# Program Implementation Document

# India: Supporting Kerala's Additional Skill Acquisition Program in Post-Basic Education

# CONTENTS

**PURPOSE OF THE PROGRAM IMPLEMENTATION DOCUMENT**

The developing member country (DMC) is wholly responsible for implementing the program supported by results-based lending (RBL). The Asian Development Bank (ADB) staff support the results based lending program design and implementation.

The program implementation document (PID) consolidates the essential program implementation information. The PID is a management tool which supports effective program implementation, monitoring, and reporting. It is developed throughout the program processing, and should be discussed with the DMC at Loan Negotiations. It is a living document that should be refined and kept up to date during program implementation.

**Abbreviations**

| | | |
|---|---|---|
| ADB | = | Asian Development Bank |
| ASAP | = | Additional Skill Acquisition Program |
| CSP | = | community skills park |
| DLI | = | disbursement-linked indicator |
| DOHE | = | Department of Higher Education |
| ESMF | = | environmental and social management framework |
| IT | = | information technology |
| JICA | = | Japan International Cooperation Agency |
| M&E | = | monitoring and evaluation |
| MIS | = | management information system |
| PPP | = | public–private partnership |
| RBL | = | results-based lending |
| SDC | = | skill development center |
| SPS | = | Safeguard Policy Statement |
| TA | = | technical assistance |

# I. PROGRAM DESCRIPTION

1.      Post-basic education prepares the youth for the world of work. However, in India, higher secondary schools and colleges have not addressed this critical link adequately. Their curriculum and pedagogy have not kept pace with the structural changes in the economy, requirements of the job market, and evolving youth aspirations. Even Kerala, which has the best education and health indicators in India, is struggling with high levels of unemployment coupled with low workforce participation rates, particularly among women.[1] In 2011–2012, Kerala's unemployment rate was 7.4% as compared to the national average of 2.3%.[2] Paradoxically, the unemployment rate in Kerala rises with the level of education. Recent estimates show that the unemployment rate was 6.1% for those with primary education, 12.4% for secondary school graduates, 33.7% for higher secondary school graduates, and 26% for degree holders, with women forming the majority of the unemployed.[3]

2.      Kerala's problem of "educated unemployment" reflects that its high literacy and school enrollment have not translated into the level of employability required by the market. The majority of Kerala's graduates lack fluency in English and familiarity with basic information technology (IT) skills—two key requirements for most jobs today. They are not provided much career counseling; nor do they have access to good quality and relevant vocational training. Between 2004 and 2011, while the share of the primary sector in Kerala's gross domestic product declined from 17.9% to 9.5%, and that of the secondary sector fell from 22.5% to 20.2%, the share of the tertiary sector increased from 59.6% to 70.3%.[4] However, Kerala's workforce has not been able to adjust to this rapid structural change. Nearly 32% of the workforce remains engaged in the low productivity primary sector and 29% in the secondary sector. Most of Kerala's current vocational training programs are government-run and focus on courses for plumbers, electricians, fitters, and lathe operators which offer limited job opportunities within Kerala. There are few training opportunities to prepare Kerala's youth for the fast-growing services sector. Consequently, Kerala's graduates are unable to compete effectively for modern jobs.

3.      In July 2012, the Government of Kerala launched the Kerala State Skill Development Project to enhance the employability of the youth, and prepare them for emerging job opportunities within and outside the state. As part of this flagship project, the Additional Skill Acquisition Program (ASAP) has been launched by the Department of Higher Education (DOHE) and the Department of General Education to provide relevant vocational training opportunities to grade 11 and 1st year undergraduate students (i.e., post-basic education) after regular teaching hours and during vacations. This will increase employability of the students and make them market-ready by the time they graduate thereby, addressing the problem of educated unemployment.[5]

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[1] Kerala is the 12th largest state of India with a population of 33.3 million. According to the 2011 Census, Kerala's literacy rate was 94%, against India's average of 73%. The gap between male and female literacy in Kerala was 4% (96% for males and 92% for females) against India's overall gap of 16% (81% for males and 65% for females). Kerala's infant mortality rate at 12 per 1,000 is the lowest in India.

[2] Government of India, Ministry of Statistics and Program Implementation. 2014. *National Sample Survey, 68th Round, 2011–2012*. New Delhi.

[3] Government of Kerala. 2012. *Kerala State Skill Development Preliminary Report, 2012.* Thiruvananthapuram.

[4] The primary sector includes agriculture, forestry, and fishing; the secondary sector: construction, manufacturing, and mining and quarrying; and the tertiary sector: hospitality, transport and communication, trade, banking, insurance, public administration, and other services.

[5] The Additional Skill Enhancement Program, designed by Kerala's Department of Labor and Employment and the Department of Local Self Government, addresses the "curative" aspect of the unemployment problem and focuses on reskilling unemployed youths registered with employment exchanges.

4.      The proposed loan reflects the priorities of the India country partnership strategy, 2013–2017, which seeks to reinforce India's efforts toward inclusive growth and recognizes education, with a focus on vocational training, as a new sector in Asian Development Bank (ADB)'s India operations.[6] It is aligned with the Midterm Review of Strategy 2020, which emphasizes the need for ADB to expand education sector lending by focusing on post-basic education and vocational training to develop human capital, and by facilitating public–private partnerships (PPPs) to leverage results.[7]

5.      The results-based lending (RBL) modality is appropriate for ASAP. Its design is innovative and in line with the vision of India's National Skill Development Policy, 2009 and the recommendations of the Kerala Skill-Gap Study, 2013.[8] There is strong ownership and commitment of the state government. DOHE established the ASAP secretariat in July 2012 to conceptualize and implement the program. As of 1 July 2014, fASAP is being piloted in 437 schools and colleges. It has enrolled 15,899 students, 56% of them females. Since ASAP's implementation involves multiple stakeholders (e.g., students, trainers, government departments, and industry partners) and diverse activities (e.g., industry engagement, youth mobilization, training, placement, and tracking of outcomes), the RBL modality will reduce transaction costs and focus on results. Moreover, detailed assessments confirm that Kerala's fiduciary and safeguards systems are reasonably robust. The government has also agreed to take measures to mitigate risk and improve its systems further. ADB will add value by improving ASAP's design and implementation further so that the program can be scaled up effectively and sustainably. It will help to strengthen industry engagement, facilitate PPPs in skills training, and support tracer studies to monitor results. This approach of exposing students at the post-basic education level to market-relevant vocational training could be replicated in other states of India that are struggling with low youth employability and high unemployment rates.

6.      The RBL program will help ASAP in providing Kerala's higher secondary and undergraduate students, enrolled in government and government-aided schools and colleges, with the opportunity to improve their English communication and basic IT and soft skills (i.e., the foundation courses), and to learn in-demand vocational skills outside regular hours and during vacations. It will help to scale up ASAP in a sustainable and results-oriented manner to nearly 900 schools and colleges across Kerala so that coverage increases to 310,000 students. The RBL will cover the first phase of ASAP, under which level 1 vocational certification, equivalent to levels 3–5 (i.e., basic diploma) of India's National Skills Qualification Framework, will be provided. From 2018 onwards, the state government plans to launch the second phase of ASAP under which certification at levels 2 and 3, equivalent to levels 6 and 7 (i.e., advanced diploma) of the National Skills Qualification Framework, will be provided (Table 1).

**Table 1: Program Scope**

| Item | Government Program (ASAP) | RBL Program |
|---|---|---|
| **Outcome** | Increased employability of ASAP certificate holders | Same as ASAP |
| **Key outputs** | (i)   Market-relevant vocational training introduced in post-basic education for ASAP level 1 certification (Phase 1) | (i)   Same as ASAP |

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[6]   ADB. 2013. *India: Country Partnership Strategy, 2013–2017.* Manila.
[7]   ADB. 2014. *Midterm Review of Strategy 2020: Meeting the Challenges of a Transforming Asia and Pacific*. Manila.
[8]   Government of India, National Skill Development Corporation. 2013. *District-wise Skill-Gap Study of Kerala, 2012–2022*. Delhi.

| Item | Government Program (ASAP) | | RBL Program | |
|---|---|---|---|---|
| | (ii) | Market-relevant vocational training introduced in post-basic education for ASAP levels 2 to 3 certification (Phase 2) | (ii) | Phase 2 not included under the RBL program |
| | (iii) | Access to quality vocational training enhanced (construction of 35 CSPs and renovation of up to 140 SDCs) | (iii) | Access to quality vocational training enhanced (construction of 35 CSPs and renovation of 30 SDCs) |
| | (iv) | Increased awareness and private sector participation facilitated | (iv) | Same as ASAP |
| | (v) | Improved program management and M&E | (v) | Same as ASAP |
| **Activity types** | (i) | Training for ASAP certification at levels 1, 2, and 3 | (i) | Training for ASAP level 1 certification |
| | (ii) | Kerala's training facilities expanded in line with market needs to facilitate private participation | (ii) | Same as ASAP |
| | (iii) | Outreach efforts | (iii) | Same as ASAP |
| | (iv) | Program management and M&E | (iv) | Same as ASAP |
| **Program expenditure** | $200 million[a] | | $147 million | |
| **Main financiers and respective shares** | Government of Kerala | | Government of Kerala (32%) Asian Development Bank (68%) | |
| **Geographic coverage** | Entire state of Kerala | | Entire state of Kerala | |
| **Implementation period** | From 2012–2022 | | 2014–2018 | |

ASAP = Additional Skill Acquisition Program, CSP = community skills park, M&E = monitoring and evaluation, RBL = results-based lending, SDC = skill development center.
[a] Government of Kerala estimate.
Source: Asian Development Bank.

## II. RESULTS AND DISBURSEMENT

### A. The Results-Based Lending Program's Overall Results

7. The impact of the proposed loan will be increased employment of Kerala's youth (aged 15–24 years). The outcome will be increased employability of ASAP certificate holders.[9] This will be achieved through the following outputs:[10]

(i) Output 1: Market-relevant vocational training introduced in post-basic education.
(ii) Output 2: Access to quality vocational training enhanced.
(iii) Output 3: Increased awareness and private sector participation facilitated.
(iv) Output 4: Improved program management and monitoring and evaluation (M&E).

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[9] Employability will be assessed through various channels, e.g., feedback from firms where ASAP trainees undertake internships, tracer studies, and employer surveys.
[10] The key outputs are designated as DLIs. Those that are important for outcome achievement but difficult to link to disbursement are included in the PAP (accessible from the list of linked documents in Appendix 2).

8.     The Program Results Framework is in Annex 1.

## B.     Disbursement-Linked Indicators

### 1.     Description of Disbursement-Linked Indicators

9.     The disbursement-linked indicator (DLI) matrix is in Annex 2 (Table 1).

## C.     Disbursement-Linked Indicator Verification Protocols

### 1.     Description of the Verification Protocols

10.     The DLI verification protocol is in Annex 2 (Table 2). A rigorous multi-level verification protocol, which includes provision for independent, third-party validation, has been established. The ASAP secretariat's program management information system (MIS) collects detailed data on all the DLIs. All receipts and payments made by ASAP are recorded in the secretariat's financial MIS. The MIS reports provide comprehensive information for verifying progress in terms of achieving the DLIs. The accompanying capacity development technical assistance (TA) will support the ASAP secretariat in undertaking periodic tracer surveys to assess whether the project is on track to achieve the desired results. The Accountants General (Audit) of Kerala will undertake annual independent audits of ASAP.

