I. BASIC INFORMATION

A. Basic Project Data

<table>
<thead>
<tr>
<th>Country</th>
<th>Africa</th>
<th>Project ID:</th>
<th>P156195</th>
</tr>
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<tbody>
<tr>
<td>Project Name</td>
<td>Promoting Youth Employment in Comoros</td>
<td></td>
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<tr>
<td>Team Leader(s)</td>
<td>Andrea Vermehren</td>
<td></td>
<td></td>
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<tr>
<td>Estimated Date of Approval:</td>
<td>29-Apr-2016</td>
<td></td>
<td></td>
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<tr>
<td>Managing Unit</td>
<td>GSP01</td>
<td>Lending Instrument</td>
<td>Lending Instrument</td>
</tr>
<tr>
<td>Sector(s):</td>
<td>General agriculture, fishing and forestry sector (20%), Vocational training (20%), Other social services (60%)</td>
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<tr>
<td>Theme(s):</td>
<td>Improving labor markets (50%), Other human development (10%), Other rural development (20%), Other environment and natural resources management (10%), Social Inclusion (10%)</td>
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</table>

<table>
<thead>
<tr>
<th>Financing Source</th>
<th>Amount</th>
</tr>
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<tbody>
<tr>
<td>Japan Social Development Fund</td>
<td>3</td>
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B. Project Development Objective(s)

The development objective of the proposed project is to improve access to income generation opportunities for targeted youth in Comoros.

Specifically, the project will promote entrepreneurship among Comorian youth through access to a comprehensive menu of technical, business and life skills and start-up capital. This approach builds on successful and innovative youth employment initiatives in Africa and Latin America which combine the development of soft and technical skills with the provision of financing and inputs to promote entrepreneurship and self-employment among less educated youth.

C. Project Description

The proposed project will directly benefit about 4,000 targeted youth aged 18–30 years, of which at least 50 percent will be female. Given the strong draw of remittances, this project will prioritize youth who are motivated and can demonstrate at least 6 months work experience in any field (such as
household enterprises in the informal sector or formal sector employment). The poverty focus of the project is, inter alia, reflected in that 70 percent of beneficiaries will be selected from poor rural communities under Component 1, while 30 percent of beneficiaries will be chosen from urban areas in all 3 islands of Comoros under Component 2.

The income generation capacity of Comorian youth in both rural and urban areas is constrained by; (i) lack of skills that are relevant to growing sectors of the economy, particularly construction, tourism, and agriculture, (ii) high inflow of remittances (which reduces the opportunity cost of under- and unemployment), (iii) lack of formal sector jobs (the preferred employment option of many Comorian youth), (iv) high risks related to the returns to entrepreneurship, and (v) stringent credit terms that constrain access to financing. This project will support self-employment among youth by providing access to skills training and start-up capital (specifically financing and inputs) in viable sectors of the Comorian economy. This approach builds on successful youth employment initiatives in Africa and Latin America which combine the development of soft and technical skills with the provision of start-up capital to promote self-employment among youth.

The project is innovative because it enables synergies between active labor market programs and safety nets in Comoros. Evidence from other safety net projects (such as the graduation model developed initially by BRAC in Bangladesh and promoted by the Ford Foundation), demonstrates that beneficiaries who receive both safety nets and activation services enjoy sustained increases in welfare after project interventions. Thus, while the Cash for Work initiatives under the Comoros SSN project provide short term income and consumption support through cash transfers for households, this JSDF provides a package of services to youth in the same rural communities to boost livelihoods in the longer term.

The proposed Project will include 3 components as follows:

a. Component 1: Income Generation Support for Rural Youth
b. Component 2: Income Generation Support for Urban Youth
c. Component 3: Program Management and Capacity Building of Service Providers

Component 1: Income Generation Support for Rural Youth (US$ 1.75 million)

The objective of this component is to support the initiation or expansion of small scale agribusinesses by targeted rural youth. This will be achieved through the provision of technical, business and life skills training, as well as tools and equipment to support youth enterprises in food crops and livestock production. The component will benefit poor rural youth who will be selected from the extremely poor and rural communities chosen to benefit from the Comoros SSN project. These JSDF beneficiary communities (a subset of the SSN communities), as well as the youth quotas for each community, will be determined using criteria that include poverty rates, existence of qualified service providers to undertake training, availability of technical support by the Ministry of Agriculture, and population density of youth (to take advantage of economies of scale in the delivery of training and inputs). Youth with at least 6 months prior work experience (either self-owned or on a family farm) will be prioritized for selection. If the community quota remains unmet with this cohort, motivated youth with no prior experience who successfully complete the application process would be considered for selection. The communities will be rolled onto the program in phases, with 40% of youth reached during the first year and 60% during the second year of implementation.

