I. Introduction and 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 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.

As of now significant efforts have been made towards the resolution of the crisis and the economy is recovering. Following the military intervention of the Malian and foreign troops 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. These positive developments, accompanied by a very substantial surge of ODA 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, the economy is recovering (projected 5% GDP growth in 2013); and could further accelerate in 2014 and 2015 (to projected 6-7% GDP growth) with the resumption of official development assistance in spite of terms of trade (declining gold prices) and average rainfalls. Gold accounted for 70% of export receipts in 2012 and 20% of fiscal revenues. The full economic fallout from the crisis of 2012 still needs to be confirmed, but preliminary information suggests that general infrastructure and productive capital was only moderately affected in the North, and that the financial sector was able to withstand the deceleration in economic activity.

However many challenges remain. 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 to different degrees in the North and in the South, compounded by the displacement of Northern populations. 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.

**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%), which accounts for approximately 70% of jobs. 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 and household survey information), 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 in the informal sector. The second type relates to skills – too few or simply irrelevant (skills miss-match). While opinions vary on whether demand or supply constraints are more acute, ultimately what is needed is a balanced approach where efforts to create jobs and strengthen skills go hand in hand. This approach is even more relevant to the current post-crisis Mali context, where both education and job opportunities have decreased, requiring urgently a two-pronged strategy to promote jobs/employment creation and develop skills (for both the formal and informal sectors). This strategy needs to build on a clear understanding of the labor market and skills development situation and constraints in Mali, as illustrated below.

Labor market and job creation constraints: 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. Moving forward, sources of employment, growth and poverty reduction will include the exploitation of agri-business potential, mining diversification, the construction industry, and the hospitality industry including eventually tourism when security conditions allow. 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 job creation.

Mali’s firms, however, face many constraints to fulfill their growth and employment potential. The most recent Enterprise Surveys ask firms about a range of potential constraints they may have 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: (a) access to finance (over 50% of the firms); (b) access to land (about 30%); and (c) corruption (about 25%). In all survey years, access to finance is ranked as the most serious obstacle for firms with and without employment growth suggesting that this is a persistent factor which prevents firms from achieving their full growth and employment potential. Limited access to finance and support services is also cited as an important constraint for micro-enterprises and micro-entrepreneurs in other sources. Overall, a key driver of job creation in Mali is likely to be the further development of the private sector, including the promotion of SMEs, which are shown to create comparatively more jobs (percentage employment growth) than larger or smaller firms. Access to finance, in particular for SMEs, is therefore one of the key constraints that will need to be addressed to support business and job creation in Mali.

Lack of access to finance 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:

a. Import and export logistics (road infrastructure, organization of the trucking industry, customs, etc.) along the transport corridors connecting Mali to seaports in coastal countries create unnecessary cost and delays. This severely undermines the competitiveness of business activities in Mali, not to mention of course the high cost to the population at large.

b. Access to industrial and agricultural land. Customary land administration and utilization practices discourage the establishment and expansion of firms and hinder the provision of collateral required to obtain loans. Infrastructure, including power supply, is under-developed, unreliable, and costly. Legal and regulatory measures related to this issue remain unclear.

c. Investment policy. Despite some improvements achieved by the Government in 2012 to the investment code following our recommendations, it does not conform to the best international practices because it still contains many fiscal incentives. In addition the current regime is onerous, time consuming, discretionary, and open to abuse (e.g., a practice exists to obtain an "approval" for a fictitious project and selling it to prospective investors).

d. Weak human capital and skills base. Qualified labor is scarce. Business support services are often non-existent and, where available, are often expensive, adding to other cost factors.

e. Mali’s banking system has been further weakened by the crisis. In the short-term, losses and the need for restructuring specific institutions need to be assessed. For the medium-term a financial sector strategy needs to be developed. Gaps identified include: a) lending to SMEs (considered risky because of its history of high default; potentially bankable SMEs lack the management capacity, business planning, and financial skills to develop into attractive propositions for banks); b) lack of long-term corporate finance including equity and lending; c) access to financial services in rural areas (due in part to incomplete financial infrastructure and outside cotton - no structured production chains).

f. Weak institutional arrangements for private sector development. The current institutional set-up related to private sector promotion and dialogue is fragmented and inefficient. As a result, investors are approaching different government structures (AZI, the Niger Office, Ministries, Investment Promotion Agency) without a consolidation and prioritization of requests.

