



<b>1. Project Data:</b>		<b>Date Posted :</b> 03/18/2004	
<b>PROJ ID:</b> P005745		<b>Appraisal</b>	<b>Actual</b>
<b>Project Name :</b> Tn-2nd Empl. & Trg.	<b>Project Costs (US\$M)</b>	104	88.4
<b>Country:</b> Tunisia	<b>Loan/Credit (US\$M)</b>	60	52.9
<b>Sector(s):</b> Board: ED - Vocational training (60%), General industry and trade sector (34%), Central government administration (6%)	<b>Cofinancing (US\$M)</b>		
<b>L/C Number:</b> L4036			
	<b>Board Approval (FY)</b>		96
<b>Partners involved :</b>	<b>Closing Date</b>	06/30/2002	06/30/2003
<b>Prepared by :</b>	<b>Reviewed by :</b>	<b>Group Manager :</b>	<b>Group:</b>
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**2. Project Objectives and Components**

**a. Objectives**  
The project was to support the government's strategy to reform the vocational training sector in order to increase the competitiveness of the Tunisian economy, help make training and employment services more relevant to the needs of individuals and enterprises, and assist the government in its strategy to increase labor productivity and mobility. Specific objectives were: (a) developing government capacity to monitor the labor market and to use economic analysis to identify and evaluate alternative training investment opportunities; (b) gradually replacing the existing institution-based training by enterprise-based, dual training and apprenticeship programs; (c) promoting in-service training for small and medium enterprises and improving the vocational training tax-rebate system; and (d) enhancing labor mobility by developing employment services for workers affected by economic restructuring.

**b. Components**  
These were (a) creation of a labor market information system (appraisal US\$5.1 million, actual US\$2.64 million); (b) development of employment services including consulting services, equipment and staff training (appraisal US\$12.1 million, actual US\$6.3 million); and (c) development of training services comprising technical assistance, civil works, in-service training, vehicles and equipment (appraisal US\$74.3 million, actual US\$79.56).

**c. Comments on Project Cost, Financing and Dates**  
The project was extended for a year and closed on 6/30/2003. Project preparation was financed through a Japanese trust fund grant. The costs of the first two components were lower than expected, reflecting lower demand for these and a higher demand for the third.

**3. Achievement of Relevant Objectives:**  
(a) Labor market monitoring "observatory" - Unsatisfactory. The macroeconomic studies to be carried out were complex and encountered delays. An employment and training bulletin was produced in 1997 and stopped in 2001.  
(b) Dual pre-employment training - Satisfactory. Civil works included construction of six centers and rehabilitation of 13 others as well as equipment. A management model for dual training was developed, pilot tested, and extended to 8 centers, while 13 others started the process.  
(c) In-service training - Satisfactory. Training programs were redesigned using a competency-based approach with the involvement of professional organizations and enterprises. A total of 154 programs were developed and over 100 trainers received training, as well as 1350 apprenticeship counselors and 554 tutors. An employment fund was converted into in-service training and benefitted 1500 enterprises by 2001.  
(d) Employment services - Satisfactory. The employment system was modernized and a network was developed connecting 81 employment services with a web site and considerable demand for services.

**4. Significant Outcomes/Impacts:**  
A monitoring system was instituted that provided impact evaluation data. There were strong positive effects on the employability and earnings of participants compared to control groups. The insertion rate for participants after pre-employment training was 62% in 2000 and 84% in 2002. Growth of earnings was 55% for those trained compared to 17% for others not trained. For in-service training, a 100% increase in training expenditures generated a 2.5% increase in value added for the enterprises and 3% increase for the workers in 2000. (In 2002, value added

for enterprises was 8.4% and earnings for workers 5.6%.) Overall, employment services increased the employability of participants by 25% in 2000. However, according to the ICR (p. 18), these results are more favorable than the international evidence and must be treated with caution .

**5. Significant Shortcomings (including non-compliance with safeguard policies):**

There was a lack of leadership regarding the establishment of the employment 'observatory' by the government as well as by the Bank. Studies were delayed, and implementation lagged in some periods of the project . Employer feedback was not sufficiently taken into account in all phases .

6. Ratings:	ICR	OED Review	Reason for Disagreement /Comments
<b>Outcome:</b>	Satisfactory	Satisfactory	
<b>Institutional Dev .:</b>	Substantial	Substantial	
<b>Sustainability:</b>	Likely	Likely	
<b>Bank Performance:</b>	Satisfactory	Satisfactory	
<b>Borrower Perf .:</b>	Satisfactory	Satisfactory	
<b>Quality of ICR:</b>		Satisfactory	

**NOTE:** ICR rating values flagged with '\*' don't comply with OP/BP 13.55, but are listed for completeness.

**7. Lessons of Broad Applicability:**

- An overall strategic framework and allocation of well-qualified personnel are essential for project execution and effective decision-making.
- Flexibility and ability to modify components and learn from mistakes are essential when large-scale reforms are undertaken. To generate demand for training and sustain it, the demand side must be able to express its needs and contribute its share to the project.
- Labor observatories are hard to implement and sustain, and such components rarely function well. Leadership and suitable staffing is required as well as a demonstration of benefits to be obtained from the effort and expenditure.

**8. Assessment Recommended?** ☐ Yes ☒ No

**9. Comments on Quality of ICR:**

The ICR is satisfactory. A different number of objectives and components is described by the Bank and by the borrower. However, that reflects the borrower's choice in breaking one objectives into two (i) replacing institution-based training with enterprise-based training and (ii) training of trainers and development of training programs.