

THE EUROPEAN UNION EMERGENCY TRUST FUND FOR STABILITY AND ADDRESSING THE ROOT CAUSES OF IRREGULAR MIGRATION AND DISPLACED PERSONS IN AFRICA

Action Document for the implementation of the Horn of Africa Window

1. IDENTIFICATION

Title	Support for the creation of employment opportunities and skills development in Eritrea		
Total Costs	Total estimated cost: EUR 16,000,000 Total amount drawn from the EU Emergency Trust Fund: EUR 13,000,000 Indicative Co-financing from the Government of the Federal Republic of Germany (BMZ): EUR 3,000,000 (tbc)		
Aid method / Method of implementation	Project modality: PAGODA indirect management –Delegation agreement with Deutsche Gesellschaft für International Zusammenarbeit (GIZ) GmbH		
DAC-Code	11330	Sector	Vocational Training

2. RATIONAL AND CONTEXT

2.1 Summary of the Action and its Objectives

The action contributes to **objective one of the EU Emergency Trust Fund for Africa (EUTF)** to establish inclusive economic programmes that create employment opportunities, especially for young men and women in local communities, with a focus on **vocational training and creation of micro- and small enterprises**. The action contributes to the implementation of the *Valetta Action Plan*, and in particular its priority domain No. 1: *“Development benefits of migration and addressing root causes of irregular migration and forced displacement”*.

The design of this action has followed an inclusive and organic process, conducted in a spirit of partnership between the Government of Eritrea, the European Commission and the German Ministry of Development and Economic Cooperation. It answers both to the expectations of the Eritrean Government and the objectives of the EU Emergency Trust Fund for Africa.

The **geographical coverage** of the action is country-wide, targeting all six regions of Eritrea: Asmara/ Maakel, Mendefera/ South, Barentu/ Gash Barka, Keren/ Anseba, Massawa / Northern Red Sea and Assab / Southern Red Sea.

The beneficiaries of the action are young people between 20 and 30 years of age, especially young unemployed men and women who have graduated from grade 12th of secondary schooling and notably those who have been released from national service or have the ability to opt freely for wage employment/self-employment outside of the national service. To ensure that the beneficiaries of the action are able to realise their potential after having received vocational education, training or other support under the action, the project will set up a monitoring system to ensure regular support during its lifetime.

The intervention logic is based on the assumption that if the action can meet the long term economic and social needs of young Eritreans and create opportunities, it will catalyse stability, inclusive economic growth, social cohesion and development. Actions will take account of the particular situations of women that may face additional barriers to accessing economic opportunities and financial services.

The overall objective of the action is to contribute to generate an enabling environment for job creation in micro- and small enterprises development (MSE's) through multiple vocational education and training actions (both technical and managerial. To do so, the action will be divided in two sequences (inception and implementation).

In a first sequence, a comprehensive study to further understand the potential sectors to support with the action in the target regions (renewable energy and manufacturing as well as tourism, port services, horticulture and fisheries), the challenges for micro-enterprise development, the mapping of skills and competencies, the state of the present facilities and structures, and the state of existing policies and programmes that promote competition and entrepreneurship. Crucially, the study will also identify the mechanism by which to monitor, throughout the duration of the project, the compliance of the target group with the intended profile (i.e. young people between 20 and 30 years of age, especially young unemployed men and women who have graduated from grade 12th of secondary schooling and notably those who have been released from national service or have the ability to opt freely for wage employment/self-employment outside of the national service) as well as the actual employment situation of this target group after having received support.

Based on satisfactory conclusions of the study regarding the above mentioned issues, the second sequence of the action will aim to empower targeted young Eritreans with employable skills packages supplemented through non-formal entrepreneurship courses, to enable emerging entrepreneurs for self-employment, as well as to rehabilitate and upgrade existing facilities and structures.

2.2 CONTEXT

2.2.1 Country / Regional Context

Eritrea achieved independence from Ethiopia in 1991, following a 30-year war. The border war with Ethiopia during 1998 to 2000 and its aftermath, in particular the non-implementation of the border demarcation as foreseen in the Algiers agreement, continues to impair the relationship between the two neighbours, which remains tense. The population growth rate is still high with 2.4% (UN WPP, 2015). It is estimated that the population will increase roughly one third to about 7.31 million by 2030¹. Roughly 60% of the population is under the age of 25 and youth unemployment and underemployment is very high.

Eritrea is one of the most important countries of origin in the Horn of asylum seekers to reach the EU. Within the region, particularly Sudan (East Sudan) and Ethiopia (North Tigray) host large numbers of Eritrean refugees.

In 2014, the Government of Eritrea announced its intention to reform the national service. Implementation of this reform could bring a substantial number of young people on the internal job market, which currently offers very limited opportunities. Therefore, creating sustainable employment perspectives through economic growth and diversification, an

¹ Source: <http://worldpopulationreview.com/countries/eritrea-population/>; as data is only estimated; sources vary in the estimation of population growth <http://www.tradingeconomics.com/eritrea/population/forecast>; estimates 7.61 Million people until the year of 2020.

investment-friendly environment, human resources development, and a reasonable balance between the public and private sectors are essential.