Youth will be selected through an on-demand selection process to identify beneficiaries who would
be supported to expand an existing agribusiness or initiate a new enterprise. The selection process for the youth beneficiaries will proceed as follows:

- Community sensitization on the objectives of the project;
- Call for proposals for investments in agriculture through a community meeting and local stakeholders/community groups to identify potential beneficiaries;
- Interested youth submit an agribusiness proposal;
- Scoring and shortlisting of proposals according to pre-determined criteria, including access to land, profitability, and availability of viable markets for the produce;
- Shortlisted youth will be interviewed by a professional assessment panel to further evaluate the youth’s past experiences, potential to execute the proposal, and their understanding of the opportunities and constraints of their proposal;
- Youth who meet the minimum scores for the interviews will be validated with a Community Committee to verify peer and community endorsements of shortlisted youth;
- Final selection and announcement of beneficiaries.

Access to land is a pre-condition for participating in this component. The project will formalize youth’s access to land through Memoranda of Understanding between each youth group and community or family land owners. The MOU will detail the terms of the use of the land, including duration and ownership of proceeds. After the selection process, the selected youth would be allowed to form groups of up to 5 members, according to their common areas of interest. Each group would then be facilitated to develop a detailed implementation plan for their joint business venture, including training milestones and inputs required over a two-year period. A detailed menu of preferred activities (sub-projects) to be supported will be developed for each island, tailored to the unique climatic, socio-economic and environmental conditions, soil quality, accessibility of markets, and availability of expertise to provide technical training in each location. A preliminary list of eligible and ineligible sub-projects to be supported is included in annex 1. Proposals that are not part of the menu of opportunities will be considered and approved by the project implementing agency on a case by case basis, depending on the strength of the proposal, qualifications for the youth, and availability of technical expertise to support implementation.

A customized package of business, technical and life skills training, an apprenticeship (inclusive of transportation allowances), and start-up capital (e.g. small agricultural tools/equipment, improved seedlings, and small ruminants/chicks for livestock or poultry farmers) that are relevant to the youth group’s chosen area of investment will be delivered in 2 phases over the 3 year implementation period of the intervention in each area. The first phase of 6 months will be composed of the following; (i) business skills in the management of a small farm (basic management and accounting, record keeping, profit-making, and marketing); (ii) technical skills training on improved techniques in undertaking selected agricultural activities (e.g. land preparation and cultivation, nursery development, rearing of poultry/small ruminants); (iii) life skills, focusing on conflict resolution, communication, decision making and problem solving; and (iv) an apprenticeship with skilled farmers to gain practical training and insights from experienced masters.

The performance of youth at the end of Phase 1 will be assessed by the apprenticeship provider and an independent expert from the Agricultural Chamber of Commerce to determine competence and readiness for the youth to proceed to the next stage. Phase 2 of the project will be implemented over 18 months, during which each youth group will continue to be supported by coaches/counselors who would provide business and technical guidance, and evaluate the achievement of the agreed milestones of the implementation plan. In addition, the inputs approved in the sub-project
implementation plan will be released in tranches to the youth according to the achievement of each milestone to facilitate the initiation/expansion of the agribusinesses. Further details of the implementation processes of this component will be provided in the Project Implementation Manual (PIM).

