

**PROJECT INFORMATION DOCUMENT (PID)
CONCEPT STAGE**

Report No.: AB834

Project Name	RY-Second Vocational Training Project
Region	MIDDLE EAST AND NORTH AFRICA
Sector	Vocational training (100%)
Project ID	P086308
Borrower(s)	REPUBLIC OF YEMEN
Implementing Agency	Ministry of Technical Education and Vocational Training Baghdad St. P.O.Box 25235 Yemen, Republic of Tel: 967-1-202366 Fax: 967-1-212016
Environment Category	<input type="checkbox"/> A <input type="checkbox"/> B <input checked="" type="checkbox"/> C <input type="checkbox"/> FI <input type="checkbox"/> TBD (to be determined)
Safeguard Classification	<input type="checkbox"/> S ₁ <input type="checkbox"/> S ₂ <input checked="" type="checkbox"/> S ₃ <input type="checkbox"/> S _F <input type="checkbox"/> TBD (to be determined)
Date PID Prepared	April 21, 2004
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1. Key development issues and rationale for Bank involvement

GDP per capita growth in the Republic of Yemen has averaged 1.3% per year over the past five years. This coincides with a population growth rate of 1.9% and a demographic profile resulting in about 240,000 citizens per year entering the labor market. Consequently, central development issues for the Government of Yemen include economic growth and employment creation. These inter-linked factors are underpinned by the existence of a skilled and adaptable workforce. In order to add skills to the workforce, the GoY places a top-level priority on expanding and enhancing its Technical and Vocational Education and Training system. The government is finalizing, with assistance from the Bank and the EC, a TEVT sector strategy which tries to ensure relevance to labor market requirements. Resources have been identified from the Saudi Fund for Development and the Islamic Development Bank for quantitative expansion of TVET facilities.

Government objectives with respect to employment linked technical and vocational education are fully consistent with the Yemen CAS. TEVT features in the AAA program for '04 through the support for the development of the strategy designed to develop closer linkages between suppliers of skills and employers, in order to reduce the waste of public expenditures in the delivery of irrelevant or redundant training. The strategy presents an overall framework for the government and donors to support the TEVT system in Yemen. For that, a lot of consultation was done during the preparation of this strategy. In the IDA lending program, provision is made in '05 for this Second Vocational Training Project, having the objective of building skills for employment, while improving the links between supply and demand in the labor market.

During the past 30 years, the TEVT system in Yemen evolved from 10 training centres operated by the Ministry of Labour and Vocational Training, to the current level of 44 Vocational and Technical Centres, Vocational Institutes and Technical Institutes now operated under the mandate of the Ministry of Technical Education and Vocational Training (MTEVT). During this period, the GoY received TEVT related technical support from countries such as China, Algeria, Russia, Egypt, Germany and Saudi Arabia. This resulted in the introduction of different methodologies surrounding the development, design, and delivery of training, and the absence of unifying strategic development approach.

The VT strategy identifies five main issues facing the VT system in Yemen as follows:

Responsiveness and equity: While TEVT enrolment has been progressively increasing during the past six years, the current program framework is responsive only to a limited number of citizens and for limited employment opportunities. There is an evident need for the TEVT system to increase public and private training capacities and to be more responsive to the needs of other target groups.

Labor market linkages and enterprise involvement: The predominant characteristic of the Yemeni TEVT sector at the present time is its strongly supply-driven approach. Despite some attempts at reform, linkages between the TEVT system, labor market requirements, and private sector enterprises continue to be weak.

Institutional capacity: The current structure of the MTEVT shows weak linkages between the different departments, whether in staff or in line. This results in an organization with two levels that operate independently leading to gaps, redundancy, or duplication.

Training provision: The ability to be increasingly responsive is currently constrained by: (i) small number of TEVT institutions; (ii) an imbalance in terms of geographic distribution; (iii) low utilization levels of existing TEVT institutions; (iv) lack of cooperative training; and (v) low use of potential training opportunities in enterprises. The training capacity problem is further exacerbated by the absence of tools and equipment in training centers that are required to develop graduates' competencies which are mandatory for employment in the respective occupational areas.

