



Technical Assistance Report

Project Number: 53277-001
Transaction Technical Assistance Facility (F-TRTA)
October 2019

India: Supporting Education and Skills Development Facility

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Asian Development Bank

CURRENCY EQUIVALENTS

(as of 14 October 2019)

Currency unit	–	Indian rupee/s (₹)
₹1.00	=	\$0.0141
\$1.00	=	₹71.043

ABBREVIATIONS

ADB	–	Asian Development Bank
COBP	–	country operations business plan
TA	–	technical assistance
TVET	–	technical and vocational education and training

NOTES

- (i) The fiscal year (FY) of the Government of India and its agencies ends on 31 March. “FY” before a calendar year denotes the year in which the fiscal year ends, e.g., FY2019 ends on 31 March 2019.
- (ii) In this report, “\$” refers to United States dollars.

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TRANSACTION TECHNICAL ASSISTANCE AT A GLANCE

1. Basic Data		Project Number: 53277-001
Project Name	Supporting Education and Skills Development Facility	Department/Division SARD/SAHS
Nature of Activity	Project Preparation, Capacity Development	Executing Agency Department of Economic Affairs
Modality	Facility	
Country	India	
2. Sector	Subsector(s)	ADB Financing (\$ million)
✓ Education	Education sector development	1.00
	Total	1.00
3. Operational Priorities		Climate Change Information
✓ Addressing remaining poverty and reducing inequalities		Climate Change impact on the Project
✓ Accelerating progress in gender equality		Low
✓ Strengthening governance and institutional capacity		
Sustainable Development Goals		Gender Equity and Mainstreaming
SDG 1.4		Effective gender mainstreaming (EGM) ✓
SDG 4.1, 4.3, 4.5		
SDG 5.b		Poverty Targeting
		General Intervention on Poverty ✓
4. Risk Categorization	Complex	
5. Safeguard Categorization	Safeguard Policy Statement does not apply	
6. Financing		
Modality and Sources		Amount (\$ million)
ADB		1.00
Transaction technical assistance: Technical Assistance Special Fund		1.00
Cofinancing		0.00
None		0.00
Counterpart		0.00
None		0.00
Total		1.00
Currency of ADB Financing: US Dollar		

I. THE TECHNICAL ASSISTANCE FACILITY

A. Justification

1. **Macroeconomic context.** India's economy has been growing fast, achieving about 7% annual growth since FY2012. The economic structure has also been transformed over time. For FY2019, the services sector was the largest contributor to gross domestic product at 54%, followed by the industry sector (30%) and the agriculture and allied sector (16%). However, 44% of the overall workforce are still engaged in the agriculture sector, while 32% are employed in the services sector and 25% in the industry sector. Most new jobs today are being created in nonfarming sectors, but a shortage of skilled workers is a critical constraint in meeting education and skills requirements of emerging jobs. With rapid technology advances across the sectors, low-skilled jobs are more affected by automation and artificial intelligence, while new emerging jobs demand higher levels of cognitive and technical skills.¹ To achieve sustained and inclusive economic growth, India needs to develop a well-educated, high-skilled workforce who can meet changing skills requirements in the local and global labor markets.

2. **Progress and issues in education.** Over the past 15 years, a series of reforms and initiatives by the government expanded access to schooling, achieving near universal enrollment at the primary level. Secondary education also made notable progress, with its gross enrollment rate increasing from 52% to 80% at the secondary level and from 29% to 56% at the senior secondary level during 2006–2016. Gender parity has been observed across many states, although the extent of gender gap varies by state. Yet, increased access to schooling has not necessarily resulted in improved learning among students. National studies indicate that many students do not acquire competencies expected at each grade level, especially basic foundational literacy and numeracy.² Low levels of learning at the early grades lead to high dropout rates and low completion rates as students move onto higher grades. Learning deficiencies during school years eventually show up as weak skills when the youth enter the labor force. Focused efforts are needed to improve learning outcomes from primary to secondary education and to lay strong foundation for human capital development.

3. **Quality and relevance of skills training.** In preparing the youth for successful transition into the labor force, technical and vocational education and training (TVET) plays a critical role by imparting job-ready skills that enhance their employability and productivity. TVET is especially important for those from low socioeconomic backgrounds, who may not pursue a higher education. However, fewer than 5% of India's workforce has undergone formal skills training. In addition, TVET across many states has not kept pace with changing market demands, resulting in low job placement rates among graduates from TVET programs such as industrial technical institutes. Inadequate quality and limited industry relevance of TVET courses are the major issues, which result from outdated training infrastructure and curricula, limited qualifications of trainers, and lack of credible assessment and certification systems. To ensure young people are equipped with requisite skills in line with labor market demands, significant improvements are needed in the TVET system.