Component 2: Income Generation Support for Urban Youth (US$ 750,000)

The objective of this component is to support the initiation or expansion of small scale enterprises among urban youth by improving access to skills training and start-up capital. This component will be implemented as a pilot, since the approach of combining skills training with access to financing has been largely untested in Comoros. This component will be targeted towards educated urban youth who are either new entrants and youth in existing businesses. This target group has been selected to develop and test this model for Comoros, before being scaled up to reach more vulnerable populations. Beneficiary youth will be provided with skills training, specifically; (i) business skills (including development of the business implementation plan and target milestones, entrepreneurial skills, basic accounting, management, growth and profit strategies, and marketing), (ii) technical skills in their selected vocational area of interest; and (iii) life skills support (focusing on conflict resolution, communication, decision making and problem solving). In addition, the participants will carry out an internship with a well-established enterprise within their proposed sub-project sector. The component will also provide tools, equipment and financing for the initiation or expansion of youth enterprises. 3 urban localities (one on each island) will be selected in the first year of implementation, to enable learning to inform the design of subsequent 2 years of implementation.

An on-demand selection process will be used to target youth under this component, and would include the following steps:

- A call for youth to present business proposals, which would include a Public Information Campaign with advertisements in the local press, youth organizations, local leaders, CSOs, and financial institutions in the target localities;
- Interested youth submit a business proposal using the approved template;
- Shortlisting of proposals according to pre-determined criteria, including feasibility, literacy and numeracy competencies, competitiveness, profitability, utilization of appropriate market data, and identification of potential markets;
- Shortlisted youth will be interviewed by an assessment panel to further evaluate the youth’s understanding of the opportunities and constraints of their proposal, past experiences, and their potential to execute the proposal presented;
- Final selection and announcement of beneficiary youth.

A preliminary list of eligible and ineligible sub-projects to be supported under is included in annex 1. These sectors are in line with the National Employment Policy, whose strategic goals include the promotion of productivity of private companies in the major essential and productive sectors of the economy (particularly agriculture, livestock, tourism, and construction). Support for enterprises in other sectors such as information technology has been included based on successes of existing programs and businesses in these sectors for youth. As with component 1, proposals that are not part of the menu of opportunities will be considered and approved by the implementing agency on a case by case basis, depending on the strength of the proposal, qualifications for the youth, and availability of technical expertise to support implementation.
In developing the training program, the project will undertake stakeholder consultations with both formal and informal sector employers to identify their skills demands, as well as youth to express their training needs in their areas of livelihood interest. The training sessions will be undertaken in groups of 10-15 youth, aggregated based on their common areas of interest. Upon successful completion of approximately 6 months of training and internship experience, youth will then be provided with intensive one-on-one mentorships, refresher courses, coaching sessions, start-up tools/equipment, and financing to support the establishment and growth of their business enterprises. The amount of financing per youth will be determined based on the existing lessons on the minimum amount capital required to receive on-the-job training and start a household enterprise. The capital will be released in tranches to the participants according to the achievement of each milestone of the business implementation plan over the remaining 18 months implementation period. Further details of the implementation processes will be provided in the PIM.

Component 3: Project Implementation and Capacity Building of Service Providers (US$ 500,000)

The objective of this component is to support activities related to project management, evaluation and coordination of the Project which will be implemented by the Fonds d'Appui au Developpement Communautaire (FADC). This includes procurement of technical assistance, project-related equipment, goods and services, and operating costs for the implementation of the project. The component will also finance the training of experienced local/regional organizations, which will be competitively selected to manage the selection and training of beneficiaries, and the delivery of start-up capital to youth in the targeted communities. As such, this component will include capacity building to selected trainers and service providers on methods of coaching disadvantaged youth through a training of trainers (ToT) model utilizing the Train-Teach-Train (TTT) approach to encourage the full absorption of training materials. These trainings will include capacity building on methods, best practices and content based on needs identified by the NGOs and CSOs. A curriculum for training of trainers will be developed and piloted through this project, which could be utilized in the future programming as applicable with the NGOs and CSOs taking the lead on curriculum design.

Finally, the component will include support for a monitoring and evaluation system for the project. The objective of the project M&E system is to: (a) monitor progress and results of project interventions at the community, island and national levels, (b) strengthen the national capacity to conduct and manage relevant M&E activities, and (c) use the information generated in evidence-based policy-making. A strong, gender-sensitive M&E system is an integral part of the project activities and provides management with a timely decision-making tool. The M&E system is crucial for the learning and thus success of the project as it will ensure that problems are identified and solved as they emerge, lessons learned are incorporated into the project design, and project outcomes are ultimately assessed. A tracking evaluation and beneficiary assessment of both components will also be undertaken to assess the project’s effect on employment and earnings of youth, as well as their level of satisfaction with the design and implementation of the program.

