Project Administration Manual

Project Number: 49108-002
Loan Number: {LXXXX}
September 2017

India: Himachal Pradesh Skills Development Project

ABBREVIATIONS

ACS	–	additional chief secretary
ADB	–	Asian Development Bank
APFS	-	audited project financial statements
CAAA	–	Controller of Aid Accounts and Audit
CLC	–	city livelihood center
COE	–	center of excellence
DMF	–	design and monitoring framework
DOES	–	Department of Economics and Statistics
DOHE	–	Department of Higher Education
DOLE	–	Department of Labour and Employment
DOP	–	Department of Planning
DORD	–	Department of Rural Development
DOTE	–	Department of Technical Education, Vocational and Industrial Training
DOUD	–	Department of Urban Development
EAP	–	externally-aided projects
EMP	–	environmental management plan
ESMF	–	environment and social management framework
FMA	–	financial management assessment
GAP	–	gender action plan
GOHP	–	Government of Himachal Pradesh
HPKVN	–	Himachal Pradesh Kaushal Vikas Nigam
HPSDP	–	Himachal Pradesh Skills Development Project
IEE	–	Initial environmental examination
ITI	–	industrial training institute
M&E	–	monitoring and evaluation
MCC	–	model career centre
MIS	–	management information system
NCVT	–	National Council for Vocational Training
NSQF	–	National Skills Qualification Framework
PIU	–	project implementation unit
PMIC	–	project monitoring and implementation committee
PMU	–	project management unit
PSC	–	project steering committee
PWD	–	Public Works Department
RLC	–	rural livelihood center
SOE	–	statement of expenditures
TSP	–	training service provider
TVET	–	Technical and Vocational Education Training

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Project Administration Manual Purpose and Process

The project administration manual (PAM) describes the essential administrative and management requirements to implement the project on time, within budget, and in accordance with the policies and procedures of the government and Asian Development Bank (ADB). The PAM should include references to all available templates and instructions either through linkages to relevant URLs or directly incorporated in the PAM.

The Government of Himachal Pradesh, acting through the Department of Planning (DOP), (executing agency), and the Himachal Pradesh Kaushal Vikas Nigam (HPKVN), Department of Higher Education (DOHE), Department of Technical Education, Vocational and Industrial Training (DOTE), and the Public Works Department (PWD), which are the implementing agencies, are wholly responsible for the implementation of ADB-financed projects, as agreed jointly between the borrower and ADB, and in accordance with the policies and procedures of the government and ADB. ADB staff is responsible for supporting implementation including compliance by DOP, HPKVN, DOHE, DOTE, and PWD of their obligations and responsibilities for project implementation in accordance with ADB's policies and procedures.

At loan negotiations, the borrower and ADB have agreed to the PAM and ensured consistency with the loan and project agreements. Such agreement is reflected in the minutes of the loan negotiations. In the event of any discrepancy or contradiction between the PAM and the loan and project agreements, the provisions of the loan and project agreements shall prevail.

After ADB Board approval of the project's report and recommendations of the President (RRP), changes in implementation arrangements are subject to agreement and approval pursuant to relevant government and ADB administrative procedures (including the Project Administration Instructions) and upon such approval, they will be subsequently incorporated in the PAM.

I. PROJECT DESCRIPTION

1. Himachal Pradesh, located in northern India along the lower Himalayas, has a population of 6.8 million. Despite constraints such as its hilly terrain, poor connectivity, and predominantly rural population (90%), the state's economic, poverty, education, and health indicators have improved significantly since 2000 owing to the government's efforts to improve infrastructure and delivery of basic public services. While the Government of Himachal Pradesh (GOHP) has successfully increased school and college enrollments over the past decade, it now faces the "second-generation" challenge of providing relevant and good quality technical and vocational education and training (TVET) opportunities to its youth to prepare them for the changing needs of the labor market. The project will assist GOHP in reforming and modernizing its TVET institutions and programs to boost the employability of Himachal Pradesh's youth and improve their employment prospects.[1]

II. THE PROJECT

A. Rationale

2. Between FY2005 and FY2014, Himachal Pradesh grew at an average annual rate of 7.8% compared with 7.6% for the Indian economy. Overall poverty declined from 22.9% to 8.1% between FY2005 and FY2012.[2] Rural poverty also declined sharply from 25.6% to 8.5% over this period. Nearly all villages of Himachal Pradesh have access to electricity. Two-thirds of the rural households have access to sanitation facilities, compared with the all-India average of 30.7%. Life expectancy at 70 years is higher than the national average of 66.1 years. Between 1991 and 2011, Himachal Pradesh's literacy rate increased from 63.7% to 82.8%. Male literacy rose from 75.3% to 89.5%, and female literacy from 52.1% to 75.9%. In FY2016, the gross enrollment ratios in Himachal Pradesh were 107% at the secondary and 95% at the higher secondary level, compared with 80% and 56% for India.[3] The gross enrollment ratio in higher education for youth aged 18–23 years in 2014–2015 was 28.4% for men and 32.5% for women.[4]

3. Despite the increase in secondary school and college enrollment, Himachal Pradesh is constrained by the low employability of its school and college graduates. Like in other states of India, general education at the secondary and college levels in Himachal Pradesh is weak and not adequately aligned to the needs of the market. The challenge of "educated unemployment" is growing.[5] The state's TVET programs are constrained owing to outdated curricula and training equipment, limited reach of training facilities, and weak industry links. The TVET programs are fragmented across 12 government departments. Consequently, there are no uniform norms for training quality, certification, or placement outcomes. More than 90% of Himachal Pradesh's workforce has not received any formal skills training. Consequently, dependence on government

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1 The Asian Development Bank (ADB) provided $725,000 in project preparatory technical assistance. ADB. 2015. *Technical Assistance to India for Supporting Skill Development in Himachal Pradesh.* Manila.

2 Government of India, Planning Commission. 2014. *Databook Compiled for Use of Planning Commission.* New Delhi. http://planningcommission.nic.in/data/datatable/data_2312/comp_data2312.pdf.

3 National University of Educational Planning and Administration. 2016. *School Education in India, Unified District Information System for Education, 2015–2016*. New Delhi.

4 Government of India, Ministry of Human Resource Development, Department of Education. 2015. *All India Survey on Higher Education (2014–2015)*. New Delhi. http://aishe.nic.in/aishe/viewDocument.action?documentId=200.

5 The unemployment rate in Himachal Pradesh increases with the level of education—0.4% (primary education), 4.0% (secondary), 8.0% (higher secondary), 13.6% (undergraduate), and 19.1% (postgraduate). Government of India, Ministry of Labour and Employment. 2014. *Report on Education, Skill Development, and Labor Force, 2013–2014.* Chandigarh.

jobs remains high. In 2014, 65% of organized sector employment in Himachal Pradesh was in the public sector.[6] This is fiscally unsustainable and economically unproductive.[7]

4. A sharp mismatch has arisen between Himachal Pradesh's economic and employment profiles over time. From FY2005 to FY2014, the share of the primary sector in the state's gross domestic product declined from 25% to 19%; the share of the secondary sector remained stable at 38%, and that of the tertiary sector increased from 36% to 43%.[8] However, as of FY2014, 58.5% of the workforce was employed in the primary sector, 22.5% in the secondary sector, and only 19.0% in services. While the state has broad gender parity in school and college enrollment rates, there is sharp disparity in the workforce participation rates. In 2012, the average workforce participation rate was 87% for rural men and 73% for urban men, but 63% for rural women and only 28% for urban women.[9] As Himachal Pradesh continues to urbanize and the share of the services sector grows, it is necessary to expand market-linked TVET opportunities for women.

5. It is estimated that net demand for skilled workers in Himachal Pradesh will amount to 515,557 between 2017 and 2022 across various trades such as retail, health care, tourism and hospitality, and information technology.[10] The state has a narrow demographic window until 2022, after which the share of the working-age population (15−59 years) will begin to decline.[11] GOHP is keen to take advantage of this demographic window by providing market-linked skilling opportunities to those aged 15–35 years. The Twelfth Five-Year Plan of Himachal Pradesh, 2012−2017 emphasizes the need for "faster, inclusive, and sustainable development".[12] As part of this goal, GOHP aims to enhance livelihood and employment opportunities for the state's youth. It established the Himachal Pradesh Kaushal Vikas Nigam (HPKVN) as a specialized skills development company under the Department of Planning (DOP) in September 2015, to consolidate the state's fragmented TVET programs, align all TVET programs with India's National Skills Qualification Framework (NSQF), and facilitate private sector participation in design and delivery of TVET.[13] This approach is aligned with India's National Policy on Skill Development and Entrepreneurship (2015), which encourages states to develop umbrella skills development missions with "the overarching power to pool resources for harmonizing the skilling efforts across line departments, private agencies, and voluntary organizations, and reducing duplication".[14]

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6 Government of Himachal Pradesh, Directorate of Employment. 2015. *Annual Area Employment Market Report 2014–2015.* Shimla. Organized sector employment refers to public sector establishments and nonagricultural establishments in the private sector employing 25 or more persons.

7 In 2015−2016, the share of salaries and wages in total expenditure by the government was 23.7%, compared to an average of 15.8% for all other states. Government of India, Ministry of Finance. *Himachal Pradesh State Government Budget for the Financial Year 2015–2016*. http://admis.hp.nic.in/budget/Aspx/Anonymous/budWeb.aspx

8 The primary sector includes agriculture, forestry, and fishing; the secondary sector: construction, manufacturing, mining and quarrying, electricity, gas, and water supply; and the tertiary sector: hospitality, transport and communication, trade, banking, insurance, public administration, and other services.

9 Government of India, Ministry of Statistics and Program Implementation. 2013. *68th Round National Sample Survey of India for 2011–2012.* New Delhi.

10 National Skill Development Corporation. 2012. *Skill-Gap Study for Himachal Pradesh, 2012−2022*. New Delhi.

11 By 2026, around 14.7% of Himachal Pradesh's population will be aged 60 years and above.

12 Government of Himachal Pradesh, Department of Planning. 2012. *Twelfth Five−Year Plan of Himachal Pradesh, 2012−2017*. Shimla.

13 The NSQF, notified by the Government of India on 27 December 2013, is a competency-based framework that organizes all qualifications according to levels of knowledge, skills, and aptitude. These levels, graded from 1 to 10, are defined in terms of learning outcomes which the learner must possess regardless of whether they are obtained through formal, nonformal, or informal learning. NSQF is an integrated education and competency-based framework providing for multiple pathways, horizontal as well as vertical, within and across TVET and general education.

14 Government of India. 2015. *National Policy on Skill Development and Entrepreneurship.* New Delhi. http://msde.gov.in/National-Policy-2015.html.

6. In June 2016, GOHP approved the Himachal Pradesh Skills Development Policy (*Him Kaushal*), 2016 to guide the reform and scaling-up of skills development efforts in the state.[15] The project will build HPKVN's institutional capacity to operationalize this policy and deliver the challenging mandate of the state's skills development mission effectively. All ongoing TVET programs will be rationalized and integrated to reduce duplication. The project will add value by supporting GOHP in providing NSQF-aligned vocational training and livelihood development opportunities to around 65,000 needy youth over 2017−2022, expanding Himachal Pradesh's annual TVET training capacity by 13,000, and extending the reach of quality training facilities and counseling services to underserved parts of the state. This will help the youth of Himachal Pradesh to learn relevant TVET skills and gain the confidence required to make the transition from the primary sector to the secondary and tertiary sectors, where job prospects are better and remuneration levels are higher.

7. The project reflects the priorities of the Asian Development Bank (ADB) country partnership strategy for India, 2018–2020, which aims to support India's efforts in facilitating inclusive growth. Skills development is a major priority of the Government of India, and a key instrument for empowering people.[16] It is aligned with ADB's Midterm Review of Strategy 2020, which emphasized the need for ADB to focus on post-basic education and TVET to promote human capital development.[17] The experience gained from ADB's two ongoing loans in the education sector in India has been reflected in the design of the project.[18]

B. Impact and Outcome

8. The project is aligned with the following impact: a more productive workforce created in Himachal Pradesh equipped with market-relevant technical and vocational skills (footnote 15). The project will have the following outcome: employment and livelihood opportunities for the youth of Himachal Pradesh improved.[19]

C. Outputs

9. The project will support the following outputs:

(i) **Output 1: TVET in Himachal Pradesh improved and aligned to national standards.** The project will support (a) HPKVN in designing and running a flagship training program for approximately 55,700 youth focusing mainly on short-term, demand-driven vocational courses aligned to NSQF levels 3 and 4;[20] and (b) the

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[15] Department of Planning, Government of Himachal Pradesh. 2016. *Himachal Pradesh Skills Development Policy*. Shimla. http://hpkvn.nic.in/download/HP%20Skill%20Development%20Policy.pdf.

[16] ADB. Forthcoming. *Country Partnership Strategy: India, 2018–2022—Accelerating Inclusive Economic Transformation*. Manila.

[17] This project will contribute to the achievement of Sustainable Development Goals 4 (Quality Education: "ensure inclusive and equitable quality education and promote lifelong learning opportunities for all"); 5 (Gender Equality: "achieve gender equality and empower women and girls"); and 8 (Decent Work and Economic Growth: "promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all"). ADB. 2014. *Midterm Review of Strategy 2020: Meeting the Challenges of a Transforming Asia and Pacific.* Manila.

[18] ADB. 2013. *Report and Recommendation of the President to the Board of Directors: Proposed Loan and Administration of Technical Assistance Grant to India for Supporting Human Capital Development in Meghalaya.* Manila; and ADB. 2014. *Report and Recommendation of the President to the Board of Directors: Proposed Results-Based Loan and Administration of Technical Assistance Grant to India for Supporting Kerala's Additional Skill Acquisition Program in Post-Basic Education.* Manila.

[19] The design and monitoring framework is in Appendix 1.

[20] From 27 December 2016, no central government funding will be provided for TVET programs that are not aligned to the NSQF. All announcements for jobs in the central government, state governments, and public enterprises must

Department of Higher Education (DOHE) in offering 3-year bachelor of vocational education courses and employability enhancing skills courses to approximately 8,400 students studying in selected colleges. Depending on the background and aspirations of the trainees and market demand, HPKVN will provide training opportunities for formal wage employment or for livelihood and small business development. The latter type of support will be provided at the city livelihood centers (CLCs) and rural livelihood centers (RLCs) to be established under the project. Introduction of bachelor of vocational education (NSQF level 7) courses in colleges will help to integrate vocational education with higher education and establish a career path. Vocational training will also be provided to third-year college students in trades such as banking, electronics, and retail to make them more employable after graduation. Overall, improved TVET opportunities will be provided to around 65,000 needy youth over the period 2017–2022.

(ii) **Output 2: Market-aligned skills ecosystem created.** The project will (a) upgrade 11 employment exchanges into model career centers (MCCs) to build awareness among youth about TVET opportunities; (b) design and operationalize a management information system (MIS) to link HPKVN; the Department of Technical Education, Vocational and Industrial Training (DOTE); DOHE, and the MCCs to India's National Career Services portal; and (c) support HPKVN in forging partnerships with industry associations and sector skills councils to get demand information, and identify internship and placement opportunities. The MCCs will have career counselors for guiding the youth in selecting relevant TVET programs, aligned with their aspirations and market demand. By linking the MCCs to the National Career Services portal, the MIS will enable the trained and certified youth of Himachal Pradesh to access job opportunities across India.

(iii) **Output 3: Access to quality training institutes improved.** The project will (a) establish six CLCs and seven RLCs to provide vocational training and business development support to urban and rural poor to improve their livelihood; (b) assist DOTE in establishing a new polytechnic for women in Rehan, Kangra, as well as a center of excellence for industry-led skilling; (c) assist DOTE in upgrading the training equipment for 22 trades in 50 industrial training institutes (ITIs) in line with the 2014 guidelines of the National Council for Vocational Training. The CLCs and RLCs will provide gender-separated hostels to enable trainees from small towns and remote villages to access the livelihood and small business development opportunities. The women's polytechnic in Rehan will offer diplomas in civil engineering, architectural assistantship, electrical engineering, and computer engineering. It will have an annual training capacity of around 720 and hostel facilities for 120 women. By providing new training equipment to 50 ITIs across 22 trades aligned with the latest guidelines of the National Council for Vocational Training, the project will ensure that around 19,000 students will obtain nationally recognized certificates from the council. This will make them eligible for jobs in public enterprises and private companies within and outside Himachal Pradesh. Results-oriented institutional development plans will be prepared for these ITIs to ensure that their performance on key indicators such as placement, enrollment of women, and industry engagement improves.

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define eligibility criteria in NSQF terms. Hence, this project will support the government in aligning all TVET programs to the NSQF so that Himachal Pradesh's youth receive nationally recognized certificates.

(iv) **Output 4: TVET institutional structure improved.** The project will (a) build the project management, fiduciary, safeguard, and training capacity of HPKVN and other implementing agencies; (b) prepare business processes and standard operating protocols for HPKVN staff covering different facets of skilling, including mobilization, counseling, training, assessment and certification, skills-gap analysis, and monitoring and evaluation (M&E); (c) operationalize a management information system (MIS) that will draw information from all the implementing agencies to monitor progress with respect to key results indicators in the design and monitoring framework; (d) provide consulting inputs for project management, quality monitoring of civil works, and M&E of all training; and (e) support training of 50 master trainers in key trades. This support will gradually break silos across implementing agencies, and establish the foundation for a unified skills development mission in Himachal Pradesh.

II. IMPLEMENTATION PLANS

A. Project Readiness Activities

Table 1: Project Readiness Activities

	2016	2017				
Indicative activities	**Q4**	**Q1**	**Q2**	**Q3**	**Q4**	**Responsible Individual / Unit/Agency / Government**
Advance contracting actions	See table on advance contracting below					GOHP, HPKVN, PIUs
Retroactive financing actions						GOHP, HPKVN, PIUs
Establish project implementation arrangements	31 Oct					GOHP, HPKVN
Consultants recruitment process initiated	29 Dec					HPKVN
Loan negotiations				8 August		ADB, Government of India, GOHP
ADB Board approval				27 Sept		ADB
Loan signing					II week of Nov	ADB, Government of India, GOHP
Loan effectiveness					III week of Nov	ADB, Government of India, GOHP
Consulting firms Mobilized					IV week of Nov	HPKVN
Issue of IFBs for first civil works package		10 Mar				PWD
Issue of IFBs for first equipment package		24 Feb				DOTE

ADB = Asian Development Bank; DOTE = Department of Technical Education, Vocational and Industrial Training; GOHP = Government of Himachal Pradesh; HPKVN = Himachal Pradesh Kaushal Vikas Nigam; IFB = invitation for bid; PIU = project implementation unit; PWD = Public Works Department
Source: Asian Development Bank

B. Overall Project Implementation Plan

Table 2: Schedule of Procurement and Implementation Contract Packages

Activities	2017 (Qtr)				2018 (Qtr)				2019 (Qtr)				2020 (Qtr)				2021 (Qtr)				2022 (Qtr)			
Quarter	1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4
A. Design and Monitoring Framework																								
Output 1: TVET in Himachal Pradesh modernized, expanded, and aligned to national standards																								
1.1 Assessment of demand and supply of skills	■	■	■																					
1.2 Bidding documents for recruiting TSPs (different sectors and trades)	■	■																						
1.3 Tendering for TSPs and award of contracts		■	■	■																				
1.4 Implementation of vocational training programs				■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■				
1.5 Implementation of Bachelor of Vocational Education programs				■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	
1.6 Programs initiated in the Women's polytechnic															■	■	■	■	■	■	■	■	■	
Output 2: Market-aligned skills ecosystem created																								
2.1 Architectural plans for upgrading employment exchanges into MCCs	■	■	■	■	■																			
2.2 Bid documents / Tendering for upgrading of MCCs		■	■	■	■	■	■																	
2.3 Construction and upgrading of MCCs				■	■	■	■	■	■	■	■	■	■	■	■	■								
2.4 Career counseling and placement services								■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	
2.5 Tendering of project MIS				■	■	■																		
2.6 Design and operationalization of MIS						■	■	■	■	■														
Output 3: Access to quality training institutes improved																								
3.1 Bidding documents and tendering of CLCs and RLCs	■	■	■	■	■	■	■																	
3.2 Construction and operationalization of CLCs and RLCs				■	■	■	■	■	■	■	■	■	■	■	■									
3.3 Training and livelihood development activities						■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	
3.4 Bid documents / tendering of Women's polytechnic and center of excellence			■	■	■	■	■	■					■	■	■	■								
3.5 Construction and operationalization of Women's polytechnic and center of excellence						■	■	■	■	■	■	■	■	■	■	■								
3.6 Bid documents and tendering for new training equipment for ITIs		■	■	■	■	■	■																	
3.7 Installation of new training equipment				■	■	■	■	■	■															
Output 4: TVET institutional structure improved																								
4.1 Capacity-building of implementing agency staff (procurement, financial management, safeguards, and training)																								
4.2 Monitoring and Evaluation					■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	
B. Management Activities																								
1. Establish project management unit with necessary staff	■	■																						
2. Mobilize project management consultant, monitoring and evaluation and quality assurance			■	■	■	■																		
3. Project management			■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■
4. Implement activities listed in the Gender Action Plan			■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■

CLC = city livelihood center, MCC = model career center, MIS = management information system, qtr = quarter, RLC = rural livelihood center, TSP = training service providers.
Source: Asian Development Bank

III. PROJECT MANAGEMENT ARRANGEMENTS

A. Project Implementation Organizations: Roles and Responsibilities

Table 3: Project Implementation Structure

Project Implementation Organizations	Management Roles and Responsibilities
Executing agency	The Government of Himachal Pradesh, acting through the Department of Planning
Project Steering Committee	• Provide overall direction and guidance to the Himachal Pradesh Skills Development Project (HPSDP) in terms of design and implementation • Approve annual work plans and budget for the physical and financial targets and activities of each implementing agency • Undertake quarterly performance reviews across different components and suggest ways of expediting project implementation • Ensure that the executing agency, implementing agencies, and the support departments coordinate seamlessly to ensure timely execution of project activities[a] • Review any financial irregularity and audit notes, and issue corrective actions as required • Review the findings of monitoring and evaluation surveys to assess effectiveness in terms of achieving project outcomes. Suggest ways of incorporating lessons and improving future implementation • Track the progress made in terms of achieving the project outputs and outcomes as laid down in the project's design and monitoring framework • Correspond with the Asian Development Bank (ADB) for any major changes that may be required in the project
Project Monitoring and Implementation Committee	• Prepare annual work plans and budgets for each implementing agency based on the planned activities for the HPSDP • Review overall project implementation quarterly or as required • Coordinate with the executing agency and implementing agencies in terms of procurement, financial management, safeguards, and other project activities • Coordinate with the supporting departments—(i) Department of Economics and Statistics, (ii) Department of Industries, (iii) Department of Labor and Employment, (iv) Department of Urban Development, (v) Department of Rural Development, and (vi) Department of Social Justice and Empowerment — to ensure that activities falling under their purview are executed effectively • Address bottlenecks to ensure smooth implementation • Work towards achieving the outcomes and outputs laid out in the project's design and monitoring framework • Review utilization certificates submitted by the implementing agencies, and examine action taken reports for audit objections and other financial management requirements • Engage with the Ministry of Skill Development and Entrepreneurship, National Skill Development Corporation, National Skill Development Agency, sector skills councils, and industry associations as required, to ensure alignment with relevant national quality standards

Project Implementation Organizations	Management Roles and Responsibilities
	• Ensure timely availability of funds, identify savings and excess expenditure if any, and inform the Project Steering Committee for guidance
Implementing agency 1	Himachal Pradesh Kaushal Vikas Nigam
Implementing agency 2	Department of Higher Education
Implementing agency 3	Department of Technical Education, Vocational and Industrial Training
Implementing agency 4	Public Works Department
Asian Development Bank	ADB will be responsible for periodic review and supervision of project implementation (through six monthly loan review missions and midterm and final review missions), financial disbursement and ensuring compliance with loan assurances including institutional arrangements.

[a] Please refer to section III, part C for detailed description of the roles and responsibilities of the executing agency, implementing agencies, and support departments.
Source: Asian Development Bank.