Between June 2015 and June 2016 roughly 33,000 Eritreans sought asylum in EU Member States². Eritrean asylum applicants are usually granted some form of protection, such as refugee status or subsidiary protection. 89% of Eritrean asylum applicants were recognised in the EU in 2014. Remittances from abroad are estimated to constitute a relatively important part of GDP as well as a significant proportion of private household income.

Migration trends from Eritrea are unlikely to change in the near and medium term.

2.2.2 Sector Context: Policies and Challenges

Eritrea is aiming to create a modern, private sector-led economy as outlined in the *National Development Plan (NDP) 2014-2018*. Attaining this objective is, however, compromised by an inadequately enabling investment and business environment, and overall weak macroeconomic conditions. To achieve the current NDP, GoSE has given priority to three pillars: **human resource development**, infrastructure development and food security. There are already targeted public investment programmes in education and skills development, agricultural production as well as manufacturing improvement. Potential also exists for developing generally unexploited alternative energy technologies, such as: solar and wind generated power, solar cookers and biogas through decentralized manufacturing and maintenance services provided by micro- or small enterprises located in small towns throughout the country.

The Ministry of Trade and Industry has the plan to setup industrial parks³ in the country covering all six regions, in order to give young men and women the opportunity to establish and operate a micro- or small enterprises, based on the Medeber Cottage Industry Center and thus also potentially creating jobs for wage earners.

The five-year *National Development Plan (NDP) 2014 – 2018* identifies the **shortage of skilled labour as one of the major constraints** to Eritrea's economic growth and development.

To address this and promote human capital development, the GoSE has achieved major strides in access to primary and secondary education, as the Eritrean National Education Policy (ENEP) provides free education to all levels including higher education, and makes education compulsory for children between 7 and 13 years of age. The Government put in place the *Education Sector Development Plan (ESDP)* for 2013 – 2017, which highlights the critical role education and skills development are expected to play in promoting inclusive socio-economic development in Eritrea. According to the plan, the transition rate from middle school (Grade 8 leavers) to secondary education is projected to reach 66%. The number of students enrolled in secondary education would therefore increase by 59.6% over the same period.

² Source: http://ec.europa.eu/eurostat/statistics-explained/index.php/Asylum_quarterly_report

³ As per GoSE proposal *Eritrean Project Proposal on Industrial Parks Establishment*, “[...] Industrial parks, [are] defined as a geographic area that contains a high concentration of related firms with both horizontal and vertical relations among them.[...] The Industrial parks are expected to be used as training centers for youth and women hence boost the creation of sustainable employment in the industrial sector. The industrial parks are expected to be centers of industrial creativeness and innovativeness for the youth, who are graduating every year from the high schools of the country.” Role model for the Industrial Parks is the only existing Industrial Park in Asmara Medeber Cottage Industry Center in Asmara hosts approximately 365 micro and small enterprises all clustered in a 20,000 m² area, mainly in the manufacturing sector (62.7%), the remainder being retailers, suppliers and caterers, all situated within a walled area. Hence the term Industrial Park can be equated with Cottage Industry Center.

However, the majority of graduates (roughly 65%) from 12th grade of secondary schooling are currently not achieving the minimum marks at the Eritrean Secondary Education Certificate Examination (ESECE) to allow them to enrol in a Higher Education Institution (HEI). These students have no employable skills, and therefore very limited opportunities for employment or self-employment.

Existing Technical Vocational Education and Training (TVET) also faces several challenges, and do not appropriately prepare graduates for direct employment (see lessons' learnt). Finally, even TVET graduates are not necessarily employed according to their training and/ or **labour market demands, as the Government remains** the primary employer of TVET graduates through the National Service as well as public services (as reported by 97.5% of graduates in the survey). Job placements are often due to needs and not acquired skills of the employee, a private labour market is underdeveloped.

All the above calls for more effective labour market oriented training courses targeting population at risk of protracted unemployment/underemployment, the integration of entrepreneurship courses into the curriculum, and a better linkage between TVET graduates and potential employers, in order to **improve opportunities for employment, self-employment and entrepreneurship.**

The above will have to factor in the particularly challenging employment environment for girls and women. The *Gender Parity Index (GPI)* was 0.89, 0.77, and 0.71 for elementary, middle and secondary levels, respectively. This partly explain why, **women are disadvantaged in the labour market**, and have less opportunity to participate in decision making processes and are thus more vulnerable in times of crisis or droughts.

2.3 Lessons Learnt

According to the *Eritrean – EU National Indicative Programme (NIP) 2014 – 2020*, broad-based development has been difficult over the last few decades. After a long war for independence, Eritrea enjoyed a relatively brief period of substantial reconstruction and development which was interrupted again by the 1998 – 2000 border war with Ethiopia. Since then, GoSE has sought to **rehabilitate and reconstruct damaged economic and social infrastructure** in order to develop the economy and meet the needs of the population. However, the protracted “*no war no peace*” situation and the relative political and economic isolation of Eritrea have not made it possible for Eritrea to fully develop its economic and social potential.