¹ Asian Development Bank. 2018. *Asian Development Outlook: How Technology Affects Jobs*. Manila; McKinsey Global Institute. 2017. *India's Labour Market: A New Emphasis on Gainful Employment*. New Delhi.

² The National Achievement Surveys (NAS), for example, have measured students' learning since 2001–2002. Results from the 2017 NAS show that one-third of students in grade 3 could not read simple texts with comprehension. For grade 5 and 8 students, the proportion of students who could not perform in grade-specific reading tests were higher, at 42% and 44%, respectively.

4. **Demographic challenges and opportunities.** India is undergoing a major demographic transformation, with a declining share of the school-age population (aged 5–19) and the increasing working-age population. By 2026, India will have the world's largest and youngest working-age population (aged 15–59) with 900 million people, who will make up nearly two-thirds of the total population. With the largest youthful workforce, India has a great opportunity to capitalize on the demographic dividend for accelerated growth. To reap this demographic dividend, the country needs to equip its young population with quality education and requisite skills to build a productive and competitive workforce. Education and skills of the workforce are also essential in promoting technological progress and innovation, which in turn drives the economy to move up the value chain from simple to more sophisticated, high-value production.

5. **Asian Development Bank's assistance.** The Asian Development Bank (ADB) has been supporting education and skills development initiatives at the state-level, with the aim of increasing employability and productivity of the youth entering the labor force. Each of state-level projects endeavors to improve the overall TVET system by upgrading training infrastructure, enhancing teacher qualifications, and delivering skills programs aligned with local labor demands. New support has been proposed for ADB to address the quality of basic and secondary education and to strengthen learning outcomes from school education both at the central and state levels.

6. It is important to enhance the capacity and competencies of executing and implementing agencies in order to ensure quality project designs, effective project implementation, and overall portfolio performance. For successful outcomes of ADB support in the areas of education and skills development, consolidating and sharing the lessons and good practices are essential together with dedicated capacity building for project designs and implementation. The proposed transaction technical assistance (TA) facility would bridge capability gaps, apply best practices, and foster innovative solutions for common challenges in the sector. Capacity building support will be provided through the provision of incremental consulting services to enhance project preparatory and implementation capacity. The TA facility is listed in the country operations business plan (COBP) for India, 2020–2022, with the title Supporting Education and Skills Development Capacity.³

7. The TA facility will support project preparation, capacity building, undertaking due diligence, and increasing the readiness for pipeline projects, including those identified in the COBP for India, 2020–2022. It will initially support the following:

- (i) Supporting School Education Program in India;
- (ii) Kerala Skills Development Project; and
- (iii) Supporting State-Level Skills Development Project (for Assam).⁴

8. These projects are all in the education sector, including TVET subsector, and have similar due diligence requirements. The TA facility approach is suitable as it will enhance project preparation efficiency, enable the incorporation of lessons in new project designs, and improve project implementation readiness by (i) allowing the same experts and consultants to be mobilized for similar due diligence activities, (ii) facilitating learning on project processing and implementation across different projects, (iii) creating synergies from working with common expertise and improving knowledge transfer, and (iv) strengthening coordination among various

³ ADB. 2019. *Country Operations Business Plan: India, 2020–2022*. Manila.

⁴ The project is not listed in the COBP, 2020–2022, since it was proposed for ADB financing after COBP finalization. The project proposal is currently undergoing government's approval process: it received approval from the Niti Aayog on 3 October 2019 and is waiting for official clearance from the Department of Economic Affairs for ADB to proceed with processing.

technical inputs and capacity building opportunities. Overall, this TA facility will reduce transaction costs compared to resources required for separate stand-alone transaction TA projects.

9. The TA facility will also support ongoing projects as required and agreed with the project's respective executing and implementing agencies. Given the varying and evolving implementation capacities, ongoing skills development projects often face unanticipated challenges, for example, in the areas of procurement and safeguards which require resources for assessments or mitigation measures. Technical and training support will be provided to ensure project sustainability and transfer of capacity and knowledge. Ongoing projects to be supported are the following:⁵

- (i) Supporting Human Capital Development in Meghalaya;
- (ii) Supporting Additional Skills Acquisition Program in Kerala;
- (iii) Himachal Pradesh Skills Development Project;
- (iv) Odisha Skills Development Project; and
- (v) Madhya Pradesh Skills Development Project.

