

PROJECT INFORMATION DOCUMENT (PID) CONCEPT STAGE

Report No.: PIDC742

Project Name	Ghana Youth Employment Project (P132248)
Region	AFRICA
Country	Ghana
Sector(s)	Other social services (80%), Adult literacy/non-formal education (20%)
Lending Instrument	Specific Investment Loan
Project ID	P132248
Borrower(s)	Ministry of Finance and Economic Planning
Implementing Agency	Ghana Youth Employment and Entrepreneurship Development Agency
Environmental Category	C-Not Required
Date PID Prepared	06-Dec-2012
Estimated Date of Appraisal Completion	28-Jun-2013
Estimated Date of Board Approval	17-Sep-2013
Concept Review Decision	Track II - The review did authorize the preparation to continue

I. Introduction and Context

Country Context

Ghana's economy has graduated from being labeled "the Gateway to Africa" to attaining lower Middle Income Country (MIC) status. Through the economic recovery launched in the 1980's, Ghana has made substantial progress in its economic growth averaging 4.5% from 1983 through to 2000, and then accelerating in the early 2000s to around 5%. This growth has been underpinned by structural reforms and fiscal consolidation as well as sound macro-economic management along with high prices for gold and cocoa which helped accelerate GDP growth to 6.3% on average between 2006 and 2010, culminating at 14.2% in 2011. The Ghanaian Economy is projected to grow this year at 8.2 percent, considerably higher than the estimated Sub-Saharan African growth of 5.4 percent for 2012 .

The country's economy has benefited from a quarter century of relatively sound economic management. The growth is being supported by an increasingly robust service sector, higher oil production and increased activity in the manufacturing and construction sectors. Furthermore, Ghana is well endowed with natural resources. Gold and cocoa production as well as remittances is major sources of foreign exchange. Agriculture accounts for roughly one-quarter of GDP employing more than half of the workforce, mainly small landholders. Performance in the agriculture sector is being boosted by high rainfall and continued high prices. Even in the poorest regions of the country like the north, agriculture production is growing .

Despite high population growth, Ghana has made substantial progress in reducing poverty. With a continued population growth of about 2.5% (2007), Ghana has a young population. Children aged 0 to 14 years make up 39.2% of the total population, followed by 33.2% for youth between 15 and 34 years, while the adult population aged 35 to 64 years comprises only 11.3% of the population . With an average life expectancy rate of 54.5 years in 2003, the proportion of the population above 65 years is low at 2.1%. At the same time, the share of Ghanaians living in poverty fell from 52% in 1991/92 to 29% in 2005-2006 . The country is thus progressing towards meeting its poverty reduction targets of the MDGs . However, tackling poverty has been a challenge particularly in the Northern region where poverty rates only declined slightly from 63% to 52%. In the Upper West region poverty rates remained high at 88%, and in the Upper East region poverty even increased from 67% to 70%. Finally, the country's urban centers in the south have also been left behind .

However, the country remains fairly uncompetitive, both globally and in the sub-region. In 2006/2007 Ghana was named among the top ten performers in the World Bank's Doing Business (DB) Report. After having dropped to 92th place in 2009, it currently ranks 64th (see 2013 DB Report), and improvements to the business environment have been rather slow and spotty. Similarly, the development of Ghana's private sector as measured by the Global Competitiveness Index (GCI) shows the country to be relatively weak in the related areas of technology, innovation, education and labor market efficiency suggesting that skills development and productivity lie at the heart of the country's competitiveness challenge. As a response, the Government of Ghana recognizes in its Growth and Poverty Reduction Strategy (GPRS II), the subsequent Medium Term Development Framework 2010 – 2013, and the latest Ghana Shared Growth and Development Agenda that diversification of the economy, increased productivity and enhanced competitiveness of the private sector needs to go hand in hand with building the human capital of the country's youth.

Sectoral and Institutional Context

Ghana's Employment Situation.