Eritrea also lacks appropriate data in most sectors, particularly baseline data and performance indicators. Current EU development cooperation interventions under the 11th EDF/NIP are aimed at addressing this gap through support to the National Statistics system.

A recent tracer survey of TVET graduates and employers (MoE, 2015) has also outlined the major challenges related to the existing TVET offer in the country. First 34.5% of the interviewed graduates report skills mismatch and 33% of them reported having had to change from a training-related occupation to another non-training-related occupation in order to find employment. The survey also reported that 47% of the graduates considered the practical training sessions provided at the TVET institutions as compromised due to limited availability of workshops, learning equipment and raw materials, even though the national syllabus requires that 60% of the training sessions have to focus on practical skills development and periods in TVET institutions. Furthermore, formal and non-formal TVET is limited to traditional trades. Technical schools are marginal in the overall education and training system, accounting for only 5% of enrolments at secondary level.

2.4 Complementary Actions

In January 2016, GoSE and the EU signed the *National Indicative Program (NIP) 2014 - 2020* for the 11th European Development Fund (EDF), which puts a strong emphasis on **renewable energy** with a view to providing Eritreans with better access to clean, reliable, sustainable and affordable electricity. In addition, the EU NIP 2014 – 2020 plans cooperation in the area of economic governance (statistics, economic planning and public finance management) and the implementation of recommendations of the UN-led *Universal Periodic Review on Human Rights*. These sectors are and will be addressed also through EU financial instruments outside the 11th EDF country allocation for Eritrea (e.g. through the *ACP–EU Energy Facility*, the *European Instrument for Democracy and Human Rights*, the *Global Public Goods and Challenges (GPGC) Programme* and the *ACP–EU Water Facility*).

The energy sector is the focal sector, which the EU is currently supporting under the *Eritrean - EU NIP 2014 – 2020*. All aspects of the energy programme such as energy efficiency, photovoltaics, wind, and geothermal are providing a **great potential of synergy with this action, as it seeks** to generate an enabling environment for job creation in general and micro- and small enterprise development in rural areas in particular.

The African Development Bank's (AfDB) on-going portfolio comprises two projects for the Eritrean education and training sector. First, the *Support to Technical and Vocational Educational and Training (STVET)* project (2012-2016) is an investment project supporting a **reform to increase access and quality of TVET delivery** in Eritrea by i) expanding equitable access and quality of TVET delivery through rehabilitating three existing government and three private technical schools and ii) building human and institutional capacity for TVET delivery. Second, the *Skills Development for Employability and Entrepreneurship (SDEE)* project (2015 and 2019) aims at supporting the *Ministry of Education (MoE)* with the establishment of two new TVET schools, skills training for literate adults and "out-of-school" children, upgrading the qualifications of TVET teachers, training of TVET staff and school managers, reviewing the competency-based curriculum, and the development of occupational standards for more training trades.

Finn Church Aid (FCA) is currently implementing a project on improving school management and the quality of teacher training for primary and secondary schools at the *Eritrean Institute of Technology (EIT)*. Furthermore FCA supports in cooperation with local partners the development of a National Innovation Centre.

The UNDP, with donations from Norway and Japan, supports the *National Union of Eritrean Youths and Students (NUEYS)* to operate two own vocational training centres in *Keren / Anseba* and *Barentu / Gash Barka*. Basic skills development is offered through 7 to 9-months training courses in carpentry and metal processing. UNDP also supports the *National Union of Eritrean Women (NUEW)*, particularly in the field of **income-generating measures for women**. The *Norwegian Refugee Council (NRF)* runs a skills development centre on the campus of a large secondary school in *Keren / Anseba*. They offer six-month training in four occupations (electrical engineering, plumbing / irrigation, weaving and pottery). The share of women participation is high with 78 per cent.

The multi-stakeholder *Global Partnership for Education (GPE)* is implementing in Eritrea a US\$25.3 million grant for 2014 – 2016. The objective of the project is to **enable out-of-school children in disadvantaged communities** to receive a quality education and successfully complete a basic education cycle.

The German Federal Ministry of Economic Cooperation and Development (BMZ) is planning support in the field of employment creation and training for young Eritreans. Currently a first

skills development project for informal skills training is in the process of preparation. An assessment mission has been conducted in May 2016. The start of implementation is planned for the end of 2016/beginning of 2017 subject to the required legal agreements between the two parties.

Support in the field of vocational training focusing on teacher training - in particular in the field of solar technology – is also planned and needs further assessment.

2.5 Donor Coordination

The *Eritrean Development Partners Forum (EDPF)*, which has just been established in 2016 - comprising of development partners (DPs) with a presence in Asmara - meets bi-annually. The **forum is supported by technical working groups** such as the *Local Education Group (LEG)*, also known as the Education Sector Working Group. Led by the *Ministry of Education (MoE)*, it is comprised of development partners including: UNICEF, EU, AfDB, UNESCO National Commission, FCA, JICA and Civil Society Organizations such as the *National Union of Eritrean Youth and Students (NUEYS)*, the *National Union of Eritrean Women (NUEW)*, and the *Teachers Association of Eritrea (TAE)*.

