I. Project Context

Country Context

With a sparsely populated, predominantly dry land, high demographic growth and a highly undiversified economy Mali is exposed to several “structural” external shocks (climate change, commodity prices). At the heart of the Sahel, Mali is a vast, semi-arid, landlocked and sparsely populated country with the largest territory in the Economic Community of West African States (ECOWAS) community. With a high demographic growth rate (one of the highest of the world with a total fertility rate (TFR) of over 6 children per woman), but extremely low population density, and relatively limited natural resources and a rain-fed subsistence agriculture that provides income for a majority of the population, Mali is extremely vulnerable to external shocks. In addition, the economy is characterized by a narrow source of exports (gold, cotton, livestock represent about 90% of all exports) increasing its vulnerability to commodity price fluctuations.

In March 2012, a military coup ousted the democratically elected government triggering an unprecedented political, security and economic crisis which has added an internal dimension to the more traditional exposure to external shocks. Shortly after the military coup, the north was seized by extremist groups. A Transitional Government of National Unity was subsequently formed and
recognized by the international community, with the mandate of restoring sovereignty over the entire territory of Mali and organizing fair and transparent national elections. Under the mandate of the UN Security Council, a coalition of Malian and foreign troops launched military operations in Northern Mali in January 2013. These unprecedented events constitute the worst political and security crisis faced by Mali since its independence. Ethnic tensions, the limited state presence and institutional capacity, and the collapse of the security sector stand out as some of the key triggers of the crisis.

Significant efforts have been made towards the resolution of the crisis both with regard to re-establishing territorial integrity and to the return to democracy. Peace talks are also ongoing. Following the military intervention of the Malian and foreign troops, led by France first under Operation Serval, and by the UN as of July 2013 with the MINUSMA mission, control has been regained over the entire area between Gao and Timbuktu and access to main Northern cities has been reestablished. Additionally, fair and transparent presidential elections took place in July and August resulting in a newly elected president.

Considerable progress has been made in implementing the political roadmap presidential elections between July and August 2013, which led to the election of Ibrahim Boubakar Keita, and the National Assembly was elected in two rounds between November and December 2013.

These positive developments, accompanied by a very substantial surge of Overseas development Assistance funding in 2013 following the Paris meeting on Mali, point to a gradual resolution of the political, security and economic crisis. Following security-related economic disruptions in 2012, in 2013, economic growth rebounded to 3%, up from 1% in 2012. The outlook for 2014 is positive, with a strong acceleration in GDP growth above 6 percent under the assumptions of continued donors support and average rainfall. In 2013, Mali’s economic growth rebounded to 1.7 percent, up from 0.1 percent. Official development assistance resumed, while agriculture production suffered from erratic rains.

However many challenges remain. There still remains considerable uncertainty on the magnitude of the economic impact of the political crisis in 2012 and its subsequent recovery as security conditions improved from 2013. While security has improved the risk of renewed violence and guerrilla type conflict remains high deterring many displaced households from returning to the north. The private sector has been significantly affected by the crisis and job creation has slowed further from an already significant decrease in the number of jobs created in both the public and private sector before the crisis (from about 30,000 new jobs per year in the period from 2008-2010 to less than 20,000 new jobs in 2011). Unemployment is also projected to have increased and poverty is likely to have worsened. After a decline from 55.6 to 43.6% from 2001 to 2010, the poverty rate is estimated to have increased from 43.6% in 2010 to 46% of the population by end 2012, or 7.2 million poor. As a further indication, first post-crisis household surveys suggest that per capita consumption decreased in Southern regions since between springs 2011 and 2013, except in Bamako.

**Sectoral and institutional Context**

Mali’s youth are facing deeply rooted employability challenges, further aggravated by the crisis and with the potential to hamper full recovery. More than 70% of its huge youth group between 15 and 24 was out of school in 2010 and had very limited qualifications and skills for employability. The
vast majority of these youth are employed in generally low productivity/quality jobs in the informal agriculture and service sector (over 90%). A significant percentage of them are also unemployed or inactive (about 20%). This is a structural longer-term issue for the undiversified Malian economy, but the situation further deteriorated during the crisis with the proportion of out of school, unemployed and disenfranchised youth likely to have further increased (pending updated employment data on the whole country), as a result of the disruption of education institutions and education system overall, the worsening economic context in 2012, and the fall of the Islamist groups in the north. If not addressed quickly, Mali’s youth’s challenges pose a major development and security challenge for the resolution of the crisis.