Beyond the short-term measures that may be required to help the private sector recover from the crisis it is now facing, in the medium-term it is imperative that the activities of the private sector be strengthened, expanded, and diversified in order to create sustainable jobs for its burgeoning working age population. The private sector has been severally affected by the crisis - directly due to suspension of public procurement, mounting arrears of the public sector, collapse of tourism, destruction and disorganization in the North, and indirectly through knock-on effects on other private sector activities and the financial sector, combined with continued fiscal pressure on the formal private sector through taxes on turnover and salaries. Measures will need to support both short-term recovery and longer term issues with the business climate and access to finance.

Skills development constraints: 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. 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 of 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.

While improving the flow of skills, skills development is even more of an imperative for the youth stock. Most recent 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 constraints. Current skills levels appear to be neither sufficient to migrate to the formal sector nor to increase productivity and employability in the informal one. A critical challenge for Mali is to support skills development for its vast and uneducated out of school youth stock to support employability and productivity.

Mali’s quantity and quality related skills challenges are related to issues with the education and training sector that will need to be addressed. At the post-primary education level, the system suffers from a lack of diversification and options for post-primary education. Over 90% of secondary level students are enrolled in the general academic secondary stream (college and lycée), with less than 10% in the TVET stream. The general secondary academic stream is often too theoretical and disconnected from the workplace, with low levels of internal efficiency. Along the same line, tertiary education is also generally of poor quality and does not correspond to labor market demands. In particular, the bulk of enrollments are concentrated in the humanities for which there are no promising employment opportunities for graduates, while technical, scientific and engineering disciplines are characterized by under-enrollment. The lack of diversification of the formal education stream is a key determinant of the decision to drop-out of school for Mali’s youth,
in combination with demand side constraints such as family education, making it imperative to rebalancing the system more towards applied technical, science, engineering and technology skills starting from secondary. Finally, there are very limited options of informal education and training at basic and technical level. TVET, formal and non-formal, and tertiary technical tracks can be a potentially relevant option to addressing youth employability in Mali, given higher demand for those skills, but they are in need of urgent improvement.

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 (Ministere de l’Education, de l’Alphabétisation et de la Promotion des Langues Nationales) and Ministry of Tertiary Education (Ministere de l’Education Superieure 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 (Ministere de la Formation Technique et Professionelle et de l’Emplois, MFTPE), 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 2 lycees 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 lycees techniques and more geared towards tertiary education, and 2 or 3 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 about 4 public institutions under the umbrella of the MFTPE, 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 MFTPE 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:

-TVET Programs: First, the transition to the competency based approach is still far from complete. Although according to a 2011 Decree all programs should now be competency based in the country,
only a share of the programs was developed in formal TVET and even less are under execution and very few programs were developed for the informal TVET sector. Related to the above, most programs remain quite outdated, emphasize theoretical knowledge and provide limited exposure to the world of work (internships tend to be few and often short in duration; workshops are insufficient), are supply-centered, and rigid in their approach, with over-crowded workshops. They also put insufficient emphasis on core literacy and numeracy skills (crucially missing in the majority of in and out of school youth), as well as transversal skills such as problem solving, thinking skills and entrepreneurial skills.

-TVET Service delivery: To date, informal education still offers few attractive options to out-of-school youth who either would like to acquire some basic core and technical skills or complement their existing skill set. Apprenticeship programs are generally considered one of the main available skill development options for informal sector employees or out-of-school youth with limited education level but they remain under-used in Mali. MFPE has been running dual apprenticeship programs, short term skills development programs with dual training elements, or even mobile unit education programs, but this was either made possible through donor’s financing which has come to an end or hardly saw the light because of lack of funding and implementation issues. With the exception of small scale initiatives supported by a few donors and NGOs, there is therefore little else in terms of short-term flexible skills development options for out of school youth in urban and rural areas.

-TVET instructors: Third, there is an absence of qualified instructors. Technical and professional schools lack qualified instructors not only in fields such as ICT where scientific and technical advances are rapid and new occupational streams are emerging, but also in older disciplines such as construction, mechanics and electricity. Instructors are often out of touch with developments in their professional disciplines due to the absence of an organized system to keep their skills and knowledge current.

-TVET sector management and financing: Finally, there are inefficiencies in the management and financing of the system, including a segmentation in the management and coordination of informal TVET offerings, weaknesses in the way public and private institutions are managed and funded (including weak partnerships with the private productive sector, and lack of focus on results and public-private complementarity in offerings for key sectors), and limited attention given to school to work transition. On a more positive note, a training fund has been set up with the institutional mandate of financing in-service training, vocational informal training, and apprenticeships (the Fonds d’Appui à la Formation Professionnelle et à l’Apprentissage – FAFPA) which appears to be working relatively well. The financing of the Fund and its mandate could however be revisited to make it more relevant and effective.