The GoSE is strongly committed to self-reliance. In this respect, it has a policy of limiting reliance on foreign assistance arguing that a sovereign country's development should not be based on aid, but investment from DPs. The GoSE does not yet participate in local aid coordination and harmonization meetings, except for the technical working group in the field of education where the Ministry of Education is participating.

The number of development partners providing sizeable support is still limited. However, on par with the current re-engagement of GoSE with development partners, the GoSE, specifically the *Ministry of National Development (MND)* is **committed to enhance coordination**. Until now, the few development partners active in Eritrea use the UNDP initiated Development Partner' Forum to exchange information and to ensure a degree of complementarity.

3. DETAILED DESCRIPTION

3.1 Objectives

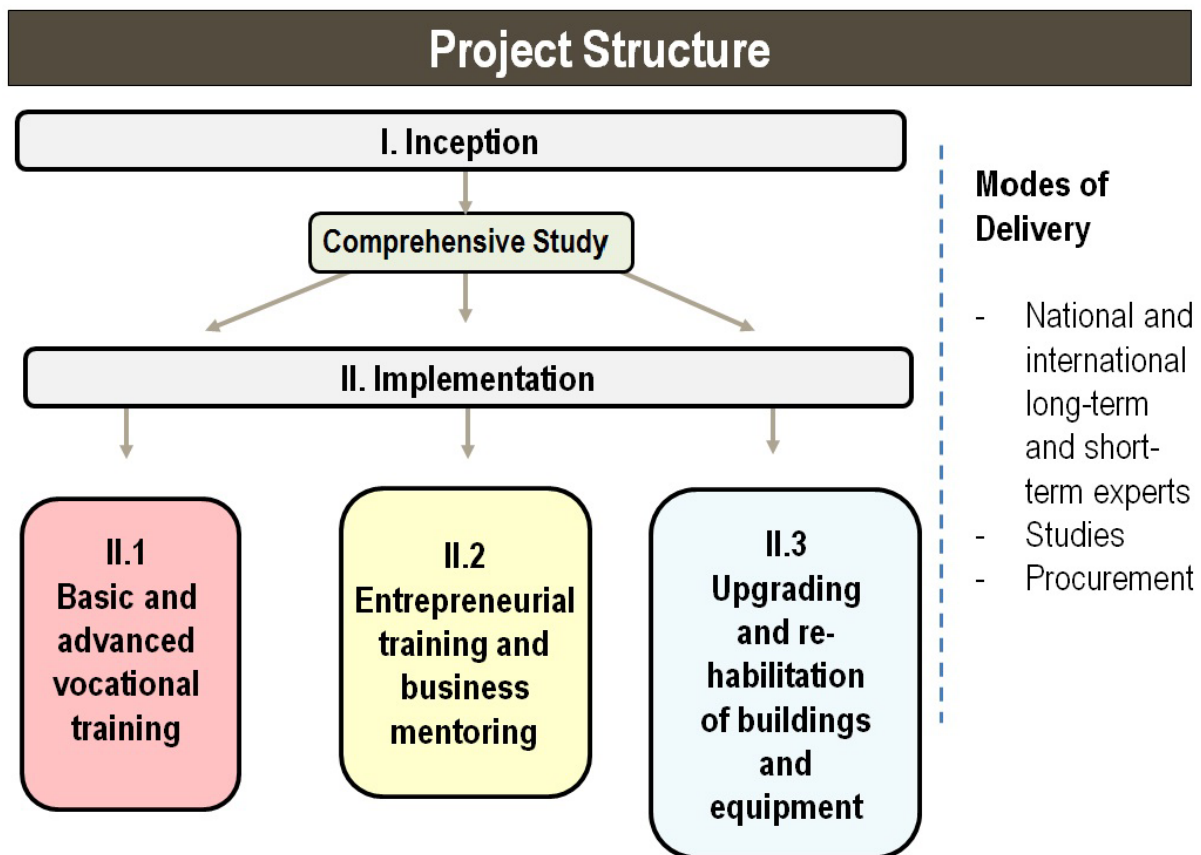
The overall objective of the proposed action is to contribute to ***an enabling environment for employment creation through vocational training and micro- and small enterprises development.***

The specific objective is to improve the capacities of young people for self or wage employment.

3.2 Expected Results and Main Activities

In pursuit of the overall objective and the specific objective, the following **results and main activities** are designed in order to develop prototypes for employment creation in micro- and small enterprises.

The project will take place in two sequences I) inception (result 1) and II) implementation (results 2, 3, 4).



It will start with an inception that will conclude with the completion of Result 1, i.e. a comprehensive study. The comprehensive study will clarify i) the potential sectors and professions for intervention, including the challenges for micro- and small enterprise development in these sectors; ii) the market absorption capacity of products; iii) the needs assessment in terms of facilities and infrastructures; iv) the technical, financial, economic and social viability of the industrial parks in six regions; v) the optimal financial and governance arrangements and vi) the necessary accompanying policy support.