A large part of Ghana's population is economically active. Males ages 18-65 recorded a slightly higher economic activity rate (54.9%) than females (53.4%). Youth ages 18 – 35 make up 22.6% of the economically active population . Overall, the activity rates for both males and females are higher in rural areas (58.6%) than in urban areas (47.3%). The employment statistics of the currently working population indicate that 55 percent of the adults are own account workers, 20 percent are contributing family workers while 18 percent are employees. Both in urban and rural areas, own account workers constitute the largest category with 47.2% and 59.4% respectively. The second largest category in urban areas is employees (34.8%) whereas in rural areas family workers are the second largest group with 27.5%. The majority of the working population is employed in agricultural activities (55.8%), followed by trading (15.2%) and then manufacturing (10.9%). While 21.6 percent of the working females are engaged in trading, only 8.4 percent of working males are traders.

Official unemployment is low, but youth un- and underemployment is high. While the overall unemployment rate is estimated at 3.6 percent , the official unemployment rate of youth between 15 and 24 years is estimated at 22.9% in urban areas versus 8.9% in rural areas. Rapid growth of the youth population, together with the migration of young people from rural areas to cities, has outstripped the demand for labor . In addition, the problem for youth is often not unemployment, but

under-employment, particularly for those in the 25 to 35 age range who cannot afford to be unemployed. They instead work in low wage, low productivity and temporary jobs. Particularly under-employed youth with some job experience and equipped with enhanced skills bear the potential to improve job performance and possibly create new businesses that fully utilize their skills.

Helping youth acquire the skills demanded by the labor market and exploit business opportunities are means to reduce un- and underemployment of Ghana's youth. Young people who lack job opportunities due to inadequate skills and employment experience are in need of opportunities to enhance these. However, access to the formal Technical and Vocational Education Training (TVET) system is presently and is likely to remain limited in the future for many young people due to their lack of educational qualifications and to the country's institutional capacities. Therefore, opening opportunities for quality work experience in existing public and private enterprises can be a complementary pathway to help youth learn about employer expectations for work performance and provide valuable on-the-job training to improve skills and employability. For youth who want to start their own businesses in Ghana's dynamic informal sector, providing access to knowledge about business opportunities and training in management, accounting, marketing, and other business-related skills will improve their chances for success of new business startups. Better planning as a result of this training and access to financing and business development services can help youth overcome the constraints faced by new business startups.

Counseling and information about job opportunities and pathways leading to these skills can also improve the decisions made by youth in their preparation and search for work. Access to this information is particularly important for youth who have not had a chance to acquire the requisite skills and employment experience sought by employers. Empowering youth with information about the job opportunities and the kind of skills in demand by employers and the options for acquiring these skills is expected to enable young people to make better decisions in preparing for work. For youth who have not completed a basic education, for example, information about second chance opportunities for this education can help them get back on track and acquire the foundations needed for labor market success. Information about sectors of growth and the skill profile and earnings of those working in these sectors can help youth make better decisions towards productive employment. Building counseling and information capacity readily accessible to youth will help promote better decision making and labor market outcomes.

The Government of Ghana is highly committed to address youth un- and underemployment and has been investing in the capacity of government agencies to improve the quality and relevance of skills and employment related policies and programs. The Government of Ghana has introduced a number of initiatives to improve skills and competitiveness. These include skills development programs, a revised education sector strategy, a Youth Venture Capital Fund and new labor market legislation. Yet to date, implementation difficulties coupled with inadequate integration and limited availability of demand and supply side labor market data have constrained the potential of existing programs to help young people. In 2006, the Council for Technical and Vocational Education and Training (COTVET) was established as a national body to co-ordinate and oversee all aspects of technical and vocational education and training in the country. COTVET is tasked with ensuring that employers and TVET providers increase output of graduates catalyzing them to become internationally competitive through respective skills and technology development programs. The Bank is supporting COTVET through the Ghana Skills and Technology Development Project (GSTDP) with the objective to improve demand-driven skills development and increase adoption of

new technologies in selected economic sectors . Extremely complementary to the proposed Youth Employment Project, the GSTDP focuses strategically on reforming the Technical and Vocational Education and Training (TVET) sector, in collaboration with DANIDA, GTZ and other development partners. The project's Skills Development Fund includes a window for the informal sector which, again, is complementary to the proposed project, as it provides support to Small and Medium Enterprises (SMEs) to train their owners and employees.

