I. Introduction and Context

Country Context

Afghanistan has experienced an average annual real GDP growth rate of 9 percent since 2003/04. Despite being relatively high, the growth rates –mainly driven by the agriculture sector– have been characterized by substantial variability due to weather fluctuations. The overall economic growth has also been driven by construction, transportation and security spending -coming mostly from...
donor aid. With the political transition in 2014 marked by the drastic reduction in foreign assistance, the growth predictions are likely to drop to 4-6 percent per annum over 2013-18, threatening to jeopardize the achievements made in terms of providing security, enabling the business environment to attract investors and strengthening the education systems.

Given the above context, the Government of Afghanistan (GOA) has created a multi-pronged strategy to promote investment opportunities in new areas such as extractive industries, related infrastructure and manufacturing down the supply chain, Agriculture and Horticulture, and encouragement of local area economic development in the primary and secondary sectors. However, the country faces a shortage of skilled labor to respond to the demands that are likely to be created by these new investment initiatives. The GOA has therefore simultaneously developed other policy drivers aimed at generating sustainable livelihoods through decent work for the labor force, with a specific component for skills development. This set of drivers has now been given the status of a National Priority Program – the National Priority Program on Sustainable Livelihoods and Decent Work (NPP1).

In view of the above, Development Partners, including the International Development Agency (IDA) have been working with the GOA to sustain and accelerate progress made so far in the different areas of state building and service delivery.

Sectoral and Institutional Context

In order to address the shortage of skilled manpower in the aftermath of a decade of conflict, GOA emphasized the importance of Skills Development through a number of Policy Documents - the Afghanistan National Development Strategy (2007), the National Education Strategy (NESP 2007-08), NESP II (2010) and the Interim Strategy for Education (2010-11), and very recently, a specific Vocational Education and Training (VET) component in the National Priority Program on sustainable livelihoods and decent work. Each one of these strategies established a link between the efforts at promoting economic growth and the need to develop a large pool of skilled workforce. The context is informed by both (a) the demand side of the issue in terms of the market need for skilled manpower, and (b) the supply side, which is the number of persons joining the labor force every year, and who are in need of skills.

The emerging context of the need for a skilled workforce includes the GOA initiative to develop a Resource Corridor that is estimated by the Government to add more than 100,000 jobs directly or indirectly linked to extractive industries over the next decade. At least 50,000 jobs may be created in other economic sectors, as a result of other developmental initiatives in various sectors including Rural Development, Information Communication Technology (ICT), etc. The government estimates that there is a supply gap of between 15 to 20,000 persons per year even at the existing level of economic development (including primary, secondary and tertiary sectors). In addition, the small scale, self-employment and agricultural sectors also face major shortages of skilled manpower as per government estimates included in the NPP1.

Each year, an estimated 200,000 high school graduates cannot access the higher education system due to shortage of seats. At the same time, an estimated 500,000 persons enter the labor market every year, according to the 2007 NRVA. A fair proportion of labor market entrants is unskilled. In an effort to address the huge need for skills building, the GOA has planned to train around 100,000 in the informal and another 150,000 persons in the formal TVET centers to meet anticipated demand in various sectors over the next five years. However, there are several factors that act as barriers to reaching this target of competence-certified individuals who are directly employable after skills training:

(a) Absence of a credible system of Competence Certification – Currently, there is no system of
certification for skills that is regionally or internationally recognized. As a result, employers are reluctant to employ local skilled workers, preferring to hire foreign workers.

(b) A relatively small number of students opt for a formal TVET training – It has been estimated by the Government that only about 5% of high school graduates opt for TVET institutions. This low percentage appears to be due to (i) the lack of quality delivery, (ii) perceived lower social value of a TVET graduate, and (iii) unclear career path. There has not been a strong message from the government about the value of TVET and the career options that it opens up, to deal with these perceptions.

(c) Lack of linkage between the Labor Market and the TVET sector- the TVET sector in Afghanistan suffers from being supply-driven and service providers in general have little or no concern for the employment of their trainees, or the market relevance of the skills they impart. This is particularly true of the Public Sector service providers. Reportedly, in the informal training sector, rates of employment post training are high. However, it is unclear whether this refers to full employment and/or skills-relevant employment.

While the GOA has substantially increased the number of VET schools and the number of teachers, the lack of quality in skills delivery has severely affected the employability of the graduates of the formal VET programs.