D. Project location and salient physical characteristics relevant to the safeguard analysis (if known)

The project will be implemented in both rural and urban areas in all three islands of the Union of Comoros. The geographical distribution of resources will be based on a distribution formula for the national budget that has already been agreed between the island governments. According to this formula, Grande Comore will receive 45 percent, Anjouan 42 percent and Moheli 12 percent of the funds available for promoting youth employment.
E. Borrower’s Institutional Capacity for Safeguard Policies

The FADC has a good track record of complying with social and environmental safeguards, and there have been no major issues till date. That said, poor design of employment interventions can create social degradation and jeopardize implementation. Insufficient attention to gender-relevant sub-projects may also be discriminative against women. To mitigate these risks, there will be additional capacity building for the FADC safeguards team to keep up with the social risks that could be introduced through these sub-projects. In addition, the training and internship activities will be undertaken in a gender-sensitive manner in close consultation with the communities stakeholders, to ensure that women and men, including vulnerable groups, are supported equitably (e.g. ensuring gender-sensitive timing of activities).

F. Environmental and Social Safeguards Specialists on the Team

Cheikh A. T. Sagna (GSURR)
Paul-Jean Feno (GENDR)

II. SAFEGUARD POLICIES THAT MIGHT APPLY

<table>
<thead>
<tr>
<th>Safeguard Policies</th>
<th>Triggered?</th>
<th>Explanation (Optional)</th>
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<tbody>
<tr>
<td>Environmental Assessment OP/ BP 4.01</td>
<td>No</td>
<td>No civil works will be financed by the proposed project. The project will be focused by the capacity building and training sessions to the youth Comorian in both rural and urban areas in all three islands of the Union of Comoros. Environmental and social impacts are negligible. The project has included gender dimensions in its design and activities.</td>
</tr>
<tr>
<td>Natural Habitats OP/BP 4.04</td>
<td>No</td>
<td>The project is not being implemented in natural habitats and does not affect them.</td>
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<tr>
<td>Forests OP/BP 4.36</td>
<td>No</td>
<td>The project does not involve forests or forestry and does not affect them.</td>
</tr>
<tr>
<td>Pest Management OP 4.09</td>
<td>No</td>
<td>The project activities under the technical skills training on improved techniques in undertaking selected agricultural activities (e.g. land preparation and cultivation, nursery development, rearing of poultry/small ruminants) will promote organic fertilizers (manure and composts) without using chemical fertilizers and pesticides (which would in any case be very expensive, inaccessible to the poor beneficiaries and not available in all project areas)</td>
</tr>
<tr>
<td>Physical Cultural Resources OP/ BP 4.11</td>
<td>No</td>
<td>The Policy is not triggered. No civil works and project activities will not affect Cormorian Physical Cultural Ressources.</td>
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<tr>
<td>Indigenous Peoples OP/BP 4.10</td>
<td>No</td>
<td>The Policy is not triggered. No indigenous people in Comoros Islands.</td>
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Involuntary Resettlement OP/BP 4.12  
No  
The Policy is not triggered. No resettlement or land acquisition could be met the project activities.

Safety of Dams OP/BP 4.37  
No  
The project will not construct or rely on dams.

Projects on International Waterways OP/BP 7.50  
No  
The project activities will not affect international waterways.

Projects in Disputed Areas OP/BP 7.60  
No  
The project is not located in a disputed area.

### III. SAFEGUARD PREPARATION PLAN

Appraisal stage ISDS required?: No

### IV. APPROVALS

<table>
<thead>
<tr>
<th>Team Leader(s):</th>
<th>Name: Andrea Vermehren</th>
</tr>
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**Approved By:**

<table>
<thead>
<tr>
<th>Safeguards Advisor:</th>
<th>Name: Glenn S. Morgan (SA)</th>
<th>Date: 04-Sep-2015</th>
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<tr>
<td>Practice Manager/Manager:</td>
<td>Name: Manuel Salazar (PMGR)</td>
<td>Date: 04-Sep-2015</td>
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1 Reminder: The Bank's Disclosure Policy requires that safeguard-related documents be disclosed before appraisal (i) at the InfoShop and (ii) in country, at publicly accessible locations and in a form and language that are accessible to potentially affected persons.