Furthermore, this study will identify the mechanism by which to monitor, throughout the duration of the project, the compliance of the target group with the intended profile (i.e. young people between 20 and 30 years of age, especially young unemployed men and women who have graduated from grade 12th of secondary schooling and notably those who have been released from national service or have the ability to opt freely for wage employment/self-employment outside of the national service) as well as the actual employment situation of this target group after having received support.

If the study concludes satisfactorily as to the prospects of a viable project and the monitoring mechanisms, the action will continue its implementation in pursuit of results 2, 3 and 4.

Result 1: A comprehensive study for supporting TVET and private sector development is available and approved:

- Conducting an economic survey to identify the potential sectors and professions as well as challenges for micro- and small enterprise development (including e.g. access to finance, regulatory environment) and an assessment on the regional markets for absorbing the products and services provided by micro- and small enterprises;

- Identifying the facilities and structures required for possible industrial parks (cottage industry parks) in all six regions in order to implement inclusive measurements and follow a do-no-harm approach;
- Conducting a labour market survey including a baseline study on available gender-specific skills and competencies as well as skills gaps and training needs for micro- and small enterprise development;
- Identifying the upgrading and rehabilitation needs of workshops and classrooms in training institutions or unused buildings as well as the needed learning equipment in six regions;
- Examining the technical, financial, economic and social viability of industrial parks in six regions;
- Developing an implementation and finance plan as well as the management and organisational structures;
- Developing policies, programs and incentives that promote competition, entrepreneurship, technology diffusion and linkages of micro- and small enterprises development to other industrial sectors.
- Identifying the mechanism by which to monitor, throughout the duration of the project, the compliance of the target group with the intended profile as well as the actual employment situation of this target group after having received support.

Result 2: Young unemployed of both gender between 20 and 30 years of age are enrolled and trained in non-formal basic / advanced employable skills packages in order to show work readiness for micro- and small enterprises.

- Identifying demand-responsive trades and occupations in selected priority economic sectors for MSME development;
- Selecting participating public and private training providers or unused buildings in all six regions;
- Designing demand-responsive and outcome-based curricula for non-formal basic and advance employable skills packages;
- Preparing specifications of training equipment and consumables preparation of bidding documents; rehabilitation of infrastructure; delivery and installation of equipment; and provision of materials and consumables for selected training providers;
- Analysing staffing requirements and design of training courses for skills development trainers;
- Selecting learners discharged from the National Service against evidence such as a discharge certificate to enrol for the 12 to 24 months long basic / advanced employable skills packages;
- Introducing work-based learning periods to promote learners' practical hands-on experience and exposure to a relevant work environment as a means to enhance their employability;
- Establishing and carrying-out summative assessments of learners at the end of the non-formal basic and advanced skills development programmes;

- Providing management and leadership training courses and tools to strengthen the capacity of administrators and skills development trainers;
- Expecting that sustainable capacities will have to be built within the MTI and MoE (as well as training providers) to use the approaches developed and implemented;
- Monitoring and evaluating the impact of the non-formal basic and advanced skills development programmes.

Result 3: Graduates of basic / advance employable skills packages, who have already developed an initial business idea, are helped through an entrepreneurial course (e.g. four-month CEFE course) to establish and operate their own micro- or small enterprise

- Developing a conceptual framework and operations manual for a non-formal entrepreneurship training course (e.g. four-month CEFE course);
- Conducting a thorough needs assessment during the selection of approved emerging entrepreneurs according to their level of experience, knowledge and skills, and the trades they represent;
- Improving the quality of specialized entrepreneurship business mentors/trainers by selecting individuals with actual business and entrepreneurship experience;
- Establishing a dialog with entrepreneurship providers on country level to engage in collaboration regarding business mentorship and business development services (BDS);
- Making the curriculum for entrepreneurship training practical and experiential, involving local entrepreneurs and business owners as guest lecturers and mentors;
- Highlighting and connecting emerging entrepreneurs with successful entrepreneurs to serve as role models within all CEFE course modules;
- Developing and provision of incentives for entrepreneurship;
- Monitoring and evaluation of non-formal entrepreneurial training courses to assess if the offered services are efficient in reaching the target groups and target numbers.

Result 4: Employable skills packages and entrepreneurial training courses are carried out in workshops and classrooms in training providers belonging to the MoE or, if this is impossible due to capacity bottlenecks, implemented in unused buildings. These are rehabilitated as required and made fit with learning equipment for the training measures.

- Estimating the costs for upgrading and rehabilitation of training workshops, classrooms and equipment;
- Setting priorities according to the situation in the respective regions, the implementation plans as well as the available budget;
- Preparing detailed list of equipment, rehabilitation and upgrading measures, tools etc. required, including descriptions of the functions and responsibilities;
- Starting of procurement and rehabilitation measures combined with instructions and training for responsible staff and users.

