 1: Project Cost Estimate and Financing Plan

In US\$ Million

	Transition Fund		GOY		Total
	Amount	%	Amount	%	
Component 1: Reforming and Transforming the TVET Sub Sector (IFC executed)	1.850	100.00	-	0.00	1.850
Component 2: Invest in Youth Job Readiness and Retraining (IDB Executed)					
Reskilling of the TVET Graduates	1.216	100.00	-	0.00	1.216
Work Readiness Program	0.600	100.00	-	0.00	0.600
Institutional Capacity Building	0.400	80.00	0.150	20.00	0.550
Component 4: Project Management and Coordination Function	0.266	-	-	-	0.266
For grant preparation, administration and implementation support (0.15 million for IDB and 0.100 for IFC)	0.250	-	-	-	0.250
Grand Total	4.582	96.84	0.150	3.16	4.732

VI. IMPLEMENTATION ARRANGEMENTS

Readiness for Implementation

23. The project has the support of the GOY and all the necessary arrangement for implementation have already been made. The project implementation team from IDB, IFC and GOY is already constituted.

Implementation Arrangements

24. The IsDB will be responsible for the implementation of components 2, 3 and 4 as per the implementation procedures and arrangements of the Bank, while IFC will be responsible for the implementation of the component 1 as per IFC procedures and implementation arrangements (IFC will be responsible for managing the funds for component 1, as per IFC AS project governance).
25. Specifically for component 2 and 3, MOTEVT will be the Executing Agency for the project with the technical support and coordination of the IsDB as per its project management and implementation procedures and guidelines. The project management and coordination function, which be equipped with the necessary staff and resources, will undertake the day-to-day implementation follow-up of the subject activities.
26. In order to ensure effective coordination of all activities of the project, regular Project Coordination Forums (PCF) will be convened to keep all stakeholders abreast of the implementation status and progress. The PCF will comprise; (1) Deputy Minister for Economic Studies and Forecasts (Ministry of Planning and International Cooperation), (2) Deputy Minister for Planning and Projects (Ministry of Technical Education and Vocational Training), (3) Representative of the Ministry of Higher Education and Scientific Research, (4) Representative of Minister of Labor & Social Affairs, (5) Representatives of Private Sector and Civil Society, (6) IsDB & IFC implementation team.

Implementation Schedule

27. The implementation period is expected to take two (2) years after the signature date of the financing agreement.

Disbursement Procedures and Plan

28. Disbursements will be in accordance with IDB disbursement procedures. A special account will be opened in the Central Bank of Yemen in line with IDB procedures and guidelines to expedite the project implementation

Procurement Arrangements

29. The procurement of goods and services will be carried out using IDB procurement guidelines. The components that will be implemented by the Bank will be based IDB procurement guidelines and procedure and will be as follows:

Table 2: Summary of Procurement Arrangements

Items	Short Listing		
	MC Firms	National Firms	National Hiring
1 Reskilling and job readiness program		√	
2 Monitoring & Evaluation and information management systems	√		
3 Training of MOTEVT Staff	√		
4 PCU Staff			√

VII. RISKS AND SUSTAINABILITY

30. Overall, the project risk is considered moderate.
31. **Sustainability:** The GOY is committed to support the education sector and key employment creation initiatives to reduce youth unemployment. The proposed capacity building and extensive training that will be provided by the project to the relevant staff of the MOTEVT will also contribute to the sustainability of the project. The development of policy options for youth employment support and disseminations will enhance the institutional framework for vocational education sub sector and will create an enabling environment for effective skills development to improve the employability of the youth. Finally, the involvement of the private sector and strengthening partnership between them and the vocational education institutions is expected to enhance the employability of the graduates.