B. Key Persons Involved in Implementation

10. The key persons involved in implementation are listed below:

Executing Agency Department of Planning, Government of Himachal Pradesh	Name: Dr. Shrikant Baldi Position: Additional Chief Secretary, Finance, Planning, Economics and Statistics, Government of Himachal Pradesh Telephone: +91-177-2620043/ +91-177-2880758 (Office) Email address: finsecy-hp@nic.in / planningsecy-hp@nic.in / shrikantbaldi@yahoo.co.uk Office Address: Armsdale Building, Phase-II, Himachal Pradesh Secretariat, Yojana Bhawan, Shimla - 171002, Himachal Pradesh, India
	Name: Mr. Hans Raj Chauhan Position: Adviser, Department of Planning Telephone: +91-0177-2621698 Email address: ppo-plg-hp@nic.in Office Address: Armsdale Building, Phase-II, Himachal Pradesh Secretariat, Yojana Bhawan, Shimla - 171002, Himachal Pradesh, India
Implementing Agencies	
Himachal Pradesh Kaushal Vikas Nigam	Name: Mr. Rajesh Sharma Position: Managing Director, HPKVN Telephone: +91-177-2623481 (Office), +91-94180-00151 (Mobile) Email address:hpkvnshimla@gmail.com Office address: Yojana Bhawan, Armsdale Building, Phase II, Himachal Pradesh Secretariat, Shimla 171002
Department of Higher Education	Name: Mr. Adithela Jai Vara Prasad Position: Addl. Chief Secy. (Education, General Administration, Secretariat Administration, Industries, Sainik Welfare, Parliamentary Affairs) Telephone: 0177-2621892 (O), 09868177347 Email address: Secy-hedu-hp@nic.in Office address: E- 330, Himachal Pradesh Government Secretariat, Shimla - 171002, Himachal Pradesh , INDIA Name: Dr. B.L. Vinta

	Position: Director Telephone: 0177-2656621 (O), 94184-84190 (M) Email address: dir.edu@rediffmail.com Office address: The Director Higher Education, Department of Education, Lalpani, Shimla, Himachal Pradesh -171001.
Department of Technical Education, Vocational and Industrial Training	Name: Mr. Sanjay Gupta Position: Principal Secretary Telephone: 0177-2621871 (O), 9459575451 (M) Email address: hpsanjaygupta@gmail.com Office address: The Principal Secretary Technical Education, Department of Technical Education, H.P. Secretariat, Shimla, Himachal Pradesh -171002. Name: Mr. Rajeshwar Goel Position: Director Telephone: 01907-266120 (O), 94180-81672 (M) Email address: dir.edu@rediffmail.comtechedu-hp@nic.in, goelrajeshwar@gmail.com Office address: The Director Technical Education, Vocational and Industrial Training, Sunder Nagar, Dist- Mandi (HP)174401
Public Works Department	Name: Mr. Anil Kumar Khachi Position: Addl. Chief Secy. (Public Works, Cooperation) Telephone: 0177-2620561 (O), Email ID: pwdsecy-hp@nic.in Office address: A - 201, Himachal Pradesh Government Secretariat, Shimla - 171002, Himachal Pradesh , INDIA Name: Mr. R.P. Verma Position: Engineer in Chief Telephone: 0177-2621401 (O), 94186-98008 (M) Email address: pwd-hp@nic.in Office address: Public Work Department (PWD), Nigam- Vihar, Shimla. Himachal Pradesh -171002.
Asian Development Bank	
Human and Social Development Division, South Asia Regional Department ADB	Name: Mr. Sungsup Ra Position: Director, SAHS South Asia Department, ADB 6 ADB Avenue, Mandaluyong City 1550, Metro Manila, Philippines Telephone No.: +632-632 4629 Email address: sungsupra@adb.org
Mission Leader	Name: Mr. Shamit Chakravarti Position: Senior Planning and Policy Specialist, Strategy, Policy and Business Process Division Strategy, Policy and Review Department, ADB 6 ADB Avenue, Mandaluyong City 1550, Metro Manila, Philippines Telephone No.: +632-632 1633 Email address: schakravarti@adb.org

C. Project Organization Structure

11. GOHP, acting through DOP, will be the executing agency. HPKVN, DOHE, DOTE, and the Public Works Department (PWD) will be the four implementing agencies for the HPSDP. All the training programs will be undertaken by qualified private sector training service providers (TSPs) which will be procured by HPKVN through a process of open competition in line with ADB's policies and processes. PWD will be fully responsible for the procurement and supervision of all civil works including construction of the CLCs, MCCs, RLCs, the women's polytechnic, and a center of excellence providing industry-linked training. DOTE will procure the upgraded training equipment, aligned to National Council for Vocational Training Guidelines 2014, for the selected ITIs of Himachal Pradesh. The procurement and management of all the consulting firms and TSPs (for handling different types of vocational training and livelihood development programs) will be managed by HPKVN.

12. Since the HPSDP aims to establish a unified state skill development mission in Himachal Pradesh as emphasized by the National Policy for Skill Development and Entrepreneurship, 2015, and reduce duplication, the executing agency and implementing agencies will coordinate with the following supporting departments:

(i) Department of Economics and Statistics (DOES), which will support HPKVN in undertaking additional aspiration and skills-gap surveys, and in evaluating the outcomes of the project by guiding the monitoring and evaluation (M&E) firm to be engaged under the loan;
(ii) Department of Industries (DOI), which will help HPKVN and other departments in identifying apprenticeship and employment opportunities with local small and medium enterprises, and industries of Himachal Pradesh;
(iii) Department of Labor and Employment (DOLE), which will support HPKVN by undertaking awareness building and counselling activities in the upgraded MCCs;
(iv) Department of Rural Development (DORD), which will support HPKVN in planning and executing the livelihood development activities to be undertaken in the RLCs for the benefit of needy rural youth and workers;
(v) Department of Urban Development (DOUD), which will support HPKVN in planning and executing the livelihood development activities to be undertaken in the CLCs for the benefit of needy urban youth and workers; and
(vi) Department of Social Justice and Empowerment, which will support HPKVN in undertaking training programs for people with disabilities.

13. Two high-level committees have already been established to guide the HPSDP:[21]

(i) **Project Steering Committee (PSC):** It comprises the chief secretary of GOHP; additional chief secretary (ACS) of the Department of Planning and Finance; the ACS/principal secretaries/ secretaries of DOTE, DOHE, DOLE, DORD, DOUD, and DOI; adviser, DOP, and the managing director of HPKVN. The PSC will meet every quarter, or as required, to carry out the functions listed in Table 3.

(ii) **Project Monitoring and Implementation Committee (PMIC):** It will be headed by the managing director of HPKVN, and will comprise and the general managers of HPKVN, the directors of the DOHE, DOTE, and the chief engineer, PWD. The

[21] The state level PSC and the PMIC have been constituted vide the DOP, GOHP's notification (No: PLG FC (F) 4-2/2014-15 – Skill Dev (ADB) Vol-1) dated 28 April 2016.

PMIC will meet every quarter, or as required, to carry out the functions listed in Table 3. Directors of the support departments (i.e. DOES, DOI, DOLE, DOUD, and DORD) will be called for some meetings to ensure seamless coordination across their respective activities.

14. As noted earlier, the GOHP established the HPKVN as a not-for-profit, government-owned company under the DOP, GOHP, in September 2015, to play the leading role for implementing the mandate of the Himachal Pradesh Skills Development Policy (*Him Kaushal*), 2016. HPKVN's Board of Directors (BOD) is headed by the Chief Minister of Himachal Pradesh, which highlights the state's strong commitment towards skill development. There are 15 directors in the board including the ministers of DOTE, DOLE, and DORD, the chief secretary to the GOHP, the ACS/ principal secretary/ secretary of the participating departments including DOP, DOTE, DOLE, DOE, DORD, adviser, Planning, GOHP, managing director of HPKVN, and up to three independent directors including representatives of industry bodies.

15. The Executive Committee of HPKVN is chaired by the ACS of the DOP, and includes the ACS/ principal secretary/ secretary of DOI, DOTE, DOP, and the managing director of HPKVN. It takes decisions pertaining to staffing for HPKVN, purchases and procurement beyond the dollar equivalent for ₹1 million, and other internal issues required for smooth functioning.

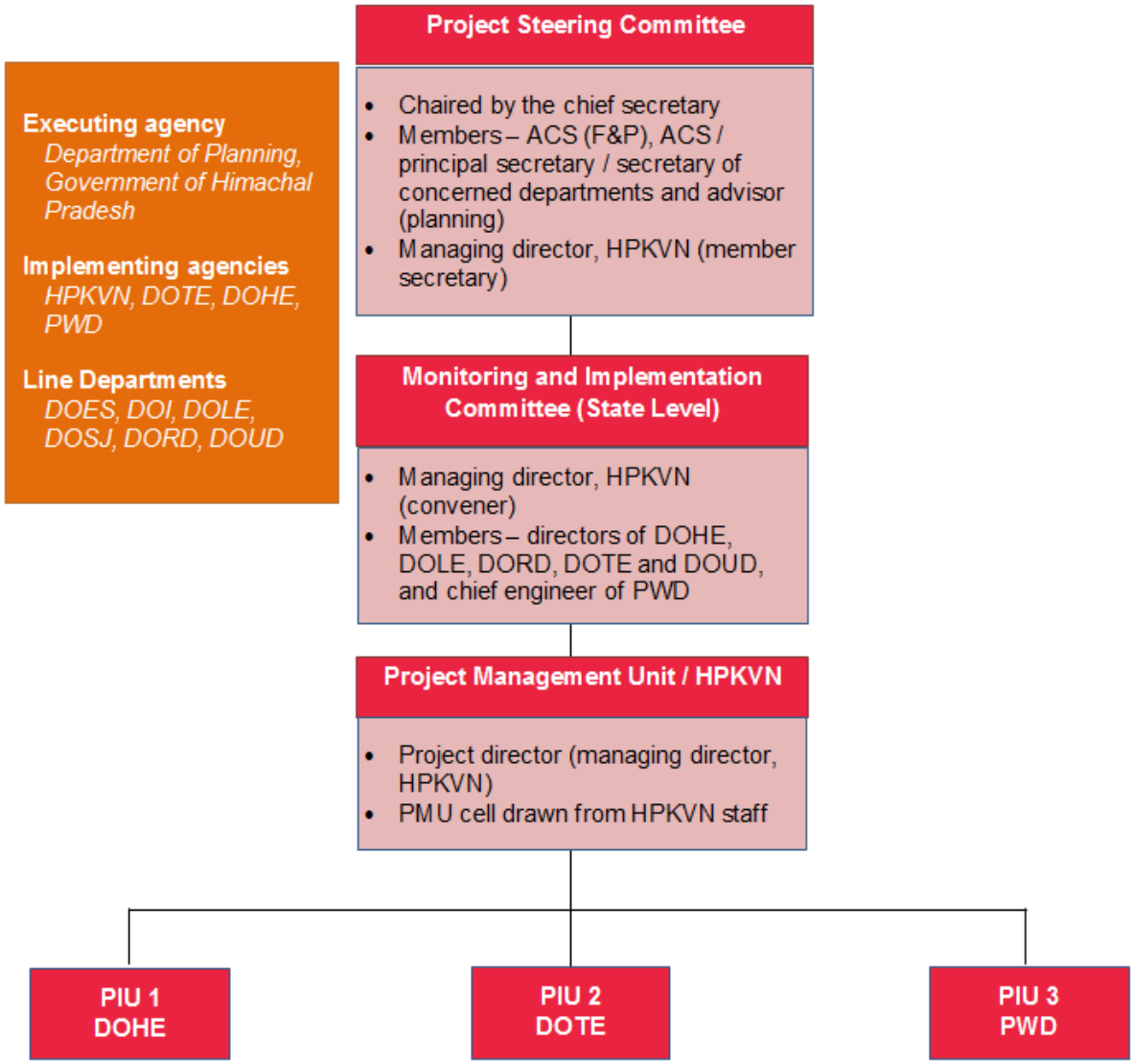
16. To ensure the smooth implementation of HPSDP, a Project Management Unit (PMU) has already been established at HPKVN. It comprises the managing director of HPKVN as project director, PMU (ex-officio), two general managers, and other officers for overseeing key functions such as finance and administration, coordination with other implementing agencies and support departments, managing accounts, audit, procurement, engagement and supervision of TSPs, assessment agencies, and consulting firms, managing the bills of all vendors, project reporting through the management information system (MIS), mobilization of trainees, industry engagement, internships and placements. In addition to being responsible for running their own short-term vocational training programs and forging strong links with industry partners, the PMU will also coordinate with the other implementing agencies to ensure proper sequencing and execution of their respect activities.

17. Project implementation units (PIUs) have been established at each of the implementing agencies namely, DOHE, DOTE, and PWD to undertake project activities. The PIUs will include the directors of the implementing agencies nominated in the PMIC, and other officers to handle finance, accounts, procurement, and other functions required for smooth implementation.

18. The PMU and PIUs will keep the District Commissioners of each of the 12 districts of Himachal Pradesh informed about the project activities. They will take into account any guidance and feedback provided by the District Commissioners regarding the design and implementation of the project activities.

19. Three consulting firms will be engaged under the loan to assist the PMIC, PMU, and the PIUs. These include the project management consulting (PMC) firm, a monitoring and evaluation (M&E) firm, and a civil works quality assurance firm. The indicative terms of reference for these three consulting firms are included in **Appendixes 1, 2 and 3**.

INSTITUTIONAL ARRANGEMENT



ACS = additional chief secretary, DOES = Department of Economics and Statistics, DOHE = Department of Higher Education, DOI = Department of Industries, DOLE = Department of Labor and Employment, DOTE = Department of Technical Education, Vocational and Industrial Training, DORD = Department of Rural Development, DOUD = Department of Urban Development, F&P = finance and planning, HPKVN = Himachal Pradesh Kaushal Vikas Nigam, PIU = project implementation unit, PMU = project management unit, PWD = Public Works Department.

IV. COSTS AND FINANCING

20. The project is estimated to cost $100 million (Table 4).

Table 4: Summary Cost Estimates
($ million)

Item			Amount[a]
A.	**Base Cost**[b]		
	1.	TVET in Himachal Pradesh improved and aligned to national standards	34.94
	2.	Market-aligned skills ecosystem created	6.71
	3.	Access to quality training institutes improved	31.34
	4.	TVET institutional structure improved	15.33
		Subtotal (A)	**88.32**
B.	**Contingencies**[c]		**5.66**
C.	**Financing Charges During Implementation**[d]		**6.01**
		Total (A+B+C)	**100.00**

TVET = technical and vocational education and training.

[a] Includes taxes and duties of $5.88 million to be financed from Asian Development Bank (ADB) loan resources. The amount is within the reasonable threshold identified during the country partnership strategy preparations, is not excessive (9% of ADB loan resources), applies only to ADB-financed expenditures, is intended to simplify and expedite disbursement arrangements, and is material and relevant to the success of the project. The Government of Himachal Pradesh will finance taxes and duties of $1.01 million. ADB may finance local transportation, insurance costs, and bank charges.

[b] In end−2016 prices as of August 2017.

[c] Physical contingencies computed at 3% for civil works and equipment and at 3.5% on training, consultancy, and administrative costs. Price contingencies are calculated at an average of 5.5% on local currency costs on a cumulative basis in line with escalation rates published by ADB at https://lnadbg1.adb.org/erd0004p.nsf; includes provision for potential exchange rate fluctuation under the assumption of a purchasing power price parity exchange rate.

[d] Includes interest and commitment charges. Interest during construction for the OCR loan has been computed at the 5-year forward London interbank offered rate (LIBOR) plus a spread of 0.5%. Commitment charges for the OCR loan are 0.15% per year to be charged on the undisbursed loan amount.

Sources: Asian Development Bank and Himachal Pradesh Kaushal Vikas Nigam estimates.

21. The Government of India has requested a loan of $80 million from ADB's ordinary capital resources to help finance the project. The loan will have a 20-year term, including a grace period of 5 years, an annual interest rate determined in accordance with ADB's London interbank offered rate (LIBOR)-based lending facility, a commitment charge of 0.15% per year, straight line repayment, and such other terms and conditions set forth in the draft loan and project agreements. Based on the straight-line repayment method, the average maturity is 12.75 years, and there is no maturity premium payable to ADB.[22] The Government of India shall provide the ADB loan to the Government of Himachal Pradesh on separate terms and conditions in line with its on-lending norms for the state.

22. The financing plan is given in Table 5. ADB will finance the expenditures in relation to civil works and equipment, training costs, and consulting services and capacity building.

[22] This is based on the above loan terms and the government's choice of repayment option and dates.

Table 5: Summary Financing Plan

Source	**Amount** ($ million)	**Share of Total** (%)
Asian Development Bank		
Ordinary capital resources (regular loan)	80.0	80.0
Government	20.0	20.0
Total	**100.0**	**100.0**

Note: The financing plan reflects the net financing share of the Asian Development Bank and the Government of Himachal Pradesh. This has been deducted from the gross share to compute the government's net contribution of $20 million.
Source: Asian Development Bank estimates.

A. Cost Estimates Preparation and Revisions

23. The cost estimates have been prepared by ADB consultants and staff, based on information provided by HPKVN and other implementing agencies. The cost estimate model has been prepared using Microsoft excel. It is available with the project team and HPKVN.

B. Key Assumptions

24. The following key assumptions underpin the cost estimates and financing plan:

(i) Exchange rate: ₹67.85 = $1.00 (January 2017)

(ii) In-kind contributions cannot be easily measured and have not been quantified

(iii) Price contingencies based on expected inflation over the implementation period are as follows:

Table 6: Escalation Rates for Price Contingency Calculation

Item	**2017**	**2018**	**2019**	**2020**	**2021**	**Average**
Domestic rate of price inflation	5.8%	5.5%	5.5%	5.5%	5.5%	5.6%
Foreign rate of price inflation	1.4%	1.5%	1.5%	1.5%	1.5%	1.5%

Source: Asian Development Bank.

C. Detailed Cost Estimates by Expenditure Category

Table 7: Detailed Cost Estimates by Expenditure Category
($ million)

	Item	Gross Costs ($ million)	Net Cost[a] ($ million)	% of Total Gross Base Cost
A.	**Investment Costs**			
	1. Civil Works	25.48	21.59	28.9%
	2. Equipment and furniture	15.15	14.34	17.1%
	3. Training costs [b]	33.28	31.98	37. 70%
	4. Consultants	7.77	6.58	8.8%%
	a. PMC	4.83	4.10	
	b. M&E	2.11	1.78	
	c. QAC	0.82	0.70	
	Subtotal (A)	**81.67**	**74.50**	**92.50%**
B.	**Recurrent Costs**			
	Incremental Administrative Costs	6.65	6.65	8%
	Subtotal (B)	**6.65**	**6.65**	**8%**
	Total Base Cost	**88.32**	**81.15**	**100.00%**
C.	**Contingencies**			
	1. Physical Contingencies	2.69	2.69	
	2. Price Contingencies	2.97	2.97	
	Subtotal (C)	**5.66**	**5.66**	
D.	**Financing Charges During Implementation**			
	1. Interest during construction	5.76	5.76	
	2. Commitment Charges	0.26	0.26	
	Subtotal (D)	**6.01**	**6.01**	
	Total Project Cost (A+B+C+D)	**100.0**	**92.82**	

M&E = monitoring and evaluation consulting firm, PMC = project management consulting firm, QAC = quality assurance (civil works) consulting firm, ToT = Training of Trainers.

[a] Net costs are exclusive of the amount of taxes and duties from the gross costs.

[b] To ensure a level-playing field in terms of private sector training service providers engaged across different states of India, the Ministry of Skill Development and Entrepreneurship (MSDE), Government of India, issued the "Common Norms" in 2015, i.e. the standard outcomes, outputs, and cost benchmarks which all government funded training programs must follow. State governments are provided with some flexibility to adjust the costs and output requirements in line with their specific needs and constraints. HPKVN will also follow these same norms while procuring the services of training service providers through open competition. Training costs have been estimated in line with these Norms. Details are provided in http://msde.gov.in/assets/images/Notification/Common%20Norms %20Notification.pdf

Source: Asian Development Bank estimates.

D. Allocation and Withdrawal of Loan Proceeds

Table 8: Allocation and Withdrawal of Loan Proceeds
($ million)

Item	Total Amount Allocated for ADB Financing (OCR) Category ($ million)	Basis for Withdrawal from the Loan Account
Civil Works	25,480,000	100% of total expenditure claimed
Equipment and Furniture	15,150,000	100 % of total expenditure claimed
Trainings Costs	25,940,000	100% of total expenditure claimed
Consultancy Services and Capacity Building	7,770,000	100% of total expenditure claimed
Unallocated	5,660,000	
Total	**80,000,000**	

ADB = Asian Development Bank, OCR = ordinary capital resources.
Source: Asian Development Bank estimates.

E. Detailed Cost Estimates by Financier

Table 9: Detailed Cost Estimates by Financier
($ million)

Item	ADB	Taxes	% of Cost Category	GOHP/GOI	Taxes	% of Cost Category
A. Investment Costs						
1. Civil Works[a]	21.59	3.89	100.0%	0.00	0.00	0.0%
2. Equipment and furniture	14.34	0.80	100.0%		0.00	0.0%
3. Training costs						
a. ADB funded training	25.94		78.0%			
b. Flexible MoUs, B Voc. (Gov't funded) and ToT				6.33	1.01	22.0%
4. Consultants	6.58	1.18	100%			
a. PMC	4.10	0.74	100%	-	-	
b. M&E	1.78	0.33	100%	-	-	
c. QAC	0.70	0.13	100%			
Subtotal (A)	**68.46**	**5.88**	91.0%	**6.33**	**1.01**	9.0%
B. Recurrent Costs						
Incremental Administrative Costs	0.00		0.0%	6.65	-	100.0%
Subtotal (B)	0.00		0.0%	6.65	-	100.0%
Total Base Cost	**68.46**	**5.88**	**84.2%**	**12.98**	**1.01**	**15.8**
C. Contingencies						
1. Physical Contingencies	2.69	-	100.0%	-	-	0.0%
2. Price Contingencies	2.97	-	100.0%	-	-	0.0%
Subtotal (C)	**5.66**	**0.00**	**100.0%**	**0.00**	**0.00**	**0.0%**
D. Financing Charges During Implementation						
Interest and Commitment Charges [b]	0.00	-	0.0%	6.01	-	100.0%
Subtotal (D)	0.00	0.00	0.0%	6.01	0.00	100.0%
Total Project Cost (A+B+C+D)	**74.12**	**5.88**	**80.0%**	**18.99**	**1.01**	**20.0%**

ADB = Asian Development Bank, B. Voc. = bachelor of vocational education, GOHP = Government of Himachal Pradesh, M&E = monitoring and evaluation consulting firm, MoU=Memorandum of Understanding, PMC = project management consulting firm, QAC = quality assurance (civil works) consulting firm, ToT = training of trainers.

[a] in end-2016 prices as of March 2017

[b] Includes interest and commitment fee on ADBs loan. Interest and commitment fees on ADB will be borne by Government of India. The interest on the ADB OCR loan has been computed at the 5-year forward London interbank offered rate plus a spread of 0.5%. Commitment fee is charged at 0.15% on OCR loan on undisbursed balance over the project period. As per the Government of India norms for special category states, the government provides proceeds from ADB loan to the State government in local currency and at separate terms and conditions. The interest charged by the government of India to GOHP shall be borne out of the state's own resources and is excluded from the project costs above.

Source: Asian Development Bank estimates.

F. Detailed Cost Estimates by Outputs

Table 10: Detailed Cost Estimates by Outputs

		Output 1		Output 2		Output 3		Output 4	
	Total Cost ($ million)	Amount	% of cost category	Amount	% of cost category	Amount	% of cost category	Amount	% of cost category
A. Investment Costs									
1. Civil Works	25.48		0.00%	3.94	15.0%	15.64	61.00%	5.90	23.00%
2. Equipment and furniture	15.15		0.00%	1.11	7.0%	14.04	93.00%		0.00%
3. Training costs	33.28	33.28	100.00%		0.00%		0.00%		0.00%
a. ADB funded training	25.94	25.94	100.00%						
b. Flexible MoUs, B Voc. (Gov't funded) and ToT	7.33	7.33	100.00%						
4. Consultants	7.77		0.00%		0.00%		0.00%	7.77	100.00%
a. PMC	4.83		0.00%		0.00%		0.00%	4.83	100.00%
b. M&E	2.11		0.00%		0.00%		0.00%	2.11	100.00%
c. QAC	0.83							0.83	100%
Subtotal (A)	**81.67**	**33.28**	**41.00%**	**5.05**	**6%**	**29.68**	**36%**	**13.67**	**17%**
B. Recurrent Costs									
Incremental Administrative Costs	6.65	1.66	25.00%	1.66	25.0%	1.66	25.00%	1.66	25.00%
Subtotal (B)	**6.65**	1.66	25.00%	1.66	25.0%	1.66	25.00%	1.66	25.00%
Total Base Cost	**88.32**	**34.94**	**39.6%**	**6.71**	**7.6%**	**31.34**	**35.5%**	**15.33**	**17.40%**
C. Contingencies									
1. Physical Contingencies	2.69								
2. Price Contingencies	2.97								
Subtotal (C)	**5.66**								
D. Financing Charges During Implementation									
1. Interest during construction	5.76								
2. Commitment charges	0.26								
Subtotal (D)	**6.01**								
Total Project Cost (A+B+C+D)	**100.0**								

ADB = Asian Development Bank, B. Voc. = bachelor of vocational education, M&E = monitoring and evaluation consulting firm, MoU=Memorandum of Understanding, PMC = project management consulting firm, QAC = quality assurance (civil works) consulting firm, ToT = training of trainers,

Note: The incremental administrative costs have been apportioned equally amongst each of the four outputs. The four outputs are: (1) TVET in Himachal Pradesh improved and aligned to national standards, (2) Access to quality training institutes improved, (3) Market aligned skills ecosystem created in Himachal Pradesh, and (4) Capacity of HPKVN strengthened.