## D.     Disbursement Allocation and Status

11.     **Disbursement arrangements.** The ADB loan will be disbursed over 4 years subject to the achievement and verification of the DLIs. The initial disbursement will be after loan effectiveness and upon verification of the prior results. DOHE has put in much effort and resources for launching ASAP. As of 1 July 2014, it has designed 33 relevant courses, enrolled 15,899 students, engaged 101 program managers, prepared standard architectural designs for community skills parks (CSPs), empaneled 1,167 skill development executives to conduct foundation training, and initiated recruitment of training providers. Since these actions, taken over a period of 1 year before loan effectivity, provide a strong foundation for scaling up ASAP effectively, 20% of the loan will be released against these prior results. The subsequent disbursements will be made annually after the corresponding DLIs are met. The ASAP secretariat will submit withdrawal applications along with evidence verifying the achievement of the DLIs, and unaudited financial statements for the period concerned. Any amount not disbursed for unmet DLIs will be disbursed once they have been achieved. Partial disbursement is allowed for DLIs 1 and 3 as noted in the verification protocol. The loan funds will flow from ADB to the special account maintained by the Controller of Aids, Account, and Audit of the Government of India. It will then be transferred to the Finance Department of the state government, which will allocate it to DOHE. It will provide these funds to the ASAP secretariat for undertaking eligible expenditures.

### 1.     Expected Disbursement Allocation and Schedule

12.     The disbursement allocation and schedule is in Annex 2 (Table 3). Higher amounts are allocated to areas including quality, industry engagement, training, and M&E which will benefit the ASAP trainees directly.

## III. EXPENDITURE FRAMEWORK AND FINANCING

### A. Expenditure Framework

#### 1. Expected Expenditure Framework

13. **Program expenditures.** The RBL program expenditures are estimated at $147 million from 2014 to 2018. Around 72% will be spent on skills training, foundation courses, program management, industry engagement, and M&E, while 28% will help modernize and align Kerala's skills training facilities and align them to the requirements of the market.

**Table 2: Summary of Program Expenditure Framework (2012–2018)**
(in 2014 prices)

| Item | RBL Program | | ASAP | |
|---|---|---|---|---|
| | Amount ($ million) | Share of Total (%) | Amount ($ million) | Share of Total (%) |
| 1. Recurrent budget | 41 | 28 | 58 | 29 |
| 2. Capital budget | 106 | 72 | 142 | 71 |
| Civil works and equipment | 40 | 27 | 50 | 25 |
| Training and capacity development | 66 | 45 | 92 | 46 |
| **Total** | **147** | **100** | **200** | **100** |

ASAP = Additional Skill Acquisition Program, RBL = results-based lending.
Source: Asian Development Bank.

### B. Program Financing

#### 1. Expected Financing Plan

14. **Program financing.** The state government will provide $47 million for the RBL program. The Government of India has requested a loan of $100 million from ADB's ordinary capital resources to finance the RBL program. The financing plan is summarized in Table 3.

**Table 3: Program Financing Plan**

| Source | RBL Program | | ASAP | |
|---|---|---|---|---|
| | Amount ($ million) | Share of Total (%) | Amount ($ million) | Share of Total (%) |
| Government of Kerala | 47 | 32 | 100 | 50 |
| Asian Development Bank (ordinary capital resources) | 100 | 68 | 100 | 50 |
| **Total** | **147** | **100** | **200** | **100** |

ASAP = Additional Skill Acquisition Program, RBL = results-based lending.
Source: Asian Development Bank.

## IV. PROGRAM SYSTEMS AND IMPLEMENTATION ARRANGEMENTS

15. DOHE will be the executing agency and the ASAP secretariat has been constituted as the implementing agency under DOHE. The State-Level Empowered Committee (chaired by the chief secretary, state government) guides the implementation of ASAP. The additional chief secretary, DOHE is the convener of the Empowered Committee and the overall in charge of ASAP. The additional secretary, DOHE is the head of the ASAP secretariat, and supervises

program implementation. The secretariat has been in operation since July 2012. It has divisions focusing on strategic design, technical aspects, finance, quality control, training and program management, communication, research and documentation, and lifelong learning. The implementation period of the proposed loan is 1 January 2014 to 31 December 2018.

## A. Monitoring and Evaluation System

### 1. Summary of Monitoring and Evaluation System and Actions

16. **Monitoring and evaluation system.** The M&E assessment shows that the ASAP secretariat has a multipronged M&E system. The MIS captures and presents sex-disaggregated data on beneficiaries and other key indicators. The ASAP program managers regularly interface with the students and trainers, faculty of schools and colleges, and industry representatives; and supplement the quantitative data captured by the MIS with qualitative feedback and surveys. Video cameras will be installed at the CSPs and skill development centers (SDCs) to monitor training sessions and draw lessons. The capacity development TA will support tracer studies to assess employability and employment outcomes.

17. The DOHE (executing agency) and the ASAP secretariat (implementing agency) are committed to continuous and comprehensive M&E. The ASAP secretariat, which started functioning in July 2012, has a dedicated Quality Control Unit with six staff to focus on M&E.[11] A comprehensive MIS has been designed to collect sex-disaggregated data on different aspects of ASAP as indicated in Table 4 below. A user manual has been prepared for MIS to train ASAP staff in its use. The MIS became fully operational with effect from 1 August 2014.

### Table 4: Management Information System

| Report | Parameters on which information is collected |
|---|---|
| Institution (i.e., schools and colleges partnering with ASAP) | Details of institutions focusing on various parameters (e.g., location, courses offered, staff strength, student enrollment, batch size, names of PMs and SDEs); number of batches allocated to an institution and their nature (foundation courses and vocational courses); and details regarding affiliation with CSPs and SDCs |
| Student details | Basic student details (e.g., name, gender, age, socioeconomic background, academic background, performance in ASAP's foundation and vocational training, drop-out or not, status after exiting from ASAP) |
| Programs | Details of sector-specific vocational courses offered by training partners, curriculum content, and schedule of delivery; basic details on trainers and instructors and their background qualifications and experience |
| CSPs and SDCs | Details of CSPs and SDCs focusing on various parameters (e.g., location, courses offered, staff strength, student enrollment, batch size, targets, training providers); PPP partner (if any) for running the CSP and SDC |
| Staff | Basic details of PMs and SDEs; status of KPIs and deliverables assigned to PMs or SDEs such as status of courses, video monitoring of training, career counselling, follow-up with students, and targets |

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[11] The other business units within the ASAP secretariat focus on (i) strategy and design, (ii) research and analysis, (iii) training program management, (iv) finance and audit, (v) general administration, and (vi) lifelong learning.

| Report | Parameters on which information is collected |
|--------|----------------------------------------------|
| Training partners | Details of the training partners; details of MOU with ASAP (with timelines and deliverables); number of courses delivered and students trained; internships offered; and partnerships with industry associations |
| Industry partners or firms where ASAP trainees do their internships | Basic details of industry partners with various parameters (e.g., location, internships or courses offered, ASAP trainees enrolled; survey feedback to capture "satisfaction" with ASAP trainees (proxy for the "employability" of ASAP trainees at the end of the internship) |

ASAP = Additional Skill Acquisition Program, CSP = community skills park, KPI = key performance indicator, MOU = memorandum of understanding, PM = program manager, PPP = public–private partnership, SDC = skill development center, SDE = skill development executive.
Source: Asian Development Bank.

18.     The ASAP MIS will collect all the required information, which can then be sliced and analyzed from different perspectives: trainees (disaggregated by sex), trainers (including skill development executives and training providers disaggregated by sex), foundation and vocational courses, the individual CSPs and SDCs, and also by grouping the CSPs and SDCs by district. The district program managers and the staff of the schools and colleges that partner with ASAP enter information on the trainees under their purview directly into the web-based ASAP portal linked to the MIS. Likewise, the program managers, who are in charge of CSPs and SDCs, also enter information on all training activities. The ASAP MIS will thus, help the ASAP secretariat track of what is working well and what is not, and to take the required corrective action on time.

19.     The ASAP secretariat has also designed a protocol for capturing qualitative information on the effectiveness of its career counseling and training. First, the members of the ASAP secretariat and program managers visit ASAP classes at regular intervals to observe the quality of training delivery and interact with students, instructors, and principals to get feedback. Periodic surveys are undertaken so that the response of students and trainers is captured. Second, some random training courses are videotaped while in session so that qualified subject experts and evaluators can review the quality of pedagogy and training being imparted by the skill development executives and training instructors. The overall effectiveness of the training delivery is then judged on the basis of a composite score. Trainers receiving less than the qualifying score will be required to attend a "retraining" exercise, and be reassessed thereafter. If adequate improvement is not seen even after the retraining, alternative trainers will be engaged.

20.     The MIS and periodic stakeholder surveys and consultations will help to gather information on:

(i)     sector-specific skills and soft skills gained by the trainees, as captured and assessed at entry, midcourse, and at course conclusion;

(ii)    feedback of trainees on their learning experience and quality of the foundation and vocational training courses;

(iii)   feedback of the trainers on student participation and performance; and

(iv)    response of the institutions where ASAP trainees are offered internships and/or get employed.

21.     Based on the overall findings, changes can be made to the design of different courses and/or implementation modalities. The ASAP secretariat has also launched an online learning management system using the popular open-source software Moodle. The ASAP lifelong learning system will cater to the learning needs of both project officials and students. It will use innovative approaches like Massive Open Online Course to enhance reach and to train students and trainers. The ASAP secretariat has thus adopted a multidimensional strategy to ensure transparency, quality, and accountability while enhancing outreach.

22.     As discussed above, the ASAP MIS captures information on critical dimensions such as gender, inclusiveness (specifically of socially and economically marginalized or differently abled students), geographical spread, and sector of training. This will help track the outcome indicator and all output indicators, including the DLIs 2, 3, 4, 5, and 6. The MIS will facilitate evidence-based planning and help flag potential problems early on.

23.     The impact indicator is "increased employment of Kerala's youth," while the outcome indicator is "increased employability of ASAP certificate holders." Since some ASAP graduates may continue their education for another 1–2 years after getting the certificate, tracking employment outcomes (i.e., the impact) will be difficult. Similarly, the concept of "employability" is subjective and cannot be measured solely through an MIS, however well designed. It refers to a person's ability to gain and retain employment, and depends on a mix of factors: (i) a person's basic education; (ii) vocational skills relative to the needs of a particular job or market environment; (iii) awareness of and ability to access relevant job opportunities; and (iv) soft skills including interpersonal skills, work ethics, and fluency in the main business language. It is context-specific and affected by both supply and demand-side factors.

24.     The ASAP MIS is well designed and has been fully operational since 1 August 2014. The large team of program managers engaged by the ASAP secretariat regularly interface with the students and trainers, principals (of schools and colleges), and representatives of industry associations and sector skills councils, and supplement the quantitative data captured by the MIS with qualitative feedback and surveys. The capacity development TA will help the secretariat build on this information by designing and conducting rigorous tracer studies and surveys to measure and track employability and employment outcomes. It will also support skill-gap analysis to gauge demand for skilled workers within and outside Kerala.

### 2.     Monitoring and Evaluation System-Related Program Actions Status

25.     The following are the key M&E program actions:

(i)     Design of the M&E framework;

(ii)     Engagement of firm to undertake third-party validation of ASAP's performance and to track indicators listed in the results framework; and

(iii)     Regular reports prepared on the basis of MIS data and field surveys to inform planning and implementation of ASAP and verification of DLIs.

### B.     Fiduciary Systems

### 1.     Financial Management System

### a. Summary of the Financial Management System

26. **Fiduciary systems.** The fiduciary assessment confirms that the state government's rules and procedures for financial management, procurement, and anticorruption are in line with commonly accepted good practices. The Kerala Financial Code, 2008 provides the rules on financial procedures for government departments, including guidelines for procurement of goods and works. The ASAP secretariat has a separate Finance Unit with three full time staff. To mitigate potential risk and strengthen its financial management function further, the secretariat will recruit a chartered accountant by the end of October 2014. The financial MIS is operational, and all payments and receipts are being routed through it. An internal auditor has been appointed. The Accountants General (Audit) of Kerala will undertake annual audits of ASAP. Audited financial statements will be submitted within 6 months of the end of the fiscal year.