In parallel, the National Youth Employment Program (NYEP) was established in 2006 under the Ministry of Youth and Sports to improve the employability of youth and develop a coherent framework for youth policies and programs. Its main emphasis from the beginning was to improve youth employability by providing Ghanaian youth with two year internships in the public sector, for example as assistant nurses, -teachers or -police officers. By May 2007, the program had placed 95,000 youth in various trades in the public sector and also started to explore private sector internships (e.g. ICT, agriculture and the oil and gas industry). Over time, NYEP has expanded its services, providing currently over 200,000 young people per year with on-the-job training through internships, working increasingly with private sector partners in 18 trades across the country. The exit into permanent employment or self-employment has been emphasized by NYEP from the beginning. To this end, NYEP has established a provident fund to support beneficiaries with a grant upon completion of the training . More recently, NYEP has focused its attention on developing self-employment modules which provide on the job training in small enterprises, a toolkit and logistics support to beneficiaries to help start-up their own businesses. An important element that is still missing in the NYEP's approach is life skill development for its beneficiaries which has proven to be a key feature of successful youth employment programs in many countries as it offers young people the behavioral orientation needed in the labor market.

The NYEP is now being transformed into a permanent agency with a mandate to coordinate youth employment policies and programs across the country. The Ministry of Youth and Sports has submitted a bill to Cabinet to transform NYEP into the Ghana Youth Employment and Entrepreneurial Development Agency (GYEEDA) that will be governed by a board of directors with representation from relevant ministries, private sector and local bodies. With an annual budget of US\$ 114 million (2011), the institution is already operating in all 10 regions in the country and has established one office in each of the 179 districts. The local offices are staffed with 3-5 employees responsible for the day-to-day implementation tasks such as identification and selection of beneficiaries, compliance monitoring, and the coordination of GYEEDA programs and activities with other entities (e.g. agricultural extension workers, local business development offices). The institution, however, is facing some major challenges related to its institutional and financial capacity. The new GYEEDA bill expands the institution's scope of work to function as a central agency which organizes, promotes and assists all youth employment and entrepreneurial development activities in relevant government agencies, in increasingly close coordination with employers' associations. The bill includes provisions for a more sustainable institutional funding structure which would include contributions from taxes of the extractive, finance, breweries, export and import industry's revenues. In addition, GYEEDA is looking for private sector participation to foster and leverage partnerships and financial resources. However, the institution is just evolving as a sustainable player, and will require substantial and reliable support for this period to improve young people's employability. The proposed Project intends to support this effort.

Relationship to CAS

The proposed project contributes to the ongoing County Assistance Strategy (CAS) for fiscal years

2007-2011 by supporting improvement in human development outcomes. This is aligned with the second pillar under Ghana's Growth and Poverty Reduction Strategy (GPRS-II) to achieve middle income status and the Millennium Development Goals (MDGs) and to ensure that benefits from growth are shared. The project would support the Government's efforts aimed at expanding the avenues for youth employment by providing at risk youth with opportunities to improve their employability, by helping young entrepreneurs expand its activities and by building the informational base for better labor market insertion of young people at the local level.

The project would promote healthy behaviors by supporting the growing segment of youth who have not completed school and lack the basic competencies required to compete in the labor market. It will offer youth an opportunity to become economically productive and socially integrated. This will complement planned and ongoing social protection and labor as well as education sector reforms that seek to stem the future flow of young people who have lost out on school opportunities leaving the education system prior to completion. In addition, it will provide complementary building blocks to our ongoing engagement in reforming the country's TVET system.

II. Proposed Development Objective(s)

Proposed Development Objective(s) (From PCN)

The objective of the proposed project is to contribute to improved employability of youth, with a particular focus on at risk youth, through strengthening of skills- and business development services, as well as labor market informational services.