3.3 RISKS AND ASSUMPTIONS

Risks	Risk level (H/M/L)	Mitigating Measures
Limited capacity of the relevant government departments to manage and implement project activities and fully benefit from technical assistance provided by the European Union;	Low	Involve relevant staff members of participating Eritrean partner organizations in all planning measures and create awareness about the common problems and involve them in identifying practical solutions;
The inter-ministerial linkages between key ministries such as <i>MND, MTI and MoE</i> in order to coordinate, implement, monitor and evaluate the project as a whole are weak or lacking;	Medium	Continuous dialogue and consultation on the need to establish a comprehensive and integrated monitoring and evaluation system that links well with decentralised structures in all six regions will have positive effects;
Technical assistance support undermined due to the departure of qualified staff;	High	Conduct capacity needs analyses and offer capacity building measures for vacant work positions in Eritrean partner organizations;
Decision-making processes are time-consuming and lead to a delay in implementation	High	Continuous dialogue and consultation on the need to establish transparent decision-making processes in order to speed up implementation processes.
Assumptions		
<ul style="list-style-type: none"> • The State of Eritrea will remain stable, with no major political, social, natural or economical change during the implementation duration of the project; • Cooperation among key stakeholders (ministries, youth and women organizations, etc.) is effective, and willingness to sign and implement MoUs; • Relevance of a labour market information system and career guidance programmes to the economic context of Eritrea; • The private sector and stakeholders will cooperate in addressing the actual needs and developing, testing and evaluating the prototypes for employment promotion and micro- and small enterprise development; • Willingness of cooperation with other donors in the field of developing an enabling environment for job creation in general and micro- and small enterprise development in particular. • GoSE provides the conditions for technical cooperation stipulated in the Agreement for Technical Cooperation between the Government of Eritrea and the Government of the Federal Republic of Germany from 26th of November 1993, reconfirmed by his 		

Excellency Dr Yemane Ghebreab on 28.08.2016 and during the meetings of the Working Group on the cooperation between Eritrea and Germany on 08.09.2016 in Berlin.

3.4 Cross-cutting Issues

A legal framework for gender equality and equity is in Eritrea in place. A study of women in Eritrea's informal sector (NUEW, 2008) revealed that the main reason for women to start a business in the informal sector include poverty (58%), unemployment and the need to increase income (18% and 13% cent respectively). In terms of location of the women businesses, 38% operate in open streets, 25% in market places, and 15% are mobile. The main activities of women's informal sector operations include food and beverage, tailoring, catering, retail shops, groceries and kiosks to name a few. An overall 71% of these kinds of cottage industries are **located in rural areas** with trade and manufacturing leading.

Despite the notable progress made in tertiary education enrolment that of female youths, particularly in vocational institutions, remains low, thereby **reducing women's opportunities to participate in broad-based economic growth initiatives**. Moreover, only 36.4% of female students graduated in technical schools between the academic year of 2003/4 up to 2012/13 and 38.4% in the post-secondary level of Junior College VET. The *Gender Parity Index (GPI)* was 0.89, 0.77, and 0.71 for elementary, middle and secondary levels, respectively. This highlights the fact that the deficit of female students increases with levels of education and training. With nearly half the population being under the age of 20, Eritrea could reap a substantial demographic dividend through investing in improving skills and addressing the gender gaps in the system.

The challenges of female learners include lack of employable skills packages and entrepreneurial training courses in remote areas, long distances to training providers, parental scepticism, rigid formal schooling, shortage of adequate female role models and early marriage. Research need to be conducted in order to establish the **reason for these worrying trends and measures to be put in place to reverse them**. Ensuring that girls and women are empowered, that their economic and social rights are fulfilled and that an enabling environment for their fair and active participation in the economy exists are key priorities for the EU. Such an objective will contribute to faster growing economies, whilst preventing human exploitation.

3.5 Stakeholders

The *Ministry of National Development (MND)* holds the mandate to plan and overall coordinate programs and projects at the sectoral and regional levels or to coordinate their implementation and to conduct management audit of ministries, departments and strategic public enterprises. The *Ministry of Trade and Industry (MTI)* has as one of its main mandates the promotion of industrial skills to ensure that adequate and critical skills are available for the industry. The MTI's main task is to foster an enabling environment for export-led industrial development, as well as formulating industrial **policies and strategies to achieve sustainable micro- and small enterprise development**. It is expected from the MTI to conduct Human Resource Development for the Industry Sector, needs assessments and define programmes and projects, which will help entrepreneurs and employed industrial operators to improve industrial and micro- and small enterprise development.

The *Ministry of Education (MoE)* is responsible for the overall educational policy and is at the apex of the educational and training system and plays a key role in the **provision of education and training**. The current education and training sector has three different formal access options: the basic technical and vocational education and training (TVET), the intermediate TVET and the junior college (post-secondary) level TVET. Non-formal employable skills packages, especially for graduates of the 12th grade of secondary schooling haven't been developed and tested yet.

The *Ministry of Local Governance (MLG)* oversees local affairs and concerns itself with formulating national policy, regulations, and research as well as manpower development, leaving **implementation responsibilities to regional and local governments**. The six regions are administered each by a *Governor* and have their own *Regional Assembly*. These assemblies are responsible for setting a local agenda for areas such as security, health, education and training as well as infrastructure to name a few. These assemblies are popularly elected within each region.