### b. Financial Management System-Related Program Actions Status

27. The following are the key financial management system-related program actions:

(i)     Regular internal audit;

(ii)    Regular external audit;

(iii)   Financial management manual to be prepared and relevant staff be trained, as required, to ensure effective use of the financial MIS;

(iv)    ASAP staff to attend financial management and related training workshops organized by ADB;

(v)     Preparation of annual budget and analysis of budget versus actuals, both in terms of value and physical performance; and

(vi)    Monitoring of fees from students and payment thereof.

### 2. Procurement System

### a. Summary of the Procurement System and Actions

28. The procurement capacity assessment and the procurement review for effective implementation confirm that the government's procurement framework is aligned with the principles of competition, efficiency, economy, transparency, fairness, and equal opportunity.[12] ASAP uses an e-procurement web portal to procure goods and consultants.[13] However, to prepare for the scaling up of ASAP under the proposed loan and mitigate potential risk, the ASAP secretariat will create a dedicated procurement unit, and recruit a procurement specialist by the end of October 2014. Additional staff will be recruited as required. They will focus solely on procurement to avoid any conflict of interest. The Guidelines to Prevent or Mitigate Fraud, Corruption, and Other Prohibited Activities in Results-Based Lending for Programs were explained to and discussed with the government and DOHE.[14]

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[12] Procurement Capacity Assessment and Procurement Review for Effective Implementation (accessible from the list of linked documents in Appendix 2).

[13] Procurement involving high-value contracts, where the value exceeds the amounts specified in ADB's policy on RBL, will be excluded. Procurement will not be undertaken from any non-ADB member country.

[14] ADB. 2013. *Piloting Results-Based Lending for Programs.* Manila.

**b.** **Procurement System-Related Program Actions Status**

29.     The following are the key procurement system-related program actions:

(i)     Adoption of standard bidding documents and procurement best practice embodying the principles of economy and efficiency, transparency, and fairness and equal opportunity, plus training for relevant staff and

(ii)    ASAP staff to attend procurement and related training workshops organized by ADB.

**3.     Anticorruption System**

**a.     Summary of Anticorruption System**

30.     Corruption risks are proportionate to opportunities for corruption. Opportunities for corruption arise when there is much room for making arbitrary decisions. The major corruption risk is in procurement. As explained in the procurement capacity assessment, ASAP has a good procurement system in operation. It follows a system of paying all its constituents (staff, program managers, skill development executives, institutions) through bank transfers, with cash payments limited to minor miscellaneous expenditures. This minimizes the scope for any irregularities. The Stores Purchase Manual, 2013 has provision for blacklisting firms that indulge in corrupt practices. Business dealings with a firm may be suspended or banned in the public interest by the competent authority in accordance with the provisions in the Standardized Code of Blacklisting prescribed by the central government, which is adopted on a reciprocal basis by the state government.

**b.     Anticorruption System-Related Program Actions Status**

31.      Through its built-in mechanisms of linking results to disbursement, ASAP provides an opportunity for ADB to ensure that funds are used appropriately for their intended purpose. ADB's anticorruption policy has been communicated to ASAP. This includes blacklisting of corrupt service providers and the monitoring role of ADB's Office of Anticorruption and Integrity.[15]

**C.     Satisfying Procurement Member Country Eligibility Restrictions**

32.     Procurement involving high-value contracts, where the value exceeds the amounts specified in ADB's policy on RBL will be excluded. Procurement will not be undertaken from any non-ADB developing member country.

**D.     Safeguard Systems**

**1.     Summary of Safeguard System and Actions**

33.     Construction of CSPs and upgrades of SDCs will take place only on vacant land available within premises owned by the state government. No new land will be acquired, nor will anyone be displaced in anticipation of ADB funding. The loan is categorized as C for involuntary

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[15] ADB. 2013. Staff Guidance for Piloting Results-Based Lending for Programs. (Appendix 7). Manila.

resettlement and B for environment. Since indigenous people constitute only 1% of Kerala's population, the categorization is C for indigenous people. A program safeguard systems assessment has been prepared to bridge the gaps between the national environmental regulatory framework and ADB's Safeguard Policy Statement (SPS) (2009).[16] Since the proposed subprojects (i.e., construction of CSPs) will cover built-up area of less than 20,000 square feet, the national environment framework does not require an environmental impact assessment, disclosure of initial environmental examination, or an environmental management plan on the part of the contractors. The ASAP secretariat has prepared an environmental and social management framework to fill the gaps and ensure compliance with the principles of the SPS (2009). All sites will be screened and environmental measures undertaken to mitigate noise, dust, and possible obstruction of drainage during construction. The ASAP secretariat will recruit an environment safeguard officer to ensure compliance.

34.     **Environmental impacts.** The refurbishment of existing SDCs and the construction of new CSPs may cause the following minor environmental impacts and risks: (i) site clearance and preparation; (ii) noise generation; (iii) dust generation; (iv) transport; (v) occupational hazards for construction workers and community; (vi) lack of drainage leading to soil erosion, sedimentation, and health hazards; (vii) contamination of ground water and surface water; (viii) waste generation; (ix) resource extraction; (x) damage to aesthetics of site and/or area; and (xi) stressed sanitary conditions.

35.     **Social impacts.** The program will bring distinct and clear benefits to communities living in the vicinity of the proposed CSP sites: (i) local development, (ii) promotion of social cohesion, (iii) promotion of gender equity, and (iv) regional equity.

### 2.     Safeguard System-Related Program Actions Status

36.     The program safeguard systems assessment shows that there are robust environment and social safeguard acts, rules, and notifications frameworks in India, at both the national and state levels (including in Kerala), which are aligned with international best practice. During the diagnostic assessment, the project team observed some gaps between the national regulatory framework and ADB's SPS (2009). The environmental and social management framework (ESMF) fills these gaps. A safeguards officer will be recruited within the ASAP secretariat who will (i) track all potential environmental and social issues that emerge during implementation of ASAP, especially with respect to the CSPs; (ii) screen potential CSP sites for environmental and social impacts; (iii) monitor the work of the contractors and ensure that the CSPs are operated in an environmentally and socially responsible manner; (iv) be responsible for quality, implementation, and monitoring of safeguards plans; and (v) undertake periodic consultations with communities adjoining the CSPs. Planning of remedies and mitigation measures for environmental and social impacts can be done in consultation with the communities, which would enhance their ownership of any mitigation measures. Establishment of the grievance redress mechanism will be helpful in this regard. Complaint proceedings and the outcome of inquiries will be recorded and shared with aggrieved parties.

37.     Knowledge sharing and training programs will be the key means to increase awareness of safeguards among stakeholders and CSP administrators and faculty. Handbooks, manuals, checklists, and safeguard plans and templates will be prepared in Malayali and English; and distributed at the CSP construction sites and at each of the district or town-level ASAP centers.

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[16] The assessment was discussed with key stakeholders. Its draft and final version are disclosed on the ADB website.

The training manuals and handouts will be updated periodically by including safeguards planning and compliance experiences.

38.     The following are the key safeguard system-related program actions:

  (i)     Adoption and implementation of the ESMF prepared to ensure that construction and upgrading of CSPs and SDCs is consistent with the policy principles of ADB's SPS (2009). The ESMF includes safeguard screening processes and a grievance redress mechanism.

  (ii)    Construction of CSPs and renovation of SDCs will follow the schedule indicated in the DLI matrix.

  (iii)   ASAP staff to attend safeguard workshops organized by ADB (from September 2014).

  (iv)    Awareness modules on social and environmental safeguards developed and introduced.

  (v)     Capacity development for subproject screening for environmental and social safeguards.

## E.     Gender and Social Dimensions

39.     ASAP has a strong pro-poor and gender focus. For vocational courses costing up to Rs10,000 (around $165 at prevailing exchange rate), disadvantaged students, who successfully complete the ASAP training and get a certificate, are exempted from paying the fees.[17] Successful students, who do not belong to disadvantaged groups, will pay 75% of the fee.[18] Students who do not complete the course will have to repay the entire fee in installments within 3–5 years. By offering vocational training courses focusing on the growing service sectors, ASAP will expand the career options for Kerala's women, within and outside the state. The network of CSPs and SDCs to be established across the state will make it easier for women to access quality training without having to travel far. By incorporating the different needs and aspirations of women and men in the career counseling and training modules, ASAP will promote gender parity in workforce participation (Program Action Plan 5). The DLI matrix and program action plan have sex-disaggregated baseline and target indicators justifying the "gender equity" categorization.

## F.     Development Coordination

40.     At the country level, ADB coordinates with all multilateral and bilateral development partners while designing the overall India assistance program. Interactions take place during programming meetings and sector consultations. While designing the proposed loan for Kerala, ADB organized a meeting of all development partners (Department for International Development, European Union, Deutsche Gesselschaft fur Internationale Zusammenarbeit, International Labour Organization, Japan International Cooperation Agency [JICA], and United Nations Educational, Scientific, and Cultural Organization) at the India Resident Mission on 20

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[17] Disadvantaged students include those below the poverty line and/or from socioeconomically backward groups.
[18] For courses with fees above Rs10,000, the fee portion up to Rs10,000 will be treated similarly. All students will pay the fee portion above Rs10,000 from their own sources.

April 2014. Representatives of the Australian High Commission and the Canadian High Commission also participated. The Australia India Education Council is facilitating bilateral cooperation in skills development. Australia's industry skills councils are working closely with the National Skill Development Corporation and have formed partnerships with India's sector skills councils in retail, mining, agriculture, telecommunications, and entertainment to prepare industry-led competency, accreditation, and training standards. Joint Australia–India skills conferences are being supported. JICA has not been directly involved in vocational training so far. However, given the growing investment by Japanese companies in India and Japan's support for infrastructure development programs, JICA is initiating dialogue with the National Skill Development Corporation and the Government of Tamil Nadu regarding ways to overcome the skills constraint. Japan has been supporting ADB's skills development initiatives through the Japan Fund for Poverty Reduction.