B. Outputs and Activities

10. **Output 1: Quality education and skills development projects designed and project readiness achieved.** Technical expertise will be provided to support the preparation of selected investment projects for potential ADB financing. The scope of activities will cover (i) analytical studies such as sector assessments, demand assessments involving tracer and/or employer surveys, and stakeholder analysis as appropriate for each ensuing project; (ii) feasibility studies as required for the ensuing project; (iii) development of results frameworks or monitoring and evaluation frameworks; (iv) economic and financial assessments, and social, gender, and poverty analysis; (v) safeguard assessments including environment and social safeguards; and (vi) due diligence in financial management, procurement, plus other institutional arrangements for executing and implementing agencies. The output will also support ensuing projects to achieve project readiness through advance procurement activities.

11. **Output 2: Project implementation and management capacity of executing and implementing agencies improved.** Technical expertise and capacity building will be provided to selected executing and implementing agencies of ongoing skills development projects for successful implementation and sustainability. Support will be provided for common critical areas, such as setting up quality training facilities, specifications of quality training equipment, establishment of effective monitoring and evaluation systems, and ensuring financial management and procurement capacity for timely implementation and sustainability. Along with expert advice, seminars or workshops will be offered across multiple projects.

12. **Output 3: Capacity of executing and implementing agencies strengthened to apply innovative practices and technology solutions for project design and implementation.** Technical expertise and capacity building will be provided through learning and sharing of national and international best practices in education and TVET interventions, which can be incorporated into project designs for ensuing projects as well as during implementation of ongoing projects. The topics will cover such areas as the use of information and communication technology solutions or EdTech programs in classroom practices, teacher training, and leadership capacities, which aim to augment students' learning of foundation skills, technical skills, and soft skills. Support will be provided through seminars, workshops, and national and overseas study visits.

⁵ The approved Report and Recommendation of the President of the indicative ongoing projects are in Appendix 3.

C. Cost and Financing

13. The TA facility is estimated to cost \$1,100,000, of which \$1,000,000 will be financed on a grant basis by ADB's Technical Assistance Special Fund (TASF-other sources). The key expenditure items are listed in Appendix 1. The TA facility scope is expected to expand to cover other additional activities, consistent with the TA's outputs and activities, and be replenished from time to time as funds are required and identified.

14. The government will provide counterpart support in the form of counterpart staff, office space, workshop facilities, office supplies, secretarial and coordination assistance, and other in-kind contributions. The government was informed that approval of the TA does not commit ADB to finance ensuing projects.

D. Implementation Arrangements

15. The Department of Economic Affairs in the Ministry of Finance will be the executing agency of the TA facility. ADB through the South Asia Human and Social Development Division (SAHS) will be responsible for TA facility administration and will work closely with the executing and state line departments for the ongoing and planned projects. ADB will be responsible for the recruitment, management, and administration of all consultants financed by the TA facility. ADB will inform the Department of Economic Affairs and the relevant state line departments of selected consultants prior to their mobilization.

16. The TA facility will be implemented over 2.5 years, from January 2020 to June 2022. Disbursement under the TA facility will be in accordance with ADB's *Technical Assistance Disbursement Handbook* (2010, as amended from time to time).

17. The implementation arrangements are summarized in the table below.

Implementation Arrangements			
Aspects	Arrangements		
Indicative implementation period	January 2020–June 2022		
Executing agency	Department of Economic Affairs, Ministry of Finance		
Implementing agencies	National and state-level government agencies that are preparing ensuing projects and/or implementing ongoing projects. For practical purposes, the TA will be managed by ADB in close coordination with implementing agencies.		
Consultants	To be selected and engaged by ADB.		
	Firm: CQS	4 person-months	\$110,000
	Individual: ICS (international)	24 person-months	\$327,600
	Individual: ICS (national)	53 person-months	\$374,400
Disbursement	The TA resources will be disbursed following ADB's <i>Technical Assistance Disbursement Handbook</i> (2010, as amended from time to time).		

ADB = Asian Development Bank, CQS = consultant qualification selection, ICS = individual consultation selection, TA = technical assistance

Source: Asian Development Bank.

18. **Consulting services.** The TA facility will initially provide 77 person-months' consultant inputs (24 person-months international and 53 person-months national) to support the preparation

of ensuing projects and implementation of ongoing projects. The consultants will be recruited using individual consultant selection method and deployed based on the requirements of each project being prepared or implemented. Individual consultant selection, rather than firm selection, is considered appropriate, because the TA facility involves multiple activities that are not necessarily interdependent and will require a varied range of consultants and services. The TA facility will also recruit one firm to carry out demand assessments for ensuing skills projects, which may include a tracer study and/or an employer study depending on the availability of existing data and information. Since the work is considered a small assignment, the firm will be recruited using consultant qualification selection and bio-data technical proposal. ADB will engage consultants following the ADB Procurement Policy (2017, as amended from time to time) and its associated project administration instructions and/or staff instructions.⁶

II. THE PRESIDENT'S DECISION

19. The President, acting under the authority delegated by the Board, has approved the provision of technical assistance not exceeding the equivalent of \$1,000,000 on a grant basis to India for Supporting Education and Skills Development Facility and hereby reports this action to the Board.