This situation points to two main types of challenges, related to job creation and skills development. The first type relates to jobs – there are too few and they have varying levels of productivity in the formal sector and low productivity and often precarious in the informal sector. The second type relates to skills – too few or simply irrelevant to what the formal and informal sector need to create, fill and/or improve jobs (skills miss-match).

There are several potential sources of job creation in Mali. Employment statistics indicate that about 65% of adults are employed in the agriculture sector, 10% in the industry sector and 25% in the service sector. Recent reports from AFRISTAT confirm that over 80% of these jobs are in the informal sector. They also show that moving forward sources of employment, growth and poverty reduction with high potential for growth will include the exploitation of agri-business potential, mining diversification, the construction industry, and fisheries. This is confirmed by a recent diagnostic undertaken under the project for professional development for employability (Projet pour le Development Professionel pour l’Emplois, PRODEFPE) led by the Ministry of Professional Training and Labor (Ministere pour la Formation Professionelle et Emplois, MFPE) which points to the need for several hundred thousand occupations, largely focused in agriculture, livestock, fisheries, agro-industry, building and public works, transport and crafts industry. It is however not yet clear how many new jobs will really be created in those, or other, sectors in the future given the many constraints to the creation and growth of micro, small and medium enterprises (MSMEs).

Mali’s potential entrepreneurs and established firms face several constraints to fulfill their potential. While there is no overall reliable number on the total number of MSMEs in Mali, we know that about 20,000 new (formal) MSMEs were created from 2010 to 2013 with an average size of three workers per enterprise. Both formal and informal businesses face constraints to consolidation or growth. The most recent Enterprise Surveys ask a sample of formal firms about a range of potential constraints they may have to develop and grow and to rate how severe each constraint is (using a Likert scale (0 to 4) with zero indicating ‘no obstacle and four indicating a very severe obstacle). The three main cited constraints to business development are: (i) access to finance (over 50% of the firms); (ii) access to land (about 30%); and (iii) corruption (about 25%). A recent survey of a sample of 18 to 35 years youth located in four localities with different socio-economic levels highlights four key constraints to the creation and development of micro-enterprises: (i) the lack of technical and business management skills and expertise, in particular in rural areas; (ii) difficulties to put together sufficient initial capital to get started; (iii) very limited access to credit; and (iv) lack of longer-term mentoring and coaching. These constraints are also highlighted in other sources, including in the additional youth consultations which took place during preparation of this project. Overall, a key driver of job creation in Mali is likely to be the further development of the private sector, including the promotion of new, emerging and established MSMEs, which are shown to create comparatively more jobs (percentage employment growth) than larger firms. Access to seed
funds, finance and complementary training, support and coaching services, in particular for MSMEs, are therefore constraints that will need to be addressed to support business and job creation in Mali.

Lack of access to finance, management capacity, and skills and other key constraints are confirmed from recent assessments of the business climate. Mali’s commitment to improving the investment climate and in particular the Doing Business indicators has been recognized internationally. These efforts were supported by the World Bank Group, including through dedicated IFC and IDA (PAC) operations. As a result of the crisis, Mali’s ranking deteriorated to 155/189 in the latest (2014) World Bank Doing Business Report -- thereby losing its leadership as top regional reformer. Despite some progress the investment climate in Mali overall remains still poor. Deeper and broader reforms (beyond those promoted by Doing Business) should be implemented as private sector led-growth faces various other major challenges -- notably: (i) poor access to industrial and agricultural land; (ii) complex import and export logistics (road infrastructure, organization of the trucking industry, customs, etc.) creating costs and delays; (iii) investment policy not aligned with international best practice; (iv) a weakened banking system; (v) weak institutional arrangements for private sector development; and (vi) weak human capital and skills base. In relation to banking and SMEs, for instance, lending to SMEs is considered risky because of a history of high default, and potentially bankable SMEs lack the management capacity, business planning, and financial skills to develop into attractive propositions for banks.