## V.     INTEGRATED RISKS AND MITIGATING MEASURES

### A.     Key Risks and Mitigating Measures

**Table 5: Status of Integrated Risk Assessments and Mitigating Measures**
**(As of October 2014)**

| Risks | Rating Without the Mitigating Measures | Key Mitigating Measures |
|---|---|---|
| **Results.** Challenge of measuring the outcomes in terms of both, enhanced employability (for the ASAP trainees who continue with higher education) and improved employment (for the ASAP trainees who opt to look for jobs soon after getting their certificates). | Moderate | Firm engaged under accompanying capacity development technical assistance will undertake tracer studies to assess employability and employment outcomes. A firm will be engaged to undertake independent assessment of results. This will help build on ASAP's strong MIS. |
| **Expenditure and financing.** Allocated funds not absorbed due to insufficient enrollment or limited industry participation, and sub-optimal use of training facilities constructed. | Moderate | ASAP will ensure that budgets are linked to physical targets and supported by detailed activities with milestones. It will review and update budgets regularly. The financial MIS will support analysis of financial and physical data.<br><br>ASAP will continue to engage with industry.<br><br>Viable public–private partnership arrangements will be designed such that industry recognizes the benefits of participating in ASAP.<br><br>Withdrawal applications will be accompanied by interim financial reports confirming that adequate expenditure has been incurred. |
| **Fiduciary** | | |
| **Financial management.** The Finance Unit of ASAP has one senior staff and three support staff. While this was adequate in the pilot phase, the unit needs to be | Substantial | The financial MIS was operationalized in August. A dedicated chartered accountant will be recruited by end-October 2014.<br><br>An internal auditor has been appointed and |

| Risks | Rating Without the Mitigating Measures | Key Mitigating Measures |
|---|---|---|
| strengthened before ASAP is scaled up. No internal or external audit has been conducted for the program. The ASAP secretariat currently does not have a dedicated financial management specialist. | | the Accountants General (Audit) office of Kerala has agreed to audit ASAP. First audited financial statements for FY2014 are expected by 30 October 2014.<br><br>Relevant staff of the ASAP secretariat will participate in the periodic workshops on financial management organized by ADB. |
| **Procurement.** Inadequate capacity to manage procurement for scaled up activities; selection methods and standard bid documents used to date are not aligned to international procurement practices. | High | A procurement consultant has been working with the ASAP secretariat since March 2014 to strengthen the state government's bidding documents for consultant recruitment and civil works contracting by drawing on international best practice. Expressions of interest and request for proposal formats have been adjusted. A dedicated procurement specialist will be recruited by the end of October 2014.<br>The ASAP secretariat will create a dedicated procurement unit and recruit and/or post additional 5-6 staff to focus solely on procurement so that any potential conflict of interest is avoided.<br><br>Relevant staff of the ASAP secretariat will participate in periodic workshops on procurement organized by ADB. |
| **Corruption.** Scope for corruption in procurement of consultants for skills training and in execution of civil work contracts | Low | Adequate internal control mechanisms and checks and balances exist. All payments are made through bank transfers, barring petty cash payments. The Stores Purchase Manual provides for blacklisting of entities that indulge in corrupt practices. A robust procurement system is also in place. |
| **Safeguards** | | |
| Since the loan will involve some civil works for the construction of CSPs and renovation of SDCs, it is categorized as B for environment.<br><br>The RBL is categorized as C for involuntary resettlement and C for indigenous people. | Low | The program safeguard systems assessment confirms that Kerala has sound policy and regulatory frameworks covering environment and social dimensions of development projects. A retired chief engineer of the state government's Public Works Department has joined the ASAP secretariat to supervise the civil works. He is well aware of the environmental rules and regulations. A detailed environmental and social safeguard framework has been prepared to guide the overall implementation of the project. The ASAP secretariat will recruit an environmental safeguard officer to ensure safeguards compliance.<br><br>Relevant staff of the secretariat will |

| Risks | Rating Without the Mitigating Measures | Key Mitigating Measures |
|---|---|---|
| | | participate in the periodic safeguards training workshops organized by ADB. |
| **Other Risk** | | |
| Difficulty in getting good quality and experienced training providers for all the relevant vocational trades. | Moderate | Organize more pre-bid conferences for training providers and strengthen engagement of SSCs. |
| **Overall RBL Program Risk** | **Moderate** | |

ADB = Asian Development Bank, ASAP = Additional Skill Acquisition Program, CSP = community skills park, MIS = management information system, RBL = results-based lending, SDC = skill development center, SSC = sector skills council.
Source: Asian Development Bank.

## VI.    PROGRAM ACTION PLAN

### A.    Status of Program Action Plan

#### Table 6: Status of Program Action Plan
(As of October 2014)

| Actions | Responsible Agency | Time Frame for Implementation |
|---|---|---|
| **Area 1: Program Technical Aspects** | | |
| 1.1 Regular review and analysis of enrollment levels and feedback of candidates in vocational courses so that appropriate revisions can be made to ensure continued relevance of ASAP courses | ASAP secretariat with support from the capacity development TA attached to the loan | Ongoing |
| 1.2 Institutionalized outreach activities for specific stakeholders (e.g., students, school and college faculties, industry associations, SSCs, and specific industries) | | By mid-2015 |
| 1.3 Skill-gap analysis to ascertain demand for skilled labor within and outside Kerala so that ASAP courses can be designed accordingly | | By mid-2016 |
| 1.4 Demand mapping of CSPs and SDCs to update menu of courses to be offered | | |
| 1.5 Design of PPP options for outsourcing O&M of CSPs | | By mid-2015 |
| 1.6 Quality assurance system established and operational | | As indicated in the results framework |
| 1.7 Design of level 2 and 3 certificate courses initiated | | By end 2015 |
| **Area 2: Financial Management** | | |
| 2.1 Regular internal audit | ASAP secretariat with support from the periodic capacity development workshops organized by ADB's India Resident Mission | Quarterly |
| 2.2 Regular external audit | | Annual |
| 2.3 Financial management manual to be prepared and relevant staff be trained, as required, to ensure effective use of the financial MIS | | By end-2014 |
| 2.4. ASAP staff to attend financial management and related training workshops organized by ADB | | As scheduled |
| 2.5 Preparation of annual budget and analysis of budget versus actuals, both in terms of value and physical performance | | Ongoing |
| 2.6 Monitoring of fees from students and payment thereof | | |

| Actions | Responsible Agency | Time Frame for Implementation |
|---|---|---|
| **Area 3: Procurement** | | |
| 3.1 Adoption of standard bidding documents and procurement best practices embodying the principles of economy and efficiency, transparency, and fairness and equal opportunity, plus training for relevant staff | ASAP secretariat | By end-2014 |
| 3.2 ASAP staff to attend procurement and related training workshops organized by ADB | | As scheduled |
| **Area 4: Monitoring and Evaluation** | | |
| 4.1 Design of the monitoring and evaluation framework | ASAP secretariat with support from the capacity development TA attached to the loan | By mid-2015 |
| 4.2 Engagement of firm to undertake third-party validation of ASAP's performance and to track indicators listed in the results framework | | By third quarter 2015 |
| 4.3 Regular reports prepared on the basis of MIS data and field surveys to inform planning and implementation of ASAP and verification of DLIs | | Ongoing |
| **Area 5: Gender** | | |
| 5.1 Development of vocational courses and provision of career counseling to meet the differential needs and aspirations of females and males | ASAP secretariat with support from the capacity development TA attached to the loan | |
| 5.2 Reports on relevant indicators from results framework and DLI matrix on sex-disaggregated basis using ASAP MIS data | | Annual |
| 5.3 Gender-sensitive facilities in the CSPs and SDCs (separate sanitation facilities and easy access for physically impaired) | ASAP secretariat | |
| 5.4 At least 50% of program managers and SDEs to be women | ASAP secretariat | Ongoing |
| 5.5 Gender sensitivity orientations and training workshops for program managers, SDEs, and service providers to ensure that provision of vocational courses is handled in a gender-sensitive manner | ASAP secretariat with support from the capacity development TA attached to the loan | |
| 5.6 Gender sensitivity workshops for the private sector to encourage them to demand and hire more women graduates | | |
| **Area 6: Safeguards** | | |
| 6.1 Adoption and implementation of the ESMF prepared to ensure that construction and upgrading of CSPs and SDCs is consistent with the policy principles of ADB's Safeguard Policy Statement (2009). The ESMF includes safeguard screening processes and a grievance redress mechanism. 6.2 Construction of CSPs and renovation of SDCs will follow the schedule indicated in the DLI matrix 6.3 ASAP staff to attend safeguard workshops organized by ADB (from September 2014) 6.4 Awareness modules on social and environmental safeguards developed and introduced 6.5 Capacity development for subproject screening for environmental and social safeguards | ASAP secretariat with support from ADB consultants | Ongoing |

ADB = Asian Development Bank, ASAP = Additional Skill Acquisition Program, CSP = community skills park, DLI = disbursement-linked indicator, ESMF = environmental and social management framework, MIS = management information system, O&M = operation and maintenance, PPP = public–private partnership, SDC = skill development center, SDE = skill development executive, SSC = sector skills council, TA = technical assistance.
Source: Asian Development Bank.

## VII.    TECHNICAL ASSISTANCE

### A.    Summary

41.    The proposed capacity development TA is being processed at the request of the DOHE and the ASAP secretariat in support of the ADB-funded RBL program, Supporting Kerala's Additional Skill Acquisition Program in Post-Basic Education. DOHE is the executing agency and the ASAP secretariat is the implementing agency for the proposed ADB loan. The TA will accompany the loan. The results framework, implementation arrangements, cost estimate, and terms of reference of the TA were discussed with DOHE and the ASAP secretariat during the fact-finding mission (9–24 June 2014) and have been cleared by them.[19]

42.    ASAP has been designed to complement post-basic education (higher secondary [grades 11 and 12] and undergraduate college) with market-driven vocational training and career counseling to make it more employment-oriented. The proposed loan will reinforce ASAP's efforts to provide the disadvantaged youth of Kerala, enrolled in government and government-aided schools and colleges, with the opportunity to improve their English communication and basic IT and soft skills, and to gain proficiency in vocational skills focusing on the high-growth service sector and emerging technology areas. By providing additional skills and career counseling, ASAP will enhance the employability of the youth while they pursue post-basic education. The impact of the loan will be increased employment of Kerala's youth aged 15–24. The outcome will be increased employability of ASAP certificate holders. If ASAP is successful, it will provide a replicable model for other states that are struggling with low employability of graduates. However, significant capacity development will be required to ensure successful implementation and sustainability of the reforms initiated by ASAP. The proposed TA is being designed to provide the required support. It will be implemented over 2 years, from April 2015 to April 2017.

43.    The TA will support the following major outputs and related activities: (i) market-relevant vocational training offered, (ii) PPPs formed to strengthen industry engagement, and (iii) capacity for monitoring and evaluation, mainstreaming of gender concerns, and knowledge dissemination strengthened.

### B.    Implementation Status

44.    DOHE will be the executing agency and the ASAP secretariat will be the implementing agency. The secretariat has been operating since July 2012. A State Level Empowered Committee (under the chairmanship of the chief secretary, state government) has been formed to guide the implementation of ASAP. The additional chief secretary, DOHE is the convener of this committee and is overall in charge of ASAP. Program implementation is supervised by the additional secretary, DOHE, who also heads the ASAP secretariat.

### C.    Consulting Service Requirement

45.    ADB will engage a national consulting firm to provide 96 person-months of inputs (24 person-months international, 72 person-months national). The selection and engagement of consultants will be carried out in accordance with ADB's Guidelines on the Use of Consultants (2013, as amended from time to time). The consulting firm will be selected on the basis of full technical proposal in accordance with the quality- and cost-based selection procedures. Given

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[19] The TA first appeared in the business opportunities section of ADB's website on 20 June 2014.

the highly specialized nature of some of the proposed TA tasks, a quality–cost ratio of 90:10 will be followed. The outline terms of reference for consultants are accessible from the list of linked documents in the Report and Recommendation of the President (Appendix 2). All disbursements under the TA will be done in accordance with ADB's *Technical Assistance Disbursement Handbook* (2010, as amended from time to time). All TA-financed goods and equipment such as computers, facsimile machine, multimedia projector, photocopier, printer, and other required items will be procured in accordance with ADB's Procurement Guidelines (2013, as amended from time to time). The procured equipment will be handed over to the ASAP secretariat upon TA completion. The TA will be implemented over 24 months, expected to be from April 2015 to April 2017.

46.     The outline terms of reference for consultants is in Annex 3.

## VIII.    ACCOUNTABILITY MECHANISM

47.     The Accountability Mechanism provides an independent forum and process whereby people adversely affected by ADB-assisted operations can voice, and seek a resolution of their problems, as well as report alleged violations of ADB's operational policies and procedures.[20] People who are, or may in the future be, adversely affected by a program supported by RBL may submit complaints to ADB's Accountability Mechanism (2012).

