REPORT NO.: RES41089

DOCUMENT OF THE WORLD BANK

RESTRUCTURING PAPER
ON A
PROPOSED PROJECT RESTRUCTURING
OF
CONGO - REP. SKILLS DEVELOPMENT FOR EMPLOYABILITY PROJECT
APPROVED ON SEPTEMBER 17, 2013
TO
GOVERNMENT OF REPUBLIC OF CONGO

EDUCATION
AFRICA

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I. BASIC DATA

Product Information

<table>
<thead>
<tr>
<th>Project ID</th>
<th>Financing Instrument</th>
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<tr>
<td>P128628</td>
<td>Investment Project Financing</td>
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<th>Original EA Category</th>
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<table>
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<th>Approval Date</th>
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<td>17-Sep-2013</td>
<td>30-Jun-2020</td>
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Organizations

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<th>Borrower</th>
<th>Responsible Agency</th>
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<tr>
<td>Government of Republic of Congo</td>
<td>Ministry of Technical and Professional Education</td>
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Project Development Objective (PDO)

Original PDO

The objective of the Project is to improve job and entrepreneurship skills for vulnerable urban youth in order to improve their labor market insertion and earnings.

Summary Status of Financing

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<tr>
<th>Ln/CR/Tf</th>
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Policy Waiver(s)

Does this restructuring trigger the need for any policy waiver(s)?

No
Project Status

1. The Skills Development for Employability Project (SDEP), is a US$32 million project that was approved by the Board on September 17, 2013, signed on October 11, 2013 and became effective on October 30, 2014. The current credit closing date is June 30, 2020. The project was originally designed as jointly financed through an IDA credit of US$10 million and the Borrower’s counterpart funding of US$22 million. The Government released one tranche of US$5 million to fulfill effectiveness condition but then, was unable to pay the subsequent tranches (about US$17 million) due to the economic crisis in Congo. Thereby, it was necessary to restructure the project with only IDA funds.

2. Project implementation slowed and progressively stalled when the Borrower was unable to meet its obligations on counterpart funding (which accounted for about 69 percent of the total project cost). So, the project was restructured in June 2018 to remove the counterpart funding on the project financing while keeping the IDA funding only. As part of this first restructuring, project activities and targets were also readjusted to reflect the new financial scope of the project (US$15 million - of which IDA US$10 million and Government US$5 million - instead of a total of US$32 million), and the closing date was extended for 21 months from September 30, 2018 to June 30, 2020 to allow enough time for completing the impact evaluation of training activities. After the first restructuring, the project made considerable progress in terms of implementation. The Project Development Objective (PDO) and Implementation Performance (IP) ratings, which were “Moderately Unsatisfactory” since December 2016, were upgraded to “Moderately Satisfactory” in June 2019. The project was restructured in February 2020 to reallocate funds between expenditures categories, given insufficient funds of Category 2, to allow the completion and payment of the remaining activities. Given the positive achievements of the project, the Government submitted, on March 26, 2020, a request for an additional financing to scale-up activities to improve the project’s impact and development effectiveness by: (i) building upon the recent progress in the project and provide more opportunities to more vulnerable youth by using a model which is now proved to be working; (ii) strengthening modules and courses on contraception, birth control, as a means of preventing and reducing early pregnancy in order to strengthen their success and empowerment; and (iii) boosting project achievements and impact by financing the support for self-employment through competitive financing of business plans of youth who trained and will be trained by the project, with a focus on female self-employment and the impact of Covid-19 on informal jobs related to youth training areas.

3. The Skills Development for Employability Project has two components:
   • Skills training, job insertion and entrepreneurship support for vulnerable youth and micro-entrepreneurs (US$11.8 million equivalent: US$7.6 million IDA credit and US$4.2 million counterpart funding);
   • Strengthen the technical, planning, implementation, and monitoring and evaluation capacity of the Ministry of Technical Education, Professional and qualifying Training and Employment (METFPQE) (US$3.2 million equivalent: US$2.4 IDA credit and US$0.8 million counterpart funding).