The *National Union of Eritrean Youth and Students (NUEYS)* is a non-governmental organization that is active to improve the Eritrean culture, identity, origin and history. NUEYS operates branch offices all over the country and is **active in the field of basic skills development** (non-formal training in approximately twenty professions, On-the-Job-Training (OJT) and Training of Trainers (ToT) and microcredit program for business start-ups. The *National Union of Eritrean Women (NUEW)* is a non-governmental organization that is active to improve the status of women in Eritrea. NUEW operates branch offices all over the country and organizes seminars (gender mainstreaming etc.), post-training courses (literacy, non-formal TVET, reproductive health) and small-trade promotion activities.

The *Eritrean National Chamber of Commerce (ENCC)* is a local organization of businesses and companies in Asmara with the intention to develop and further the interests of local companies and businesses in Eritrea. Members of ENCC are usually international and local operating companies, such as lawyers, property developers, tourism companies, airlines, manufacturing companies, import and export businesses, banks, finance companies, legal advisors, IT and electronics manufacturers etc. Main activities of ENCC are, among others, safeguarding business interests and **sharing business experiences and business interests**, contact with governments, civil society, local media and the press as well as organizing trade shows and events.

The *National Confederation of Eritrean Workers (NCEW)* is a trade union movement in the Eritrea. It is a national, independent, autonomous trade union that is legally registered as a non-governmental organization. The **union membership is organized into five sector federations**, which are: Food, drink, hotels, tourism, agriculture and tobacco worker's federation, Mining, chemical and general worker's federation, Service industry worker's federation, Transport and communication worker's federation and Textile, leather and shoe worker's federation. The NCEW operates three training centres for skills development of existing employees and cooperates with the *International Labour Office (ILO)*.

4. IMPLEMENTATION ISSUES

4.1 Financing Agreement, if relevant

No financing agreement is foreseen.

4.2 Indicative Operational Implementation Period

The indicative implementation period of this action, during which the activities described in section 2 will be carried out and the corresponding contracts and agreements implemented, **is 36 months**, whilst the overall execution period (including a closure phase of no more than 24 months) will not exceed 60 months from the date of approval of this Action Document by the Operational Committee of the EU Emergency Trust Fund. Extensions of the implementation period may be agreed by the Commission's authorising officer responsible by amending this decision and the relevant contracts and agreements; such amendments to this decision constitute a non-substantial amendment in the sense of Article 9(4) of Regulation (EU) No 322/2015].

4.3 Implementation Components and Modules

The proposed action will be implemented through the conclusion of a PAGODA Delegation agreement between the EU and the Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH. The Member State agency is a leader in the delivery of the relevant services in the areas concerned. The GIZ has successfully passed the EU's pillar assessment to be entrusted with the implementation of the action.

GIZ will be commissioned by German Federal Ministry for Economic Cooperation and Development (BMZ) for the implementation of the action. A financial contribution of BMZ to the action shall be taken into consideration ("Multi-Donor-Action").

The GIZ will also be in charge of monitoring, evaluation, audit, communication and visibility. All other results and activities will be implemented jointly by GIZ in close cooperation with Eritrean partner organizations. A project office will be established at the *Ministry of Trade and Industry (MTI)*, which holds the implementation tasks to run the project. Throughout its implementation, the action will be continuously monitored by the monitoring team of the MIT and the GIZ Mission to Eritrea as well as a full-time EU Trust Fund programme manager at the EU Delegation to Eritrea. A Steering Committee chaired by the *Minister of National Development (MND)* will provide oversight and include representatives of the EU Delegation, BMZ, the GIZ and the Eritrean Government authorities on national and regional level.

The day-to-day technical and financial monitoring of the implementation of this action will be a continuous process and part of the implementing partner's responsibilities. To this aim, the implementing partner shall **establish a permanent internal, technical and financial monitoring system** for the action and elaborate regular progress reports (not less than annual) and final reports. Every report shall provide an accurate account of implementation of the action, difficulties encountered, changes introduced, as well as the degree of achievement of its results (outputs and direct outcomes) as measured by corresponding indicators, using as reference the logframe matrix (for project modality). The report shall be laid out in such a way as to allow monitoring of the means envisaged and employed and of the budget details

for the action. The final report, narrative and financial, will cover the entire period of the action implementation.

4.4 Indicative Budget

A detailed budget break down will be provided after conducting the comprehensive study.