Key Results (From PCN)

- At least 100,000 beneficiaries trained on-the-job in the private or public sector of which at least 40% are female.
- At least 60% of trained youth will be employed or self-employed 6 months after the training.
- At least 65% of trained youth (male/female) have a plan for their future employment at the end of their training.
- At least 50% of supported businesses employ one or more additional workers 6 months after support ended.
- At least 250,000 youth provided with job counseling and labor market information services.

Intermediary indicators would seek to measure:

- Targeting efficiency
- Utilization of MIS at central, regional and local offices

III. Preliminary Description

Concept Description

The proposed project will contribute to the country's growth as well as the social inclusion agenda by addressing supply and demand side constraints in the labor market that particularly youth are confronted with when seeking employment. It draws on the experience of similar programs worldwide for improving youth employability, such as the Jovenes Programs in Latin America, the Kenya Youth Empowerment Project and the Second Northern Uganda Social Action Fund Project. Latest evidence from the Dominican Republic Juventud y Empleo Program's Impact Evaluation confirms the importance of life skills development, as well as the effectiveness of on-the-job training, while it puts in doubt the effects of institution based, technical training. The proposed

Ghana Youth Employment Project therefore focuses on on-the job training and helps introduce life skills development in GYEEDA for wage and self-employment. It also responds to the increasing evidence that private sector based training is more effective than public sector training, including for internships. Finally, it builds on the experience particularly in middle income countries of providing enhanced labor market information services as a cost-effective means to help with the often difficult school to work transition, guiding and accompanying young people into their work life when families and educational structures face limitations.

The focus of the project will be on youth who are at risk of staying unemployed in the longer term by virtue of their lack of skills (including appropriate behaviors) and work experience. The project will provide on-the-job training/internships, life skills and self-employment support to youth who are out of school and not working in a full-time job. It will enhance their potential for wage or self-employment (supply side). In addition, it will address demand side constraints of the labor market by supporting small businesses through services and matching grants to grow and create additional jobs, against their obligation to take interns and train them. At the same time, it will provide a missing link between low skilled youth and the formal skills development system using COTVET's newly established certification system to acknowledge training in the informal sector.

The project will further offer counseling and guidance and advisory services at GYEEDA's district offices to help young people navigate the emerging opportunities that Ghana as a MIC provides. It will build information resources and strengthen counseling and guidance services at the district level to help youth identify emerging employment and business opportunities, as well as options for acquiring the necessary skills needed to take advantage of these opportunities. Thus, the project will help fill the critical information gap that hinders so many young people in entering and remaining in employment, including those emerging from traditional apprenticeships. Finally, the project would enable GYEEDA to establish itself at the local, regional and national level to fulfill its mandate of coordinating youth employment policies and effectively implement programs. This would be accompanied by a strong evaluation and research agenda for evidence based implementation.

The project would be started under a Project Preparation Facility (request under preparation) and implemented over a five year period and include four components:

Component 1: Improving Employability of at-risk youth. This component would seek to expand GYEEDA's partnerships with small, medium, and large enterprises in urban and rural areas that offer at-risk youth internships of six to nine months duration.

Component 2: Building Partnerships to support Young Entrepreneurs in Creating and Enhancing Jobs. This component would facilitate the creation of jobs for at-risk-youth through a variety of innovative business driven approaches. It would support the growth of businesses conditioned on their willingness to train at risk youth.

Component 3: Promoting Job Intermediary Services for Youth. This component would help establish intermediary services at the district and regional offices of GYEEDA to offer a "one-stop shop" for orientation on job and training opportunities, counseling and advisory services, and information about business development services, second chance education, microfinance, etc.

Component 4: Establishing GYEEDA as an effective facilitator for Youth Employment. The project

would help to establish robust systems, emphasize communication, monitoring and evaluation, and establish effective controls with the objective of achieving tangible and broad based results in youth employment. The project would include a strong evaluation and analytical program for learning and achieving results.

IV. Safeguard Policies that might apply

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

V. Tentative financing

Financing Source	Amount
BORROWER/RECIPIENT	20.00
International Development Association (IDA)	60.00
Total	80.00

VI. Contact point

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