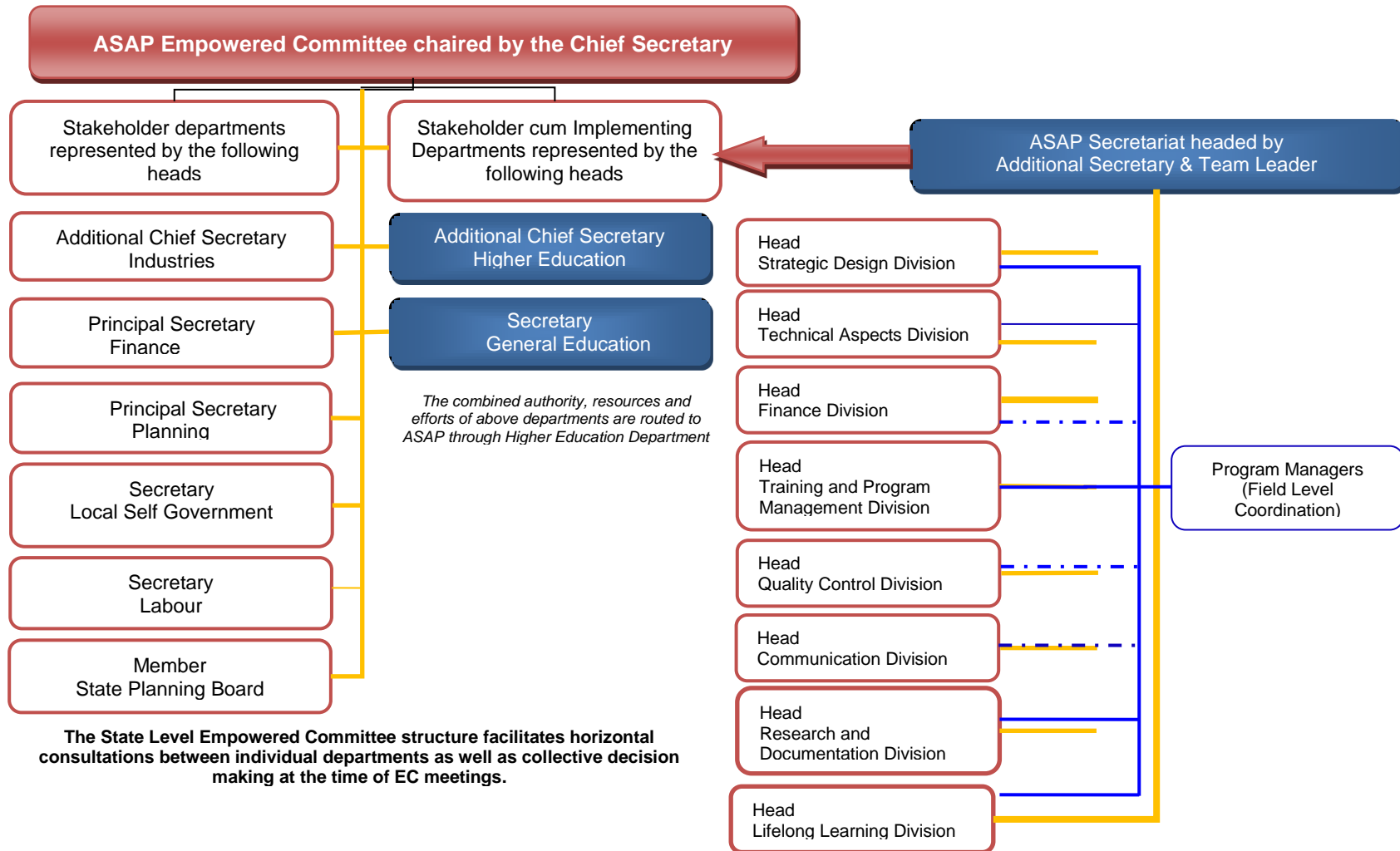48.     Before submitting a complaint to the Accountability Mechanism, affected people should make a good faith effort to resolve their problems and/or issues by working with the concerned ADB operations department. Only after doing that, and if they are still dissatisfied, they approach the Accountability Mechanism.

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[20] ADB. 2012. *Review of the Accountability Mechanism Policy*. Manila.

## IX.     PROGRAM ORGANIZATIONAL STRUCTURE AND FOCAL STAFF

### A.     Organizational Structure

49.     Below are the essential reporting lines in implementation.

**ASAP Empowered Committee chaired by the Chief Secretary**

Stakeholder departments represented by the following heads

Stakeholder cum Implementing Departments represented by the following heads

**ASAP Secretariat headed by Additional Secretary & Team Leader**

Additional Chief Secretary Industries

Additional Chief Secretary Higher Education

Head Strategic Design Division

Principal Secretary Finance

Secretary General Education

Head Technical Aspects Division

Principal Secretary Planning

*The combined authority, resources and efforts of above departments are routed to ASAP through Higher Education Department*

Head Finance Division

Secretary Local Self Government

Head Training and Program Management Division

Program Managers (Field Level Coordination)

Secretary Labour

Head Quality Control Division

Member State Planning Board

Head Communication Division

**The State Level Empowered Committee structure facilitates horizontal consultations between individual departments as well as collective decision making at the time of EC meetings.**

Head Research and Documentation Division

Head Lifelong Learning Division

**B.      Program Officers and Focal Persons**

**1.      Initial Arrangements**

**Table 7: Program Officers and Focal Persons**
**(As of October 2014)**

| Number | Key Government Staff and Positions | Key ADB Staff and Positions |
|---|---|---|
| 1 | Dr. K M Abraham I.A.S<br>Additional Chief Secretary<br>Additional Skill Acquisition Program<br>Department of Higher Education<br>Government of Kerala<br>3rd Floor, Trans Towers, Vazhuthacaud<br>Thiruvananthapuram, Kerala, 695014<br>abrahamkm.prlsecretary@gmail.com | Sungsup Ra, Director<br><br>Shamit Chakravarti<br>Social Sector Economist<br><br>Human and Social Development Division<br>South Asia Department |
| 2 | George Thomas K<br>Additional Secretary<br>Additional Skill Acquisition Program<br>Department of Higher Education<br>Government of Kerala<br>3rd Floor, Trans Towers, Vazhuthacaud<br>Thiruvananthapuram, Kerala, 695014<br>gkuzhiveli@gmail.com | |

**ANNEX 1**

**PROGRAM RESULTS FRAMEWORK**
(As of October 2014)

| Results Indicators | DLI (Yes/No) | Baseline Value | Baseline Year | Target Values of Results Indicators | | | | |
|---|---|---|---|---|---|---|---|---|
| | | | | 2014 | 2015 | 2016 | 2017 | 2018 |
| **Outcome: Increased employability of ASAP certificate holders** | | | | | | | | |
| DLI 1: Increased employability of female and male ASAP certificate holders[a] | Baseline available in 2016 (outcome disaggregated by sex and socioeconomic background of beneficiary) | 2016 | | | | Baseline | Employability of female and male ASAP certificate holders improves by 5% relative to their respective baselines | Employability of female and male ASAP certificate holders improves by 10% relative to their respective baselines |
| **Outputs** | | | | | | | | |
| **Output 1: Market-relevant vocational training introduced in post-basic education** | | | | | | | | |
| 1.1. Number of new or updated industry-accredited vocational courses offered (cumulative) | Yes | 33 | July 2014 | 33 | 43 | 50 | 55 | 60 |
| 1.2 Number of students enrolled in vocational courses during vacation | No | 3,000 | 2013 | 3,500 | 13,500 | 28,500 | 43,500 | 60,000 (Female: 55%; disadvantaged students: 55%)[1] |
| **Output 2: Access to quality vocational training enhanced** | | | | | | | | |
| 2.1 (i) CSPs with modern training facilities, gender-friendly design, and | Yes | 0 | 2013 | Standard design for CSPs completed | | (i) 14 CSPs | (i) 14 CSPs | (i) 7 CSPs |

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[1] Disadvantaged students include those who are below the poverty line and/or from a socioeconomically-backward segment according to government records.

| Results Indicators | DLI (Yes/No) | Baseline Value | Baseline Year | Target Values of Results Indicators | | | | |
|---|---|---|---|---|---|---|---|---|
| | | | | 2014 | 2015 | 2016 | 2017 | 2018 |
| easy access for physically impaired made operational<br><br>(ii) Number of SDCs renovated to specified standards | | 0 | 2013 | Process of selecting firm for preparing site-specific designs initiated | (ii) 10 SDCs | (ii) 10 SDCs | (ii) 10 SDCs | |
| 2.2 Proportion of CSPs for which O&M is outsourced to private partners (cumulative basis as a share of the number of CSPs established and operationalized) | No | None | 2013 | | | 25% | 30% | 40% |
| **Output 3: Increased awareness and private sector participation facilitated** | | | | | | | | |
| 3.1 Number of students enrolled for ASAP level 1 courses (cumulative) | Yes | 15,899 students (Female-56%; Disadvantaged - 55%) | July 2014 | 15,889 | 30,000 | 61,886 | 65,000 | 173,058 (Female: 60%, disadvantaged students – 60%) |
| 3.2 Number of MOUs signed with schools and colleges (cumulative) | No | 102 schools and colleges | 2013 | 437 | 600 | 750 | 875 | 900 |
| 3.3 Number of private training providers engaged under ASAP (cumulative basis) | Yes | None | 2012 | | 12 | 15 | 18 | 20 |
| 3.4 Number of MOUs with SSCs, industry partners, and prospective employers established | No | 12 MOUs | 2013 | 15 | 19 | 24 | 28 | 30 |
| **Output 4: Improved program management and M&E** | | | | | | | | |
| 4.1 Experienced | No | 4 finance staff | 2013 | 1 CA and | | | | |

| Results Indicators | DLI (Yes/No) | Baseline Value | Baseline Year | Target Values of Results Indicators | | | | |
|---|---|---|---|---|---|---|---|---|
| | | | | 2014 | 2015 | 2016 | 2017 | 2018 |
| program management (including CA, FM specialist, and procurement specialists) staff engaged | | and 1 procurement staff | | 1 procurement specialist | | | | |
| 4.2 Number of SDEs empaneled | Yes | 1,167 (67% females) | June 2014 | 1,200 | 1,500 | 1,750 | 2,000 | |
| 4.3 ASAP MIS (including financial MIS) to monitor implementation and gender and social inclusion targets operationalized | No | None | 2013 | ASAP MIS (including financial MIS) operationalized | | | | |
| 4.4 Quality assurance system established and operationalized | No | Quality Assurance Manual prepared | 2013 | VMS installed in select SDCs | 25 quality assessors empaneled | 40 quality assessors empaneled; firm for undertaking third-party validation engaged | 60 quality assessors empaneled; VMS installed in select CSPs/SDCs; tracer studies and M&E surveys | Tracer studies and M&E surveys |

ASAP = Additional Skill Acquisition Program, CA = chartered accountant, CSP = community skills park, DLI = disbursement-linked indicator, FM = financial management, M&E = monitoring and evaluation, MIS = management information system, MOU = memorandum of understanding, O&M = operation and maintenance, SDC = skill development center, SDE = skill development executive, SSC = sector skills council, VMS = video monitoring system.