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.
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. Beyond tackling quality and relevance issues in the formal education and training sector to improve graduate employability (and retention at school) and gradually provide the skills needed for its emerging sectors, Mali must also improve the employability and productivity of its current stock of out-of-school youth, and find rapid ways, in general, to satisfy the needs of the emerging formal and informal sectors. At the same time, broader constraints to job creation also require to be tackled in the short to longer-term. Supporting micro, small and medium enterprises and entrepreneurs in growing labor intensive sectors through finance, knowledge and other key support services, while promoting a better investment and business climate, will go a long way towards achieving this goal.

Relationship to CAS

The proposed project is fully aligned with the Interim Strategy Note (ISN), Fiscal Year 2014-2015, and in particular with the two pillars on (i) protecting human capital and building resilience, and (ii) preparing the conditions for economic recovery. At the core of the first pillar is a comprehensive and synergistic approach to human capital development focused on: (a) acting early through a combined action on improving the education, health and nutrition of infants and children, while also tackling fertility issues; (b) providing key core skills to improve the productivity and employability of youth; and (c) combining measures to improve health and education services with demand-side interventions to protect human capital, with an aim to setting in place systems which mitigate risks and build resilience. The project is also central to the second pillar by supporting the creation of basic conditions for a private sector-led economic recovery that can help generate jobs. The development of new sources of growth in the medium term may include exploitation of agri-business potential, mining diversification, the construction sector, and the resumption of tourism and hospitality when the security conditions allow.

II. Proposed Development Objective(s)

Proposed Development Objective(s) (From PCN)

With the overarching objective of supporting youth employability in Mali, the development objective of the proposed project is to support skills for employability and job opportunities for youth in priority sectors.

Key Results (From PCN)

The main target population is the 15 to 29 years old in and out of school youth throughout the country. Specific target populations will differ by sub-component and intervention, with the in school education sub-component targeting for instance the 15 to 24 years old, the out of school skills development sub-component targeting the 15 to 29 years with prior or no education, and the entrepreneurship sub-component targeting the 15 to 29 years old in and out of school with at least primary education. Further assessment and discussion will further clarify the target groups, including key geographic areas by sub-component. Intermediary target groups are the schools and teachers benefiting from the skills development support interventions, and the micro, small and medium enterprises which will benefit from the interventions supporting the private sector.

The Project will use a number of key performance indicators (KPI) to assess the progress toward the PDO, including those outlined below.

- Direct project beneficiaries (number) of which female project beneficiaries (%)
• Youth graduating in the technical institutions supported by the project in xxx priority sectors (%)
• Out of school youth who completed dual apprenticeship programs (%)
• Out of school youth who completed the non-formal vocational program (%)
• Out of school youth completing the apprenticeship and non-formal vocational program who are employed or self-employed (%, overall and by priority sector)
• Youth successfully completing business plans (%) and creating own enterprise (%)
• Number of Jobs created in xxx priority sectors

III. Preliminary Description

Concept Description

The proposed project will support a two pronged strategy to promote jobs/employment creation and develop skills for Malian youth. Job creation interventions will target the private sector through support to entrepreneurship and key measures to promote the development and job creation potential of SMEs and micro-enterprises. Skills development interventions will focus on both the formal and informal education and training sector, with emphasis on supporting more relevant and efficient technical tracks from upper secondary to tertiary education, revamping the apprenticeship program and creating new and more relevant opportunities of short term skills development for youth. To maximize impact while avoiding spreading too thinly support will be focused on two or three economic sectors and value-chains. Potential sectors are: agriculture and livestock (including all steps from initial production to processing and sales), building and public works, mining and auxiliary services, and small-scale craft industry (artisanat). Key sub-sectors in agriculture and livestock are fruits and vegetables and the production and processing of animal products (including meat, milk and skin derived products); in building and public works all occupations related to building construction and maintenance and larger public works; in mining all core mining occupations as well as occupations needed in upstream and downstream support services; and in the crafts industry all sectors of activity at the cottage industry level. Sector diagnostics have confirmed that these are sectors with the potential to create over 400,000 jobs distributed in the whole country in the short to longer-term if the right skills and incentives to create jobs are in place.

The project will be divided into three components.

Component I: Education and Training for Employability

Sub-component I.1: Strengthening technical and vocational education and training

This sub-component will improve skills for employability by supporting more effective and efficient technical and vocational education. With less than 10% of students enrolled in technical and vocational streams, and the higher potential for employability but also important challenges of this education and training track, the sub-component will support a higher quality and more demand-driven cost-effective technical and vocational education to improve youth employability.