Low schooling levels, and weak quality and relevance, are a key constraint to youth employability, firms and jobs in the short and longer run-in Mali. Job and employment prospects need to go hand in hand with skills development. Not only are existing jobs often constrained by lack of skills but lack of skills can hamper the creation of future jobs (such as the limited development of the mining auxiliary services because of lack of local entrepreneurship capacity to develop small and medium enterprises to capture new business opportunities).

Education outcomes are still poor in Mali pointing to a skills miss-match with current and future labor market needs. Although the gross primary enrollment rate (GER) reached around 76% in 2010, according to household survey data (and 81.5% in 2011, according to administrative data), this rate is unlikely to allow Mali to achieve universal primary education (UPE) by 2015. And, at less than 60% in 2010, the primary completion rate is even more of an issue. While increasing from 2006 to 2010, only about one-third of the relevant school age population was enrolled in upper secondary education and a very small fraction would continue onto tertiary education. Significant returns to primary and secondary education, as illustrated in the economic analysis section, suggest short-term shortages of skills at those levels. In fact, lack of education is cited as a major or very severe constraint to business by about 15% of the firms included in the recent enterprise surveys. At the same time, the fact that returns on lower secondary education have increased relative to all other levels in the 2006-2010 period points to increasing needs for basic core skills. Even more than schooling levels, quality and relevance of schooling are a short and longer-term constraint to Mali’s development. Results obtained from the 2010 national student assessment show that only 41% and 38% of second grade students in Mali perform satisfactorily in reading comprehension and in Math, respectively, while the results of sixth grade students are 48% in French and 31% in Math, respectively. Additionally, employers in the formal and informal sector already complain of difficulties in finding individuals with the right skills, including basic technical skills. Unemployment rates of youth with completed upper secondary education and particularly some post-secondary education are higher than the average pointing, among other reasons, to an issue of
limited relevance to labor market needs of many of those degrees. But at the same time detailed
diagnostics undertaken in the agriculture, livestock, agro-industry, construction and tourism sectors
show that employers need occupational fields and skills that are currently not provided. Some of
these will be increasingly needed in the future.

Skills development is even more of an imperative for the youth stock. Most recent household
survey data show that about 70% of the 15 to 24 years old, and 80% of the 15 to 29 years old, are
out of school, of which only about 30% have received formal schooling at primary or secondary
level. While only about 2% of the out of school 15 to 29 years old are unemployed, about 22% are
unemployed or inactive. And of the 78% who are employed the vast majority is under-employed in
the agriculture and services informal/low productivity sector, pointing to a mix of employment and
skills constra ints. Current skills levels appear to be neither sufficient to migrate to the formal sector
nor to increase productivity and employability in the informal one. About 75% of the 15 to 34 years
old out of school youth are illiterate and recent youth surveys/consultations also point to significant
lack of even basic technical skills, aggravated by poor leadership and communication skills (in the
words of the youth themselves). A critical challenge for Mali is to support skills development for its
vast out of school youth stock to support employability and productivity, tailored to address the
widespread skills gaps.

Mali’s quantity and quality related skills challenges are related to issues with the education and
training sector that will need to be addressed. TVET, formal and non-formal, and tertiary technical
tracks can be a potentially relevant option to address youth employability in Mali, given high
unfulfilled demand for technical skills in some key labor intensive sectors as illustrated above, and
further confirmed by unemployment rates of TVET graduates which appeared to be less than half
the ones for general academic secondary graduates in the 2013 EMOP data (5 versus 12%).
However, they are in need of urgent improvement to fulfill their full potential.