Support for the Eritrean Industrial Park Project	EU contribution in EUR	BMZ contribution in EUR	TOTAL in EUR
Indirect Management with GIZ	13,000,000	3,000,000	16,000 000
1. A comprehensive study for supporting TVET and private sector development is available and approved		N.A.	800,000
2. Young unemployed of both gender between 20 and 30 years of age are enrolled and trained in non-formal basic / advanced employable skills packages in order to show work readiness for micro- and small enterprises.			7,600,000
3. Graduates of basic / advance employable skills packages, who have already developed an initial business idea, are helped through an entrepreneurial course (e.g. four-month CEFE course) to establish and operate their own micro- or small enterprise			4,100,000
4. Employable skills packages and entrepreneurial training courses are carried out in workshops and classrooms in training providers belonging to the MoE or, if this is impossible due to capacity bottlenecks, implemented in unused buildings. These are rehabilitated as required and made fit with learning equipment for the training measures			3,100,000
Communication and Visibility			200,000
Evaluation & Audit			200,000
	13,000,000	3,000,000	16,000, 000

4.5 Evaluation and Audit

Having regard to the nature of the action, a final evaluation will be carried out for this action and its components. It will be carried out for accountability and learning purposes at various

levels (including for policy revision), taking into account in particular the fact that initially a comprehensive study will be elaborated and subsequently followed by pilot initiatives for basic and advanced employable skills packages, as well as non-formal entrepreneurship courses being tested in six regions of Eritrea.

The evaluation reports shall be shared with the Eritrean partner organizations and other key stakeholders. The implementing partner and the European Commission shall analyse the conclusions and recommendations of the evaluations and, where appropriate, in agreement with the Eritrean partner organizations, jointly decide on the follow-up actions to be taken and any adjustments necessary, including, if indicated, a reorientation of the action.

Audits and expenditure verification assignments will be carried out in conformity with the risk analysis in the frame of the yearly Audit Plan exercise conducted by the European Commission. The amount allocated for external evaluation and audit purposes should be shown in the budget at section 4.4. Evaluation and audit assignments will be implemented through service contracts; making use of one of the Commission's dedicated framework contracts or alternatively through the competitive negotiated procedure or the single tender procedure.

4.6 Communication and Visibility

Communication and visibility of the EU is a legal obligation for all external actions funded by the EU. This action shall contain communication and visibility measures which shall be based on a specific Communication and Visibility Plan of the Action, to be elaborated at the start of implementation and supported with the budget indicated in section 4.4 above.

In terms of legal obligations on communication and visibility, the measures shall be implemented by the Commission, the partner country, contractors, grant beneficiaries and/or entrusted entities. Appropriate contractual obligations shall be included in, respectively, the financing agreement, procurement and grant contracts, and delegation agreements.

The Communication and Visibility Manual for European Union External Action shall be used to establish the Communication and Visibility Plan of the Action and the appropriate contractual obligations.

A **logical framework** showing targets and indicators is attached.

Attachment

LOGFRAME MATRIX – Support to the Eritrean Industrial Park (SEIP) Project

	Intervention Logic	Indicators	Baseline (incl. reference year)	Current Value Reference date	Targets (incl. reference year)	Sources and means of verification	Assumption
Overall Objective	To contribute to an enabling environment for employment creation through vocational training and micro- and small enterprises development.	(To be defined finally at the end of the study)	Baseline 00 in 2017	Ease of Doing Business Rank for Eritrea 2016: No. 189 out of 189 countries		Worldbank Group: Annual Doing Business Data (Website: www.doingbusiness.org/data) National Statistics and Evaluation Office (NSEO), Eritrea	The State of Eritrea will remain stable, with no major political, social, natural or economical change during the implementation duration of the project
Specific Purpose	The capacities of young people for self or wage employment are improved.	% increase in number of young man and woman in gainful employment or have started their own micro- or small enterprise	Baseline 00 in 2017		(Value in % to be defined at the end of the study)	Project monitoring visits and monitoring reports	
Results	1. A comprehensive study for supporting TVET and private sector development is available and approved	study is available and disseminated to all stakeholders six month after project launch				report incl. baseline study report, including monitoring mechanism	Cooperation between key stakeholders (ministries, youth and women organizations, etc.) is effective, and willingness to sign and implement MoUs The private sector and stakeholders will cooperate in addressing the actual needs and developing, testing and evaluating the
	2. Young unemployed of both gender between 20 and 30 years of age are enrolled and trained in non-formal basic / advanced employable skills packages in order to show work readiness for micro- and small	% increase of young men and woman who are in gainful employment	Baseline 00 in 2017		(Value in % to be defined at the end of the study)	Project monitoring visits and monitoring reports	

	enterprises						prototypes for employment promotion and micro- and small enterprise development
	3. Graduates of basic / advance employable skills packages, who have already developed an initial business idea, are helped through an entrepreneurial course (e.g. four-month CEFE course) to establish and operate their own micro- or small enterprise	% increase of young men and woman who have started their own micro- or small business	Baseline 00 in 2017		(Value in % to be defined at the end of the study)	Project monitoring visits and monitoring reports	Relevance of a labour market information system and career guidance programmes to the economic context of Eritrea
	4. Employable skills packages and entrepreneurial training courses are carried out in workshops and classrooms in training providers belonging to the MoE or, if this is impossible due to capacity bottlenecks, implemented in unused buildings. These are rehabilitated as required and made fit with learning equipment for the training measures	Increase of number of workshops and classrooms for non-formal employable skills packages and entrepreneurial course in all six regions	Baseline 00 in 2017		At least one workshop and classroom are ready for training in all six regions one year after project launch	Project monitoring visits and monitoring reports	Willingness of cooperation with other donors in the field of developing an enabling environment for job creation in general and micro- and small enterprise development in particular