VIII. PROJECT JUSTIFICATION

32. The problem of poor labor market outcomes for the young people is not new to Yemen and has generally been recognized as one of the key factors leading up to the Arab Spring. The unemployment rate in Yemen remained above 35%, which is one of the highest rates in the MENA region. This situation raises questions about the employability of job seekers and the quality and orientation of education.
33. The unemployment is plagued by low productivity, especially in the informal sector. Jobs growth prospects are not promising and pressing unemployment must be addressed immediately. Labor supply is growing rapidly with 120,000 new entrants in the labor market every year. Public sector cannot absorb new labor supply with 190,000 university graduates already waitlisted for jobs. Sectors with potential job growth include construction and services supporting growth in population (e.g. education and health care). Few Yemeni students enroll in post- secondary education. Most of these students are in Universities (12%) with only 2% in Vocational Education and Training (VET).
34. The project is aligned with the IDB 1440H vision, Comprehensive Human Development and Poverty Reduction Strategy (CHDPRS) and the Medium Term Business Strategy of the Bank (2013 – 2015). The project is in line with the following pillars of the Transition fund; (i) investment in sustainable growth; (ii) inclusive development and job creation; and (iii) enhanced economic governance.
35. The proposed project is complementary to IDB broader engagement and financing package for Yemen. It also responds to the recommendation and outcome of the e4e initiative that has been

carried out by the IDB and International Finance Corporation (IFC) in 2011. The initiative calls for country specific diagnostic studies and the development of e4e country action plan to address the recommendations of the report. Yemen has been one of the 9 deep dive countries of the e4e report. The proposed project will complement the recently IDB approved projects in Yemen: Youth Employment Support Program; VOLIP and the Deauville Partnership Fund financed the special industrial zone project (SIZ) Project in Hodediah.

IX. RECOMMENDATIONS

36. In light of the rationale and justifications provided in the above sections, it is recommended to approve the appointment of IDB as the Implementation Support Agency (ISA) for the preparation and implementation for the components 2, 3 & 4 of the Education For Employment (e4e) project for Yemen.

Results Based Logical Framework

Hierarchy of Objectives	Key Performance Indicators	Monitoring and Evaluation	Assumptions/ Risks												
Sector Goal: To contribute to the GOY efforts to improve the quality of the TVET sub sector to respond to the labour market demand.	<ul style="list-style-type: none"> • TVET is relevant to labour market demand. 	MOTEVT and MOL reports.	Stable macro economy and continue the GOY commitment to Education sector												
Project Development Objective Strengthened youth employability	<ul style="list-style-type: none"> • Practical reskilling and job readiness training model developed. • The employability of 2,600 youth strengthened by the project in 2016. • 65% of the re-skilled youth employed by the industry 	<ul style="list-style-type: none"> • The Schools annual reports. • MOTTEVT Reports 	<ul style="list-style-type: none"> • Willingness of the GOY to continue the education reform agenda. 												
Project Outputs 1. Restructured and transformed the TVET sub sector. 2. Reskilled and improved job readiness 3. Training 4. The capacity of the MOTTEVT improved	1. The TVET sub sector is transformed and restructured. 2. Validated and disseminated the TVET strategy report 3. 2,600 youth reskilled and retrained 4. M&E, Management Information System (MIS) established 5. 50 staff of the MOTTEVT trained.	<ul style="list-style-type: none"> • Validation Workshops and Conference reports 	<ul style="list-style-type: none"> • Stakeholder's seminars conducted. • GOY buy-in, programmes for investment is secured 												
Project Activities 1.1 Set up project management and coordination function. 1.2 Recruit the consultant to carry out the diagnostic studies 1.3 Prepare the diagnostic report 1.4 Conducting validation, stakeholders and development partners seminars/workshops 1.5 Disseminate the report 1.6 Selection of specialized training providers. 1.7 Selection and identification of the trainees 1.8 Conduct the reskilling and job readiness training program	Financial Resources Project financing under TF Grant , TF + the GOY as follows: <table border="1"> <thead> <tr> <th>Source</th> <th>US\$, Million</th> <th>%</th> </tr> </thead> <tbody> <tr> <td>• TF:</td> <td>4.582</td> <td>96.84</td> </tr> <tr> <td>• GOY</td> <td>0.150</td> <td>3.16</td> </tr> <tr> <td>Total</td> <td>4.732</td> <td>100.00</td> </tr> </tbody> </table>	Source	US\$, Million	%	• TF:	4.582	96.84	• GOY	0.150	3.16	Total	4.732	100.00	<ul style="list-style-type: none"> • Project progress reports. 	<ul style="list-style-type: none"> • Report completed, published and disseminated. Priorities, timeline and implementation responsibilities agreed. • All stakeholders including CVs, PS, DPs, NGOs and GoY
Source	US\$, Million	%													
• TF:	4.582	96.84													
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Map of Yemen and Project Locations