The target group will be the 15 to 29 years old in school youth enrolled in public and private technical and vocational institutions at secondary and tertiary level in the whole country.

The project will support the development and application of the competency based approach; a partnership framework with the productive sector and performance framework with public and private providers; the design of entrepreneurship modules to be integrated within the formal
curriculum; school to work transition mechanisms; and the training of trainers, all in the secondary and tertiary technical and vocational tracks covering the four or five key sectors identified above. A key aim is to develop a partnership model with the productive sector which can lead to dual-training in several institutions, while involving the productive sector in key steps of TVET delivery from curriculum design, to participating in the teaching process through sharing practitioners and in the management of the institution and skills certification, following the example of successful TVET systems in the world.

In terms of specific institutions, the project will support the implementation of the above mentioned transversal activities in a limited sample of both public and private institutions. This would require some infrastructure rehabilitation as needed, equipment, teacher training, and capacity building to apply the competency-based and public-private partnership approach. Both public and private institutions would be held accountable to the government for their results through performance contracts, whose implementation would therefore also require some support. Given their rather limited number, public institutions would be pre-selected with priority given to the restructuring of institutions with potential to become national or regional poles in one of the key priority sectors/value-chains, possibly in an integrated fashion – from CAP to DUT and covering all key sector related occupations. On the other hand, private institutions would be selected competitively. Overall, while the private sector has strong potential, including being more efficient, more attuned to local labor market needs and accountable to parents than the public sector, the complementarity between the public and private sector has not worked well, with a private sector stifled of resources specializing in low cost low relevance tertiary sector fields and used as a low quality “demand-absorbing” sector. To address this issue the project will provide matching grants to competitively selected private institutions to deliver technical and vocational programs in the key identified sectors/value-chains. It is expected that private institutions would be led to specialize in the high demand fields under provided by the public sector, becoming more relevant and diversified, while being spurred to become higher quality through performance contracts.

Sub-component I.2: Strengthening skills development for out of school youth

This sub-component will improve skills for employability by supporting skills development for out of school youth. The project will support a scaling-up of the dual-apprenticeship program and a fully revamped decentralized training program.

Dual-apprenticeship program:
Dual apprenticeship programs combining formal training to confer cognitive and technical skills (1/3 of the time) and apprenticeship (accounting for 2/3 of the time) spent in a formal or informal organization have been shown to be an effective and high impact form of apprenticeship. A recent evaluation of the SwissContact program, which closed in 2011 and which from 2005 to 2009 benefited about 8,000 youth, showed a placement rate of 95% of the apprentices in the labor market.

Building on the lessons of the first phase supported by SwissContact, the project will support an expansion of the program, while also upgrading it by: (a) opening it up to the non-craft industry sector, including enterprises from the formal sector, and to inactive, unemployed and under-employed youth (youth already employed in a craft industry will not be eligible anymore); (b) strengthening technical and numeracy and literacy skills of the master apprentices, as well as limited additional equipment if needed; (c) improving youth skills certification and placement (suivi) mechanisms; (d) adding entrepreneurship training at the end of the program to further enhance the
potential for job creation; and (e) providing institutional strengthening of the professional associations involved, while supporting the further decentralization of the program and an improved legal framework. Apprenticeships, whose average time would need to be determined but would likely vary by occupation, would include, as in the first phase, 80% of time in the workplace and 20% of time in training at a public or private training center. The project would largely support the training in the centers, as well as the TA, capacity building and training needed to upgrade the program along the above directions.

Youth non formal skills training program:
The international evidence on the effectiveness of informal education and training is mixed. Some of the key factors of success coming out from rigorous reviews and impact evaluations of programs in Africa, Latina America and elsewhere appear to be the: flexibility in the delivery mode (using varying types of providers, including community centers and local practitioners) to reach out broadly but also recognizing that work is a part of youth lives in many regions; decentralized management of the program with strong community involvement combined with central support; use of local facilitators responsible for community mobilization, coordination, program monitoring; combination of technical with literacy, numeracy and life skills; and interventions to facilitate transition to work, with focus on entrepreneurship training and provision of seed money to start an activity, because non formal training programs must consider that most youth will be self-employed or work for a small, informal enterprise.