[a] Employability refers to a person's ability to gain and retain employment. It depends on a mix of factors: (i) a person's basic education; (ii) vocational skills relative to the needs of a particular job or market environment; (iii) awareness of and ability to access relevant job opportunities; and (iv) soft skills including interpersonal skills, work ethics, and fluency in the main business language. It is context-specific and affected by both supply and demand-side factors. Most Additional Skill Acquisition Program (ASAP) certificate holders will not look for jobs immediately because they may wish to complete their education. Under the accompanying capacity building technical assistance, an index of employability will be designed and tested. It will draw on multiple sources—feedback from firms where ASAP trainees undertake internships, employer surveys, and tracer studies to establish a baseline (by 2016). This will be tracked over time to assess and improve the effectiveness of ASAP's design and implementation so that the overall employability of its certificate holders improves. ASAP certificate holders, who wish to look for jobs soon after getting their certificates instead of continuing with higher education, will be tracked to assess whether or not they are able to get placed within a reasonable time.

Source: Asian Development Bank.

**ANNEX 2**

**DISBURSEMENT-LINKED INDICATORS, VERIFICATION PROTOCOLS, AND DISBURSEMENT SCHEDULE**

**Table 1: Disbursement-Linked Indicators**
**(As of October 2014)**

| Disbursement-Linked Indicators | Baseline Value | Baseline Year | Target Values | | | | |
|---|---|---|---|---|---|---|---|
| | | | September 2014 | July 2015 | July 2016 | July 2017 | July 2018 |
| **Outcome: Increased employability of ASAP certificate holders** | | | | | | | |
| DLI 1: Increase in the employability rate of ASAP male and female trainees over the 2016 baseline[a] | Baseline available in 2016 (outcome disaggregated by sex and socioeconomic background of beneficiary) | 2016 | | | Baseline | Employability rate of male and female trainees improves by 5% relative to their respective baselines | Employability rate of male and female trainees improves by 10% relative to their respective baselines |
| **Outputs** | | | | | | | |
| **Output 1: Market-relevant vocational training introduced in post-basic education** | | | | | | | |
| DLI 2: Number of new or updated industry-accredited vocational courses offered (cumulative) | 33 courses | July 2014 | 33 | 43 | 50 | 55 | 60 |
| **Output 2: Access to quality vocational training enhanced** | | | | | | | |
| DLI 3: (i) CSPs with modern training facilities, gender-friendly design, and easy access for physically impaired made operational (ii) Number of SDCs | (i) 0 (ii) 0 | (i) 2013 (ii) 2013 | Standard design for CSPs completed. Process of selecting firm for preparing site-specific designs | (i) 0 CSPs (ii) 10 SDCs | (i) 14 CSPs (ii) 10 SDCs | (i) 14 CSPs (ii) 10 SDCs | (i) 7 CSPs (ii) 0 SDCs |

| Disbursement-Linked Indicators | Baseline Value | Baseline Year | Target Values | | | | |
|---|---|---|---|---|---|---|---|
| | | | September 2014 | July 2015 | July 2016 | July 2017 | July 2018 |
| renovated to specified standards | | | initiated. | | | | |
| **Output 3: Increased awareness and private sector participation facilitated** | | | | | | | |
| DLI 4: Number of students enrolled in ASAP level 1 courses (cumulative) | 15,899 students (Baseline: female = 56%; disadvantaged = 55%) | July 2014 | 15,899 | 30,000 | 61,886 | 65,000 | 173,058 (female = 60%, disadvantaged = 60%) |
| DLI 5: Number of private training providers engaged under ASAP increased (cumulative) | 0 | 2012 | — | 12 | 15 | 18 | 20 |
| **Output 4: Improved program management and M&E** | | | | | | | |
| DLI 6: Number of SDEs empaneled increased (cumulative basis) | 1,167 (female = 67%) | June 2014 | 1,200 | 1,500 | 1,750 | 2,000 | — |

ASAP = Additional Skill Acquisition Program, CSP = community skills park, DLI = disbursement-linked indicator, M&E = monitoring and evaluation, SDC = skill development center, SDE = skill development executive.

[a] Employability refers to a person's ability to gain and retain employment. It depends on a mix of factors: (i) a person's basic education; (ii) vocational skills relative to the needs of a particular job or market environment; (iii) awareness of and ability to access relevant job opportunities; and (iv) soft skills including interpersonal skills, work ethics, and fluency in the main business language. It is context-specific and affected by both supply and demand-side factors. Most ASAP certificate holders will not look for jobs immediately because they may wish to complete their education. Under the accompanying capacity building technical assistance, an index of employability will be designed and tested. It will draw on multiple sources — feedback from firms where ASAP trainees undertake internships, employer surveys, and tracer studies to establish a baseline (by 2016). This will be tracked over time to assess and improve the effectiveness of ASAP's design and implementation so that the overall employability of its certificate holders improves. ASAP certificate holders, who wish to look for jobs soon after getting their certificates instead of continuing with higher education, will be tracked to assess whether or not they are able to get placed within a reasonable time.

Source: Asian Development Bank.

## Table 2: Disbursement-Linked Indicator Verification Protocols
(As of October 2014)

| Disbursement-Linked Indicators | Definition and Description of Achievement | Information Source and Frequency | Verification Agency and Procedure | Verification Time Frame |
|---|---|---|---|---|
| **Outcome: Increased employability of ASAP certificate holders** | | | | |
| DLI 1: Increase in the employability rate of ASAP male and female trainees over the 2016 baseline | Percentage of ASAP trainees certified as employable by firms offering internships<br><br>Employability is defined as ASAP certificate holders having skills proficiency equivalent to NSQF levels 3–5 (diploma) adequate for entry-level employment in the respective sector. ASAP will issue detailed definition of employable skills and evaluation format to be used by the firms offering internship by December 2014.<br><br>Partial disbursement: Subject to the achievement of a minimum of 60% of the targeted increment, ADB will disburse an amount proportional to the result achieved. For example, for 70% achievement of the targeted increment, 70% of the earmarked amount will be released. | (i) ASAP annual report, which consolidates evaluation on employability of ASAP students by the firms offering internships. Frequency of feedback from the firms: after the completion of each internship program.<br><br>(ii) Third-party validation of the evaluation reports prepared by the firms | Third-party validation agency will be engaged by ASAP using loan funds<br><br>Terms of reference and requirements for third-party validation (including selection criteria) will be discussed between ASAP and ADB, and finalized by March 2015 | Evaluation reports of firms offering internships (by July)<br><br>ASAP's DLI achievement report, which consolidates the findings and reports to ADB (by September) |
| **Outputs** | | | | |
| **Output 1: Market-relevant vocational training introduced in post-basic education** | | | | |
| DLI 2: Number of new or updated industry-accredited vocational courses offered (cumulative) | New courses introduced and existing courses revised by ASAP and the training providers: vocational courses for which there is strong demand for female workers will be prioritized. Existing courses will be revised in accordance with the emerging needs of industries and sectors relevant for ASAP. | ASAP Annual Report<br><br>ASAP training brochures<br><br>NSDC or SSC certification of the respective courses | ASAP, through periodic reporting and annual reports, documents the evidence and process adopted for ensuring delivery of industry-accredited courses and in making curriculum revisions. ASAP also | ASAP will share its periodic DLI achievement reports by July |

| Disbursement-Linked Indicators | Definition and Description of Achievement | Information Source and Frequency | Verification Agency and Procedure | Verification Time Frame |
|---|---|---|---|---|
| | | | verifies and documents the facts pertaining to industry accreditation of training pro-run programs based on evidence provided by the respective training providers. | |
| **Output 2: Access to quality vocational training enhanced** | | | | |
| DLI 3: (i) CSPs with modern training facilities, gender-friendly design, and easy access for physically impaired made operational<br><br>(ii) Number of SDCs renovated to specified standards | (i) Prior result: standard design for CSPs completed. Process of selecting firm for preparing site-specific designs initiated by end-October 2014.<br><br>(ii) Number of CSPs constructed, furnished, and operationalized according to standards mutually agreed upon by ASAP and ADB. Program managers and SDEs are assigned to initiate training activities.<br><br>(iii) Number of SDCs renovated according to standards mutually agreed upon by ASAP and ADB.<br><br>Partial disbursement: Subject to the achievement of a minimum of 60% of the overall target of CSPs and SDCs, ADB will disburse an amount proportional to the degree of achievement. For example, for 70% achievement, 70% of the earmarked amount will be released. | ASAP reports certifying the number of CSPs established and SDCs renovated, according to the agreed standards. | ADB and ASAP mission will conduct a random verification of CSP operation and utilization.<br><br>ADB may hire an independent expert to verify the quality of operation of CSPs. | ASAP will share its periodic DLI achievement reports by July |
| **Output 3: Increased awareness and private sector participation facilitated** | | | | |
| DLI 4: Number of students | Number of students enrolled for | ASAP MIS | ADB and ASAP | ASAP will share its |

| Disbursement-Linked Indicators | Definition and Description of Achievement | Information Source and Frequency | Verification Agency and Procedure | Verification Time Frame |
|---|---|---|---|---|
| enrolled in ASAP level 1 courses (cumulative) | ASAP's level 1 courses<br><br>Partial disbursement: subject to the achievement of a minimum of 60% of the targeted increment, ADB will disburse an amount proportional to the result achieved. For example, for 70% achievement of the targeted increment, 70% of the earmarked amount will be released. | | mission will review institutional level enrollment details as consolidated within the MIS and reported against the set annual targets. | periodic DLI achievement reports by July |
| DLI 5: Number of private training providers engaged under ASAP increased (cumulative) | Number of contracts signed between ASAP and private training providers and industry associations. These contracts specify terms and conditions for delivering preapproved training courses at mutually agreed-upon deliverables. | Contracts signed between ASAP and private training providers and industry associations<br><br>ASAP periodic reports | ADB missions to review contracts | ASAP will share its periodic DLI achievement reports by July |
| **Output 4: Improved program management and M&E** | | | | |
| DLI 6: Number of SDEs empaneled increased (cumulative basis) | Number of SDEs selected and empaneled<br><br>ASAP will empanel SDEs using the selection criteria, training plans, and terms of engagement approved in 2013. | ASAP MIS<br><br>ASAP periodic reports | ADB mission will review the government order for the SDEs. | August 2014 for 2014 DLI<br><br>ASAP will share its periodic DLI achievement reports by July for DLIs for 2015–2018 |

ADB = Asian Development Bank, ASAP = Additional Skill Acquisition Program, CSP = community skills park, DLI = disbursement-linked indicator, M&E = monitoring and evaluation, MIS = management information system, NSDC = National Skill Development Corporation, NSQF = National Skills Qualification Framework, SDC = skill development center, SDE = skill development executive, SSC = sector skills council.
Source: Asian Development Bank.

**Table 3: Disbursement Schedule**
($ million)
(As of October 2014)

| Disbursement-Linked Indicators | Total ADB Financing Allocation | Share of Total ADB Financing (%) | Financing for Prior Result (2014) | 2015 | 2016 | 2017 | 2018 |
|---|---|---|---|---|---|---|---|
| **Outcome: Increased employability of ASAP certificate holders** | | | | | | | |
| DLI 1: Increase in the employability rate of ASAP male and female trainees over the 2016 baseline | **10** | 10 | — | — | — | 5 | 5 |
| **Outputs** | | | | | | | |
| **Output 1: Market-relevant vocational training introduced in post-basic education** | | | | | | | |
| DLI 2: Number of new or updated industry-accredited vocational courses offered | **15** | 15 | 5 | 3 | 4 | 3 | — |
| **Output 2: Access to quality vocational training enhanced** | | | | | | | |
| DLI 3: (i) CSPs with modern training facilities, gender-friendly design, and easy access for physically impaired made operational<br><br>(ii) Number of SDCs renovated to specified standards | **30** | 30 | 5 | 5 | 10 | 10 | — |
| **Output 3: Increased awareness and private sector participation facilitated** | | | | | | | |
| DLI 4: Number of students enrolled in ASAP level 1 courses | **25** | 25 | 5 | 5 | 5 | 5 | 5 |
| DLI 5: Number of private training providers engaged under ASAP increased | **10** | 10 | — | 4 | 3 | 3 | — |
| **Output 4: Improved program management and M&E** | | | | | | | |
| DLI 6: Number of SDEs empaneled | **10** | 10 | 5 | 3 | 1 | 1 | — |
| **Total** | **100** | **100** | **20** | **20** | **23** | **27** | **10** |

ADB = Asian Development Bank, ASAP = Additional Skill Acquisition Program, CSP = community skills park, DLI = disbursement-linked indicator, M&E = monitoring and evaluation, SDC = skill development center, SDE = skill development executive.
Source: Asian Development Bank.