4. To date, most key activities related to PDO indicators 1 and 2 have been fully completed, or are underway, and results achieved to date. Overall, 5,410 youth (including 44 percent women), was placed in qualifying training and apprenticeships (against a revised target of 6,500). This represents a completion rate of 82 percent.

5. Under Sub-component 1.1. "Skills training, job insertion and entrepreneurship support for vulnerable youth", 1,543 youth in the second cohort have completed their training program. One-hundred eighteen (118) youth, out of which 68 percent women, was hired at the end of their apprenticeship, and 49 youth are currently in phase of contract negotiations with firms. Sixty-seven (67) percent youth in this second cohort chose to self-employ.
6. Under Sub-component 1.2. “Skills training for micro-entrepreneurs” only 489 youth were trained (out of a target of 1000) during the first cohort. Unfortunately, the second cohort was canceled as there are not enough funds under the ongoing project to complete this sub-component. The additional financing aims to finance this sub-component for the second cohort. It will also be the opportunity to set up a competitive financing for business plans of young people who will be trained by the project (with a focus on female employment) and would then benefit from a start-up fund for the creation of their micro-enterprise.

7. Under Sub-component 1.3. “Apprenticeship and functional literacy training for out-of-school adolescent youth”, among the 2,367 youth in the second cohort who are in apprenticeship, 2,213 youth successfully completed their apprenticeship with a satisfaction rate of 97 percent. An independent assessment of skills acquired was carried out and showed that overall, youth had successfully acquired competencies with an average success rate of 98 percent.

8. The Project Implementation Unit (PIU) signed a contract with the firm “Expertise France” on February 7, 2020 to implement the certification process of short-term programs developed under the project. This will enable youth to have their certificate available after the final assessment on skills development. In addition, this will provide the Ministry with a certification mechanism for the short-term qualifying training. The certification process, which was expected to begin in March 2020, has been postponed due to the travel restrictions imposed by the COVID-19 pandemic.

9. Disbursement. The current disbursement rate is 86 percent (US$7.9 million), compared to 74 percent six months ago. The current disbursement ratio for FY20 is 60 percent.

Rationale for Restructuring

10. During the implementation support mission carried out virtually in March 2020, it became evident that some remaining activities would not be fully completed before the current closing date due to the COVID-19 pandemic and the travel restrictions imposed by many governments, including the Republic of Congo. A few critical activities had to be suspended as consultants cannot travel to the country. These activities are: (i) the impact evaluation of beneficiaries who completed training; (ii) the implementation of a certification mechanism for the short-term qualifying training; and (iii) post-training support activities (such as training for job search and self-employment).

11. Further, the additional financing to this project which is currently under preparation will unlikely be delivered before the parent project closing date (June 30, 2020) for the same reasons above. Therefore, in its letter dated March 26, 2020, the Government of the Republic of Congo requested an extension of the project closing date for another nine (9) months until March 31, 2021, to allow for the full completion of the activities described above - which are crucial to inform the new additional financing - while providing more time to the additional financing before the parent project closing date. Since this second extension of the closing date would extend the closing date over two years, cumulatively, beyond the original closing date, this Restructuring Paper is subject to Regional Vice President’s approval. With this extension the duration of the project will be 7 years and 3 months.

12. The requested restructuring does not entail any change in the PDO indicators of the results framework, however the target dates will be adjusted to reflect the revised closing date for those indicators that have not been attained as yet.

13. The Task Team confirms that the requirements under World Bank Directive for Investment Project Financing (IPF) are met, namely, (i) the project objectives continue to be achievable; (ii) the performance of the Borrower
remains satisfactory; (iii) the World Bank and the Borrower agree on actions that will be undertaken by the Borrower to complete the project; and (iv) there are no outstanding audits, or interim financial reports (IFR) for the credit.

II. DETAILED CHANGES

LOAN CLOSING DATE(S)

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<th>Ln/Cr/Tf</th>
<th>Status</th>
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