The TVET related skills development system presents some strengths but also suffers from many
challenges to make it higher quality and more demand-driven. In Mali the secondary and tertiary
TVET system is managed by the Ministry of Education (Ministère de l’Éducation, de
l’Alphabétisation et de la Promotion des Langues Nationales, MEAPLN) and Ministry of Tertiary
Education (Ministère de l’Éducation Supérieure et de la Recherche Scientifique), for formal
education and training leading to a degree (formations diplomantes), and by the Ministry of
Professional Education and Labor (Ministère de la Formation Technique et Professionnelle et de l’
Emploi, MFPE), complemented by other line ministries like the Ministry of Industry and Mining
and the Ministry of Agriculture, for informal education and training leading to a certification
(formations qualifiantes). In 2012/2013 there were about 20 public secondary TVET institutions,
including two lycées techniques and 4 agro-pastoral schools, with about 1,200 teachers, and over
300, much smaller, private secondary TVET institutions very inequitably distributed (only about
25 institutions in Mopti and beyond to the north). These were complemented by public and private
institutions offering technical tracks at the tertiary level. Degrees offered include the 2-year
vocational training certificate (Certificat d’Aptitude Professionnelle – CAP), the 4-year technician
degree (Brevet de Technicien- BT), the 3-year professional degree (Bac Professionnel), the 3-year
technical degree (Bac Technique), the only one offered in the lycées techniques and more geared
towards tertiary education, and two or three year tertiary technical degrees (Diplome Universitaire
Technique (DUT), License et Maitrise Technique). In the secondary vocational stream (CAP, BT)
about 18,000 students were in the public sector and 76,000 in the private sector (which represents
therefore about 80% of the enrollment), with an over-supply of enrollees in professions for the
service sector. Also in tertiary education a majority of students are enrolled in the private sector. Finally, the informal TVET sub-sector includes a small number of public institutions under the umbrella of the MFPE, and a small number under the Ministry of Industry and Ministry of Agriculture, as well as about 100 private institutions, providing non-degree courses. More recently MFPE defined 43 priority education and training tracks in 10 economic sectors (for which demanded skills have been precisely identified) for this training sub-sector. Altogether these sub-sectors are targeted towards in and out of school youth, unemployed youth, apprentices with and without education, reconverted adults, etc. A key strength of the system is the conceptual and strategic framework which highlights the competency based approach (Approche par Competences – APC) across all technical streams. In 2007, the APC approach defined 22 education and training sectors, including agriculture, tourism, construction and civil works, mechanics, mining and construction sites, and energy and transport among many others. Within these 22 sectors, 27 competency based courses (CAP, BT and BAC Technique) have been developed, of which 19 are under execution. In 2012, 24 technical tracks were also defined following the APC for the tertiary education cycle. There are however also still many challenges, of which four key challenges stand out: (i) inadequate TVET Programs; (ii) rigid TVET Service delivery; (iii) lack of TVET instructors; and (iv) inefficiencies in TVET sector management and financing.

Beyond the education and training sector, employability is also constrained by the lack of effective public employment promotion strategies. The country has set up agencies within its broader national employment policy to support school to work transition of students coming from the formal and informal education and training sector. The key agencies are the Agence pour la Promotion de l’Emploi des Jeunes (APEJ) and the Agence Nationale pour l’Emploi (ANPE). Both of these agencies are not very effective and have had limited coverage and success in their interventions (from short term complementary training to internships, job counseling and entrepreneurship programs). There is also a strong segmentation in terms of employment promotion initiatives offered from within and outside these agencies, as well as a worrisome lack of private sector involvement, while the private sector should have a strong say in employment policies and the lead in job creation. A recent organizational audit and renewed political commitment have strengthened the mandate and potential effectiveness of the APEJ but much support is needed to improve its core interventions.

Along this line, underlying or aggravating skills and jobs constraints to employability are also some additional barriers related to location, family education and income, gender and more broadly information.