Source: Asian Development Bank estimates.

G. Detailed Cost Estimates by Year

Table 11: Detailed Cost Estimates by Year

Item	Total Cost ($ million)	2017	2018	2019	2020	2021
A. Investment Costs						
1. Civil Works	25.48	4.93	10.1	9.89	0.59	0.00
2. Equipment and furniture	15.15	5.8	7.94	0.39	0.51	0.51
3. Training costs	33.28	3.02	7.38	7.63	7.63	7.63
a. ADB funded training	25.94	2.35	5.90	5.90	5.90	5.90
b. Flexible MoUs and B Voc. (Gov't funded)	7.33	0.67	1.48	1.48	1.48	1.48
4. Consultants	7.77	0.48	2.25	2.25	2.25	0.53
a. PMC	4.83	0.48	1.45	1.45	1.45	
b. M&E	2.11	0.00	0.53	0.53	0.53	0.53
c. QAC	0.83	0.00	0.28	0.28	0.28	0.28
Subtotal (A)	**81.67**	**14.23**	**27.64**	**20.16**	**10.98**	**8.66**
B. Recurrent Costs						
Incremental Administrative Costs	6.65	0.74	1.78	1.94	1.12	1.06
Subtotal (B)	**6.65**	0.74	1.78	1.94	1.12	1.06
Total Base Cost	**88.32**	**14.98**	**29.42**	**22.10**	**12.10**	**9.73**
C. Contingencies						
1. Physical Contingencies	2.69	0.44	0.85	0.64	0.38	0.37
2. Price Contingencies	2.97	0.11	0.66	0.85	0.66	0.69
Subtotal (C)	**5.66**	**0.55**	**1.51**	**1.50**	**1.03**	**1.06**
D. Financing Charges During Implementation						
Interest and Commitment Charges	6.01	0.28	0.77	1.33	1.70	1.93
Subtotal (D)	**6.01**	**0.28**	**0.77**	**1.33**	**1.70**	**1.93**
Total Project Cost (A+B+C+D)	**100.00**	**15.81**	**31.70**	**24.93**	**14.84**	**12.72**
		16%	**32%**	**25%**	**15%**	**13%**

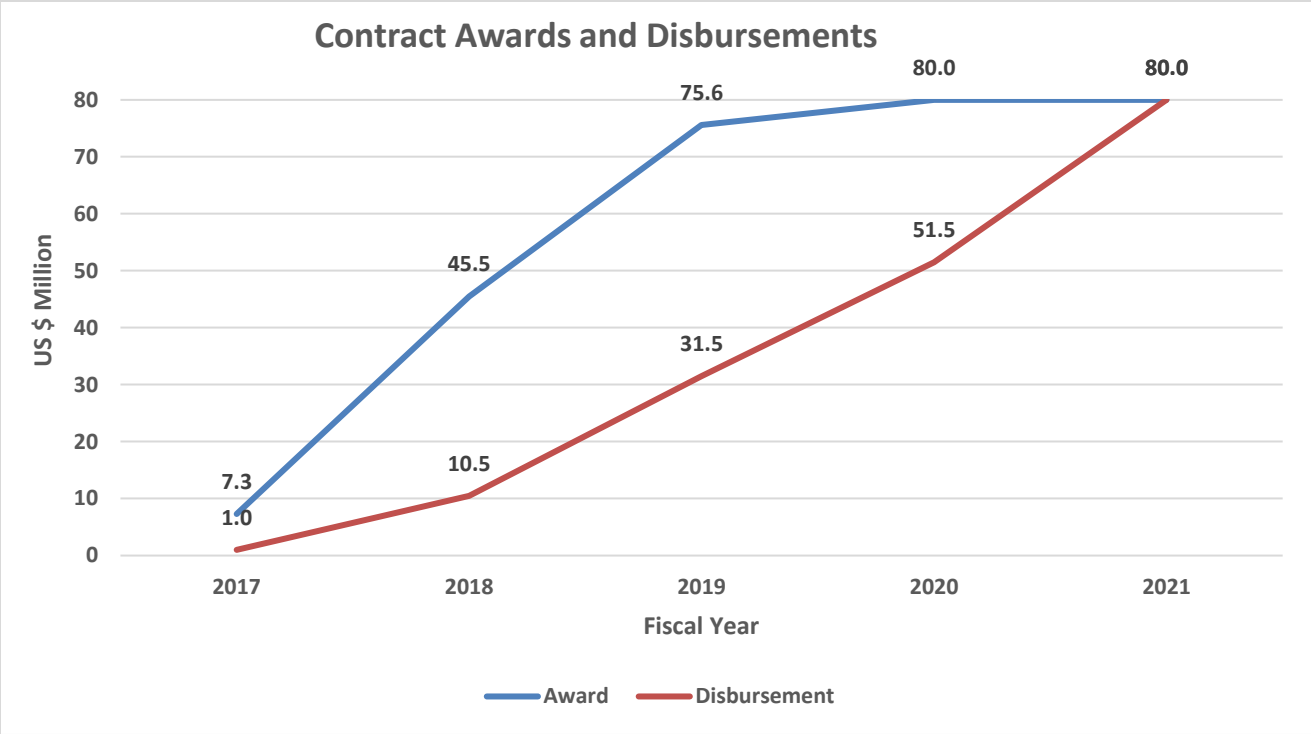
ADB = Asian Development Bank, B. Voc = bachelor of vocational education, M&E = monitoring and evaluation consulting firm, PMC = project management consulting firm, QAC = quality assurance (civil works) consulting firm, ToT = training of trainers.
Note: Numbers may not sum precisely because of rounding.
Source: Asian Development Bank estimates.

H. Contract and Disbursement S-Curve

Table 13: Cumulative Contract Award and Disbursement
($ million)

Year	2017	2018	2019	2020	2021
Contract award	7.3	45.5	75.6	80.0	80.0
Disbursement	1.0	10.5	31.5	51.5	80.0

Figure 1: Cumulative Contract Award and Disbursement



I. Fund Flow Diagram

25. A separate budget allocation has been made under the externally-aided projects section of GOHP's budget for HPSDP under HPKVN's name.[23] Each of the implementing agencies will estimate their budget requirements quarterly based on the planned project activities and expenditures. This will be discussed in the PMIC, and then submitted to the PSC for review. Following clearance by the PSC, the consolidated budget request will be submitted by HPKVN to DOP. The Department of Finance, in consultation with DOP, will allocate the required budget for the activities included under ADB project for the relevant financial year.[24] All funds will be routed by DOP through HPKVN to DOHE, DOTE, and PWD for the planned activities.

[23] An amount of ₹50 million (or $757,576 at an exchange rate of ₹66 to $1) has already been allocated for HPKVN for 2016–2017.

[24] The Department of Finance shall account for the receipt of ADB funds under the existing budget head 1601-02-101-03 (Grant in Aid from Central Government – Grants from State/ UT Schemes – Block Grants – ACA) for externally-aided projects.

26. HPKVN, DOHE, and DOTE will maintain project bank accounts, while PWD will operate a Treasury account in line with GOHP norms.[25] HPKVN will handle all the funds for engaging consulting firms and TSPs for vocational training. DOTE will handle the funds for procuring the upgraded training equipment for the ITIs. PWD will be fully responsible for the procurement of civil works, and construction supervision and management. PWD's charges in this regard to the state government will constitute part of the incremental administrative costs borne by the state under the overall project cost. HPKVN will deposit the funds under the relevant Treasury head with the PWD for execution of civil works.

27. HPKVN will make payments to the consulting firms and TSPs upon fulfilment of agreed milestones and the required verification. DOTE will make payments to equipment vendors after checking the quality of equipment supplied. PWD will release payments to the civil works contractors after checking the quality of construction and verifying the bills. HPKVN will review the bills and utilization certificates of DOTE and PWD, consolidate them, and then submit them to DOP for review. After review and clearance, DOP will prepare a consolidated withdrawal application to claim reimbursement from ADB. It will submit it to the Controller of Aid Accounts and Audit (CAAA), Ministry of Finance, Government of India. CAAA will review the withdrawal application, and then submit it to ADB. All funds from ADB will flow through CAAA to the Department of Finance, GOHP.

28. The fund flow is explained step-wise below and shown schematically thereafter:

(i) **Step 1.** Based on the planned project activities and expenditures, the implementing agencies will prepare budget estimates and submit formal request for allocation of funds under the externally-aided projects (EAP) section of the government's budget after consultation with HPKVN. The Department of Finance, in consultation with DOP (the executing agency), will allocate separate budget for the activities included under HPSDP for the relevant financial year. A separate budget line item will be created in the EAP section for HPSDP. Three accounts will be opened for HPKVN, DOTE, and DOHE. PWD will operate a Treasury account in line with GOHP norms

(ii) **Step 2.** The funds will be released by DOP to HPKVN preferably within 2 weeks of receiving the request. HPKVN shall in-turn disburse to the other implementing agencies. Disbursement to PWD will be done by bank draft to be deposited in the respective head of Treasury on a quarterly basis based on the budget.

(iii) **Step 3.** Payment requests with necessary supporting documents and invoices will be submitted by vendors, contractors, and consultants to HPKVN, DOTE, DOHE, and PWD based on specific activities undertaken and expenses incurred by each of them.

(iv) **Step 4.** All the claims and invoices corresponding to the expenditures incurred by each implementing agency will be consolidated by the nodal officers who are nominated to the PMIU, with the help of their respective Finance and Accounts officers. HPKVN and other implementing agencies will make payments to their respective vendors, contractors, and consultants after verifying the bills, supporting documents, and contract conditions.

[25] All financial inflows and outflows pertaining to the ADB loan will be routed through the respective bank accounts.

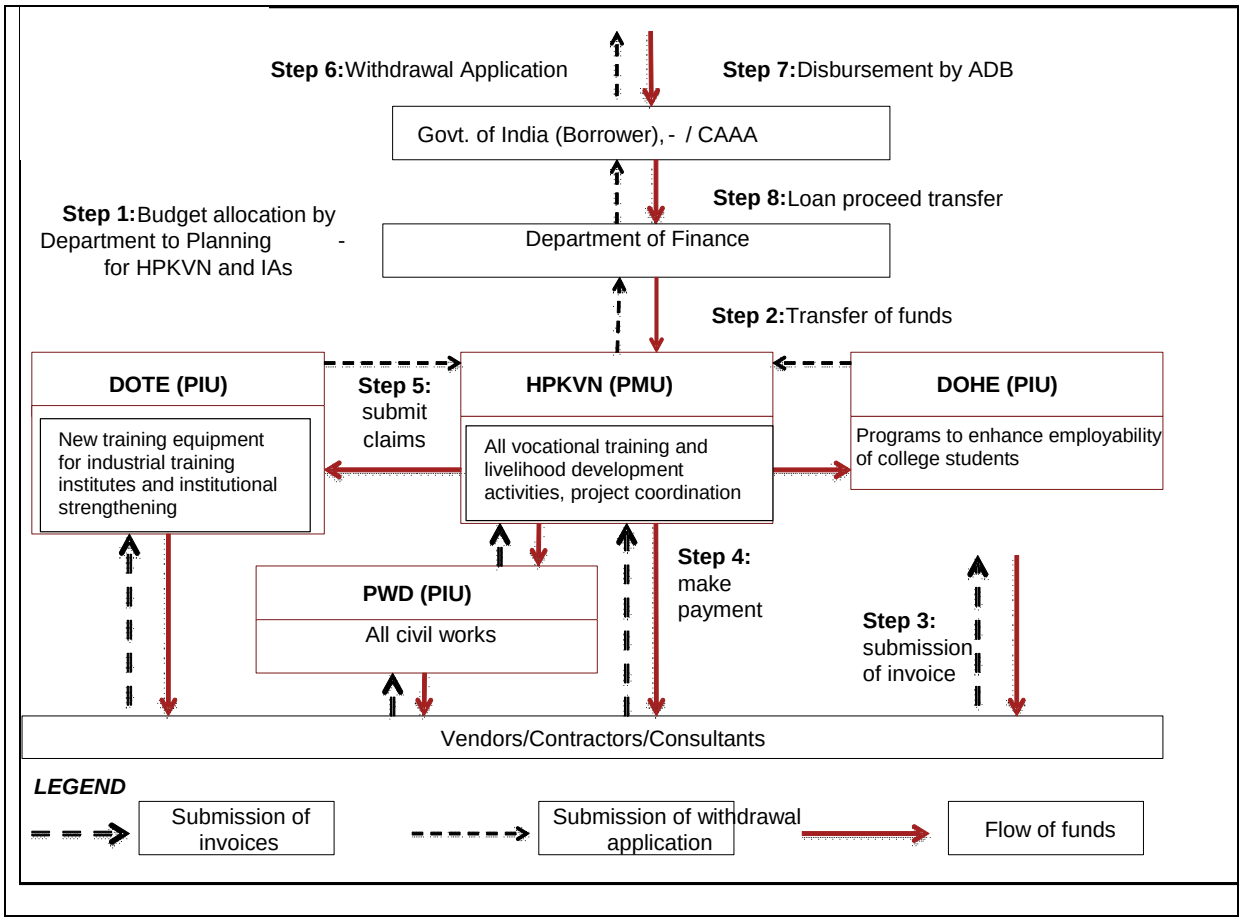
(v) **Step 5.** HPKVN will consolidate the claims of all the three implementing agencies, and prepare a withdrawal application form with necessary supporting documents. It will then submit these to DOP.

(vi) **Step 6**. DOP will review and check the withdrawal application. As the executing agency, DOP will submit the withdrawal application (along with a cover letter) to the CAAA, Government of India. A copy will also be submitted to the senior financial control officer, ADB's India Resident Mission.

(vii) **Step 7.** Flow of funds from ADB to CAAA – The Government of Himachal Pradesh will follow the reimbursement method for withdrawing funds from ADB.

(viii) **Step 8.** Flow of funds from CAAA to GOHP. All operating expenses will be initially borne by the state government.

Figure 2: Fund Flow Under Reimbursement Procedure



CAAA = Controller of Aid, Accounts and Audit, DOHE = Department of Higher Education, DOTE = Department of Technical Education, Vocational and Industrial Training, HPKVN = Himachal Pradesh Kaushal Vikas Nigam, PIU = Project Implementation Unit, PWD = Public Works Department.

V. FINANCIAL MANAGEMENT

A. Financial Management Assessment

29. A financial management assessment (FMA) was conducted in May–October 2016 for HPKVN, DOP, DOHE, DOTE and PWD in accordance with ADB's Technical Guidance Note on Financial Management Assessment[26]. The FMA was further updated in January 2017 to reflect progress made in improving the financial management arrangements. The FMA considered the capacity of the executing agency and implementing agencies, including funds-flow arrangements, staffing, accounting and financial reporting systems, financial information systems, and internal and external auditing arrangements.[27] Based on the assessment, the key financial management risks identified are as per Table 14 below:

Table 14: Financial Management and Internal Control Risk Assessment

Risk	Pre-mitigation Risk Rating	Mitigation Measures
Country-specific Overall, somewhat weak country PFM system with regard to policy-based budgeting (especially the lack of a multiyear perspective), tax administration, control in budget execution, internal audit, as well as timeliness of external audits and follow-up on audit findings.[a]	Moderate	Implementation of PFM reforms in line with the recommendations of the Second Administrative Reform Commission, Government of India.[b] However, as skill development in Himachal Pradesh will be implemented through the corporatized HPKVN in mission mode ("mission mode" is a term used in India to describe an undertaking by the government assigning a group of dedicated people within a time-bound action plan), adequate financial allocation is expected, along with internal control measures such as internal audit and timely resolution of audit issues.
Executing and/or implementing agencies **HPKVN** HPKVN was formally established in September 2015 as a 100% government-owned company under the Department of Planning, Government of Himachal Pradesh. It therefore, follows the Himachal Pradesh financial rules and is subject to external audit. While basic financial management and accounting systems have already been set up, they will have to be strengthened progressively as project activities, especially training programs, are scaled up.	Moderate	**All implementing agencies** A financial management consultant, an accountant, and a procurement consultant will be fielded under the PMC firm to be engaged under the loan. These consultants will continue to support all implementing agencies including HPKVN in executing financial management and other fiduciary functions in an effective manner.

[26] https://www.adb.org/sites/default/files/page/82468/financial-management-assessment.pdf
[27] Financial Management Assessment (accessible from the list of linked documents in Appendix 2 of the main text).

Risk	Pre-mitigation Risk Rating	Mitigation Measures
HPKVN already has 27 full-time staff including a managing director, two general managers, and other staff responsible for critical functions such as financial management, accounts, procurement, administration, training, mobilization, and industry outreach. A full-time chartered accountant has been appointed by HPKVN effective June 2016. A part-time company secretary was also hired in January 2017 to attend to compliance issues of HPKVN. HPKVN has already engaged an internal auditor and a statutory auditor. The statutory audit for FY2016 has been completed and the audit report was approved by the Board of Directors on 31 December 2016. The internal audit report for FY2016 has also been prepared. There were no adverse findings. Significant efforts have already been made during project design to establish a strong institutional foundation, lay down the required business processes and familiarize the implementing agencies with ADBs financial management procedures. **DOP, DOHE, DOTE, and PWD** HPKVN has been coordinating well with the other implementing agencies The Himachal Pradesh government has significant experience of handling donor-funded projects. Officers of the DOP (the executing agency for HPSDP), along with PWD and DOTE (two of the implementing agencies), have worked on a number of projects and are therefore familiar with ADB's financial management and other fiduciary requirements.		
Funds flow and budgeting arrangements The PMU shall be housed within HPKVN. The DOP will channel all project funds to the various implementing agencies (DOTE, DOHE, and PWD) through HPKVN. A budget head has already been opened under DOP for providing funds to HPKVN. In FY2016, ₹50 million was allocated out of which ₹10 million was released. In FY2017, ₹50 million has been allocated and ₹25 million has been released till December 2016.	Low	To ensure smooth funds flow, the following additional measures will be taken: (i) HPKVN and other implementing agencies (excluding PWD) will open separate bank accounts in a commercial bank for the project prior to loan effectiveness. PWD will operate through its treasury bank account.

Risk	Pre-mitigation Risk Rating	Mitigation Measures
		(ii) Adequate budget will be allocated for all planned activities annually. (iii) DOP will disburse funds to HPKVN for the project on a quarterly basis based on actual fund requirements, after deducting the opening balance. HPKVN will also follow a similar system for disbursing funds to the other implementing agencies. This will ensure that funds are not blocked at the level of implementing agencies.
Staffing **HPKVN** The General Manager Finance reports to the Managing Director and looks after the accounts, finance, and compliance-related matters of HPKVN. In addition, there are experienced full-time officers in HPKVN to handle finance, accounts, and administrative issues The state-level project steering committee and project management implementation committee have been established. **DOHE, DOTE, and PWD** The Directors of each of the implementing agencies (DOTE, DOHE) and the Engineer-in-Chief of PWD head their respective PIUs. They are being supported by their respective finance, accounts, and procurement staff in executing project activities.	Moderate	**HPKVN** The PMC firm to be engaged under the loan will have a Financial Management specialist, an Accounts Officer, and a Procurement Specialist. These consultants will assist HPKVN and other implementing agencies. **DOHE, DOTE, and PWD** All implementing agencies will appoint or assign project-specific staff.
Accounting policies and procedures **HPKVN** HPKVN shall follow the accounting processes laid down in Himachal Pradesh's Financial Rules, 2009, as applicable to a government- owned entity. It will also comply with the requirements under the Companies Act, 2013. This requires accrual-based accounting, which allows for extraction of cash basis accounts, to facilitate consolidation with the accounts of the other implementing agencies which are government departments.	Moderate	**HPKVN** A comprehensive finance and accounting manual shall be prepared and submitted to the board for approval by November 2017. **DOP, DOHE, DOTE, and PWD** Implementing agencies will maintain detailed project-related records for preparing consolidated project financial statements.

Risk	Pre-mitigation Risk Rating	Mitigation Measures
Accounting policies have been drafted and approved by the Board of Directors as a part of the first financial statements on 31 December 2016. **DOP, DOHE, DOTE, and PWD** Relevant staff of these departments should receive training on ADB's project accounting policies and procedures.		Relevant staff of HPKVN and the implementing agencies will be invited to the periodic financial management and disbursement workshops organized by ADB's India Resident Mission.
Internal Controls **HPKVN** Accounting policies have been drafted and approved by the Board as a part of the first financial statements on 31 December 2016. HPKVN shall follow the Himachal Pradesh Financial Rules, 2009 as applicable to a government-owned entity. **DOHE, DOTE, and PWD** Other implementing agencies follow established Himachal Pradesh financial rules for delegation of authority levels, segregation of duties, controls over bank balances, etc. Himachal Pradesh has also implemented e-payment systems with its own internal control systems.	Low	**HPKVN** A comprehensive finance and accounting manual shall be prepared and submitted to the Board for approval by November 2017. **DOHE, DOTE, and PWD** Not applicable.
Internal audit **HPKVN** Since HPKVN is a new entity, the internal audit function has been initially outsourced. Based on the terms of reference provided by ADB, internal auditors Mukesh K. Sharma & Associates were appointed by HPKVN for FY2016. They have submitted their first internal audit report with no major findings. Jitender Manoj & Associates, Chartered Accountants, have been appointed as internal auditor for FY2017. **DOP, DOHE, DOTE, and PWD** Currently, there is very limited internal audit function at the state level in Himachal Pradesh. None exists at the implementing agencies level.	Moderate	**HPKVN and other implementing agencies** The outsourced internal auditors will perform the internal audit of HPKN in accordance with the terms of reference provided by ADB aligned to internal best practice. The scope of internal audit shall include all project activities undertaken by HPKVN and the other implementing agencies under the ADB project.
External Audit **HPKVN** Statutory auditors Vijay Kumar Sharma & Associates; Chartered Accountants; and Nadaun	Low	**HPKVN** Statutory auditors will continue to be sensitized on the requirements for the ADB project financial statements

Risk	Pre-mitigation Risk Rating	Mitigation Measures
(Hamirpur, Himachal Pradesh) were nominated by CAG and appointed by the HPKVN Board of Directors for FY2016. They issued their unqualified audit report for FY2016 dated 10 October 2016, which was within the timeline required under the Companies Act, 2013. The CAG also provided their supplementary audit opinion with no additional findings. The HPKVN Board of Directors has appointed Mukesh K Sharma & Associates, Shimla; and Chartered Accountants, as statutory auditors for FY2018.		The Auditor General, Government of Himachal Pradesh, may also undertake supplementary audit. **DOP, DOHE, DOTE, and PWD** The chartered accountant firm appointed for HPKVN shall also undertake audit of the ADB project at the implementing agencies.
Reporting and monitoring **HPKVN** A financial accounting and reporting system, which can also monitor key results, is yet to be established. **DOP, DOHE, DOTE, and PWD** The implementing agencies have their own reporting and monitoring systems in place to cover their own activities. However, these reporting and monitoring systems will have to cover project activities and requirements.	Substantial	**HPKVN and other implementing agencies** HPKVN and other implementing agencies will design and implement a robust computerized financial accounting, reporting, and monitoring system so that financial and physical program reports can be generated online.
Information systems HPKVN does not have any information system in place as it is a new entity. Other implementing agencies (line departments) have some form of information systems. However, they cover their own respective activities, and are not integrated at the state level.	Substantial	HPKVN shall operationalize a basic off–the-shelf accounting software at HPKVN. This will subsequently be merged with the comprehensive MIS for financial reporting.
Overall Risk	**Moderate**	

ADB = Asian Development Bank; CAG = comptroller and accountant general of India; DOHE = Department of Higher Education; DOP = Department of Planning; DOTE = Department of Technical Education, Vocational and Industrial Training; FY = fiscal year; HPKVN = Himachal Pradesh Kaushal Vikas Nigam; MIS = management information system; PFM = public financial management; PMC = project management consultant; PMU = project management unit; PWD = Public Works Department.