The project will support a decentralized non formal vocational education and training program for out of school youth, with features that allows it to reach the most vulnerable out of school youth in both urban and rural areas and post-conflict areas, while satisfying local demand for skills. The program would also reach out to the rural and hard to reach areas by providing training in a very flexible way to reflect local conditions and needs in terms of length, on-the-job/in-class education and training mix, delivery mode, and priority sub-sectors/occupations. To take into account the local dimension, the program would be managed in a decentralized way through the regional assemblies (Conseils Regionaux) in coordination with local community associations and with the technical support of the MFPE central and deconcentrated offices. Depending on local conditions and sub-sectors, three main types of delivery modes could be envisaged: (a) the few ministries’ public training centers and private training centers (selected competitively); (b) NGOs, and community organizations/centers; and (c) the workplace/local practitioner. Facilitators would be hired and trained to help with the implementation of options (b) and (c). The training part would follow as much as possible a competency based approach, whose completion in the four or five key priority sectors will be supported by the project, with programs’ teaching schedules flexible to accommodate local needs. All programs would include core literacy and numeracy and some entrepreneurship training provided according to modules also developed through the project, which could be combined with start-up kits, and lead to skills certification.

Component II: Jobs for Youth

Component II will aim to support the establishment of conditions for jobs creation for young people through self-employment but also through the recovery and development of micro-enterprises and SMEs. This will require close collaboration between private sector organizations and public agencies in charge of investment promotion. The project will be anchored on the Government’s Private Sector Development vision, and will complement ongoing initiatives (e.g. IDA’s own PCDA and the PACEPEP program funded by the Embassy of Denmark). The design of the
Component will consider successful experiences developed in other countries, which could be useful to the Mali’s case (e.g. Nigeria YouWin and Côte d’Ivoire Technoserve programs).

Sub-component II.1: Entrepreneurship for the Youth (about 25% of component amount)

This sub-component will support the employability of youth through entrepreneurship development. Most youth are likely to be self-employed in Mali making it imperative to address the key constraints to self-employment in a comprehensive way. While component I will support the development of some entrepreneurship skills in formal and informal education and training, this sub-component will bring the support much further by accompanying young would-be entrepreneurs all the way from initial conception of the project to its launch through a business plan competition, coaching and seed funds. The sub-component will target young Malians, 15-25 (or 29) years, educated or not, whether they are in school, or dropped out of school.

More specifically, the sub-component will support the creation of new MSMEs through the organization of a business plan competition to identify and nurture young talent, and by providing training and coaching, and start-up funds to launch projects in high potential sectors (agriculture, livestock, construction and public works, services such as ITC, health, etc.). The private sector will be closely involved in the management of this program. The specific design of the sub-component will build on the lessons of African and international cases relevant to the case of Mali.

Sub-component II.2: Support to Enterprises

The project will support enterprises in targeted sectors through the following instruments:

(a) Matching grants 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, and developing partnerships with good practice investors. The matching grant will be designed building on international experience with regard to management and targeting, focusing on priority sectors/value chains and including effective M&E frameworks and impact evaluation mechanisms.

(b) Technical assistance to selected banks to help them provide medium term finance to successful SMEs (targeting priority value-chains) in close collaboration with IFC.

(c) Support to the establishment of the investment and guarantee funds being created by the government and the private sector that would provide long term financing to SMEs in selected value-chains.

The project will also 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 III: Institutional Strengthening and Project Management

This component would support: (a) a more coherent skills certification and employment promotion framework and effective data collection and processing on employment for the country, including capacity building for a more effective labor market observatory; (b) a more effective
communication and multi-sector consultation framework; (c) the institutional strengthening of the
technical departments and agencies in charge of the implementation of Components I and II; (d)
technical support to national organizations in charge of the private sector promotion such as API
Mali, CNPM, and OPI, chamber of commerce, Club des Investisseurs Francais, REAO; and (e)
project management activities, including capacity building, fiduciary processes and monitoring and
evaluation (M&E) at PIU level.

IV. Safeguard Policies that might apply

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

V. Financing (in USD Million)

<table>
<thead>
<tr>
<th></th>
<th>Total Project Cost</th>
<th>Total Bank Financing</th>
<th>Financing Gap</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>50.00</td>
<td>50.00</td>
<td>0.00</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Financing Source</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>BORROWER/RECIPIENT</td>
<td>0.00</td>
</tr>
<tr>
<td>International Development Association (IDA)</td>
<td>50.00</td>
</tr>
<tr>
<td>Total</td>
<td>50.00</td>
</tr>
</tbody>
</table>

VI. 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: Direction de la Dette Publique  
Tel: 223-20-22-58-58
Email: sorydiarra01@yahoo.com

**Implementing Agencies**
Name: Ministry of Vocational Training and Employment
Contact: Mr. Hery Coulibaly
Title: 
Tel: 233-207-942-85
Email: herycoulibaly55@yahoo.fr

VII. **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