To sum up, Mali will need a two-pronged strategy to develop skills and create jobs. Mali needs an effective strategy to improve youth employability. This will require a two-pronged approach to address skills constraints and job creation constraints. And this approach will need to be applied to both the formal and informal sector. The informal sector because this is where the largest potential for job creation is in the short run, the formal sector because this is where significant potential for job creation may exist in the longer-run. A two pronged strategy for the formal sector will require tackling quality and relevance issues in the formal education and training sector to improve graduate employability (and retention at school), while at the same time supporting the creation of more jobs in the modern sector to absorb those youth. On the other hand, in the informal sector, most of the actions will have to concentrate on how to improve the employability of the out of school youth stock with currently very limited education and skills, while developing more
opportunities for productive and rewarding self-employment. Finally, whatever strategy is applied will also need to factor in the relevant location, family and gender constraints.

II. Proposed Development Objectives
The Project Development Objective (PDO) is to support education and training for employability and private-sector led job opportunities for youth in Mali.

III. Project Description
Component Name
1. Education and Training for Employability
Comments (optional)

Component Name
2. Private-Sector led Jobs Creation for Youth
Comments (optional)

Component Name
3. Institutional Strengthening and Project Management
Comments (optional)

IV. Financing (in USD Million)

<table>
<thead>
<tr>
<th></th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Project Cost:</td>
<td>63.00</td>
</tr>
<tr>
<td>Total Bank Financing:</td>
<td>63.00</td>
</tr>
<tr>
<td>Financing Gap:</td>
<td>0.00</td>
</tr>
</tbody>
</table>

For Loans/Credits/Others

<table>
<thead>
<tr>
<th>Borrower/Recipient</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>International Development Association (IDA)</td>
<td>63.00</td>
</tr>
<tr>
<td>Total</td>
<td>63.00</td>
</tr>
</tbody>
</table>

V. Implementation
A. Components

The proposed project will support a two pronged strategy to promote jobs creation and develop skills for Malian youth. Jobs creation interventions, supported through Component 2, will target the private sector through support to would-be entrepreneurs and emerging or established SMEs with potential for job creation. Skills development interventions, supported through Component 1, will focus on both the formal and non-formal education and training sector, with emphasis on supporting more relevant and efficient technical tracks in secondary and tertiary education, revamping the apprenticeship program and creating new and more relevant opportunities of short term skills development for out of school youth. The project will be divided into three components.

Component 1: Education and Training for Employability

Sub-component 1.1: Strengthening Technical and Vocational Education and Training
Support to public sector institutions: The project will support four public sector formal education and training institutions in the agro-industry, construction and mining sectors (all with potential to become national or regional poles in one of the key priority sectors). Support will entail either strengthening or introducing (if non-existing) the key priority sectors, sub-sectors and fields (under a value-chain approach putting emphasis when relevant on the weakest links).

In each institution the project will support a reform package which will largely be focused on upgrading curriculum, management and human resources, rather than physical rehabilitation. The packages will include the elaboration and application of competency based approach curricula, with related standards, in the priority fields and levels, a partnership framework with the productive sector and performance framework with public and private providers related to measurable outcomes, the design of entrepreneurship modules to be integrated within the formal curriculum, the training of trainers (in coordination with the Ecole Normale de Formation des Formateurs de l’Enseignement Technique et Professionnel (ENFFTP)), and selected limited rehabilitation of existing classrooms and equipment. The different elements will be implemented following a continuous gradual process starting from initial TA to assess specific needs, to the elaboration of new curricula and training of trainers, limited rehabilitation and equipment provision, implementation of the curricula and management changes and evaluation of outcomes achieved. A key aim is to develop a partnership model with the productive sector which can eventually lead to dual-training (periods of teaching combined with periods of internship in enterprises) in several institutions, while involving the productive sector in key steps of TVET delivery including participation in curriculum design and identification of standards, in the teaching process as source of practitioner-experts to co-teach courses or providers of industry training to TVET trainers, and in the management of the institution and skills certification process, following the example of successful TVET systems in the world.