[a] ADB. 2012. *Risk Assessment and Risk Management Plan (Summary). Country Partnership: India, 2013–2017.* New Delhi. https://www.adb.org/sites/default/files/linked-documents/cps-ind-2013-2017-ra.pdf

[b] Government of India, Second Administrative Reforms Commission. 2009. *14th Report Strengthening Financial Management Systems.* New Delhi. http://arc.gov.in/14threport.pdf

[c] An ADB financial management consultant has been working with HPKVN and other implementing agencies since January 2016 to familiarize them with ADB's financial management protocols, and how to comply.

Source: Asian Development Bank.

30. The overall pre-mitigation financial management risk for the HPSDP is moderate primarily because HPKVN is a relatively new entity. As noted, it is fully functional with 27 experienced staff members responsible for different functions. They will gain experience progressively as project activities, especially training programs, are scaled up. HPKVN and the other implementing agencies will be assisted by the PMC firm to be engaged under the loan. It will have a Financial

Management specialist, an Accounts Officer, and a Procurement Specialist. An integrity due diligence was also conducted, the results of which were satisfactory. With the proposed risk mitigating measures, it is expected that HPKVN's financial management capacity will be strengthened adequately. Several actions have already been taken. The financial management action plan is provided in Table 15.

Table 15: Financial and Procurement Management Action Plan

S. No.	Description	Timeline	Responsibility
1	Ensure adequate budget allocation	Before loan effectiveness and annually	DOP has already allocated budget and disbursed funds to HPKVN for FY2017.
2	Install and operationalize an off–the-shelf accounting software at HPKVN and other implementing agencies. Subsequently, the accounting software may be integrated with the project MIS for financial reporting	By June 2017	HPKVN and other implementing agencies.
3	Open separate project bank accounts at HPKVN and other implementing agencies (other than PWD), with all bank accounts to be jointly operated	After loan effectiveness	All implementing agencies (excluding PWD, which will operate through the treasury bank account).
4	HPKVN and implementing agencies will prepare quarterly physical and financial targets for the project. The proposed flow of funds from DOP to HPKVN to the implementing agencies will be on a quarterly basis based on expected targets	Ongoing on a quarterly basis	All implementing agencies
5	HPKVN shall disclose all project-related, including financial statements and procurement related information, on a dedicated website to be updated regularly	Ongoing during project implementation	HPKVN
6	Conduct training in ADB's procurement, financial management and disbursement procedures	Ongoing	ADB

ADB = Asian Development Bank, DOP = Department of Planning, FY = fiscal year, HPKVN = Himachal Pradesh Kaushal Vikas Nigam, MIS = management information system, PMU = project management unit, PSC = project steering committee, PWD = Public Works Department.
Source: Asian Development Bank.

B. Disbursement

31. The loan proceeds will be disbursed in accordance with ADB's Loan Disbursement Handbook (2017, as amended from time to time), and detailed arrangements agreed upon between the government and ADB.[28]

32. It has been agreed that GOHP shall use the **reimbursement disbursement procedure** wherein, ADB will pay from the loan account to the borrower's account for eligible expenditures which have been incurred and paid for by the project out of its budget allocation or its own

[28] Online training for project staff on disbursement policies and procedures is available at http://wpqr4.adb.org/disbursement_elearning. Project staffs are encouraged to avail of this training to help ensure efficient disbursement and fiduciary control.

resources. The project organization structure has been described in section III, part C, while the fund flow has been explained in section IV, part G. The Department of Finance will account for the receipt of ADB funds under the existing budget head 1601-02-101-03 (Grant in Aid from Central Government – Grants from State/ UT Schemes – Block Grants – ACA for externally aided projects). It has been assured that there is no uncertainty or risk with respects to the availability of counterpart funds. Separate project accounts shall be established and maintained by DOHE, DOTE and HPVKN. PWD shall operate through its treasury bank account under the head "Deposit Works". Contributions from beneficiaries in the nature of training fees will be applied towards counterpart (state government) contribution.

33. **Statement of expenditure procedure**.[29] The statement of expenditures (SOE) procedure will be used to reimburse eligible expenditures not exceeding $100,000 equivalent per individual payment. SOE records should be maintained and made readily available for review by ADB's disbursement and review mission or upon ADB's request for submission of supporting documents on a sampling basis, and for independent audit. Reimbursement of individual payments in excess of the SOE ceiling should be supported by full documentation when submitting the withdrawal application to ADB.

34. Before the submission of the first withdrawal application, the borrower should submit to ADB sufficient evidence of the authority of the person(s) who will sign the withdrawal applications on behalf of the government, together with the authenticated specimen signatures of each authorized person. The minimum value per withdrawal application is set in accordance with ADB's Loan Disbursement Handbook. Individual payments below this amount should be paid by the executing agency and/or implementing agencies, and subsequently claimed from ADB through reimbursement.

35. GOHP has notified the Himachal Pradesh Financial Rules, 2009 which deals with the general system of financial management in the state, budget formulation and implementation, principles of government accounts, works, procurement of goods and services, inventory management, contract management, grants-in-aid and government guarantees and establishment amongst other things.[30] A budget circular is issued by the Department of Finance to all departments detailing the procedure to be followed for preparing the budget estimates for the following year and revised estimates for the current year, along with formats to be used.[31] All expenditure will also be carried out in accordance with these regulations of the GOHP.

C. Accounting

36. HPKVN will maintain, or cause to be maintained, separate books and records by funding source for all expenditures incurred on the HPSDP. Project financial statements will follow the Government of India's cash based accounting laws and regulations which are consistent with international accounting principles and practices.[32] HPKVN will prepare project financial statements which shall include at a minimum, a statement of receipts and payments with accompanying notes and schedules. Template financial statements provided in the standardized

[29] SOE forms are available in Appendix 9B and 9C of ADB's Loan Disbursement Handbook (2015, as amended from time to time).

[30] Notified vide No. Fin(C)A(3)5/2005 dated 12 August 2009.

[31] Budget circular for budget estimates 2015–2016 and revised estimates 2014–2015 was issued by the Department of Finance vide circular no. FIN-A-C(6)-1/2014 dated 14 August 2014.

[32] Under the Companies Act, 2013, HPKVN should use the accrual basis of accounting. However, since the remaining implementing agencies are government departments and follow the cash basis of accounting, it will be more practical to prepare the consolidated statements following cash based accounts.

terms of reference for audit of ADB assisted projects, agreed with the Comptroller and Auditor General of India, the Department of Economic Affairs, Ministry of Finance, and ADB can be referred to as a guide for preparing financial statements. The project financial statements will be prepared from the date when expenditures approved for retroactive financing were incurred.

D. Auditing and Public Disclosure

37. HPKVN will cause the detailed project financial statements to be audited in accordance with International Standards on Auditing and/or in accordance with the government's audit regulations, by the CAG or any private external auditor empaneled and assigned to the audit by the CAG, acceptable to ADB. The audited project financial statements together with the auditor's opinion will be presented in the English language to ADB within 6 months from the end of the fiscal year by the HPKVN.

38. The audited financial statements of HPKVN, together with the auditor's report and management letter, will be submitted in the English language to ADB within 1 month after their approval by the relevant authority.

39. The audit report for the project financial statements will include a management letter and auditor's opinions, which cover (i) whether the project financial statements present an accurate and fair view or are presented fairly, in all material respects, in accordance with the applicable financial reporting standards; (ii) whether the proceeds of the loan were used only for the purpose(s) of the project; and (iii) whether the borrower or executing agency was in compliance with the financial covenants contained in the legal agreements (where applicable).

40. Compliance with financial reporting and auditing requirements will be monitored by review missions and during normal program supervision, and followed up regularly with all concerned, including the external auditor. To ensure the timely submission of audited project financial statements (APFS), the implementing agencies should submit to the independent auditor for audit within 3 months of the end of the fiscal year.

41. HPKVN shall install a suitable mechanism for an effective system of internal audit function to assist the management in its oversight function. Terms of reference for internal audit are provided in **Appendix 6**.

42. The Government of Himachal Pradesh, HPKVN, and all other implementing agencies have been made aware of ADB's approach to delayed submissions, and the requirements for satisfactory and acceptable quality of the APFS.[33] 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

[33] ADB's approach and procedures regarding 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 6 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 <u>are not received within 6 months after the due date</u>, ADB will withhold processing of requests for new contract awards and disbursement such as new replenishment of imprest accounts, processing of new reimbursement, 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 6 months.

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

ADB, or if the audits are substantially delayed. ADB reserves the right to verify the project's financial accounts to confirm that the share of ADB's financing is used in accordance with ADB's policies and procedures.

43. Public disclosure of the APFS, including the auditor's opinion on the project financial statements, will be guided by ADB's Public Communications Policy 2011.[34] After the review, ADB will disclose the APFS and the opinion of the auditors on the project financial statements no later than 14 days of ADB's confirmation of their acceptability by posting them on ADB's website. The management letter and audited entity financial statements will not be disclosed.[35]

VI. PROCUREMENT AND CONSULTING SERVICES

A. Advance Contracting and Retroactive Financing

44. All advance contracting and retroactive financing will be undertaken in conformity with ADB Procurement Guidelines (2015, as amended from time to time) and ADB's Guidelines on the Use of Consultants (2013, as amended from time to time). The issuance of invitations to bid under advance contracting and retroactive financing will be subject to ADB approval. The borrower, executing agency, and implementing agencies have been advised that approval of advance contracting and retroactive financing does not commit ADB to finance the project.

45. **Advance contracting.** GOHP through DOP has requested advance action for procurement of works to expedite the consultant selection process, including finalization of the requests for proposal; and the tender process of works, including preparation of the bidding documents for civil works and calls for tender.

46. **Retroactive financing**. The government and GOHP, through DOP, have requested approval for retroactive financing. If approved by the ADB Board, up to 20% of the amount of the loan proceeds ($16 million, 20% of $80 million) will be eligible for retroactive financing, provided that expenditures are incurred on works and consulting services for the investment program in accordance with agreed procedures and during the 12 months before the signing of the loan and project agreements.

B. Procurement of Goods, Works, and Consulting Services

47. All procurement of goods and works will be undertaken in accordance with ADB's Procurement Guidelines (2015, as amended from time to time). International competitive bidding procedures will be used for any civil works contract estimated to cost more than $40 million, and any goods contract estimated to cost more than $4 million. National competitive bidding procedures may be used for any civil works contract estimated to cost $40 million or less and any goods contract estimated to cost $4 million or less. Shopping will be used for any civil works or goods contract estimated to cost below $100,000.

48. Before the start of any procurement, ADB and the government will review the public procurement laws of the central and state governments to ensure consistency with ADB's Procurement Guidelines (2015, as amended from time to time) and audit and disbursement

[34] ADB. 2011. *Public Communications Policy: Disclosure and Exchange of Information.* Manila. http://www.adb.org/documents/pcp-2011?ref=site/disclosure/publications

[35] This type of information would generally fall under public communications policy exceptions to disclosure. ADB. 2011. *Public Communications Policy*: *Disclosure and Exchange of Information.* Manila. Paragraph 97(iv) and/or 97(v).

procedures of the relevant agencies (Finance Department, Audit Office, executing agency, PMU, PIUs) to ensure consistency with ADB's Disbursement procedures.

49. An 18-month procurement plan indicating threshold and review procedures, goods, works, and consulting service contract packages and national competitive bidding guidelines is in Section C.

50. All consultants will be recruited according to ADB's Guidelines on the Use of Consultants (2013, as amended from time to time).[36] The terms of reference for all consulting services are detailed in **Appendixes 1, 2, and 3**. All consulting firms will be engaged using the quality- and cost-based selection (QCBS) method with a standard quality–cost ratio of 80:20.

51. 495 person months of key national experts are required for a PMC consultancy firm to assist the PMU and PIUs in planning, executing, and monitoring all project activities in an efficient manner. The PMC will also have environment and social safeguards consultants to assist HPKVN (the PMU) and PWD in ensuring that all the policies and processes pertaining to safeguards under the civil works component, as outlined in the project's environment and social management framework (ESMF) document, are adhered to.

52. 229 person-months of key national experts are required under a M&E consultancy firm for creating a baseline for HPSDP, and thereafter, undertaking tracer and employability surveys to track the effectiveness of the various short and long-term vocational training and technical education programs to be funded. This will help in assessing whether the desired project outcomes in the design and monitoring framework (DMF), in terms of higher placements and improved livelihood and employability, are being achieved or not.

53. A minimum of 76 person months of key national experts is required under a civil works quality assurance firm. It will assist PWD and HPKVN in ensuring that the civil contractors adhere to the required quality, technical, and safety specifications laid down in the bidding documents while constructing the proposed training facilities. This firm will also build the capacity of local contractors in terms of adhering to relevant building codes, the site-specific environment management plans, and improving construction quality and durability.

54. A system integration support vendor/supplier is required to design a comprehensive MIS to collect and consolidate information on project activities and output indicators across different components of HPSDP. The MIS will enable real-time reporting and analysis of relevant project information. It will also facilitate easier linkage with the National Career Services Portal operated by the Ministry of Labor and Employment, Government of India.

55. Qualified TSPs with experience of imparting NSQF-aligned vocational training in relevant job roles will be engaged under the loan. Since the Ministry of Skill and Entrepreneurship Development, Government of India, mandates that all government-funded training programs should follow the "Common Norms", the TSPs will be engaged using the fixed-budget selection method.[37] The technical specifications will lay down the requirements in terms of quality, experience, and past track record of the TSPs in terms of executing similar vocational training programs in alignment with NSQF, while following the relevant national standards.

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[36] Checklists for actions required to contract consultants by method available in e-Handbook on Project Implementation at: http://www.adb.org/documents/handbooks/project-implementation/

[37] http://msde.gov.in/assets/images/Notification/Common%20Norms%20Notification.pdf

56. All the implementing agencies will establish a referencing system for detailed record-keeping. All procurement files including bid invitations, winning bids, evaluation reports, pre-contract documents, contract documents and invoices will be kept in single contract files. The government regulations require keeping all records for eight years which sufficiently covers ADB's requirement to keep the project records for two years after project completion, considering that all projects under the proposed loan are envisioned to be completed within 4-5 years following procurement activities.

C. Procurement Plan

57. The procurement plan is prepared in accordance with the generic or country-specific templates prepared by the Operations Services and Financial Management Department.[38] Before the start of any procurement, ADB and the Government of Himachal Pradesh will review the procurement procedures of the implementing agencies to ensure consistency with ADB's Procurement Guidelines (2015, as amended from time to time), and audit and disbursement procedures of the relevant agencies to ensure consistency with ADB's Disbursement procedures. The procurement plan indicating threshold and review procedures, goods, works, and consulting service contract packages and national competitive bidding guidelines is given in **Appendix 5**.

D. Consultants' Terms of Reference

58. Terms of reference for the project management consulting firm, monitoring and evaluation firm, and the civil works quality assurance firms are provided in **Appendixes 1, 2 and 3**.

VII. SAFEGUARDS

59. **Environment.** Under output 3, HPSDP will involve construction of new training facilities and upgrading of some existing buildings to improve the access of TVET facilities across Himachal Pradesh. The new facilities include construction of six CLCs, seven RLCs, one polytechnic for women, and a center of excellence for skilling. Eleven existing employment exchanges will be upgraded into MCCs. One new MCC is also planned. The largest of the new constructions—the polytechnic for women to be constructed in Rehan, district Kangra, will occupy around 20,000 square meters (m^2). On average, the CLCs and RLCs will have three floors, and occupy about 800 to 900 m^2. The MCCs will also have three to four floors on average, and occupy around 400 m^2 each.

60. GOHP has assured ADB that the proposed new infrastructure will be built, either within premises owned by it, or on vacant and unencumbered land owned by the government. No new land will be acquired, nor will anyone be displaced in anticipation of ADB funding. Sites located within or near environmentally-sensitive areas will not be considered. None of the project components will be located within core and buffer zones of national parks, sanctuaries, tiger reserves, and biosphere reserves, or within 100 meters from the boundary of protected monuments of archaeological importance. No wetlands, or reserved or protected forest lands, will be acquired for or used in project related activity. Given the relatively small size and routine nature of the proposed civil works, there will not be any major environmental impact. Potential effects of construction and refurbishment activities will be site-specific, and can be adequately addressed through appropriate screening and mitigation measures. Any activity expected to generate

[38] Template available at: https://wpqr2.adb.org/LotusQuickr/cosopedia/PageLibrary48257599000668D1.nsf/h_Toc/5EA6EACF755AA652482575D9002FCB8F/?OpenDocument%20

adverse and irreversible environmental impact will be excluded from the proposed project. Hence, the project is category 'B' for environment.

61. **Involuntary resettlement.** No new land will be acquired for this project, permanently or temporarily, from a person, household, business establishment, or from a community. Any site that would trigger any involuntary resettlement issues will be excluded. Further, all legal formalities pertaining to land transfer from a GOHP department to any of the implementing agencies for construction of the proposed training facilities will have to be concluded before any construction activity is initiated. The implementing agencies will screen all such transfers from other departments carefully to confirm that they are free of encumbrances before taking possession. Moreover, no construction activity related to HPSDP will restrict any person's land use or access to legally-designated parks or protected areas. The refurbishment of existing buildings or construction of new buildings for the project components will not block or affect any person's assets, access to assets, income sources, or means of livelihoods. Hence, the project is category 'C' for involuntary resettlement.

62. **Indigenous Peoples.** Himachal Pradesh is divided into 12 districts. Of these, the Kinnaur and Lahaul-Spiti districts in their entirety, and Pangi and Bharmour (now tehsil Bharmour and sub-tehsil, Holi) sub-divisions of the Chamba district are notified as the Scheduled Tribal areas of Himachal Pradesh since the proportion of scheduled tribes is 50% or more. These districts are in the extreme north and northeast of Himachal Pradesh, forming a contiguous belt in the far hinterland behind high mountain passes. Given their high altitude, inhospitable terrain, harsh winters, sparsely and dispersed population, and poor connectivity (especially during winters and rainy seasons), no civil works (i.e. construction of training facilities) have been planned in the areas of tribal concentration within these districts. The training programs will be voluntary. No project related activity will have any adverse impact on indigenous peoples or impede on their cultural and human rights. No activity pertaining to the MCCs, RLCs, CLCs, or Women Polytechnic activity will be carried out on land owned by indigenous people or claimed by them as their ancestral property. The project will not restrict their access to protected areas and use of natural resources. It will also not physically or economically displace indigenous people. The project will not undertake any activities which leads to commercial development of their cultural resources and knowledge. Since the project will not have any impact on Himachal Pradesh's indigenous population, it is categorized as "C" in terms of "indigenous peoples".

63. The proposed project categorization has been reconfirmed by an experienced ADB environment and social safeguards consultant, who has already visited 16 sites identified by GOHP to date.[39] He has taken relevant GOHP staff on the site visits and shown them how to use ADB's safeguards screening checklists (**Appendix 4**). He has conducted workshops on ADB's SPS, 2009 with the implementing agencies including the PWD which will oversee the civil works, and HPKVN, which will play the key role in terms of coordinating across all implementing agencies. The consultant has assisted the implementing agencies in preparing initial environmental examination (IEE) reports and environmental management plans (EMPs) for several sites included under advance contracting.

64. **Prohibited investment activities.** Pursuant to ADB's Safeguard Policy Statement

[39] In addition to the Environment and Social Safeguards consultant, other experts including an Architect, a Labor Economist / Gender specialist) plus relevant consultants from the firm (PwC) engaged under the project preparatory technical assistance project have also visited and screened these sites. (ADB. 2015. Technical Assistance to India for Supporting Skill Development in Himachal Pradesh. Manila [TA 9060-IND]).

(2009), ADB funds may not be applied to the activities described on the ADB Prohibited Investment Activities List set forth at Appendix 5 of the Safeguard Policy Statement (2009).[40]

VIII. GENDER AND SOCIAL DIMENSIONS

65. The project is pro-poor and gender-focused. The target trainees are the needy urban and rural youth of Himachal Pradesh, and those enrolled in government colleges, ITIs, and polytechnics. Training will focus on trades such as pharmaceuticals, food processing, and light manufacturing in the secondary sector, and on retail, tourism and hospitality, and banking and financial services and health care in the tertiary sector for which there is demand. Support will be provided to boost the livelihoods of the urban and rural poor through a package of training and marketing support at the CLCs and RLCs. By locating the new polytechnic in Rehan, district of Kangra, the project will improve access for girls who reside in the hilly northern districts of Himachal Pradesh. Provision of hostel facilities in the CLCs will enable girls of small towns and rural areas to access good quality training. Production centers in some of the RLCs will enable development of local enterprise. Gender-sensitive counselling services offered at the MCCs; funding of vocational training programs focusing on services sector job roles such as retail sales associate, general duty assistant, and customer relationship management (domestic nonvoice); and introduction of bachelor of vocation education courses will expand career choices for women. These measures will ensure that the women's labor force participation rate does not decline with urbanization of Himachal Pradesh's economy.[41] Special training programs will be designed and executed for them by HPKVN in partnership with the Department of Social Justice and Empowerment. All relevant output and outcome indicators have separate targets for women and people with disabilities. With these significant and substantial gender targets and features, this project is categorized as gender equity theme (GEN).

66. An aspiration survey was conducted under the project preparatory technical assistance covering close to 6,500 youth aged 15–35 years from all 12 districts of Himachal Pradesh.[42] Of the respondents, 49% were women. The survey findings, focus group discussions, and consultations with relevant government departments and industry partners have been considered while preparing the gender action plan (GAP) and deciding on the menu of short- and long-term training opportunities to be supported under HPSDP.

67. HPKVN (i.e. the PMU) will be responsible for coordinating with all the implementing agencies to ensure that the activities laid down in the GAP are executed as planned, and the gender-related targets are achieved over the project period. An experienced Social Development Specialist (Gender) will be mobilized as part of the PMC team. Gender concerns have been mainstreamed into the terms of reference of the other relevant consultants - Vocational Training Specialist, Livelihood Development Specialist, Vocational Education Specialist, Technical Education Specialist, and Communication and Counselling Specialist – who will be part of the PMC.

68. All information on the trainees who undergo training under HPSDP will be linked to their *Aadhaar* number, which is India's biometric-based unique identification number. Bi-annual reports will be prepared by HPKVN to facilitate overall tracking of the gender and social dimensions of

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[40] ADB. 2009. *Safeguard Policy Statement.* Manila. http://www.adb.org/Documents/Policies/Safeguards/Safeguard-Policy-Statement-June2009.pdf

[41] In 2011−2012, Himachal Pradesh's labor force participation rate for rural women was 63%, but only 28% for urban women. It was 87% for rural men and 73% for urban men.

[42] Aspiration Survey of Himachal Pradesh Youth (accessible from the list of linked documents in Appendix 2 of the main text).

HPSDP. These will be consolidated by HPKVN and summarized in its Annual Report.

69. GOHP will ensure that the bidding and contract documents include specific provisions requiring contractors to comply with all: (i) applicable labor laws and core labor standards on: (a) prohibition of child labor as defined in national legislation for construction and maintenance activities; (b) equal pay for equal work of equal value regardless of gender, ethnicity, or caste; and (c) elimination of forced labor; and (ii) the requirement to disseminate information on sexually transmitted diseases including HIV to employees and local communities surrounding the project sites. These will be monitored as part of the project's safeguards and quarterly reporting requirements.