**ANNEX 3**

**OUTLINE OF TERMS OF REFERENCE FOR CONSULTANTS**

1.      Capacity building assistance will be required in the following areas to ensure that the Additional Skill Acquisition Program (ASAP) secretariat (implementing agency) is able to scale up the project beyond the pilot stage while ensuring quality and results. Accordingly, a national firm having the following resource persons will be recruited for a period of 24 months.

(i)   **Human development economist/team leader (international, 13 person-months intermittently over 24 months).** The team leader should have a master's/M. Phil. in Economics from a reputed university. He/she should preferably have more than 15 years of experience in development work and research with preferably focus on skills development. The team leader will guide a multi-disciplinary team of consultants and external resource persons to help the ASAP secretariat in two broad areas–capacity building and organizational strengthening on the one hand–and tracking the results of ASAP implementation. He/she (along with the team) will undertake detailed consultations with relevant ASAP staff and interview a sample of stakeholders (e.g., students covered by ASAP, parents, teachers, industry associations, sector skills councils [SSCs], private and public skills providers, potential employers, and industries) to understand their perspectives, and the overall challenges and opportunities faced by ASAP. Based on this, the team leader will guide the design and delivery of the following:

a.   Skills-gap analyses to understand market demand for skilled workers and aspiration of the youth (with a focus on women) for jobs within and outside Kerala. This will also include demand mapping for the community skills parks (CSPs) to ensure that the menu of skills development courses offered is relevant. A detailed review of the National Student Survey data, Kerala specific surveys, as well as relevant economic research, will be required. In addition, the team leader will have to carry out suitable surveys focusing on the areas of interest to ASAP.

b.   Define employability in terms of the market expectation in the skills areas relevant to ASAP. Design innovative ways of measuring the employability of ASAP students before and after they secure the level 1 certificate.

c.   Design practical ways of tracking the employment outcomes for at least the sub-set of ASAP certificate holders who enter the job market within 6 months of getting the certificate. The information coming from the ASAP management information system (MIS) will help in the identification of such candidates. Beyond that, the human development economist/team leader will design tracer studies to monitor outcomes of ASAP's courses in terms of enhancing employability and improving employment outcomes.

d.   Develop strategy for marketing Kerala as a "human resource hub" by strengthening ASAP's engagement with SSCs and relevant industry partners to increase job opportunities for ASAP certificate holders within and outside Kerala.

e.     Develop public-private partnership (PPP) options for outsourcing the operation and maintenance of the CSPs to private operators.

f.     Capacity building of program managers and skills development executives (SDEs) so that they are able to supervise and conduct the training programs effectively and assure quality.

(ii)   **Program management cum institutional strengthening specialist (international, 11 person-months intermittently over 24 months).** The institutional strengthening specialist should have a management degree from a reputed institute (with specialization preferably in organizational behavior/human resource planning/ project management) with more than 10 years of experience of managing development projects and overseeing the required institutional strengthening. He/she will undertake the following:

a.     Review the current structure and functioning of the ASAP secretariat in the context of its mandate and operational goals, and suggest the reorganization requirements for enhancing implementation efficiency and ensuring sustainability.

b.     Prepare the required manuals and refine existing manuals so that ASAP's business processes become streamlined, and all staff and program managers become fully aware and trained on their respective roles and responsibilities.

c.     Prepare a detailed program implementation road map to guide the ASAP secretariat in terms of planning the roll-out of ASAP activities, sequencing and scheduling of different activities, and ultimately monitoring and tracking them.

d.     Design and undertake the required capacity development and training programs for the staff of the ASAP secretariat and the program managers.

e.     Engage key external resource persons in specific areas (e.g., quality assurance of training, pedagogy reform, curriculum design and delivery, marketing campaigns, industry engagement, and PPP specialists) and organize training workshops for ASAP staff, program managers, and SDEs (recruited by ASAP for delivering foundation training in communication English and basic information technology) as necessary.

(iii)  **Vocational training specialist (national, 11 person-months intermittently over 24 months).** The vocational training specialist will have a degree in education or equivalent and preferably have more than 10 years relevant experience in developing technical and vocational education and training curriculum and course material, and training of trainers in modern pedagogic practices. He/she will:

a.     Review ASAP's existing course curriculum and identify areas of strengthening industry responsiveness and relevance to the local context.

b. Help ASAP in designing more advanced vocational courses for levels 2 and 3 certifications that map to higher levels of 6 to 7 (i.e., advanced diploma) as per India's National Skill Qualification Framework.

c. Support ASAP secretariat in planning the key courses to be delivered at the skills development centers and CSPs, in line with the demand mapping at the CSP-level.

d. Review the list of skills development courses to be offered by ASAP and in consultation with the industries and/or SSC make an assessment of the type of equipment and facilities required for effectively delivering the courses. Accordingly, provide inputs into the design and upgrading of skills development centers and CSPs.

e. Work with trainers and instructors of public and private skills training service providers engaged by ASAP to upgrade their knowledge and teaching skills in competency-based education and training, holistic assessment, gender and social equity sensitivity, and learning resource development.

f. Provide inputs to ASAP for strengthening the design and delivery of capacity building programs of ASAP for training the master trainers and the SDEs.

g. Guide the ASAP secretariat in assessing the quality of foundation and skills development training provided by the private and public training service providers.

h. Assist the ASAP secretariat in revising and updating the course curriculum and delivery methods of different trades as required.

(iv) **Labor market specialist (national, 11 person-months intermittently over 24 month).** The labor market specialist should preferably hold a master's degree in economics or any other related discipline from a reputed university, with preferably more than 10 years of experience in labor market analysis, manpower planning, and skills-gap analysis, and adequately equipped to undertake the following:

a. Support human capital development economist in designing and conducting surveys to establish skills-gaps at state level and at select districts (In the relatively backward districts, the skills-gap surveys should focus on identifying community-based livelihood generation opportunities and the backward-forward linkages within the local economy or with that of nearby towns and cities.).

b. Review and refine the skills-gap analyses carried out by the National Skill Development Corporation, based on the skills-gap assessment study carried out and in relevance to the sectors focused under ASAP to cater to the local demands and other historically relevant locations outside Kerala. Undertake consultations with SSCs in this regard.

c. Analyze the sectors/sub-sectors in other states where there is demand for skilled workers from Kerala.

d.     Combine the demand projections (within and outside Kerala) and guide the ASAP as to the areas it should focus on.

e.     Support the vocational training specialist in identifying the menu of skills development training courses that should be offered in the different CSPs based on the combination of demand within and outside Kerala.

f.     Provide strategic inputs to support the ASAP secretariat in refining and tracking the employment and employability indicators listed in the results framework and design and monitoring framework.

(v)     **Monitoring and evaluation and survey specialist (national, 11 person-months intermittently over 24 months).** The monitoring and evaluation (M&E) specialist will have a master's degree in economics or statistics or equivalent from a reputed university, with preferably more than 10 years relevant experience in undertaking M&E of development projects. He/she will:

a.     Review the ASAP MIS and identify ways in which it can be strengthened and supplemented through additional surveys/studies for assessing and establishing the outcomes of the program (i.e., results beyond the outputs).

b.     Design appropriate tracking surveys to capture ASAP's outcome in terms of enhanced employability and improvement in the employment prospects of level 1 certificate holders. Also, design the surveys in such a manner that the indicators listed in the design and monitoring framework, results framework, and disbursement-linked indicators can be tracked.

c.     Support the ASAP secretariat in engaging and training a team of Kerala-based surveyors who are aware of the local dynamics in different districts.

d.     Collect and analyze the survey data.

(vi)     **Industry engagement specialist (national; 10 person-months intermittently over 24 months).** The industry engagement specialist will have an MBA degree from a reputed university, with preferably 10 years or more experience in a wide range of sectors is required to help ASAP in entering into contracts with dynamic and modern firms. He/she will:

a.     Review the findings of the skills-gap analyses and analyze the feedback received from SSCs and industry associations regarding their needs for skilled workers.

b.     Identify corresponding service sector and manufacturing firms in the states such as Karnataka and Tamil Nadu where youth from Kerala traditionally get employed in large numbers. In this context, the industry engagement specialist should undertake a detailed review of the dynamic Indian as well as foreign companies, and develop a strategy for ASAP to engage with them. Where feasible, arrangements for supplying skilled labor to select companies will be designed.

c.   Assess the scope for partnership between ASAP and large human resource companies such as Teamlease so that ASAP certificate holders are able to tap into job opportunities.

d.   Assist the ASAP secretariat in designing a job portal which would act as a platform of interaction and engagement between potential employers and ASAP certificate holders.

e.   Based on the feedback of industry, support the ASAP secretariat in making well-reasoned decision on courses to be introduced/dropped/updated/modified to enhance market relevance. Also, analyze the trend in terms of student enrollment in different ASAP courses as against the targets, feedback of both students, as well as that of the institutions, where they carry out internships, etc. in this regard.

f.   Work with the communications specialist to prepare the required brochures and marketing material to position the ASAP courses appropriately to attract the target trainees and engage the potential employers.

(vii)   **Communications specialist (national, 10 person-months intermittently over 24 months).** A communications specialist with preferably more than 10 years relevant experience of handling outreach efforts in development projects is required. He/she should have a degree in mass communication or journalism. He/she will:

a.   Conduct stakeholder analysis (including students, parents, teachers, public and private skills providers, industry associations, SSCs, and potential employers) and design a comprehensive communications strategy for positioning ASAP. Ensure that the communication strategy clearly explains the vision and purpose of ASAP to the various stakeholders, within and outside Kerala.

b.   Support ASAP secretariat in designing appropriate communication material for advertising the courses offered by ASAP to the target beneficiaries.

c.   Provide strategic inputs to strengthen ASAP's key campaigns in mobilizing the target beneficiaries and SDEs e.g., thousand splendid stars.

d.   Coordinate with the SSCs and industry associations with which ASAP has signed partnerships, and help to design a strategy for marketing ASAP certificate holders and general Kerala youth outside the state.

e.   Support ASAP secretariat in designing communication and marketing campaigns to target specific industries within (e.g., technopark, banking and finance companies, hospitality, retail, etc.) and outside (e.g., Indian and foreign manufacturing companies, information technology companies, health care, etc.) Kerala.

f.       Develop partnerships with key media outlets/newspaper agencies to gain their support and cooperation in promoting outreach for the ASAP.

g.       Prepare case studies on ASAP subprojects to document key lessons and experience gained.

h.       Design appropriate dissemination material (electronic and print) to present the experiences and success of ASAP among the target stakeholders.