While public institutions have been pre-selected, due to their large number, private institutions will be selected competitively. The project will provide grants to competitively selected private institutions (on the basis of specific school development proposals) to expand and improve technical and vocational programs at various levels (from CAP to DUT) in the key identified sectors. Depending on the specific proposals, the private institutions will be able to benefit from some of the same interventions in terms of equipment, training, partnership framework, etc., than the public institutions (a menu of eligible expenditures will be prepared, excluding physical rehabilitation). They would also benefit from additional TA to ensure actual quality improvements. Under the assumption of an average amount per grant of US$300,000 and taking out the initial and on-going TA and M&E activities, it is expected that about eight institutions should be able to benefit from a grant. Key features of the competitive grant scheme mechanism will be the support offered to pre-selected schools for the preparation of school development proposals; the competitive selection of the proposals according to pre-identified criteria; and the close monitoring and evaluation of the scheme by FAFPA in coordination with the involved technical departments.

IFC will contribute to this sub-component by supporting additional assessment and benchmarking studies of existing education and training institutions and the legal, economic and policy framework for their growth, including improving partnerships with the private sector and supporting new technologies, while helping identify lead training institutions in the world and encourage them to invest or settle in Mali.
Sub-component 1.2: Strengthening Skills Development for Out of School Youth

This sub-component will improve education and training for employability by supporting skills development programs for out of school youth. Out of school youth with secondary and tertiary education will be targeted through the entrepreneurship program for graduates in component 2.

More specifically the project will support two programs tailored to the needs of two distinct categories of out of school youth: 15 to 24 age old with some primary up to lower secondary education living in urban areas; and 15 to 29 age old with less than lower secondary education (including no prior education) living in peri-urban and rural areas. It will do so by supporting revamped dual-apprenticeship and short-term decentralized skills training programs. The dual-apprenticeship program is the right mechanism to improve the skills and employability prospects of youth with some education in urban areas, where there is notably higher supply of technical and vocational institutions and higher open unemployment allowing youth to commit for a longer time. A more flexible workplace-based shorter-term program is more adequate for somewhat older youth with no or little education in rural areas where institutions are scarce and youth have more competing options. These two programs will then need to be carefully tailored to the specific needs and characteristics of the two youth target groups. Youth exiting from these programs will have the opportunity to receive additional entrepreneurship training, start-up funds and easier access to credit through the entrepreneurship program for non-graduates in component 2.

The project will support under this sub-component the following activities related to the apprenticeship program: (a) TA for the identification of additional fields and locations, development of entrepreneurship modules, certification and legal frameworks; (b) the delivery of the 20% training time in the institutes; (c) pre-apprenticeship training of youth; (d) additional training for master apprentices; (e) kits for apprentices and equipment for master apprentices; (f) testing, evaluation and certification of apprentices; (g) capacity building for the artisans’ association; and (g) rehabilitation of spaces, equipment and training of teachers for vocational training centers. The following activities will be supported to support the decentralized skills training program: (a) TA for the mapping of workplace, complementary training and locality options; (b) training and stipends for local practitioners/producers; (c) equipment for local practitioners/producers; (d) the delivery of complementary training off the workplace; (e) training and salary for facilitators; (f) basic post-training installation kits for youth; (g) awareness campaigns; (h) operating costs of the program; and (i) impact evaluation of the program.

Component 2: Private-Sector led Job Creation for Youth

Sub-component 2.1: Supporting Entrepreneurship for Youth

Entrepreneurship program for youth with limited education (CAP or non-formal training): through this program youth with lower level formal technical education and non-formal education and training exiting education programs now or already on the market will receive support to create a micro-enterprise. The proposed program would offer two levels of training, installation kits and easier access to initial finance and credit for youth.

Youth selected by the program with no prior entrepreneurship training will be offered a short awareness training (of a few days) on basic concepts of entrepreneurship, including of simplified business plans, and school to work transition (Level 1 training). This training will be followed for
the most motivated and high potential youth by a short more in-depth training and coaching on
preparation of simplified business plans, micro-enterprise management, leadership and decision-
making with the combined support of mentors and trainers (Level 2 training). About 60% of these
would be entrepreneurs will also be supported more closely in the development of a micro-
enterprise through start-up funds (capital endowment of up to US$ 300) to motivate them to
implement their simplified business plan over a 12 month period. This more individualized support,
adapted to the specific needs of the project, will also include easier access to microfinance through
support to the FARE (Auto--Renewable Fund for Employment) which will intervene to the amount
of 80% in guarantee of the loans granted the entrepreneurs, and markets and operational assistance
and coaching for the whole 12 months (1 day per month) with the objective of leading to viable
enterprises. It is expected that this entrepreneurship program would lead to the creation or
consolidation of about 3,000 micro or small enterprises in the three key priority sectors of the
project and emerging sectors, leading to the creation of about 6,000 new jobs by the end of the
project (assuming two people per enterprise, slightly lower than the average statistics on micro and
small enterprises in Mali).