70. The GAP for the project is in Table 16. The template for GAP implementation progress report is in **Appendix 8**.

Table 16: Gender Action Plan

Activity	Targets/Indicators	Responsibility	Timeframe
Output 1. TVET in Himachal Pradesh improved and aligned to national standards			
1.1 Disseminate information and encourage participation of girls and PWDs in NSQF-aligned, market-oriented, short term training towards formal wage employment, self-employment, entrepreneurship and RPL	• At least 19,495 or 35% of the targeted 55,700 youth who participate in NSQF-aligned and market-oriented short-term training are women; and 557 or 1% are PWDs • At least 70% of the women trainees successfully certified	HPKVN DOSJ will work with HPKVN for organizing training for PWDs	October 2017 onwards
1.2 Disseminate information and encourage the participation of college level girls in the programs for enhancing youth employability and B. Voc. programs	• At least 2,940 or 35% of the targeted 8,400 students who enroll for graduate employability and B. Voc. programs across government colleges • At least 70% of women trainees successfully certified	HPKVN and DOHE	October 2017 onwards
1.3 Conduct TVET training at the new polytechnic for women	• At least 300 women enrolled at the new polytechnic for women in Rehan, Kangra	HPKVN and DOTE	2019 to 2022
Output 2: Market-aligned skills ecosystem created			
2.1 Develop and operationalize a MIS capable of providing sex- and disability-disaggregated data for the project	• Unified project MIS for tracking and providing sex- and disability-disaggregated data on all skilling interventions developed and installed	HPKVN and DOTE	MIS to be operational by end 2018
2.2 Periodically analyze and report sex-and disability-disaggregated data	• Sex- and disability-disaggregated data periodically used for analyzing gender gaps and planning skill development interventions for employment and livelihood focusing on women		Periodic MIS reports; HPKVN's Annual Report
2.3 Engage career counsellors for information dissemination and support placements to convert 11 employment exchanges into MCCs	• Counsellors should design and conduct the counselling sessions in a gender-sensitive manner to guide women candidates about appropriate training opportunities and job openings • Sex-disaggregated data on job seekers reported on a monthly basis by all MCCs through the project MIS	HPKVN and DOLE	From 2018 onwards
Output 3: Access to quality training institutes improved			
3.1 Ensure that the established seven RLCs and six CLCs are accessible to women and men students, and PWDs	• All established CLCs and RLCs are designed to be accessible/friendly to PWDs, and have separate toilets for women and men • Hostel facilities for women established in four CLCs	HPKVN, PWD, and DORD	The CLCs and RLCs are expected to be operationalized by end 2019
3.2 Ensure that the 50 ITIs which are upgraded based on the revised guidelines of the National Council for Vocational Training are capable of providing sex-disaggregated data on enrollments and improved learning levels	• Sex-disaggregated data on enrollments and improved learning levels (because of improved equipment) reported by all 50 ITIs on an annual basis (Target: 70% passing rate in practical classes)	DOTE and HPKVN	2018 onwards

Activity	Targets/Indicators	Responsibility	Timeframe
3.3 Formulate institutional development and quality improvement plans for ITIs to address issues on women's safety, hygiene, and occupational hazards	• Institutional development and quality improvement plans that seek to address issues on women's safety, hygiene and occupational hazards specifically for industry heavy trades formulated for the 50 ITIs • Sensitization workshops for ITI staff and trainees to raise awareness on sexual harassment, gender-based violence, and other relevant gender issues in the ITIs. • Institutional mechanism established and implemented to monitor and report on gender-based violence and sexual harassment in 50 ITIs	DOTE	2018 onwards
3.4 Establish a polytechnic for women in Rehan, district Kangra, to expand the reach of TVET training to women residing in the hilly, north and north-west parts of Himachal Pradesh (2016 baseline: one dedicated polytechnic for women located at Kandaghat in southern Himachal Pradesh)[a]	• Polytechnic for women in Rehan, Kangra, will have an annual training capacity of 720 in trades such as civil engineering, architectural assistantship, electrical engineering, and computer engineering which are in demand. • It will have hostel facilities for 120 women trainees	DOTE and HPKVN	2019 to 2022
Output 4: TVET institutional structure improved			
4.1 Develop the capacity of HPKVN and all implementing agencies in terms of designing and implementing TVET programs in a gender-responsive manner	• Gender focal team formed and integrated in the structure of HPKVN, and trained in mainstreaming gender in technical and vocational education and training programs • Social development specialist (gender) in the project management consulting firm recruited	HPKVN	From August 2017
4.2 Conduct periodic M&E surveys and skill gap analysis	• Data on women's work force participation in urban and peri-urban areas and on skill gaps across project intervention areas periodically gathered and analyzed • GAP updated annually based on results of above periodic gender analysis	DOES and HPKVN, with the assistance of the PMC and M&E consulting firms engaged under the loan	From January 2018

B. Voc. = bachelor of vocational education; CLC = city livelihood center; DOES = Department of Economics and Statistics; DOHE = Department of Higher Education; DOLE: Department of Labor and Employment; DOSJ = Department of Social Justice and Empowerment; DORD: Department of Rural Development; DOTE = Department of Technical Education; GAP = gender action plan; HPKVN = Himachal Pradesh Kaushal Vikas Nigam; ITIs = industrial training institutes; M&E = Monitoring and Evaluation; MCC = Model Career Centre; MIS = management information system; NSQF = National Skills Qualifications Framework; PMC = Project management consulting firm; PWD = people with disabilities; RPL = recognition of prior learning; RLC = rural livelihood center; TVET = technical and vocational education and training.

[a] The Kandaghat Polytechnic for Women has an annual training capacity of 420 and hostel accommodation for 210. It offers diplomas in Pharmacy, Electronics and Communication Engineering, and Computers.

Source: Asian Development Bank.

IX. PERFORMANCE MONITORING, EVALUATION, REPORTING, AND COMMUNICATION

A. Project Design and Monitoring Framework

71. The project DMF is in **Appendix 7**.

B. Monitoring

72. **Project performance monitoring.** HPKVN will have the overall responsibility of coordinating with all implementing agencies for tracking the performance targets laid down in the DMF. It will be assisted by the PMC firm and the M&E firm to be engaged under the loan. The TSPs which are engaged for imparting training will be responsible for maintaining detailed information on mobilization, enrolment, certification, and placement for their respective training programs. The project MIS will be designed to capture information on key activities and trainings across all the implementing agencies. DOES will guide and assist HPKVN and the M&E firm in undertaking periodic tracer surveys and independent studies across all districts to gauge the long-term effectiveness of training programs conducted by HPKVN, DOHE, and DOTE. With the help of the PMC firm, HPKVN will prepare periodic monitoring reports by capturing details pertaining to inputs, processes, output, and outcomes indicators. This will also enable it to identify potential implementation challenges early on and to take remedial action. These reports will be submitted to DOP and ADB on a quarterly and annual basis.

73. Each year, two review missions will be fielded by ADB. They will discuss project performance based on the periodic reports submitted by HPKVN and other implementing agencies. They will specify the physical progress of the different outputs, usage of funds, implementation challenges, and possible solutions. Field visits will be undertaken to ascertain the progress being made in terms of training, construction and upgrading of training facilities, purchase and installation of new training equipment, and implementation of the institutional reforms. The annual implementation plan, including detailed budgeted work plan and procurement plan for the following year will also be discussed and finalized during the review missions.

74. **Compliance monitoring.** The various loan covenants will be monitored during the ADB review missions. Based on the understanding reached during these missions, status will be updated in the ADB's project performance reporting system.

75. **Safeguards monitoring.** As noted in Section VII, HPSDP is category B for environment, category C for involuntary resettlement, and category C for indigenous people. Since all the training facilities to be constructed or upgraded under HPSDP are meant for educational and training purposes, they will not require any prior environmental clearances according to the environmental rules and regulations of India.[43] However, since the proposed HPSDP is being funded by ADB, it has to comply with ADB's SPS, 2009, in addition to the India's own environmental laws and regulations. Construction of new training facilities and refurbishment of existing buildings will have some minor and localized environmental impacts. Hence, as required by SPS, 2009, an ESMF has been prepared to guide the long-term implementation of civil works including screening of future sub-project sites, preparation of IEE reports and EMPs for each

[43] The Ministry of Environment, Forest, and Climate Change (MOEF). Government of India, has issued an Office Memorandum (F. No. 19-2/2013-IA- III) dated 9 June 2015, which exempts educational and training institutes from obtaining prior environmental clearance.

subproject sites, monitoring the work of the contractors, and periodic updating of safeguard-related reports.

76. The ESMF defines roles and responsibilities of different implementing agencies and guides them on how to incorporate environmental and social concerns while planning and executing the civil works under HPSDP. It analyzes and compares India's environment and social safeguards regulations with the principles and processes laid down in ADB's SPS, 2009. It explains the process by which each new sub-project site should be screened from an environment and social safeguards perspective. It also lays down how the IEE and EMP reports should be prepared for each site. The EMPs will be made part of bids and contract documents to ensure that all mitigation measures are implemented. The budget for EMP has also been prepared and included in the overall project cost.

77. Since PWD has civil engineers and officers who are well versed with India's building codes and environmental regulations, it will be responsible for the planning and implementation of the civil works in line with the ESMF. PWD will ensure that the civil works contractors adhere to the IEEs and EMPs while undertaking construction work. As the overall PMU for HPSDP, HPKVN will constitute an apex Safeguards Cell. It will nominate an officer with the required experience for coordinating with PWD and other implementing agencies to ensure that the processes laid down in the IEEs and ESMF are adhered to during project implementation.

78. HPKVN and PWD will be assisted in their work by the Environment and Social Safeguards consultants who will be part of the PMC firm to be engaged under the proposed loan. They will visit all new sub-project sites along with staff from HPKVN, PWD, and the relevant implementing agencies to undertake screening based on the rapid environmental assessment and social due diligence checklists prescribed by ADB. The PMC safeguards consultants will assist HPKVN's Safeguard Cell in ensuring that only those sites, which are category B in terms of environment, and category C in terms of involuntary resettlement and indigenous people, are considered under HPSDP. The adherence to the ESMF and the absence of involuntary resettlement and indigenous peoples' related impacts in all project components and subprojects will be reviewed and confirmed in the 6-monthly Safeguards Monitoring Reports to be submitted by HPKVN to ADB.

79. As shown in table in **Appendix 4**, as of 15 January 2017, IEEs and EMPs have been prepared for the CLCs and RLCs planned in Mohal Sidhbari, Pragati Nagar, Shamshi, Sundar Nagar, and Chaupal. The IEEs and EMPs for additional sites will also be prepared under the ongoing project preparatory technical assistance.[44] The PMC's safeguards consultants will assist in preparing IEE and EMPs for the remaining and new sites. They will also assist PWD and HPKVN in ensuring that the civil contractors adhere to the IEE and EMPs during construction. The PMC will assist PWD in preparing safeguards monitoring reports as required by ADB. HPKVN will consolidate these safeguard reports and submit them to ADB semiannually. These reports will be disclosed on the ADB website. The PMC safeguards consultants will also help to sensitize and build the capacity of relevant GOHP staff with respect to the ESMF. These GOHP staff will also attend the capacity building workshops on environment and social safeguards which are organized periodically by ADB's India Resident Mission. The above institutional arrangement will ensure that the safeguards categorization (B for environment, C for involuntary resettlement, and C for indigenous people) will be adhered to in a credible and transparent manner over the life of the HPSDP.

[44] ADB. 2015. *Technical Assistance to India for Supporting Skill Development in Himachal Pradesh*. Manila (TA 9060-IND).

80. **Gender and social dimensions monitoring.** HPKVN will appoint a Social Development and Gender focal point to ensure that all the activities laid down in the GAP are undertaken, and all relevant output and outcomes indicators are disaggregated by gender and tracked. This officer will be assisted by an experienced Social development consultant (Gender) who will be engaged under the PMC firm. The project MIS has been designed to record sex-disaggregated data for all project components.

C. Evaluation

81. Each year, two review missions will be fielded by ADB. In addition, the midterm-review will be conducted during the third year (2020) of the project. During the midterm-review, progress in terms of overall results, project implementation, and contract awards and disbursement will be assessed.

82. The M&E firm to be engaged under the loan will conduct a detailed baseline study for establishing the baseline dataset for all the key performance indicators listed in the DMF. The periodic evaluation reports and tracer surveys undertaken by the M&E firm will inform the review process by providing evidence on the performance of the project in terms of achieving the desired outputs and outcomes. Within 6 months of physical completion of the project, DOP, GOHP, will submit a project completion report to ADB.[45]

D. Reporting

83. DOP, GOHP, with the support of HPKVN, will provide ADB with (i) six monthly progress reports in a format consistent with ADB's project performance reporting system; (ii) consolidated annual reports including (a) progress achieved by output as measured through the indicator's performance targets, (b) key implementation challenges and solutions, (c) updated procurement plan, and (d) updated implementation plan for the next 12 months; and (iii) a project completion report within 6 months of physical completion of the project. To ensure that the project will continue to be both viable and sustainable, project accounts and the executing agency's audited financial statement together with the associated auditor's report should be reviewed.

84. The following table shows the reporting requirements after the start of the project:

Table 17: Reporting Requirements

Report	Responsible for compiling
1. Six-monthly progress reports against key targets	DOP, GOHP, with the support of HPKVN
2. Consolidated annual reports including a. progress achieved as against the targets set under outputs, outcomes and impacts, through the relevant indicators identified within the DMF, b. key implementation challenges and resolutions; c. updated procurement plan; d. updated implementation plan and roadmap for the next 12 months; e. progress in terms of civil works and procurement of equipment	DOP, GOHP, with the support of HPKVN

[45] Project completion report format is available at: http://www.adb.org/Consulting/consultants-toolkits/PCR-Public-Sector-Landscape.rar

Report	Responsible for compiling
f. compliance with loan covenants/ assurance: environmental, social, inclusive education and overall	
3. Annual report on performance of training programs	DOP, GOHP, with the support of HPKVN
4. Annual audit report	DOP, GOHP, with the support of HPKVN
5. GAP progress report to be attached to the six-monthly progress report and GAP completion report to be attached to the project completion report	DOP, GOHP, with the support of HPKVN

DOP = Department of Planning, GOHP = Government of Himachal Pradesh, HPKVN = Himachal Pradesh Kaushal Vikas Nigam.
Source: Asian Development Bank.

E. Stakeholder Communication Strategy

85. A communication strategy has been prepared (Table 18). It aims at providing information on (i) the intended benefits of HPSDP to all stakeholders, with particular focus on women, those who are below the poverty line, and those who are needy and vulnerable (e.g. people with disabilities, those residing in remote areas); (ii) the various training programs, livelihood development, and career counseling activities to be funded under the project, and the opportunities this will open up for trainees with different backgrounds and aspirations; (iii) location of the training facilities to be upgraded under the project, and the types of activities they will support; (iv) details of the implementing agencies which are responsible for executing the different project activities along with the contact details of the relevant officers; and (v) the grievance redress mechanism.

86. In addition to the overall communication strategy, preliminary outreach material for building awareness about the opportunities offered by TVET, mobilizing youth, as well as career counselling material focusing on select trades and job roles have been prepared under the technical assistance.[46] This material will be improved upon and finalized during project implementation. Gender-concerns will be incorporated as appropriate into this material. Sensitization workshops regarding the communication strategy will be carried out with potential trainees and their parents, senior faculty of colleges, polytechnics, and ITIs, and officers of the executing agency and implementing agencies. Similar workshops will be conducted for TSPs, assessment agencies, and sector skills councils in partnership with HPKVN officials.

87. Consolidated information on all project activities and the progress will be posted on the website of HPKVN with links to all relevant implementing agencies. HPKVN will take the lead in preparing Annual Reports in which achievements to date will be summarized, along with details on what is working well and what needs to be improved. It will draw on inputs from the different implementing agencies and the project MIS while preparing these Annual Reports, which will be posted on the HPKVN website. HPKVN will appoint a Public Relations Officer. He / she will be assisted by the Communication and Counselling Specialist who will be part of the PMC firm. Together, they will ensure that the communication strategy is implemented effectively so that the potential benefits of this project are reaped by maximum numbers of needy youth of Himachal Pradesh.

[46] Counseling and Communication Modules (accessible from the list of linked documents in appendix 2 of the main text).

Table 18: Communication Strategy

Communications Context: Raise the awareness of the youth of Himachal Pradesh regarding the various job opportunities and career prospects offered by quality technical and vocational education and training, and assist them in enrolling for the various training programs funded under Himachal Pradesh Skills Development Project so that they gain the skills required to make the transition from the primary to secondary and tertiary sectors, where remuneration levels are higher and career prospects are better.

Project Objectives: Improved employment and livelihood opportunities for the youth of Himachal Pradesh.

Strategic Elements						Work plan elements		
Objectives	**Risks/ challenges**	**Audience/ stakeholders**	**Messages / Information**	**Activities / Channels**	**Timing**	**Responsibility**	**Resources required**	**Expected Outcomes**
Outreach to different target segments of youth who can benefit from the training programs offered under HPSDP	1. Lack of awareness about the various TVET programs (short term and long-term) offered under HPSDP and by the Government of Himachal Pradesh 2. Lack of appreciation about the career and job opportunities offered by TVET 3. Dependency on government jobs owing to the perception of long-term security	1. Youth who are neither enrolled in education or TVET programs, nor currently employed 2. Youth who are enrolled in senior secondary schools and colleges 3. Youth who are enrolled in TVET institutions including ITIs and polytechnics 4. Parents and guardians 5. Teachers and faculty of the TVET institutions and senior secondary schools 6. Industry associations and sector skills councils 7. Placement agencies	1. Information on the menu of short-term and long-term TVET courses offered (including duration, prerequisites, training and certification requirements, and job prospects)[a] 2. Information on the training facilities to be constructed under HPSDP and their location[b] 3. Job prospects in different sectors, trades and job roles[c] 4. Project information including objectives, targets benefits, designs and the pro-poor and	1. BCC campaigns covering key messages 2. Project information leaflets and brochures in English, Hindi, and other local dialects as required 3. Posters, fliers in a pictorial format 4. Sensitization workshops and meetings with student bodies, faculty, women's groups, and NGOs 5. Public awareness campaigns and posting of key information on the websites	1. In the first 1 year: (i) awareness campaigns, (ii) content development for fliers and posters, and (iii) sensitization workshops/ meetings 2. Dissemination of all relevant information on HPKVN website by 6th month 3. Semiannual meetings/ workshops throughout implementation period 4. News releases: semiannual after 9 months of project initiation	HPKVN DOLE DOHE DOTE DOSJ A Counselling and Communication Specialist will be engaged under the PMC firm to be engaged under the loan	1. Content development and printing costs of brochures, posters, fliers 2. Costs for content development in government website 3. Community mobilization professionals/ outreach workers in PMU/ PIUs 4. Workshop organizing costs 5. Advertisement costs towards media/news releases	Awareness amongst youth about job opportunities and career prospects offered by quality TVET enhanced Enrollment targets specified for different training programs met[e]

Strategic Elements						Work plan elements		
Objectives	**Risks/ challenges**	**Audience/ stakeholders**	**Messages / Information**	**Activities / Channels**	**Timing**	**Responsibility**	**Resources required**	**Expected Outcomes**
	4. Skepticism about the quality and usefulness of TVET programs in view of the perceived poor results 5. Limited reach of good quality TVET training facilities and programs 6. Poor quality and reach of counselling and placement services 7. Reluctance of many rural and semi-urban youth to migrate out of Himachal Pradesh (or their respective districts) even if they are offered placement 8.	8. Relevant government departments	gender-sensitive approach to quality TVET programs.[d]	of HPKVN, DOHE, DOTE, DOUD, and DORD 6. Periodic news releases in local media (newspaper and radio) 7. Site visits of community groups, beneficiaries, and journalists to see ongoing training programs and the training facilities created	5. Targeted media interviews: annual and alternating with news releases			
Outreach to potential employers within and	Limited institutional processes for continued	Industry associations and Chambers of Commerce	Effort made by GOHP to provide NSQF-aligned industry relevant	Periodic meetings between HPKVN, DOTE, and DOHE with	Ongoing basis to improve the design and relevance of	HPKVN, DOHE, and DOTE with the support of the	Workshop organizing costs	Placement targets specified for different

Strategic Elements						Work plan elements		
Objectives	**Risks/ challenges**	**Audience/ stakeholders**	**Messages / Information**	**Activities / Channels**	**Timing**	**Responsibility**	**Resources required**	**Expected Outcomes**
outside Himachal Pradesh	engagement between government TVET agencies and industry associations and potential employers to facilitate internships and placement opportunities	Placement agencies Sector skills councils	TVET training under HPSDP	industry associations and placement agencies	training programs offered Workshops with sector skills councils and placement agencies before placement drives	PMC firm to be engaged under the loan	Advertisement costs towards media/news releases	training programs facilitated[e]

BCC = behavior change communication; DOHE = Department of Higher Education; DOLE = Department of Labor and Employment; DOSJ = Department of Social Justice and Empowerment; DOTE = Department of Technical Education, Vocational and Industrial Training; DORD = Department of Rural Development; DOUD = Department of Urban Development; HPKVN = Himachal Pradesh Kaushal Vikas Nigam; GOHP = Government of Himachal Pradesh; HPSDP = Himachal Pradesh Skills Development Project; ITI = industrial training institute; NGO = nongovernment organization; NSQF = National Skills Qualification Framework; PIU = project implementation unit; PMC = project management consulting firm; PMU = project management unit; TVET = Technical and vocational education and training

[a] For details regarding the types of training programs funded under HPSDP, refer to the Sector Assessment (Summary): Education (accessible from the list of linked documents in Appendix 2 of the main text).

[b] Under HPSDP, six city livelihood centers and seven rural livelihood centers will be established to provide a package of vocational training and business development support to urban and rural poor, respectively, to improve their earnings. The new women's polytechnic will be established in Rehan, district Kangra. It will offer diplomas in civil engineering, architectural assistantship, electrical engineering, and computer engineering. It will have an annual training capacity of 720 and hostel facilities for 120 women. It will expand the reach of TVET training to the women residing in the hilly, northern parts of Himachal Pradesh. Eleven employment exchanges will be upgraded into model career centers (MCCs) to build awareness among youth about TVET opportunities and improve counselling and placement services across the state.

[c] The 11 MCCs (endnote b) along with HPKVN will focus on mobilizing youth and building awareness about job prospects in different sectors, trades and job roles.

[d] Refer to the Gender Action Plan and Counseling and Communication Modules (accessible from the list of linked documents in Appendix 2 of the main text).

[e] Refer to the design and monitoring framework for details regarding enrollment and placement targets (accessible from the list of linked documents in Appendix 2 of the main text).

X. ANTICORRUPTION POLICY

88. ADB reserves the right to investigate, directly or through its agents, any violations of the Anticorruption Policy relating to the project.[47] All contracts financed by ADB shall include provisions specifying the right of ADB to audit and examine the records and accounts of the executing agency and all project contractors, suppliers, consultants, and other service providers. Individuals and/or entities on ADB's anticorruption debarment list are ineligible to participate in ADB-financed activity and may not be awarded any contracts under the project.[48]

89. To support these efforts, relevant provisions are included in the loan agreement and the bidding documents for the project. The executing agency and all implementing agencies are advised of ADB's Anticorruption Policy (1998, as amended to date). Consistent with its commitment to good governance, accountability and transparency, implementation of the project shall adhere to ADB's Anticorruption Policy. ADB reserves the right to review and examine, directly or through its agents, any alleged corrupt, fraudulent, collusive, or coercive practices relating to the project. In this regard, investigation of government officials, if any, would be requested by ADB to be undertaken by the Government.

90. ADB's Anticorruption Policy designates the Office of Anticorruption and Integrity as the point of contact to report allegations of fraud or corruption among ADB-financed projects or its staff. Office of Anticorruption and Integrity is responsible for all matters related to allegations of fraud and corruption. For a more detailed explanation refer to the Anticorruption Policy and Procedures. Anyone coming across evidence of corruption associated with the project may contact the Anticorruption Unit by telephone, facsimile, mail, or email at the following numbers/addresses:

- by email at integrity@adb.org or anticorruption@adb.org
- by phone at +63 2 632 5004
- by fax to +6326362152
- by mail at the following address (Please mark correspondence Strictly Confidential):

  Office of Anticorruption and Integrity
  Asian Development Bank
  6 ADB Avenue, Mandaluyong City
  1550 Metro Manila, Philippines

XI. ACCOUNTABILITY MECHANISM

91. An apex state-level grievance redress cell (GRC) will be established at HPKVN which is the PMU. Relevant representatives of other implementing agencies will also be co-opted into it as required. GRCs will also be established at the level of PIUs to handle potential grievances from project beneficiaries and stakeholders, whether from social, environmental, or contractual perspectives. The details with respect to the environment and social safeguards grievances are discussed in the ESMF. The complainant may approach a court of law at any time if not satisfied with the responses of the GRC. The time lines specified for resolution of complaints are one month each at PIU and PMU levels. A complaint register will be maintained at HPKVN and the PIU levels to record complaints and details of action taken.