⁶ Terms of Reference for Consultants (accessible from the list of linked documents in Appendix 3).

COST ESTIMATES AND FINANCING PLAN
(\$'000)

Item	Amount
A. Asian Development Bank^a	
1. Consultants	
a. Remuneration and per diem	
i. International consultants	327.6
ii. National consultants	354.4
b. Out-of-pocket expenditures	
i. International and local travel	52.0
ii. Training, seminars, and conferences	10.0
iii. Miscellaneous administration and support costs ^b	6.0
2. Surveys or studies	110.0
3. Training, seminars, and conferences	
a. Facilitators	20.0
b. Venue rental and related facilities	40.0
c. Participants ^c	30.0
4. Contingencies	50.0
Total	1,000.0

Note: The technical assistance (TA) is estimated to cost \$1,100,000, of which contributions amounting to \$1,000,000 from the Asian Development Bank are presented in the table. The government will provide counterpart support in the form of counterpart staff, office space, workshop facilities, office supplies, secretarial and coordination assistance, and other in-kind contributions. The value of the government contribution is estimated to account for \$100,000 or 9% of the total TA cost.

^a Financed by the Asian Development Bank's Technical Assistance Special Fund (TASF-other sources).

^b These include costs for research support, report preparation, communications, and consultations.

^c Travel and transportation allowances for participants.

Source: Asian Development Bank estimates.

PROJECTS UNDER TECHNICAL ASSISTANCE FACILITY
Table A2.1: Indicative Consultants' Input Allocation
(person-month)

Item	Ensuing Projects				Ongoing Projects				
	Total	A Complex	B Low risk	C Low risk	D Low risk	E Low risk	F Low risk	G Low risk	H Low risk
A. International									
Education sector specialist	5.0	5.0							
Skills planning and program specialist	4.0		1.0	2.0			1.0		
Institutional development specialist	4.0	2.0	1.0	1.0					
Advanced agriculture specialist	2.0			1.0			1.0		
Monitoring and evaluation specialist	3.0	2.0	1.0						
Financial management specialist	1.0	1.0							
Pool of international experts	5.0	1.0	0.5	1.0	0.5	0.5	0.5	0.5	0.5
Subtotal A	24.0	11.0	3.5	5.0	0.5	0.5	2.5	0.5	0.5
B. National									
Teacher development specialist	4.0	4.0							
Curriculum and assessment specialist	3.0	3.0							
EdTech and online education specialist	2.0	2.0							
Vocational education specialist	3.0	2.0	1.0						
Entrepreneurship development specialist	2.0		1.0	1.0					
Management information specialist	2.0	0.5	1.0	0.5					
Financial management specialist	4.0	0.5	1.0	1.0			0.5	0.5	0.5
Procurement specialist	4.0	1.0	0.5	1.0			0.5	0.5	0.5
Economist and project analyst	3.0	1.0	1.0	1.0					
Social development and gender specialist	3.0	1.0	1.0	1.0					
Environment safeguard specialist	3.0	0.5	1.0	1.0			0.5		
Architects and engineer	4.0		0.5	2.0	0.5	0.5	0.5		
Equipment expert	3.0		0.5	1.0			0.5	0.5	0.5
TA coordinator	8.0	3.0	1.5	3.0			0.5		
Pool of national experts	5.0	1.0	0.5	1.0	1.0	0.5	1.0		
Subtotal B	53.0	19.5	10.5	13.5	1.5	1.0	4.0	1.5	1.5
Total (A + B)	77.0	30.5	14.0	18.5	2.0	1.5	6.5	2.0	2.0

Note: The ensuing and ongoing projects are as follows:

A: Supporting School Education in India

B: Kerala Skills Development Project

C: Supporting State-Level Skills Development Project (Assam)

D: Supporting Human Capital Development in Meghalaya

E: Supporting Additional Skills Acquisition Program in Kerala

F: Himachal Pradesh Skills Development Project

G: Odisha Skills Development Project

H: Madhya Pradesh Skills Development Project

Source: Asian Development Bank estimates.

LIST OF LINKED DOCUMENTS

<http://www.adb.org/Documents/LinkedDocs/?id=53277-001-TARreport>

1. Terms of Reference for Consultants
2. Report and Recommendation of the President (RRP): Supporting Human Capital Development in Meghalaya
3. RRP: Supporting Additional Skills Acquisition Program in Kerala
4. RRP: Himachal Pradesh Skills Development Project
5. RRP: Odisha Skills Development Project
6. RRP: Madhya Pradesh Skills Development Project