Entrepreneurship program for youth with at least upper secondary education (technical or non-
technical): this program will provide opportunities for successful entrepreneurship for youth with at
least upper secondary education who have potential for creating somewhat larger enterprises in the
informal and formal sector. The program will support a Business Plan Competition (BPC) for 18 to
35 years old coming out of school (including from the institutes supported in Component 1) or
already on the labor market.

Key activities supported by entrepreneurship programs are: (a) the training of trainers for the
entrepreneurship training; (b) entrepreneurship and business plans trainings of various levels; (c)
start-up funds for would be entrepreneurs; (d) guarantee funds to support access of youth to credit;
(e) coaching activities; and (d) impact evaluations of the two programs.

Sub-component 2.2: Supporting Established Small and Medium Enterprises for Job Creation

Matching grants: The objective of these grants is to help high potential local SMEs (e.g. rice
importers in Office du Niger, small and medium size mango and papaya producers in Sikasso)
improve their productivity, production processes, processing and/or marketing, by facilitating their
access to finance, value chain development and just in time specific skills, while supporting sound
business plans and developing partnerships with good practice investors. SMEs will be able to apply
to two windows: (i) matching grants for TA (non-financial services); and (ii) matching grants to
bring in financial contributions to scaling-up plans. This second window will have the potential to
support critical infrastructures and activities directly related to the value chain or sector of
production, including equipment. The grants will finance up to 80% of non-financial services and up
to 20% of the financial services within ceilings determined by the size of the beneficiary SMEs.

Support to the FARE: In full alignment with sub-component 1 the FARE will receive additional
resources to help it fulfill its role of guarantor of loans for SMEs and therefore support long term
financing to SMEs in selected value-chains. The FARE works closely with several banks, including
the BMS, and would also have the capacity to select partner banks competitively to get lower
interest rates for SMEs. Overall, the FARE will receive about US$5.5 million under Component 2
which should significantly strengthen it and help alleviate credit constraints for MSMEs in Mali.
Support to the FARE will be complemented by pre-selection and mobilization of financial partners/
banks for the project, and technical assistance to those selected banks to help them provide medium term finance to successful MSMEs in close collaboration with IFC.

Finally, this project component will further leverage IFC’s strategic directions and operations so as to strengthen impact and delivery effectiveness, with a particular focus on value-chain financing instruments.

Component 3: Institutional Strengthening and Project Management

This component will support four main types of activities: (i) an effective employment information system, including capacity building for the labor market observatory and support to tracer surveys and SME inventories and surveys; (ii) a more coherent skills certification and employment promotion framework, including updating of relevant legal frameworks, policy documents, and promoting multi-sector consultation frameworks; (iii) the institutional strengthening of the technical departments and DCAs in charge of the implementation of Components 1 and 2, including capacity building, additional human resources, selected equipment and operating costs; and (iv) support to the project PCU, including project coordination, fiduciary processes, monitoring and evaluation (M&E), selected equipment and operating costs.

B. Implementation Arrangements

The multi-sectoral nature of the project will require an implementation setting that takes this into account in terms of institutional set-up. The Project will be under the auspices of the MFPE. As a condition of effectiveness, a multi-sectoral Project implementation Steering Committee (SC) will be put in place to include all the main project stakeholders, in order to reflect the multi-sectoral nature of the Project. This SC will most likely be a continuation of the current well performing Project preparation SC. The SC will be chaired by the Secretary General (SG) of the MFPE.