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[47] Anticorruption Policy: http://www.adb.org/Documents/Policies/Anticorruption-Integrity/Policies-Strategies.pdf
[48] ADB's Integrity Office website: http://www.adb.org/integrity/unit.asp

92. People who are, or may in the future be, adversely affected by the project may submit complaints to ADB's Accountability Mechanism. The Accountability Mechanism provides an independent forum and process whereby people adversely affected by ADB-assisted projects can voice, and seek a resolution of their problems, as well as report alleged violations of ADB's operational policies and procedures. Before submitting a complaint to the Accountability Mechanism, affected people should make an effort in good faith to solve their problems by working with the concerned ADB operations department. Only after doing that, and if they are still dissatisfied, should they approach the Accountability Mechanism.[49]

XII. RECORD OF CHANGES TO THE PROJECT ADMINISTRATION MANUAL

93. All revisions and/or updates during the course of implementation should be retained in this section to provide a chronological history of changes to implemented arrangements recorded in the PAM, including revision to contract awards and disbursement s-curves.

[49] Accountability Mechanism. http://www.adb.org/Accountability-Mechanism/default.asp.

APPENDIX 1

TERMS OF REFERENCE FOR PROJECT MANAGEMENT CONSULTING FIRM

I. SCOPE OF SERVICES

1. **Project Management Consulting firm.** The project management consulting (PMC) firm will assist the project management unit (PMU) and the project implementation units (PIUs) in executing the project in an effective and timely manner. The PMU and PIUs will comprise officers from the executing agency (DOP) and the implementing agencies, namely: DOHE, DOTE, PWD and HPKVN.

2. The PMC will help the PMU and PIUs with all aspects of project management including (i) the roll-out of planned skill development activities in a sequenced and coordinated manner; (ii) project monitoring, documentation, and reporting in formats agreed between the state government and ADB; (iii) periodic skill-gap and stakeholder surveys so that the proposed TVET programs can be planned and executed according to the needs of the market and aspirations of the youth; (iv) environmental and social safeguard requirements of HPSDP; (iv) financial management, accounts, and contract management; (v) procurement and tendering of civil works and goods, including short-listing and evaluation, monitoring of contracts, and verification of bills and invoices; (vi) tracking the work done by training service providers (TSPs), assessors, and career counsellors, and helping to improve the overall quality; (vii) engaging with industry to understand their needs for skilled workers, and identifying opportunities for apprenticeships and placements; (viii) outreach, communication, and counselling functions; (ix) updating the project MIS and preparing periodic reports to help the PMU and PIUs in understanding project trends and identifying potential problems early on; (x) addressing grievances of stakeholders; and (xi) building up the institutional capacity of HPKVN (and other implementing agencies) so that they can collectively deliver the mandate of the Himachal Pradesh state skill development mission effectively, bring about convergence (and reduce duplication) across the skills programs run by different departments, and align all training to national standards.

3. The selection and engagement of the PMC will be undertaken in accordance with the Quality and Cost Based Selection procedures laid down in ADB's Guidelines on the Use of Consultants (2013, as amended from time to time). The cost of the PMC will be financed by the loan. A total of 591 person-months of consulting services (495 for key experts and 96 for non-key experts) will be required intermittently spread over 4 years. Its broad tasks will include but not be limited to the following:

A. TASKS (OVERALL FIRM)

a. Project Management

4. Assist the PMU and PIUs in:

(i) streamlining the institutional arrangement for project planning and management by preparing the business process manuals and monitoring protocols.
(ii) preparing annual work plans, implementation schedules, and budgets.
(iii) developing a credible mechanism for fixing the yearly targets for contract awards and disbursement.
(iv) ensuring coordination between PMU and PIU staff based in Shimla (capital of

Himachal Pradesh) and other district level functionaries.

(v) coordinating with other consulting firms to be engaged under the loan, namely, the M&E firm, which will be responsible for monitoring and evaluating the outcomes and impacts of project interventions, and the civil works quality assurance firm, which will be responsible for ensuring that the civil works are executed to the quality standards.

b. Project Performance Monitoring and Reporting

5. The PMC will assist in:

(i) working with the MIS vendor to design and operationalize the project performance monitoring system. It will include information on project activities and financial transactions so that all activities are undertaken in line with the state government and ADB's rules and procedures.
(ii) collecting project baseline data (including that required by the DMF)
(iii) updating information on the key indicators laid down in the DMF.
(iv) monitoring the progress of the project.
(v) alerting the PMUs and PIUs to anticipated problems on time and suggest corrective actions.
(vi) compiling and preparing all reports as per ADB and the state government's requirements.

c. Support for Training and Capacity Building

6. The PMC will:

(i) Assist HPKVN in updating the Himachal Pradesh Skills Development Policy and aligning it with national norms as required.
(ii) Assist HPKVN in planning and executing market-linked (short-term) vocational training programs (including those involving recognition of prior learning).
(iii) Assist HPKVN, DOUD, and DORD in planning and executing livelihood development programs (including small business development) focusing on urban and rural youth at the proposed CLCs and RLCs.
(iv) Assist DOTE in implementing the institutional development plans across selected ITIs, and in getting the instructors and faculty trained.
(v) Assist DOHE in implementing the bachelor of vocational education (B. Voc.) and graduate employability courses in selected colleges.
(vi) Assist DOLE in ensuring that the model career centers work effectively.
(vii) Strengthen the institutional capacity, and streamline the business processes of HPKVN so that it can deliver the mandate of the Himachal Pradesh state skill development mission effectively, bring about convergence (and reduce duplication) across the skills programs run by different departments, and align all training to national standards.
(viii) Strengthen the institutional capacity and streamline the business processes of DOHE, DOTE, and DOLE as required. Prepare manuals and standard

operating procedures covering key activities.

d. Financial Management and Project Accounting

7. The PMC will:

(i) Assist the PMU and PIUs in maintaining the project accounts with all ledgers and control systems.
(ii) Help the PMU in preparing the annual budgets and financial documents. Ensure that the reports are prepared on time and in the format required by ADB and the state government.
(iii) Generate different accounts, reports and financial statements as required.
(iv) Assist the PMU in preparing annual financial statements and periodic withdrawal applications in formats as approved by ADB.

e. Procurement

8. The PMC will assist the PMU and PIUs in:

(i) procuring civil works, training equipment, and goods pertaining to training; consulting services; and non-consulting services (i.e. TSPs and assessment agencies) as required.
(ii) preparing bidding documents following standard ADB templates and processes.[1] The technical specifications for all types of procurement and conditions of the contracts will have to be specified clearly.
(iii) organizing pre-bid workshops and in responding to queries from bidders.
(iv) conducting contract negotiations with the successful bidders as required.
(v) monitoring the performance of the TSPs and assessment agencies in an objective manner. While reviewing the bills submitted by the TSPs and assessment agencies, ensure that the required deliverables and milestones, as noted in the contracts, have been met.
(vi) monitoring all contracts, verifying bills and invoices, and preparing withdrawal applications in the format specified by ADB.
(vii) resolving contractual issues.

f. Safeguards

9. The PMC will:

(i) screen all new subproject sites using the environment and social safeguards checklists specified by ADB to ensure that only subprojects which are category B in terms of environment, and categories C in terms of involuntary resettlement and indigenous people are included under HPSDP
(ii) prepare site-specific initial environmental examination (IEE) reports and environmental management plans (EMPs) in line with the environment and social management framework (ESMF).
(iii) help the executing agency and implementing agencies in submitting six monthly

[1] All procurement of goods and works will be undertaken in accordance with ADB's Procurement Guidelines (2015, as amended from time to time). All consultants and NGOs, if appropriate, will be recruited according to ADB's Guidelines on the Use of Consultants (2013, as amended from time to time).

environment and social safeguards monitoring reports to ADB as per requirements of ESMF.

(iv) organize the required capacity building and training programs on environmental safeguards for staff of the implementing agencies as required.

(v) help the executing agency and implementing agencies in resolving the grievances of complainants at PIUs and PMU levels.

g. Focus on Gender and People with disabilities

10. The PMC will:

(i) ensure that sex-disaggregated data are collected for the relevant indicators and targets laid down in the DMF and GAP.

(ii) design gender–sensitive communication strategy and information, education, and communication materials illustrating the importance of vocational skills training, and the corresponding employment opportunities that open up.

(iii) design and implement trainings focusing on PWDs.

(iv) ensure that activities listed in the GAP are implemented as planned.

(v) conduct training and sensitization workshops for HPKVN staff, training service providers, and career counsellors.

(vi) prepare periodic reports summarizing progress in terms of implementing the GAP.

h. Public Relations / Implementation of Communication Strategy

(i) Assist the PMU and PIUs in implementing and refining the communication strategy.

(ii) Assist the PMU and PIUs in responding to external queries and redressing grievances.

(iii) Prepare brochures and other communication material summarizing different aspects of the project.

i. Project Completion Report

(i) Assist the executing agency and implementing agencies in preparing a project completion report for HPSDP in the format prescribed by ADB.

B. TASKS (INDIVIDUAL CONSULTANTS / KEY EXPERTS)

11. The specific terms of reference for the individual key experts to be fielded by the PMC are as follows:

12. **Project Management and Coordination Specialist / Team Leader (national, 40 person-months intermittent over 4 years).** A specialist with preferably a masters' degree in business administration, public administration, economics, or other relevant discipline, with more than 15 years of relevant experience in managing and coordinating large externally aided projects is required. Experience of working in India, and in states similar to Himachal Pradesh, will be given additional weightage. The team leader will:

(i) Oversee and supervise the work of all the key and non-key experts of the PMC

so that the main tasks listed above are undertaken effectively.

(ii) Coordinate across all the implementing agencies (HPKVN, DOHE, DOTE, PWD), and the support departments (DOLE, DORD, DOUD, DOES) to ensure that all project activities are undertaken as planned.

(iii) Prepare a detailed implementation roadmap and update it as required.

(iv) Prepare and update projections for the contract awards and disbursements.

(v) Guide and advise the executing agency and implementing agencies about the progress of the project, potential bottlenecks, and of ways to address them.

(vi) Assist HPKVN in preparing quarterly and annual briefings for the Project Steering Committee (PSC) and the Project Management and Implementation Committee (PMIC).

(vii) Ensure proper coordination between the specialists of the PMC working on different components of HPSDP. Work with them to prepare credible annual work plans, and get these endorsed by the PSC.

(viii) Coordinate between the PMC and other consulting firms namely, the M&E firm which will be hired for undertaking monitoring and evaluation (including tracer studies) and skills- gap analysis, and the Civil Works Quality Monitoring firm, which will be responsible for the timely construction of the CLCs, RLCs, MCCs, COE, and women's polytechnic.

(ix) Ensure that all activities under the project are aligned to relevant national standards.

13. **Vocational Training Specialist (national, 36 person-months intermittent over 4 years).** A specialist with preferably a masters' degree in technical and vocational education or other relevant discipline, and more than 12 years' experience in skill development is required for helping HPKVN in planning and executing its training programs. Past experience of working in a reputed vocational training agency in India will be preferred. He/she will assist HPKVN in:

(i) Updating the Himachal Pradesh Skills Development Policy and aligning it to national norms (e.g. NSQF, Common Norms) issued as required.

(ii) Planning and executing market-linked (short-term) vocational training programs (including those involving recognition of prior learning). The training programs should be based on an assessment of the local and regional demand conditions, quality of training providers, and aligned to the aspirations of Himachali youth.

(iii) Preparing expressions of interest and requests for proposal for engaging new TSPs and NGOs for short term training programs supported by HPKVN.

(iv) Evaluating proposals from TSPs and NGOs against defined criteria.

(v) Supervising the work of TSPs and NGOs in terms of mobilization, training, counselling, assessment, and placement.

(vi) Suggesting ways of improving the design and execution of training programs, and guiding the TSPs, NGOs, and assessment agencies accordingly

(vii) Ensuring that all relevant sex-disaggregated data (including data on people with disabilities) are collected accurately by the project MIS.

(viii) Analyzing the above data to assess what is working well and what is not, and advising HPKVN accordingly.

(ix) Building the capacity of relevant HPKVN staff in monitoring and supervising the work of TSPs and NGOs.

(x) Collecting gender disaggregated data on the number of youth trained

(xi) Monitoring the effectiveness of the training programs and preparing case studies

to show what works and what does not.

(xii) Coordinating with the Labor Market Economist to analyze the demand for skilled workers within Himachal Pradesh and India (of relevance to Himachal Pradesh).

(xiii) Assist DOLE in ensuring that the model career centers work effectively.

(xiv) Perform other tasks and coordinate closely with relevant consultants as required for the successful implementation of the Project.

14. **Livelihood Development Specialist (national, 32 person-months intermittently over 4 years).** A Livelihood Development Specialist with preferably a masters' degree in agriculture sciences, rural management, social work, or related field, and with more than 10 years relevant work experience is required. Past experience of working in a reputed vocational training agency in India will be preferred. The Livelihood Development Specialist will support HPKVN, DOUD, and DORD in:

(i) Planning and executing the activities for livelihood and small business development support for urban and rural youth to be carried out at the CLCs and RLCs.

(ii) Linking up with other ongoing government (e.g. National Urban Livelihood Mission National Rural Livelihood Mission) and donor-funded programs for horticulture development, food processing, and rural marketing.

(iii) Exploring the scope for partnerships with relevant farm and non-farm based industry bodies and sector skills councils (SSCs) for the benefit of trained Himachali youth.

(iv) Identifying ways in which those receiving skills training for self-employment are able to get complementary support for establishing a small business or accessing credit under other governmental programs.

(v) Identifying ways in which those receiving skills training for self-employment are able to get support for marketing their services and products, and connecting with potential customers.

(vi) Preparing expressions of interest and requests for proposals for engaging new NGOs and TSPs focusing on urban and rural livelihood development support.

(vii) Evaluating the RFPs against defined criteria.

(viii) Collecting sex-disaggregated data on the numbers of rural youth trained

(ix) Monitoring the effectiveness of the livelihood development support and preparing case studies to show what works and what does not.

(x) Perform other tasks and coordinate closely with relevant consultants as required for the successful implementation of the project.

15. **Vocational Education Specialist (national, 32 person-months intermittent over 4 years).** The Vocational Education specialist will preferably have a degree in vocational education or equivalent from a reputed university, with more than 10 years' relevant experience in skill development at the secondary and tertiary levels. The specialist should be aware of the guidelines of the Ministry of Human Resources Development, Universities Grants Commission, Ministry of Skill Development and Entrepreneurship, and All India Council for Technical Education. He/she will:

(i) Assist the staff of DOHE in designing and executing B. Voc. courses in selected colleges of Himachal Pradesh.

(ii) Assist DOHE and DOTE in ensuring that the faculty and TSPs use updated

curriculum aligned to national standards, and impart good quality training.

(iii) Assist DOHE and DOTE in preparing EOIs and RFPs for engaging good quality TSPs for running the B.Voc. and graduate employability enhancement programs.

(iv) Assist HPKVN, DOHE, and DOTE in evaluating the proposals against defined criteria.

(v) Assist DOHE and DOTE in strengthening partnerships with industry associations and SSCs so that adequate internship and employment opportunities can be identified for the trainees.

(vi) Monitor the effectiveness of the training programs, and prepare case studies to show what works and what does not.

(vii) Perform other tasks and coordinate closely with relevant consultants as required for the successful implementation of the project.

16. **Technical Education Specialist (national, 32 person-months intermittent over 4 years).** A specialist with preferably a masters' degree in technical and vocational education or other relevant discipline, and more than 15 years' experience of working with ITIs and polytechnics is required. Exposure to international technical education programs will be given additional weightage. He/she will assist DOTE in:

(i) Refining and implementing the institutional development plans across selected ITIs.

(ii) Ensuring that the agreed results indicators are tracked by the ITIs, and that the information is added to the project MIS.

(iii) Ensuring that the updated training equipment being provided to around 50 ITIs are used effectively.

(iv) Designing an orientation program for ITI faculty so that they are able to use the updated training equipment well.

17. **Industry Engagement Specialist (national, 24 person-months intermittent over 4 years).** The Industry Engagement Specialist will hold preferably a masters' degree in business administration, economics, or relevant discipline focusing on TVET. He/she should have 10 years of relevant experience of working with a range of companies to identify worker shortages and propose suitable training organizations to provide skilled workers. Experience of working in hilly states similar to Himachal Pradesh will be preferred. He / she will work with HPKVN and other implementing agencies in:

(i) forming partnerships with chambers of commerce, industry associations, and SSCs to identify safe and decent internship and employment opportunities for the youth, especially the women and PWDs of Himachal Pradesh.

(ii) consulting with the industry associations to identify companies or sectors requiring skilled workers.

(iii) developing a network of employers willing to consider young people who have been trained in HPKVN training programs for employment.

(iv) facilitating agreements between HPKVN and relevant chambers of commerce, industries, sector skills councils etc. so that they begin to focus and rely more on Himachal Pradesh as a source for skilled people.

(v) advising the TSPs engaged by HPKVN on their post-placement support strategies for students placed in work within or outside Himachal Pradesh.

(vi) Provide updates to the office of the HPKVN on employer and pass-out satisfaction of the training and employment so that future skills training can

incorporate the lessons.

(vii) Assist DOLE in ensuring that the model career centers work effectively.

(viii) Perform other tasks as may reasonably be required of the specialist by the project or requested by the implementing agency.

18. **Procurement Specialist (national, 32 person-months intermittent over 4 years).** A Procurement Specialist with preferably, a masters' degree in engineering or relevant discipline, and with more than 10 years' experience of handling procurement of civil works, goods, consulting, and non-consulting services is required. Good knowledge of the procurement and consulting services policies and procedures of ADB and other donor agencies such as the World Bank is a pre-requisite for this position. The Procurement Specialist will assist HPKVN and the implementing agencies in:

(i) preparing advertisements and procurement documents for civil works including purchase of furniture, goods & equipment, and engagement of consultants, TSPs, and NGOs as required.

(ii) preparing bidding/RFP documents for procurement of goods, civil works, consultancy and non-consultancy contracts following ADB's templates and procedures.

(iii) ensuring that the consulting firms, TSPs, civil works contractors, and suppliers of equipment are following the contract agreements in terms of quality of inputs, satisfactory completion of outputs and deliverables, and billing.

(iv) establishing processes for transparent preparation of bidding documents and contract management.

(v) undertaking any other duties and responsibilities required that is relevant for procurement and engagement of consultants.

(vi) preparing the required procurement manuals and business processes to institutionalize and strengthen the procurement processes at the implementing agencies.

19. **Environment Safeguard Specialist (national, 28 person-months intermittent over 4 years).** An Environmental specialist with preferably a masters' degree in environment sciences, and more than 10 years of relevant experience is required to oversee the proposed civil works in the project. He / she should have good knowledge about the environmental rules and regulations of the Government of India and the state government. He / she should also know about ADB's Safeguard Policy Statement (SPS), 2009, and have had some experience of working on ADB and other donor funded projects in India. The Environment Specialist will work closely with HPKVN, PWD, and other implementing agencies to:

(i) undertake proper environmental screening (based on the processes laid down in SPS, 2009, and relevant government guidelines) of all sites where civil works is proposed.

(ii) prepare the IEE reports for new sites in line with the ESMF prepared for the project.

(iii) assist PWD in anticipating and addressing potential environmental problems which may arise during civil works.

(iv) guide PWD and HPKVN in addressing grievances related to environmental issues in a timely manner.

(v) keep the Managing Director of HPKVN (who will be the overall Project Director) and Chief Engineer of PWD informed about environmental safeguards

issues, and guide them about how to address problems in case they arise.

(vi) help PWD and HPKVN in preparing periodic environmental monitoring reports as per requirements of ESMF.

(vii) ensure that the required statutory permissions and clearances are obtained by the contractors in a timely manner.

(viii) carry out periodic training programs on environmental safeguards and EMP implementation for contractor work force, PWD and implementing agency staff at sites and HPKVN staff at Shimla.

(ix) prepare the required manuals and business processes to institutionalize the process of environmental due diligence in the PWD and HPKVN.

20. **Social Development Specialist (Gender) (national, 30 person-months intermittent over 4 years).** A Social Development Specialist (Gender) with a preferably more than 10 years of relevant experience of working on development / skill development projects is required. He/she should have a masters' degree in sociology, social work, or economics. Experience of implementing training programs for PWDs will be given additional weightage. The Social Development Specialist (Gender) will:

(i) collect baseline information on key social safeguards parameters as indicated in the GAP and DMF.

(ii) carry out social due diligence for any new site identified for the project infrastructure in line with the procedure indicated in ESMF.

(iii) coordinate closely with local NGOs and parents of school-going youth, and inform them about the various components of HPDP and how these are designed to enhance the employability of the local youth, especially women.

(iv) work with the other consultants and advise on ways in which the women of Himachal Pradesh are able to benefit more

(v) monitor and track the progress of the GAP.

(vi) sensitize project staff about complying with the ADB's social safeguards policies with particular reference to the rights and protection of women.

(vii) support the Communications Specialist in developing outreach materials on the benefits of the project for youth, especially women, of different backgrounds

(viii) support the PMU and PIUs in resolving grievances and complaints if any.

(ix) prepare periodic safeguards monitoring reports in line with ADB's reporting requirements.

21. **Communication and Counselling Specialist (national consultant, 30 person-months intermittent over 4 years).** A Communication and Counselling specialist with preferably more than 10 years of relevant experience of working on development projects / skills development projects is required. He/she should have a degree in mass communication or journalism, comprehensive understanding of modern methods of communication, and good communication skills. The Communication and Counselling specialist will:

(i) refine the communication strategy as required, and help HPKVN in implementing it effectively.

(ii) develop a communication program which will consist of, but not be limited to, laying down a vision, identifying opportunities and challenges, and preparing a plan of action. It will specify the core messages, internal and external stakeholders, and communication channels.

(iii) assist DOLE in ensuring that the counsellors who are posted at the model career centers (MCCs) remain up-to-date in terms of the trainings being funded under

HPSDP, and potential opportunities for youth of different backgrounds.

(iv) assist the MCCs in preparing good quality IEC material such as brochures, advertisements, and postings for HPKVN's website.

(v) prepare news items covering education and skill development related work of the project and give it for approval to the relevant units (HPKVN and PIUs).

(vi) undertake media tracking of coverage of different events to keep the project team informed of current viewpoints and issues and provide guidance to the HPKVN and PIUs on communication related issues, as per the requirements.

(vii) prepare case studies on best practices and lessons learned, and disseminate these to internal and external stakeholders as appropriate.

22. **Skills Assessment and Quality Assurance Specialist (national consultant, 28 person-months intermittent over 4 years).** A specialist with preferably a Masters' degree in technical and vocational education or other relevant discipline, and more than 12 years' experience in skill development is required for helping HPKVN in planning and executing its training programs. Past experience in the area of skills assessment will be given additional weightage. The Skills Assessment and Quality Assurance Specialist will help HPKVN and the implementing agencies in:

(i) ensuring that the TSPs and NGOs use good quality curricula and teaching methods that are in line with relevant national standards (i.e. National occupation standards, qualification packs, National Council of Vocational Training, Universities Grants Commission, etc.).

(ii) coordinating with the sector skills councils so that all trained students are assessed in a timely manner at the end of the training.

(iii) ensuring that the assessors are of good quality, and undertake the assessments in a credible manner.

(iv) helping assessors in improving their own quality as required.

(v) ensuring that there is no collusion between the TSPs and the assessors.

(vi) drawing lessons from the assessments so that HPKVN and the implementing agencies can improve the design and implementation of new training programs.

23. **Financial Management Specialist (national, 42 person-months intermittent over 4 years).** A finance professional, preferably a chartered accountant, or with a masters' degree in financial management or accountancy, with more than 10 years' experience of working on development projects is required. Knowledge about ADB's financial management policies and procedures will be given additional weightage. He/she will provide the following services:

(i) review the current financial management systems of HPKVN and the implementing agencies, and suggest ways of streamlining them.

(ii) provide suggestions to the consultants who are working on the design of the project MIS so that modules for tracking financial transactions are also included.

(iii) establish and document key business functions and processes which would be required for strengthening financial management practice and to bring them in synch with requirements of the ADB project.

(iv) assess the adequacy of existing internal controls and procedures for key processes.

(v) prepare a financial management manual for HPKVN. Identify other such manuals which may be required to ensure that the PMU and PIUs are able to follow due process as required by ADB.

(vi) train relevant members of the PMU and PIUs in using these manuals and

standard operating procedures.

(vii) assist the PMU in preparing the annual financial statements for the project and for the entity in formats as approved by the comptroller and auditor general (CAG) and ADB, including guidance in preparation of periodic Withdrawal Applications.