Finance: The current TEVT system operates on the basis of negotiated annual budgetary allocations. While these allocations satisfy immediate operational needs, they are inadequate to address increased staffing needs, equipment needs, training material development or system upgrading. This results in the delivery of low-quality training, and a consequent low level of efficiency. The Skills Development Fund (SDF), designed to enhance the funding base for TEVT institutions, currently faces a number of shortcomings in fulfilling its mission. These include legal set-up issues in terms of which enterprises should pay dues and which ones should benefit, efficiency issues related to the focus on collection versus training provision, and the overall relationship with the private sector

Key lessons learned from implementation of the 1st TEVT Project include: (i) the need to establish TEVT labor market linkages based on structured, resourced, functionally tasked, professionally trained, and accountable organizational units; (ii) the need to establish effective coordination amongst all public and private stakeholders; (iii) the need to provide a comprehensive foundation of statistical information for policy formulation, management decision making, and system financing; (iii) the need to re-orient the Ministry of Technical

Education and Vocational Training (MTEVT) institutional culture from being activity based to objective based; and (iv) the need to strengthen project monitoring to ensure that project outputs translate into resultant operational change. On top of these, an important lesson in Yemen generally and with the MTEVT in particular is to keep projects simple and always consider the limited capacity of the main stakeholders in Yemen.

Other donors active in the sector include: (i) UNDP who are supporting the development of a Labor Market Information System; (ii) the European Commission who is cooperating with the Bank in supporting the preparation of the sector strategy, while also strengthening training capacities in the tourism and oil and gas sectors through parallel financing of the VT I project; (iii) GTZ who are assisting in the development of industry based training approaches; and (iv) the Saudi Fund and the Islamic Bank who are providing resources for infrastructure building. The unique contribution of the Bank is based on historical partnership, integration of TVET with other national development programs, and ability to provide the necessary level of technical support. The government has put this project at the top of its priorities given the importance and relevance of the sector to Yemen's problems, and the planned expansion of capacity in the system.

2. Proposed objective (s)

Investments made in the first TVET project in Yemen have resulted in expansion of infrastructure and strengthening of the pedagogical aspects of training program design and delivery. The continuing development issue at the beneficiary level is to ensure increasing relevance, through the strengthening of linkages between training programs and employer defined skill requirements. At the policy and system management level, the development issue is to move decision making from an intuitive or political basis, to an analytically informed basis, built on a solid base of information. This leads to the following two development objectives for the proposed project:

- (i) Yemeni citizens undertaking technical and vocational training will have enhanced employment or income generating opportunity arising from programming driven by employer defined skill requirements.
- (ii) The effectiveness of policy formulation planning and management at MTVET will be enhanced, through the development and implementation of a TVET Management Information System, and a viable financing system.

3. Preliminary description

The proposed project would comprise the following four principal components:

(i) Improving Market Relevance: This component will establish mechanisms in selected pilot areas to broadly profile the employer community in their catchment area, establish relevant models of employer sector councils, mobilize employer groups to develop occupational skill profiles, and collaborate with the program development unit to translate skill profiles into curriculum, facilitate workplace based training opportunities, and other activities designed to strengthen labor market linkages.

(ii) Instructor Development: This component will undertake a program designed to provide instructional staff with occupational and pedagogical skill levels consistent with the delivery of TEVT programming driven by employer defined graduate competencies. The component will build on what the first VT project achieved and will support the operationalization of new centers to be built by the Saudi Fund for Development in line with the VT strategy.

(iii) MIS: This component will support technical assistance and equipment for the design, development, procurement and mobilization of a TVET management information system that would serve management requirements at the ministry level and individual training center level. The system will help the MTEVT have real time data, and the ability to undertake more sophisticated analysis relating to the efficiency and effectiveness of the TEVT system as a whole.

(vi) Sector Finance: This component will review the VT sector finance as a whole. It will support a review of the effectiveness and efficiency of the SDF. This review will cover all legal, operational, and other issued related to the operation of the SDF. The component will also undertake an analysis of system financing options designed to distribute costs more equitably amongst stakeholders and beneficiaries.

(V) M&E and project management: This component will ensure that projects components are progressing based on an agreed on implementation plan, help the MTEVT develop indicators to monitor progress in the implementation of the VT strategy and will finance project management expenses.

4. Safeguard policies that might apply

[Guideline: Refer to section 5 of the PCN. Which safeguard policies might apply to the project and in what ways? What actions might be needed during project preparation to assess safeguard issues and prepare to mitigate them?]

No safeguard policies are expected to be triggered by the project.

5. Tentative financing

Source:	(\$m.)
BORROWER/RECIPIENT	1.5
INTERNATIONAL DEVELOPMENT ASSOCIATION	15
Total	16.5

6. Contact point

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