The MFPE, beyond its overall coordination role, will have the technical leadership of the sub-component 1.2 and co-leadership of sub-component 2.1 with the Ministry in charge of Investments and Private Sector, which will also have the technical leadership of sub-component 2.2. The Ministries of Higher Education, and of Basic and Secondary Education (MEAPLN) will have the technical leadership in the implementation of the sub-component 1.1, each within its area of expertise. All ministries will therefore have an active role in technical and procurement activities (drafting of terms of reference and technical specifications, participation in technical evaluation committees), as well as in contract and other project activities monitoring. In addition, each ministry will nominate a focal point to ensure smooth coordination between each ministry and the PCU.

A PCU, technically housed within the Département des Finances et Materiel (DFM) of the MFPE for capacity building and greater ownership of the project and its sustainability, will be responsible for the overall coordination as well as monitoring and evaluation and reporting of the project. While the PCU will directly handle implementation, procurement, financial management/accounting and contract management for some sub-components or part of sub-components (see below), it will provide oversight, training, and quality control to the five Executing Agencies (EA) directly handling these tasks in other sub-components. The establishment of the PCU will be a condition of effectiveness.

Project implementation responsibilities are summarized below:
Component 1: Education and Training for Employability
• Technical Leadership: Ministries in charge of Employment and Vocational Training, Higher Education, and Secondary Education
• FAFPA: Implementation of Apprenticeship and support to the private sector
• PCU: Implementation of other activities
Component 2: Private-Sector led Job Creation for Youth
• Technical Leadership: Ministry in charge of Employment and Vocational Training and Ministry in charge of Investments and Private Sector
• APEJ: Implementation of Entrepreneurship for non-graduates
• Private consulting firm Implementation of Entrepreneurship for graduates and Matching grants
• FARE: Guarantee Funds, working with APEJ and private firms
Component 3: Institutional Strengthening and Project Management
• PCU

VI. Safeguard Policies (including public consultation)

<table>
<thead>
<tr>
<th>Safeguard Policies Triggered by the Project</th>
<th>Yes</th>
<th>No</th>
</tr>
</thead>
<tbody>
<tr>
<td>Environmental Assessment OP/BP 4.01</td>
<td>✔</td>
<td></td>
</tr>
<tr>
<td>Natural Habitats OP/BP 4.04</td>
<td>✔</td>
<td></td>
</tr>
<tr>
<td>Forests OP/BP 4.36</td>
<td>✔</td>
<td></td>
</tr>
<tr>
<td>Pest Management OP 4.09</td>
<td>✔</td>
<td></td>
</tr>
<tr>
<td>Physical Cultural Resources OP/BP 4.11</td>
<td>✔</td>
<td></td>
</tr>
<tr>
<td>Indigenous Peoples OP/BP 4.10</td>
<td>✔</td>
<td></td>
</tr>
<tr>
<td>Involuntary Resettlement OP/BP 4.12</td>
<td>✔</td>
<td></td>
</tr>
<tr>
<td>Safety of Dams OP/BP 4.37</td>
<td>✔</td>
<td></td>
</tr>
<tr>
<td>Projects on International Waterways OP/BP 7.50</td>
<td>✔</td>
<td></td>
</tr>
<tr>
<td>Projects in Disputed Areas OP/BP 7.60</td>
<td>✔</td>
<td></td>
</tr>
</tbody>
</table>

Comments (optional)

VII. Contact point

World Bank
Contact: Emanuela Di Gropello
Title: Sector Leader
Tel: 458-9448
Email: edigropello@worldbank.org

Borrower/Client/Recipient
Name: MINISTRY OF FINANCE
Contact: Sory Ibrahim Diarra
Title: Public Debt Department
Tel: 223-20-22-58-58
Email: sorydiarra01@yahoo.com

Implementing Agencies
Name: Ministry of Vocational Training and Employment
Contact: Mr. Hery Coulibaly
Title: Technical Advisor
Tel: 233-207-942-85
Email: herycoulibal55@yahoo.fr

VIII. For more information contact:
The InfoShop
The World Bank
1818 H Street, NW
Washington, D.C. 20433
Telephone: (202) 458-4500
Fax: (202) 522-1500
Web: http://www.worldbank.org/infoshop