(viii) ensure overall supervision and guidance over the work of the Accounts Officer in discharging his functions.

(ix) help PMU and PIUs in overall co-ordination with the internal auditor and statutory auditors (including audit by Auditor General, Himachal Pradesh).

(x) assist the PMU in preparing action taken reports on audit observations and guide the PMU and PIUs in implementing the recommendations.

(xi) assist the Audit Committee of HPKVN in discharging its duties.

(xii) assist HPKVN in overall compliance with the provisions related to Companies Act, 2013, Income Tax Act, 1956 and Finance Act, 1994 (w.r.t. Service Tax).

24. **Accounts Officer (national, 42 person-months intermittent over 4 years).** An Accounts Officer with preferably, a masters in accountancy or commerce from a reputed college, and with more than 8 years of relevant experience is required to:

(i) manage the project accounts of the PMU and PIUs.

(ii) oversee all financial reporting activities providing timely, accurate, and actionable information to the PMU and PSC.

(iii) prepare and monitor grant budgets and organization budgets, update forecasts and cash projections.

(iv) supervise cash flows, set appropriate reserve levels, and optimize cash flow requirements.

(v) engage in annual audit, tax reporting, and ensuring compliance with all regulatory requirements.

(vi) develop and update policies and procedures to ensure proper internal controls, identify risk areas, and mitigate.

(vii) coordinate with the Accounts and Finance divisions of the Department of Finance for the above tasks.

(viii) prepare vouchers along with the bills, invoices and other supporting documents for PMU and implementing agencies.

(ix) enter data into financial records for payment and receipt vouchers, and maintain and organize hard files of vouchers.

(x) oversee payments process associated with staff reimbursement, travel and events as needed.

(xi) maintain and record petty cash transactions.

(xii) prepare bank reconciliation statements.

(xiii) assist in the operations of accounting, payroll, contracts and grants administration and prepare financial reports.

25. **Project Monitoring Specialist (national, 40 person-months intermittent over 4 years).** An Economist, with a masters' degree or higher from a reputed university, and more than 10 years of relevant experience of analysis economic data pertaining to development projects is required. Past consulting experience on donor-funded projects in different states of India, and knowledge of the skill development programs of India will be given additional weightage. Strong writing and analytical skills plus expertise in econometrics and statistics

are required. He / she will assist HPKVN and the implementing agencies in:

(i) drawing data from the project MIS, and analyzing it strategically.
(ii) preparing different MIS reports to track the various project components.
(iii) assessing the main trends in terms of what is working well and what is not, and making suggestions about the corrective actions required.
(iv) ensuring that the accuracy of the data being added to the MIS.
(v) preparing summary tables from the MIS for the quarterly and annual reports to be submitted to the PSC and PMIC.

26. **Specialist on people with disabilities (PWD) (national, 27 person-months intermittent over 4 years).** A person with experience of working with PWDs, especially in the area of skilling, is required. He / she should preferably have a degree in social work, public health, or any other relevant discipline. The specialist will work with both, HPKVN and the Department of Social Justice in:

(i) linking up with potential employers (public and private sector; large, medium, and small firms) which offer placement to different PWDs – those suffering from physical, visual, auditory, and / or speech impairment.
(ii) identifying training providers and NGOs which provide specialized training for these types of PWDs.
(iii) preparing training and counselling protocols so that PWDs are treated with due respect and sensitivity.
(iv) identifying specialized training and course material relevant for the PWDs.
(v) supervising the training, counselling, and placement activities for PWDs.

B. NON-KEY EXPERTS

27. **Training Coordinators (4 national, 24 person-months each intermittent over 4 years).** The training coordinators should preferably have a graduate degree equivalent in technical and vocational education, rural management, or other relevant discipline, with over 5 years' experience of working on skill development projects in India. They will support HPKVN and the implementing agencies in:

(i) coordinating all the training programs (for formal employment as well as for livelihood development) to be funded under HPSDP.
(ii) mobilizing potential trainees and connecting them to the appropriate training programs.
(iii) tracking the work of the TSPs and NGOs to ensure that quality is ensured in terms of curriculum, training delivery, and placement support (where relevant).
(iv) ensuring that the agreed training milestones are met before the invoices are raised by the TSPs and NGOs.
(v) ensuring that the assessors are of good quality, and undertake the assessments in a credible manner.
(vi) ensuring that there is no collusion between the TSPs and the assessors.
(vii) ensuring that the agreed assessment milestones are met before the invoices are raised by the assessment agencies.

Table A1.1: Summary of Key Experts

S. No.	Description	Nos.	Person Months (intermittently
1	Project Management and Coordination Specialist / Team Leader	1	40
2	Vocational Training Specialist (for HPKVN)	1	36
3	Livelihood Development Specialist	1	32
4	Vocational Education Specialist	1	32
5	Technical Education Specialist	1	32
6	Industry Engagement Specialist	1	24
7	Procurement Specialist	1	32
8	Environment Safeguard Specialist	1	28
9	Social Development Specialist (Gender)	1	30
10	Communication and Counselling Specialist	1	30
11	Skills Assessment and Quality Assurance Specialist	1	28
12	Financial Management Specialist	1	42
13	Accounts Officer	1	42
14	Project Monitoring Specialist	1	40
15	Specialist on people with disabilities	1	27
	Total Consultants / Person Months	**15**	**495**

Table A1.2: Summary of Non-Key Experts

S. No.	Description	Nos.	Person Months
1	Training Coordinators	4	96 in all (24 person-months for each)

APPENDIX 2

TERMS OF REFERENCE FOR MONITORING AND EVALUATION CONSULTING FIRM

I. SCOPE OF SERVICES, TASKS (COMPONENTS) AND EXPECTED DELIVERABLES

1. The M&E firm will be a professional consulting firm or research agency with relevant experience of tracking and assessing the outcomes and results of development projects. Past experience of monitoring and evaluating the effectiveness of technical and vocational education and training (TVET) programs in India, at the national and state levels, will be given additional weightage. The M&E firm will undertake the following broad tasks:

(i) Prepare an M&E framework covering different project components.
(ii) Collect baseline data.
(iii) Conduct periodic tracer surveys to track performance across project components.
(iv) Skill-gap analysis / demand surveys.
(v) Project monitoring and Capacity Building.

2. In addition to coordinating with HPKVN and the other implementing agencies, the M&E firm will have to work closely with the Department of Economics and Statistics (DOES), for designing and conducting its surveys, and preparing its evaluation studies. All the data collected and analyzed, and reports prepared by the M&E firm will be handed over to HPKVN and ADB at the end of the contract period.

3. The M&E firm will also coordinate closely with the PMC firm that will be engaged under the loan, especially in issues pertaining to project reporting and tracking of results.

4. The M&E firm will undertake the following:

A. Monitoring and Evaluation Framework

5. The M&E firm will:

(i) Review all documents pertaining to HPSDP to understand its design in detail.
(ii) Hold consultations with the implementing agencies to understand their roles and responsibilities in terms of different components.
(iii) Prepare an M&E framework and action plan to track the different types of TVET interventions being supported under HPSDP. For example, the training interventions include short-term training for formal employment being imparted by HPKVN through private training service providers (TSPs); livelihood development imparted by HPKVN through TSPs in partnership with the Department of Urban Development and Department of Rural Development at the city livelihood centers (CLCs) and rural livelihood centers respectively; and the long-term training (1 to 3 years) being imparted by the ITIs (by their own faculty and instructors) and the polytechnics and colleges (by a mix of own faculty and instructors and TSPs).[1]
(iv) Since the Project will fund short-term and long-term training for jobs at

[1] The project will fund short-term and long-term training for jobs at NSQF levels 3 to 7.

NSQF levels 3 to 7, the M&E framework should be designed accordingly.

(v) In addition to conducting tracer studies to see what happens to the trainees 6 months after the training (in terms of placement and earnings), the M&E firm will also design an index of employability. They will pilot test it.

(vi) Discuss the proposed M&E framework with HPKVN, the IAs, and the Department of Economics and Statistics (DOES), and incorporate their feedback.

(vii) Finalize the M&E framework and submit a year-wise action plan to HPKVN.

B. Baseline Surveys

(i) Undertake focus group discussions and consultations with key stakeholders – trainees; potential employers and representatives of Chambers of Commerce / industry associations; small and medium enterprises and small businesses – to get an all-round perspective of their views and needs.

(ii) Collect relevant baseline, socio-economic-demographic and labor force/employment related data pertaining to Himachal Pradesh. The M&E firm will draw on national surveys (e.g. conducted by the National Sample Survey Organization and the Ministry of Labor and Employment) and state-level surveys (e.g. conducted by the DOES and other relevant agencies).

(iii) Design appropriate survey instruments to collect baseline data on the project components and the indicators in the DMF.

(iv) Train the enumerators and surveyors. Pilot-test the questionnaires and make required corrections.

(v) Conduct the surveys and establish the baseline. The aim of the surveys is to create a benchmark against which the outcomes of the TVET reforms and training programs being supported under HPSDP can be measured.

C. Tracer Surveys

(i) Conduct tracer surveys to assess the effectiveness of project interventions in terms of training (for formal employment and for self-employment or livelihood development). The effectiveness of the training in terms of improving employment outcomes (for those looking for wage employment) and enhancing livelihoods (for the self-employed) will be gauged.

(ii) Track the improvement, if any, in the quality and relevance of skills training provided by the industrial training institutes (ITIs) following the provision of new training equipment under HPSDP.

(iii) Track the trainees for a period of 6 months following the end of the training. Compile the information regarding the placement rate, entry level salary, and other relevant details in a database.

(iv) Observe the activities of the training service providers and assessors on a random sample basis, and suggest ways in which the quality can be improved

(v) Prepare case studies to document the effectiveness of project interventions in terms of their effect on the lives of trainees.

(vi) Undertake a desk review of the main M&E / impact evaluation reports of relevant ongoing TVET programs in India at the central and state levels (e.g. in relevant / similar states such as Haryana, Punjab, Rajasthan). Share relevant findings with HPKVN and the implementing agencies so that they can

draw lessons to improve their own programs.

(vii) Prepare good quality knowledge products (case studies and evaluations of various training interventions, reports drawing on MIS data, findings from skill- gap analysis and demand surveys). Workshops and seminars will be organized to disseminate the findings which will be of relevance to other states which have established Skill Development Missions, the relevant Ministries, particularly, Ministry of Skill Development and Entrepreneurship, the National Skill Development Agency (NSDA) and NSDC.

D. Skill-gap / demand surveys

(i) Undertake a detailed and methodologically rigorous skill-gap analysis of selected trades within Himachal Pradesh to build on existing data. The analysis will be undertaken on the basis of surveys of key industries, service agencies, skills training agencies, and consultations with relevant stakeholders including chambers of commerce and sectors skills councils. The findings of these surveys will guide HPKVN about how best to support skills training for wage employment as well as for self-employment, especially in rural areas.

E. Project Monitoring and Capacity Building

(i) Assist HPKVN and the implementing agencies in updating the project MIS, and preparing periodic reports to improve the execution of project components. These reports will also be used for briefing the Project Steering Committee and the HPKVN Board.

(ii) Provide suggestions to the MIS team regarding the additional data that should be collected, and how the reliability of the data can be improved.

(iii) Assist HPKVN and the implementing agencies in analyzing the MIS data in a strategic manner to inform and improve project planning and implementation.

(iv) Help the government in strengthening the state's socioeconomic and labor force database. All relevant data pertaining to HPSDP will be disaggregated by gender. The people with disabilities (PWDs) should also be tracked separately.

(v) Build the capacity of the staff of the implementing agencies and the Department of Economic and Statistics (DOES) in different aspects of M&E – design of survey instruments, conducting surveys, basic empirical analysis and hypothesis testing, and project tracking.

(vi) Conduct workshops and design the required manuals.

(vii) Help to create a sense of results-orientation within HPKVN and the IAs.

II. TEAM COMPOSITION AND QUALIFICATION REQUIREMENTS FOR THE KEY EXPERTS

6. A minimum of 317 person-months (229 for key national experts and 88 for non-key experts) is required for the monitoring and evaluation consultant services. The required qualifications and person-months for the key experts are presented below.

A. Key Experts

7. **Labor Economist (national, 40 person-months intermittent over 4 years).** The

Labor Economist will preferably have a Ph.D or masters in economics or statistics from a reputed University, and more than 15 years relevant experience in labor market analysis, manpower planning, and skill-gap analysis. Experience of working on externally aided projects will be given weightage. Indicative job description and tasks are as follows:

(i) Coordinate across the team to ensure that the tasks listed above are planned and undertaken in a timely and effective manner.
(ii) Review the TVET programs being run by different departments in Himachal Pradesh. Prepare brief reports on the types of training being imparted: target trainees: trades; delivery mode (public or private training); quality of project monitoring, and outcomes.
(iii) Prepare a consolidated report summarizing which programs are working well, and which are not. Draw relevant lessons for HPSDP.
(iv) Prepare a realistic sector-wise TVET results-framework for the project with year- wise targets.
(v) Prepare an M&E framework for HPKVN which will allow it to track the quality of future training, both for formal placements as well as for improved livelihoods.
(vi) Design and undertake pilot tracking surveys to capture the outcomes of a sample of training programs in terms of enhanced employability and / or placements.
(vii) Take the lead in tracking the DMF.
(viii) Prepare manuals and conduct training for HPKVN and implementing agency staff as required.

8. **M&E Consultants (3 national, 35 person-months each intermittent over 4 years).** Three senior M&E experts will be engaged. They will (each) preferably have a Ph.D. or masters in economics or statistics from a reputed university, and more than 12 years of relevant experience in labor market issues and M&E. They should have the experience of designing and conducting rigorous empirical surveys of development / TVET projects.

9. **The first M&E consultant will assist HPKVN in tracking the effectiveness of the short-term training courses (NSQF levels 3 and 4) being funded by it. He / she will:**

(i) Design and conduct surveys for assessing the skills-gap for selected trades in some sample districts of the state.
(ii) Train and supervise the surveyors (including the surveyors and staff of DOES where required).
(iii) Estimate the demand for formal sector / wage employment and informal self-employment.[2]
(iv) Based on these findings, advise HPKVN accordingly so that the plans for engaging TSPs can be modified suitably.
(v) Design and conduct tracer surveys to gauge the effectiveness of the short-term, placement linked training programs being funded by HPKVN.
(vi) Track the trainees for a period of 6 months following the end of the training.

[2] Given the constraints of hilly terrain, poor connectivity, and narrow manufacturing base in Himachal Pradesh, and the fact that the average youth is apprehensive about migrating out of the state, it is critical to enhance rural and urban livelihoods opportunities within the state.

Compile the information regarding the placement rate, entry level salary, and other relevant details in a database.

(vii) Prepare periodic reports on the key findings so that relevant lessons can be drawn.

(viii) Observe the activities of the training service providers and assessors on a random sample basis, and suggest ways in which the quality can be improved.

(ix) Prepare qualitative case studies to document the effectiveness of project interventions in terms of their effect on the lives of trainees.

(x) Provide inputs to the MIS team to ensure that they track all key parameters pertaining to these short-term training programs, and get the required details from the training providers and assessment agencies.

10. The second M&E consultant will assist HPKVN, Department of Urban Development, and Department of Rural Development in tracking the effectiveness of the livelihood development programs to be hosted at the city livelihood centers (CLCs) and rural livelihood centers for poor urban and rural youth. The M&E consultant should have had experience of evaluating livelihood development projects. He / she will:

(i) Prepare an appropriate conceptual framework for tracking the effectiveness of the livelihood development programs for urban and rural youth.

(ii) Train and supervise the surveyors (including the surveyors and staff of DOES where required).

(iii) Conduct a brief baseline survey of a sample of trainees who enroll for these programs to estimate their pre-training income.

(iv) Following the completion of the livelihood development programs, and taking into account, the additional support provided in terms of accessing credit, linking up with clients, processing of agricultural produce, and marketing support, survey the trainees 6 months after the end of the training.

(v) Estimate the changes in monthly income if any.

(vi) Collect evidence to confirm whether or not the trainee has been successful in terms of securing a bank loan, or starting a small business etc.

(vii) Provide inputs to the MIS team to ensure that they track all key parameters pertaining to these livelihood development programs.

(viii) Prepare qualitative case studies to document the effectiveness of project interventions in terms of their effect on the lives of trainees.

(ix) Coordinate closely with the Livelihood Development Specialist to be engaged by the PMC firm, and discuss ways in which the effectiveness of these programs can be improved.

(x) Brief HPKVN, DOUD, and DORD on the findings of the surveys, and provide suggestions for improvement.

11. **The third M&E consultant will (a) assist the Department of Technical Education Vocational and Industrial Training** (DOTE) in tracking how effectively the 50 ITIs which receive new training equipment (aligned to NCVT 2014) under the Project are using it to improve learning and placement outcomes; and (b) assist the **Department of Higher Education (DOHE)** in tracking the students who are enrolled for the bachelor of vocational degree (B. Voc) programs (i.e. NSQF level 7).

12. For the work with DOTE, the M&E consultant will:

(i) Review the institutional development plan (IDPs) prepared by the ITIs that receive support under the ADB project.
(ii) Identify the key results indicators, and help the ITIs in tracking these.
(iii) Provide inputs to the MIS team to ensure that they track the key parameters included in the IDPs.
(iv) Design and conduct surveys to track a sample of ITI graduates. Track the trainees for a period of 6 months following the end of the training. Compile the information regarding the placement rate, entry level salary, and other relevant details in a database.
(v) Share the findings with the ITI faculty, and suggest ways in which the design and execution of the training programs can be made more effective.

13. For the work with DOHE, the M&E consultant will:

(i) Ensure that all information on students who are enrolling for B.Voc. program (NSQF level 7), as well as NSQF levels 5 and 6 level courses, is captured in the project MIS
(ii) Design and conduct surveys to measure how the employability of the students improves over time.
(iii) Track a sample of students who complete the B.Voc. or NSQF 5-6 courses, and look for employment. Check whether or not they get placed, and collect information on their salaries and benefits.

14. **Statisticians (2 national, 30 person-months each intermittent over 4 years).** Two Statisticians, preferably with a Master's degree in Statistics or Economics from a reputed University, and more than 10 years of relevant work experience in doing empirical research are required. They will:

(i) Ensure that the surveys are designed appropriately to test the various hypotheses.
(ii) Undertake robust statistical and econometric analysis of the survey data.
(iii) Explore options of designing an index of employability to gauge the effectiveness of the training.

15. **Editor (national, 24 person-months intermittent over 4 years).** An experienced editor with a Master's degree in English, Journalism, or Mass Communication from a reputed University, and more than 10 years of relevant work experience in report writing is required. He/she will edit drafts of skill-gap analyses, tracer studies, case studies, and other reports prepared by the M&E firm. The editor will also help in preparing case studies to capture the impact of the project interventions on some trainees. All reports should be professionally formatted and edited as per ADB's template which will be provided by the ADB Project Officer / Project team. The writing should be grammatically sound and logically structured.

B. Summary of Non-Key Experts

16. **Field Surveyors (4 national, 22 person-months each, intermittent over 4 years).**

(i) Preferably with a degree in Social Work, Rural Management, Economics, or other relevant disciple, and more than 3 years' experience of conducting surveys.

(ii) Assist surveyors in planning out and conducting the surveys across the selected districts of Himachal Pradesh.

(iii) Assist in collecting required field data.

Table A2.1: Summary of Key Experts

S. No.	Description	Nos.	Person-Months (intermittently over 4 years)
1	Labor Economist / Team Leader	1	40
2	Monitoring and Evaluation	3	105 in all (35 person-months for each)
3	Statisticians	2	60 in all (30 person-months for each)
4	Editor	1	24
	Total Consultants / Person Months		**229**

Table A2.2: Summary of Non-Key Experts

S. No.	Description	Nos.	Person-Months
1	Field surveyors	4	88 in all (22 person-months for each)

APPENDIX 3

TERMS OF REFERENCE FOR QUALITY ASSURANCE OF CIVIL WORKS

I. Introduction

1. The impact of the proposed Himachal Pradesh Skills Development Project (HPSDP) will be a more productive work force in Himachal Pradesh equipped with market-relevant technical and vocational skills created, in alignment with the Himachal Pradesh Skills Development Policy (Him Kaushal), 2016. The outcome will be improved employment and livelihood development opportunities for those trained under the project. This will be achieved through the following outputs:

(i) Output 1: TVET in Himachal Pradesh modernized, expanded, and aligned to national standards.
(ii) Output 2: Market-aligned skills ecosystem created.
(iii) Output 3: Access to quality training institutes improved.
(iv) Output 4. TVET institutional structure improved.

II. Brief description of proposed civil works

2. Under output 3, HPSDP will involve construction of new training facilities and upgrading of some existing buildings to improve the access of TVET facilities across Himachal Pradesh. The new facilities include construction of six city livelihood centers (CLCs), seven rural livelihood centers (RLCs), one Polytechnic for women, and one center of excellence (COE) for hosting industry-driven skilling. 11 existing employment exchanges will be upgraded into model career centers (MCCs). One new MCC is also planned. The largest of the new constructions—the polytechnic for women to be constructed in Rehan, district Kangra, will occupy around 20,000 square meters (m^2). On average, the CLCs and RLCs will have three floors, and occupy about 800 to 900 m^2. The MCCs will also have three to four floors on average, and occupy around 400 m^2 each.

3. Procurement of civil works, goods and equipment will be carried out in accordance with ADB's Procurement Guidelines (2015, as amended from time to time).ADB's standard bidding documents for civil works are being used. All consultants will be recruited in accordance with ADB's Guidelines on the Use of Consultants (2013, as amended from time to time).

III. Process followed in terms of preparing the detailed project reports

4. The following steps were followed in preparing the detailed project reports (DPRs):

(i) First, the potential subproject sites for the proposed training facilities were visited by a team of ADB consultants.[1] The environment and social safeguards consultant screened each site using ADB's safeguards checklists to ensure that each sub-project site is indeed, category B in terms of environment, and C in terms of both, involuntary resettlement and indigenous peoples.

[1] The ADB consultants include individual consultants (an Environment and Social Safeguards Specialist, an Architect, a Labor Economist / Gender specialist) plus relevant consultants from PwC which has been engaged under the project preparatory technical assistance project (ADB. 2015. *Technical Assistance to India for Supporting Skill Development in Himachal Pradesh*. Manila [TA 9060-IND]).

(ii) The environment and social safeguards consultant checked that the land records are in the name of the relevant government department (i.e. DOLE, DOTE, DORD, or DOUD).

(iii) The consultant architect prepared architectural layouts and designs in accordance to the provisions of India's national building, environmental and safety codes.

(iv) In parallel, topographical surveys and soil tests were conducted

(v) These preliminary designs were reviewed and cleared by the relevant user department for which the facility is being designed (i.e. DOLE, DOTE, DORD, or DOUD). The department then conveyed its administrative approval to HPKVN, which will be functioning as the PMU for HPSDP.

(vi) HPKVN then submitted the preliminary drawings along with the administrative approval of the relevant department to PWD, which is in-charge of the entire civil works component.

(vii) The building specifications were finalised in consultation with the PWD, following which tender drawings, detail of measurements and bills of quantity (BOQ) for civil and sanitary works were prepared by the consultant architect. A detailed cost estimate was prepared on the basis of current analysed rates provided by the PWD.

(viii) Specifications for electrical works were finalised in consultation with the electrical wing of the PWD. Thereafter, tender drawings, and BOQs were prepared by the consultant architect and a detailed cost estimate was prepared on the basis of rates provided by the PWD.

(ix) The tender drawings and technical specifications were then added to ADB's standard bidding document (SBD). Following clearance of PWD, the draft SBD was submitted to ADB for review and approval.

(x) ADB's comments on the draft SBD of the first sample site were reviewed and incorporated by PWD as appropriate. Thereafter, following other government of Himachal Pradesh clearances, the tenders were issued.

5. As of 1 February 2017, the above process has been completed for 5 sites (including 3 CLCs and 2 RLCs), and the required documents submitted to PWD for its review and clearance. Additionally, the tender drawings and specifications sheets for 2 RLCs have also been issued to the PWD so that they may complete the estimates and tender documents.

IV. Scope of Services, Tasks (Components) and Expected Deliverables

6. PWD will be the overall in-charge of the design and implementation of the civil works component under HPSDP. However, given its other work commitments in terms of supervising all major civil works programs of the government, and the need to improve the quality standards and capacity of the civil contractors, it has been agreed with the state government that a professional firm specializing in construction supervision and quality monitoring of civil works will be engaged under the proposed loan to provide additional assistance.