In view of the critical and strategic importance of the TVET sector, IDA has been implementing, since 2009, the Afghanistan Skills Development Project (ASDP). ASDP aimed at addressing specific needs of both formal and informal Vocational Education Training. ASDP has demonstrated that it is possible to provide adequate training, in the Afghan context, so long as the emphasis is placed on improved school governance, the quality of skills delivery, institutional management and strengthening collaboration with the private sector. The project established the National Institute of Management and Administration which graduated its first cohort of 1510 students in 2011, of which 1058 were given Diplomas from the University of Jyvyskala, Finland. About 70% of them found employment in both public and private sectors within six months of graduation. In 2012, more than 3000 students apply to NIMA, through an entrance test, for a total of 600 available seats. The lesson thus learned is that where quality of delivery and private sector involvement are effectively implemented (for example, through the setting up of Governing Councils with representation from the private sector and Teachers) chances of immediate employment radically improve.

Given the overall need for large numbers of skilled manpower through both the formal and informal streams, IDA interventions so far have sought to strike a balance between the two sub-sectors, as parts of a single strategy. However, experience shows that this balance is better achieved when the formal and informal sectors are addressed on their own merit rather than as parts of a wider project. This also reduces inter-ministerial overlaps in project implementation. Given the governance risks in Afghanistan, it is essential to focus on ring-fenced components in order to derive desired outcomes. The concerted strategy embracing both sub-sectors is addressed in NPP1 and the current project deals with only the formal TVET component which is under the control of the MOE. This approach is also contextually important. National policies establish links between strategies of economic growth and strategies for skills development. However, the level of coordination required at the level of various Ministries to convert the overall policy into a working implementation program is still to be achieved.

There is thus a clear need for a program that (a) helps to create a TVET system which provides market-oriented skills; (b) aims at improving the quality of TVET delivery, and (c) introduces certification/licensing and a Regulatory mechanism in the TVET sector to assure quality and standardization. ASDP II will address this concern, while building on the gains of ASDP. The
employability of the graduates of formal TVET programs is the primary objective, and the focus will be on building a system that will maximize chances of being employed.

Relationship to CAS

The Afghanistan Interim Strategy Note (FY12-14) has three pillars, and the proposed ASDP II would directly support the third pillar, focused on inclusive growth and jobs. Jobs will go to skilled Afghan workforce if the Labor Market perceives the employability of the workforce. ASDP has shown that it is possible to improve employability by improving quality and relations with the labor market and ASDP II is predicated on that. The project will support the ISN’s cross-cutting gender agenda by stressing on gender mainstreaming in skills development. The share of women beneficiaries in ASDP is already at around 30% and this proportion is proposed to be increased.

II. Proposed Development Objective(s)

Proposed Development Objective(s) (From PCN)

The proposed Project Development Objective for ASDP II is ‘to increase employability of a skilled workforce’. The PDO of ASDP II has been simplified to focus more on the employability of the workforce, which is the need of the hour in Afghanistan. The PDO will be achieved through a three pronged strategy that will focus on (a) relating skills and competencies to market demand and thus to increase the Assurance level of employers, (b) institutional reforms underpinning quality TVET delivery, and (c) affirmative action to attract boys and girls to TVET programs.

Key Results (From PCN)

Key PDO level indicators will focus on

- Direct improvement in employability as measured by (1) the Number of skilled persons who obtain certifications from an internationally recognized institution/Agency, and (2a) Percentage of formal graduates who find employment within six months of passing out from project supported institutions, (2b) Percentage of informal graduates who find employment within six months of passing out, from project supported programs
- Institutional strengthening of TVET system to respond to demand as measured by (3) Number of Occupational Skills Standards developed, endorsed by an internationally recognized agency and implemented across both formal and informal streams, and (4) Degree of satisfaction of employers’ representatives in service delivery activities in TVET as determined by an independent agency,
- Increased attractiveness of TVET, as measured by increased number of beneficiaries from project funded activities/institutions, showing also diversity disaggregated figures.

III. Preliminary Description

Concept Description

ASDP and the current project ASDP II differ principally in terms of the overall approach and the identification of focus areas. Strategic issues that came to the fore during ASDP implementation have been identified in this follow-on project as specific sub-components. There will thus be three main components in ASDP II – (1) Enhance Quality of Formal TVET Delivery, (2) Enhance Quality of and Access to Informal TVET, and (3) Technical Support and Project Management. The approach to implementation has been redesigned on the basis of the learning that multi-level inter-ministerial coordination is often difficult to achieve in practice, and ring-fencing of the components, to the extent possible, has been done. Coordination is to be effected largely at a single level – that of oversight and reporting of the whole project.
IV. Safeguard Policies that might apply

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V. Financing (in USD Million)

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