(viii)  **Social development (gender) specialist (national, 9 person-months intermittently over 24 months).** A social development (gender) specialist with a masters' degree in economics or sociology or social welfare, and with preferably more than 10 years relevant experience working on gender and social aspects is required to:

a.       Study and analyze the various factors that determine the education and workforce participation-related behavior of females and males in Kerala. For example, the drop-out rate of males from the secondary to the higher secondary and college levels is higher than that for females. There is a strong tendency amongst females to pursue higher education and multiple degrees, and not to join the active workforce.

b.       Based on a review of all these factors, guide the ASAP Secretariat as to how best retention of males at the secondary, higher secondary, and undergraduate levels can be improved, and how specific courses can be designed which would be of interest to male and female candidates. The menu of service sector-oriented skills training courses being offered by ASAP is expected to be of occupational interest to females. The gender specialist should guide the ASAP secretariat in terms of introducing elements that will make the design and delivery of courses more aligned to the needs, aspiration, and interest of females.

c.       Coordinate closely with the labor economist, M&E specialist, and vocational training specialist to collect and analyze gender–focused data.

d.       Conduct gender sensitization workshops for the ASAP secretariat and other key stakeholders.

e.       Support the communications specialist to design gender–sensitive communication strategies and the development of key messages on gender equality measures within the context of the program.

f.       Prepare knowledge products on the social development and gender issues in Kerala drawing on the data collected under this program and the lessons learnt.

(ix)    **Public-private partnership specialist (national, 10 person-months intermittently over 24 months).** A management graduate from a reputed university or a chartered accountant, with preferably more than 12 years of relevant experience of structuring PPP contracts in the area of facilities social infrastructure is required. He/she will support ASAP on the following tasks:

a.  In consultation with the human capital development economist and the industry engagement specialist, design and administer investor appetite survey targeted towards potential CSPs being established by ASAP.

b.  Develop a strategy for PPP in CSP operations and management based on the investor appetite survey.

c.  Establish in cognizance with the skills-gap study and the domestic employability prospect, the commercial potential for CSPs to be let out for private sector participation as contractor.

d.  Develop options for business models to engage private sector for operations and management of CSPs under the PPP mode.

e.  Support ASAP in developing bid documents and contractual documents relevant for engaging private sector partner as contractor.

f.  Support ASAP in evaluating the bids, negotiating with the shortlisted bidders, and engaging the successful contractors to be engaged under the PPP mode.

g.  Provide strategic inputs to the design monitoring module to be integrated into the MIS for monitoring the operations, utilization, and management of the CSPs by the partner institutions.

**ANNEX 4**

**STATEMENT OF AUDIT NEEDS**

**A.    Background**

1.      Asian Development Bank (ADB) and the Government of India have entered into a loan agreement whereby, ADB shall provide US$100 million for the purpose of financing IND 47334 for the purpose of financing Supporting Kerala's Additional Skill Acquisition Program (ASAP) in Post-Basic Education. ADB would provide the entire $100 million over four years. The program modality for ADB's support is results-based lending, which means that the financial management system of the Government of Kerala will be used for implementation. The program will be carried out through the existing implementing agency, ASAP secretariat, Trivandrum. Thus the implementing agency shall maintain accounts and records with respect to this program, including all items of expenditure financed out of the proceeds of the loan agreement as per their existing systems and practices.

2.      As a part thereof, ADB shall be requesting the submission of audited annual financial statements of the ASAP program prepared in accordance with international best practices in financial reporting[1] and audited by the Supreme Audit Institution in accordance with the International Standards on Auditing for Supreme Audit Institutions.

**B.    Program Development Objectives**

3.      The program is designed to support ASAP's efforts to provide the disadvantaged youth of Kerala, enrolled at the higher secondary and undergraduate levels (i.e., post-basic levels) in government and government-aided schools and colleges, with the opportunity to improve their English communication and basic information technology and soft skills (i.e., the foundation courses); and to learn relevant vocational skills outside of school hours and during vacations. The program outputs are given in detail in the Report and Recommendation of the President.

**C.    Financial Reporting and Audit Requirements**

4.      ASAP will prepare program financial statements on a cash basis in accordance with the general financial regulations and Indian Government Accounting Standards (IGAS) supplemented by this statement of audit needs (SOAN) to ensure maximum alignment with the principles of Cash Basis International Public Sector Accounting Standards (IPSAS).

5.      **Statutory (external) audit.** The statutory audit of the program financial statements shall be carried out by the Accountant General (Audit), Kerala (part of the Indian Audit and Accounts Department under the Comptroller & Auditor General [CAG] of India), in accordance with the CAG Indian Auditing Standards (CAG has adopted its auditing standards which are adapted from the International Organization of Supreme Audit Institutions, 2009 Auditing Standards) as supplemented by this SOAN.

6.      ASAP is required to submit to the Accountant General, Kerala (through the Government of Kerala) unaudited program financial statements as of 31 March of each financial year (FY

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[1]  Program financial statements shall be prepared on a cash basis of accounting in accordance with the general financial regulations and IGAS supplemented by this SOAN to ensure maximum alignment with the principles of Cash Basis International Public Sector Accounting Standards(IPSAS).

ended 2015 to FY ended 2018), within 3 months of the end of the fiscal year in English i.e. 30 June.

7.      The primary objective of statutory audit is to ensure that the financial statements give a true and fair view, and are free from any material misstatements. The auditor will review funds received from all sources and all expenditure incurred during the reporting period under the program. The statutory audit also aims at ensuring that the respective program expenditures are eligible for financing under the relevant grant/ credit agreements (under programs supported by development partners) and that the funds have been utilized for the purpose for which they were provided.

8.      A complete set of audited program financial statements includes:

   (i)      audit report including the audit opinion on the financial statements as well as specific audit assurances (see para. 15 below);

   (ii)     following completed Financial Statements in the latest approved format; and
            a.  Statement of Receipts & Payments (Sources and Uses of Funds)
            b.  Statement of Expenditure by Category
            c.  Statement of Budget Vs Actual
            d.  Statement of Expenditure by Output
            e.  Notes to Accounts including
                 i.  Statement of fees paid by the students, giving details of number of students required to pay the fees, the amount of fees payable by them, the amount of fees collected, the amount of fees payable by students who do not complete the various courses, the amount of fees collected from them, the amount remitted to the Government of Kerala, etc.
                 ii. accounting policies

   (iii)    Management Letter including status of compliance with previous years observations.

9.      The audited financial statements of ASAP along with the Audit Report and Management Letter shall be submitted to ADB within 6 months of the end of the financial year i.e. by 30 September of each year.

## D.      Program Financial Statements

10.     Templates for financial statements shall be co-developed during implementation, in accordance with IGAS and to ensure maximum alignment to principles of cash-basis IPSAS. [2]

11.     The financing arrangement as currently agreed with ADB, does not include any Direct Project Aid i.e., no part of the program financing would be in the form of ADB making any program expenditure on behalf of the recipient. In case this form of financing is agreed any time over the program duration, the program director shall provide all pertinent information to the

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[2] Although, submission to ADB under ASAP are not special purpose financial statements, but rather the program level financial statements for general purposes, the template financial statements for ADB-funded projects agreed with the CAG and Department of Economic Affairs, which are already aligned to cash-basis IPSAS may be referred to for guidance.

auditors including preservation and use of resources procured and its reflection in the program accounts, so as to facilitate comprehensive audit coverage. The first set of unaudited program financial statements is expected to cover 1 April 2014–31 March 2015.

12. The program financial statements, or notes thereto, should reflect:

(i) A disclosure in financial statements/Auditor's Report of the fact that ADB is providing funds for implementation of ASAP;

(ii) Fees paid by students for the various courses including the number of students required to pay the fees, the amount of fees payable by them, the amount of fees collected, the amount of fees payable by students who do not complete the various courses, the amount of fees collected from them, the amount remitted to the state government, action taken with respect to defaulting students, etc.;

(iii) The aggregate procurement value from ADB's non-member countries. This disclosure will need to confirm that the amount of total program expenditures on goods, works, and services from ADB member countries (including the borrowing country) is at least equal to, or exceeds, the amount of ADB results-based lending disbursements during the relevant reporting period; and

(iv) A note stating "These financial statements were approved by [insert governing body] on [insert date].

## E. Specific Audit Needs

13. The audit would cover the entire ASAP program, i.e. covering all sources and application of funds, including ADB and the Government of Kerala.

14. The auditor will provide reasonable assurance as to whether the program financial statements present a true and fair view of the receipts and expenditures, or are presented fairly, in all material respects, in accordance with the applicable financial reporting framework.

15. An assessment by the auditors of compliance with provisions of the financing agreement with ADB, especially those relating to accounting and financial matters. An audit opinion shall be provided under the International Standards on Auditing for Supreme Audit Institutions 4200 "Compliance Audit Related to the Audit of Financial Statements". This may inter alia include verification that: [3]

(i) All funds have been used in accordance with the conditions of the loan agreements, with due regard to economy and efficiency, and only for the purposes for which the funds were provided.

(ii) The Government of Kerala was in compliance as at [insert date] with all financial covenants of the loan agreement

16. In addition to the audit opinion, if issued by the auditor, ADB will request a copy of the management letter in which the auditor has:

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[3] This may be provided separately or as part of the audit opinion on the financial statements, as considered appropriate.

(i)       given comments and observations on the notes to the accounts, accounting records, systems, and internal controls that were examined during the course of the audit;

(ii)     identified specific deficiencies and areas of weakness in systems and internal controls and make recommendations for their improvement including ASAP response to the identified deficiencies;

(iii)    communicated matters that have come to attention during the audit which might have a significant impact on the implementation of the program; and

(iv)    serious issues, which affect the auditor's opinion as to whether the financial statements give a true and fair view, should be referred to in the audit opinion, and not just the management letter. Management Letter should focus on those issues which do not affect the fairness of the financial statements.

17.    ADB would need a review of actions taken on the recommendations presented in the previous audit report on the progress made.

## F.    General

18.    Review missions and normal program supervision will monitor compliance with financial reporting and auditing requirements and will follow up with concerned parties, including the external auditor.

19.    ADB has made ASAP aware of ADB's policy on delayed submission and the requirements for satisfactory and acceptable quality of the audited financial statements.[4] ADB reserves the right to require a change in the auditor in a manner consistent with the constitution of the borrower, or for additional support to be provided to the auditor, if the audits required are not conducted in a manner satisfactory to ADB, or if the audits are substantially delayed.

20.    ADB retains the right to verify or have audited (i) the validity of the implementing agency's certification for each withdrawal application and (iii) that ADB's financing is used in accordance with ADB's policies and procedures.

21.    In case an external auditor needs to be commissioned for a supplementary audit, the auditor should be given access to all legal documents, correspondences, and any other information associated with the commission and deemed necessary by the auditor.

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[4]  ADB Policy on delayed submission of audited project financial statements:

(i)     When audited project financial statements are not received by the due date, ADB will write to the executing agency advising that (a) the audit documents are overdue and (b) if they are not received within the next six months, requests for new contract awards and disbursement such as new replenishment of imprest accounts, processing of new reimbursement, and issuance of new commitment letters will not be processed.

(ii)    When audited project financial statements are not received within six months after the due date, ADB will withhold processing of requests for new contract awards and disbursement such as new replenishment of imprest accounts, processing of new reimbursements, and issuance of new commitment letters. ADB will (a) inform the executing agency of ADB's actions and (b) advise that the loan may be suspended if the audit documents are not received within the next six months.

(iii)   When audited project financial statements are not received within 12 months after the due date, ADB may suspend the loan.

## G.    Public Disclosure

22.    Public disclosure of the program financial statements, including the audit report on the program financial statements, will be guided by ADB's Public Communications Policy (2011).[5] After review, ADB will disclose the program financial statements for the program and the opinion of the auditors on the financial statements within 30 days upon the date of their receipt by posting them on ADB's website. The audit management letter will not be disclosed.

***Note: This is a statement of audit needs for ADB and does not in any way intend to limit the scope of the statutory audit.***

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[5]    Available from http://www.adb.org/documents/pcp-2011?ref=site/disclosure/publications.