7. The civil works quality assurance (CW – QA) firm will work closely with PWD, HPKVN, and other relevant departments (i.e. DOLE, DOTE, DORD, or DOUD) as required as follows:

(i) Review GFC (good for construction) drawings to ensure that the designs and specifications laid out in the tender drawings have been followed through.
(ii) Ensure timely delivery of GFC drawings so that construction work proceeds without hindrance.
(iii) Review and authorise changes in details and specifications in consultation with the PWD.
(iv) Monitor the work of the civil contractors and ensure that ALL technical and quality specifications included in the tender documents are followed closely.
(v) Ensure that the initial environmental examination (IEE) reports including the environment management plans (EMPs) prepared for each sub-project are adhered to by the civil contractors.
(vi) Teach and train the civil contractors and their workers about best practices and quality control measures.
(vii) Prepare a civil-works quality assurance manual to guide all contractors.
(viii) Periodically, visit the construction sites of subprojects for on-the-spot quality checks and to verify field measurement books. Make visits to off-site fabrication units and approval of proto-types as required.
(ix) Review and approve samples of architectural hardware, sanitary fittings and other finishing materials.
(x) Submit quality compliance reports to the PMU and recommendations for the variations or shortcomings observed during field visits.
(xi) Report any site complaints or grievances of stakeholders due to construction activity
(xii) Ensure that the above processes are conducted smoothly within the stipulated time frame and assist in achieving timely completion.

8. Overall, the civil works QA firm will help to improve the quality of the training facilities constructed. It will facilitate timely completion of the construction within the stipulated costs.

a. Compliance to drawings and specifications

- Monitor and report regarding timely availability of GFR drawings at the sites.
- Scrutinize architectural, electrical and sanitation and water supply drawings and confirm compliance to tender drawings and specifications.
- Report on any substantial variations from the above, and seek justification for such variations if any and thereby validate the revisions.

b. Construction supervision and quality monitoring

- Establish a quality assurance system (based on relevant best practice) in consultation with PWD and explain the same to the civil contractors
- Monitor and report on the physical progress of each and every sub-project, i.e. constructions of CLCs, RLCs, MCCs, the COE, and the Polytechnic for women in Rehan, Kangra: Please refer para 3 for the details of the proposed civil works.
- Review the physical progress and quality of the work with respect to the milestones and specifications laid out in the DPR for that particular sub-project

- Confirm that the materials used for construction are as per the specifications of contract agreement.
- Anticipate potential problems and delays, and suggest remedial action for the contractors.
- Undertake random checks of construction sites
- Keep PWD and HPKVN informed about problems so that they can address the bottlenecks.

c. Monitor commercial performance and financial progress

- Review and report on the commercial performance of contractors with respect to commercial terms and conditions, i.e. performance with respect to contract clauses such as – guarantees / warranty, defects–liability, licenses, bank guarantee, insurance, payment schedule, taxes, dispute resolution mechanisms, etc.
- Highlight and report on enforcement of critical commercial terms and conditions by either party that has an impact on time and cost of the project.
- Review documents related to claim for payments and payments made. Such documents will include – invoices, measurement book, bank statements, etc.
- Report on utilization of funds in verification with bank reconciliation statements.
- Report major variation in the costs of each sub-project cost owing to changes in the BOQs specified in the contracts.
- Prepare periodic reports summarizing the adequacy of financial management systems followed by the contractors and suggest remedial measures

d. Compliance with environment and social safeguards

- Ensure that the IEE reports and EMPs prepared for each sub-project are adhered to by the civil contractors
- Ensure that the civil contractors take all due clearances from relevant environment, Pollution control, and urban authorities before and during construction
- Report on provision, installation, and usage of safety equipment, procedures and practices at sub-project sites
- Report on standards of health and sanitation arrangements maintained at campsites

e. Commissioning, Trial run and Testing Stage

- Report on necessary training imparted to the operations and maintenance (O&M) team of the user department which will be responsible for managing the training facility at a particular site.
- Reports on handing over of all documentation, “As Built” drawings operational instructions and equipment manuals to the O&M team.
- Report on trial runs and completion of project.

f. Post-construction stage

- Prepare final reports on the overall quality of the training facilities constructed at various subproject sites

- Inform PWD about the quality and performance of various civil contractors

9. The reporting format for each of the stages mentioned above is presented in Table 1 and Table 2 below

Table A3.1. Good for construction drawings

Issue of Good For Construction drawings to contractor			
Nature of review	**Deliverables**		**Frequency**
Report availability of drawings at site	List of drawings available	List of drawings required at site in the next 14 days	Fortnightly
Compliance with drawings and specifications			
Nature of review	**Deliverables**		**Frequency**
Scrutinize GFC drawings for compliance to tender	Report on substantial variations within 7 days of receipt		Periodically
Report on authorized variations			
Nature of review	**Deliverables**		**Frequency**
Scrutinize GFC drawings for compliance to tender	Conduct discussions with HPKVN and PWD to vet and justify changes.		Periodically
	Report on implication of changes in terms of cost and time variation.		

Table A3.2. Review Process

S. No	Nature of review	Timing	Method of review	Frequency
Construction Stage & Commissioning, Trial-Runs and Testing Stage				
1.	Report on physical progress of construction at various sub-project sites	• After handing over the site to contractors and regularly over the construction period	• Reports and documents submitted by PWD • Review of milestones as per Contract agreement • Discussions with PWD	Quarterly
2.	Report on quality assurance system		• Request for inspection (RFI) reports • Contract agreement and physical observation • Discussions with HPKVN	
3.	Commercial Performance	• Over the construction period	• Contract and relevant documents	Monthly
4.	Financial Performance		• Invoices, Measurement Book, bank statements • BOQs as per contracts	
5.	Compliance with environment and social safeguards	• Pre-construction, during Construction and post-construction	• As per the Ministry of Environment, Forests, and Climate Change and the state government's own environment guidelines • EMP documents for the project. • Comparison with relevant legislation / rules	Monthly
6.	Safety and Health	• Construction and post-construction stage	• As per relevant standards/ good practices / Contracts	Monthly

S. No	Nature of review	Timing	Method of review	Frequency
7.	Commissioning, Trial runs and Testing	• Commissioning, trial runs and testing stage	• As per records and discussion with concerned officials	Once
Post-Construction Stage				
8.	Report on overall performance of the asset created (project)	• Post-construction stage, about one year after project completion	• Records and discussion with officials / beneficiary community	Once

e. Team Composition & Qualification Requirements for the Key Experts

10. A minimum of 92 person months of key national experts and 144 person months for non-key experts are required for construction supervision services. The qualifications required for each position, and the estimated contract duration (in person-months) for the key experts are presented in table 3 below.

Table A3.3: Summary of Key Experts

Sl. No.	Position	Qualification	Indicative Job description and tasks	Person–months
National Expert				
1.	Construction planning and management expert - Team leader	Graduate engineer or architect with a post graduate qualification in construction planning and management and with preferably 20 years of relevant experience of managing and coordinating large externally aided projects in social infrastructure sector; extensive experience with software such as Primavera, MS Project is required	• Coordinate closely with the PWD and PMU; • Visit construction sites on a regularly basis; • Lead the construction supervision teams to ensure that all inspections are carried out in line with sound engineering practice and quality control procedures; • Establish contract tracking systems, including implementation schedules and milestones; • Review contractors' quality plans, methodology, HSE plans and EMPs; • Oversee construction supervision and contract management; • Recommend regarding withholding of payments on account of quality related issues. • Report, vet and approve requests for changes/ variations and inform PWD about the time and cost implications; • Oversee dispute prevention and resolution, claims assessment and evaluation; and • Oversee the operation and maintenance phases of the contracts. • Monitor the projects as per QA manual prepared by PWD	24
2.	Architect/ Engineer	Graduate architect or civil engineer with 10		18

Sl. No.	Position	Qualification	Indicative Job description and tasks	Person–months
		years' relevant experience of which 5 years should be in projects located in hill sites.	• Scrutinize GFC drawings for compliance and report variations. • Report, vet and approve requests for changes/ variations. • Visit to sites on a regularly basis; • Provide inputs and value addition for enhancing quality.	
3.	Public Health Engineer	Graduate engineer with a Masters' degree from a reputed institute and preferably more than 10 years' relevant experience in managing water supply and sanitation related to buildings		16
4.	Electrical Engineer	Graduate engineer with a Masters' degree from a reputed institute, and preferably more than 10 years' experience of designing and implementing electrical works in buildings		18
			Sub-total	**76**
Non-Key Experts				
1.	Construction Supervisors/ Engineers – 4 Nos.	Graduate or Diploma with preferably 5-10 years' experience in building construction. Experience of handling projects in hilly states similar to Himachal Pradesh will be given weightage	• Help the senior construction manager in all her/his work. • Visit the project sites on a daily to weekly basis. • Ensure that the construction causes minimum disruption to the teaching activities. • The bulk of the construction will have to be timed during the non-monsoon period and school holidays. • Support the Design Engineers by providing the required field data • Assist in reviewing contractors' interim certificates and approving the same for payment. • Follow QA manual prepared by PWD	144
			Total	**144**

APPENDIX 4

SAFEGUARDS SCREENING OF POTENTIAL SITES DURING PROJECT DESIGN
(Status as of 20 April 2017)

1. Sub-project sites already screened by ADB consultants

Zone[a]	S. No.	Sites Visited	District	Status[b]	Owner Department	IEE Preparation	Designs Prepared by Architect Engaged by ADB
SHIMLA ZONE	1	RLC at Chopal	Shimla	Yes	DORD	A comprehensive IEE is being prepared for the sites within the Shimla zone	Yes. Included under advance contracting
	2	CLC at Kasumti	Shimla	Yes	DOUD		Yes. Not included under advance contracting since formalities with respect to technical sanctions are being worked out (between DOUD and the Municipal Corporation of Shimla)
	3	CLC at Nahan	Sirmaur	Yes	DOTE		Yes. Included under advance contracting
	4	RLC at Pragati Nagar	Shimla	Yes	DOTE		
	5	MCC at Rekong Peo	Kinnaur	Yes. Formalities with respect to landownership are being worked out	DOLE		No
	6	RLC at Rekong Peo	Kinnaur	Rejected, since the site does not have adequate space	DORD		Not required
MANDI ZONE	7	CLC at Shamshi	Kullu	Yes	DOTE	A comprehensive IEE is being prepared for the sites within the Mandi zone	Yes. Included under advance contracting
	8	RLC at Sundernagar	Mandi	Yes	DOTE		
	9	RLC at Sadayana	Mandi	Yes	DORD		

Zone[a]	S. No.	Sites Visited	District	Status[b]	Owner Department	IEE Preparation	Designs Prepared by Architect Engaged by ADB
HAMIRPUR ZONE	10	MCC at Hamirpur	Hamirpur	Yes	DOLE	A single comprehensive IEE report is being prepared for the sites within the Hamirpur zone	Yes
	11	RLC at Mahal Sasan	Hamirpur	Rejected, since the site does not have adequate space DORD is looking for an alternative site near Mahal Sasan	DORD		Not required
	12	RLC at the ITI campus of Naduan-at-Rail	Hamirpur	Yes. This site may be considered in the next phase if DORD is unable to propose a better site	DOTE		No
KANGRA ZONE	13	CLC at Mohal Sidhbari	Kangra	Yes	DOUD	IEE prepared and submitted for ADB's review as part of the advance contracting package	Yes
	14	RLC at Nagrota Bagwan	Kangra	Rejected as the site is close to a river. Also, construction work would involve cutting of several trees	DOTE	Not required since the site has been rejected	Not required
	15	RLC site at ITI Shahpur	Kangra	Yes. This site may be considered in the next phase if DORD is unable to propose a better site	DOTE	IEE will be prepared after a final decision is made with respect to the construction of the RLC	No

ADB = Asian Development Bank, CLC = city livelihood center, DOLE = Department of Labor and Employment, DOTE = Department of Technical Education, DORD = Department of Rural Development, DOUD = Department of Urban Development, IEE = initial environmental examination, ITI = industrial training institute, MCC = model career center, PWD = Public Works Department, RLC = rural livelihood center.

[a] The entire state of Himachal Pradesh (12 districts) is divided into four administrative zones by PWD. Each PWD zone is under a chief engineer.

[b] Sites have been screened using ADB's environmental and social safeguards screening checklist.

Note: The ADB consultants include individual consultants (an environment and social safeguards specialist, an architect, a labor economist, and a gender specialist), plus relevant consultants from the consulting firm which has been engaged under the project preparatory technical assistance project. ADB. 2015. *Technical Assistance to India for Supporting Skill Development in Himachal Pradesh*. Manila (TA 9060-IND).

Source: Asian Development Bank.

2. Sites to be Visited by ADB Consultants between March 2017 and June 2017

Zone	S. No.	Sites to be Visited	District	IEE Preparation	Social Due Diligence Report Preparation	Designs Prepared by Architect Engaged by ADB
HAMIRPUR ZONE	1	CLC Una	Una	IEEs will be finalized by end May 2017 after detailed site visits	Will be finalized by end of May 2017 after detailed site visits	The designs will be prepared after the architect visits these sites, and the topographic surveys are completed
SHIMLA ZONE	2	MCC Nahan	Sirmaur	IEEs will be finalized by end May 2017 after detailed site visits	Will be finalized by end of May 2017 after detailed site visits	
	3	RLC at Bharmor	Chamba	IEEs will be finalized by end May 2017 after detailed site visits	Will be finalized by end of May 2017 after detailed site visits	
KANGRA ZONE	4	Site for Rehan Women Polytechnic at Rehan	Kangra	Preliminary screening of the site was undertaken in May 2016. The required clearances from the Revenue Department have been received. Topographic surveys and soil testing have been completed. IEE will be finalized by end of June 2017 after detailed site visits	Will be finalized by end of May 2017 after detailed site visits	Preliminary design has been prepared and submitted to DOTE

CLC = city livelihood center, IEE = initial environmental examination, MCC = model career center, RLC = rural livelihood center.
Note: The ADB consultants include individual consultants (an environment and social safeguards specialist, an architect, a labor economist, and a gender specialist), plus relevant consultants from the consulting firm which has been engaged under the project preparatory technical assistance project. ADB. 2015. *Technical Assistance to India for Supporting Skill Development in Himachal Pradesh*. Manila (TA 9060-IND).
Source: Asian Development Bank.

APPENDIX 5

PROCUREMENT PLAN
Basic Data:

Project Name: Himachal Pradesh Skills Development Project	
Project Number:	**Approval Number:** TBA
Country: India	**Executing Agency**: Department of Planning and Finance
Project Procurement Classification: B	**Implementing Agency:** *Himachal Pradesh Kaushal Vikas Nigam* (HPKVN); Department of Technical Education, Vocational & Industrial Training (DOTE); Department of Higher Education (DOHE); and Public Works Department (PWD)
Project Procurement Risk: Moderate	
Project Financing Amount: Investment finance: USD 100 ADB Financing: USD 80 million GoHP Financing: USD 20 million	
Date of First Procurement Plan: 3 August 2017	**Loan No**: TBA

Process Thresholds, Review and Procurement Plan

1. Project Procurement Thresholds

1. Except as Asian Development Bank (ADB) may otherwise agree, the following process thresholds shall apply to procurement of goods and works.

Procurement of Goods and Works	
Method	**Threshold**
International Competitive Bidding (ICB) for Works	$ 40,000,000 and above
International Competitive Bidding for Goods	$4,000,000 and above
National Competitive Bidding (NCB) for Works	Below $ 40,000,000
National Competitive Bidding for Goods	Below $ 4,000,000
Shopping for Works	Below $100,000
Shopping for Goods	Below $100,000

2. ADB Prior or Post Review

2. Except as ADB may otherwise agree, the following prior or post review requirements apply to the various procurement and consultant recruitment methods used for the project.

Procurement Method	**Prior or Post**	**Comments**
Procurement of Goods and Works		
ICB Works	Prior	
ICB Goods	Prior	
NCB Works	Prior	The first set of tender documents and evaluation reports for each distinct bidding procedure will be reviewed by ADB. Subsequent bids will be covered under post review subject to specified thresholds. The technical and financial evaluation reports will be subject to ADB's review before award of contract.
NCB Goods	Prior	
Shopping for Works	Post	No packages envisaged

Procurement Method	Prior or Post	Comments
Shopping for Goods	Post	No packages envisaged
Recruitment of Consulting Firms		
Quality- and Cost-Based Selection (QCBS)	Prior	Project Management Consultant, Quality Assurance firm, and Monitoring and Evaluation firm
Fixed Budget Selection method (FBS)	Prior	Training Service Providers
Other selection methods: Consultants Qualifications (CQS), Least-Cost Selection (LCS), Quality-Based Selection (QBS), and Single Source (SSS)	Prior	
Recruitment of Individual Consultants		
Individual Consultants	Prior	

3. Goods and Works Contracts (excluding taxes)

Sl. No	Package Reference No.	Name of the Package	Goods or Works	Contract Value ($ millions)	Procurement method	Advertisement date	Contract period, months	Advance Contracting
1.	HPSDP-DOTE/01[a]	Upgrading the training equipment (automobile – 1 of 4 sub-trades) used in 21 selected ITIs	G	2.01	NCB	24 Feb 2017	12	Yes
2.	HPSDP-DOTE /02	Upgrading the training equipment (IT – 11 of 20 sub-trades) used in 41 selected ITIs	G	1.59	NCB	24 Feb 2017	12	Yes
3.	HPSDP-DOTE /03	Upgrading the training equipment (Electrical and Electronics – 9 of 15 sub-trades) used in 39 ITIs	G	0.47	NCB	24 Feb 2017	12	Yes
4.	HPSDP-DOTE /04	Upgrading the training equipment (Mechanical – 7 of 23 sub-trades) used in 40 selected ITIs	G	1.22	NCB	24 Feb 2017	12	Yes
5.	HPSDP-DOTE /05	Upgrading the training equipment (Tools – 12 of 21 sub-trades) used in 41 selected ITIs	G	0.42	NCB	24 Feb 2017	12	Yes
6.	HPSDP-DOTE /06	Upgrading the training equipment (Furniture – 12 of 23 sub-trades) used in 41 selected ITIs	G	0.47	NCB	24 Feb 2017	12	Yes
7.	HPSDP-DOTE /07	Upgrading the training equipment (Automobile – remaining 3 of 4 sub-trades) used in 21 selected ITIs	G	0.10	NCB	March 2018	12	No
8.	HPSDP-DOTE /08	Upgrading the training equipment (Electrical and Electronics – remaining 6 of 15 sub-trades) used in 39 selected ITIs	G	0.09	NCB	March 2018	12	No
9.	HPSDP-DOTE /09	Upgrading the training equipment (Furniture – remaining 11 of 23 sub-trades) used in 41 selected ITIs	G	0.17	NCB	April 2018	12	No
10.	HPSDP-DOTE /10	Upgrading the training equipment (IT – remaining 9 of 20 sub-trades) used in 40 selected ITIs	G	0.78	NCB	April 2018	12	No

Sl. No	Package Reference No.	Name of the Package	Goods or Works	Contract Value ($ millions)	Procurement method	Advertisement date	Contract period, months	Advance Contracting
11.	HPSDP-DOTE /11	Upgrading the training equipment (Mechanical – remaining 16 of 23 sub-trades) used in 40 selected ITIs	G	0.03	NCB	Jun 2018	12	No
12.	HPSDP-DOTE /12	Upgrading the training equipment (Tools – remaining 9 of 21 sub-trades) used in 41 selected it is	G	0.09	NCB	Jun 2018	12	No
13.	HPSDP-DOTE /13	Upgrading equipment for 9 ITIs	G	1.74	NCB	October 2018	12	No
	• **Sub-total 1: Upgraded training equipment for 50 ITIs**		**G**	**9.18**				
14.	HPSDP/HPKVN/MIS /01	Design of software for project MIS	G	2.23	NCB	Nov 2017	48	No
15.	HPSDP/HPKVN/MIS /02	Procurement of hardware for project MIS	G	0.33	NCB	Sept 2018	12	No
	• **Sub-total 2 for MIS package**		**G**	**2.56**				
	• **SUB-TOTAL 3 FOR TOTAL GOODS PACKAGE**		**G**	**11.74**				
	• **Goods (advance contracting as share of total)**		**G**	**6.18 (52.6%)**				
16.	HPSDP-PWD /01	Construction of a Women's Polytechnic in Rehan, Kangra zone	W	6.83	NCB	September 2017	24	Yes
17.	HPSDP-PWD /02	Construction of 1 CLC in Mohal Sidbhari, Kangra zone	W	0.56	NCB	March 2017	24	Yes
18.	HPSDP-PWD /03	Construction of 1 CLC 2 RLCs in Shimla zone	W	1.88	NCB	June 2017	24	Yes

Sl. No	Package Reference No.	Name of the Package	Goods or Works	Contract Value ($ millions)	Procurement method	Advertisement date	Contract period, months	Advance Contracting
19.	HPSDP-PWD /04	1 MCC in Hamirpur zone	W	0.59	NCB	July 2017	24	Yes
20.	HPSDP-PWD /05	Construction of 2 CLC and 1 RLC – Mandi zone	W	1.78	NCB	July 2017	24	Yes
21.	HPSDP-PWD /06	Construction of 2 CLC and 4 RLCs in selected zones	W	3.75	NCB	November 2017	24	No
22.	HPSDP-PWD /07	Construction of 5 MCCs in selected zones	W	2.95	NCB	March 2018	24	No
23.	HPSDP-PWD /08	Renovation of 5 employment exchanges into MCCs	W	0.84	NCB	March 2018	24	No
24.	HPSDP/PWD/09	Flagship Skill Centre cum HPKVN office	W	4.95	NCB	June 2018	24	No
	SUBTOTAL 4 – TOTAL CIVIL PACKAGE			**24.13**				
	Civil works (advance contracting as share of total)			**11.64 (48.2%)**				
TOTAL (GOODS PLUS CIVIL WORKS)				**35.89**				
GOODS PLUS CIVIL PACKAGES (ADVANCE CONTRACTING)				**17.82 (50%)**				

$ = ₹67.85

B.Voc. = Bachelor of Vocational Education, CLC = city livelihood center, DOTE = Department of Technical Education, Vocational and Industrial Training, RLC= rural Livelihood center, HPKVN = Himachal Pradesh Kaushal Vikas Nigam; HPSDP = Himachal Pradesh Skills Development Project, IT=Information Technology, ITI = Industrial Training Institute, MCC = Model Career Center, MIS = Management Information System, MSDE = Ministry of Skill Development and Entrepreneurship, NSQF = National Skills Qualification Framework, NCVT = National Council of Vocational Training, PWD = Public Works Department, RLC = rural livelihood center.

[a] The training equipment used for 22 different trades across 50 ITIs have to be upgraded in line with the revised 2014 guidelines of the National Council of Vocational Training (NCVT).

4. Consulting Services Contracts (excluding taxes)

a. Consulting Services Contracts

No.	General Description	Contract Value Tranche 1 ($ millions)	Recruitment Method	Advertisement Date	International or National Assignment
1.	Project Management Consultancy (PMC)	4.1	Quality and cost-based selection (QCBS) (80:20)	Advertised on 29 Dec 2016	National
2.	Quality Assurance consulting firms for civil works (QAC)	0.7	QCBS (80:20)	Advertised on 5 May 2017	National
3.	Monitoring and Evaluation Consulting firm (M&E)	1.78	QCBS (80:20)	Advertised on 9 Jan 2017	National
	TOTAL	**6.58**			

PMC= project management consultant; M&E= monitoring and evaluation consultant; QAC= quality assurance consultant; QCBS= quality and cost based selection

b. Details of Non-consulting services packages Selection of Training Service Provider (TSP) under Service provider Contract (excluding taxes)

Package No.	General Description	Contract Value in $ millions excluding taxes	Recruitment Method	Advertisement Date	International or National Assignment	Advance contracting
TSP-01/Multisector	Selection of TSPs for training 2000 Graduate job training program	0.96	FBS	15 Mar 2017	National	Yes
TSP-02/Multisector	Selection of TSPs for training 2000 unemployed youth in (i) Manufacturing, Automobile, Construction, Plumbing and Power Sectors;	0.96	FBS	19 Apr 2017	National	Yes
TSP-03/Multisector	Selection of TSPs for training 3000 unemployed youth in (i) IT/ITeS, (ii) Electronics and Hardware and (iii) BFSI sectors	1.45	FBS	19 Apr 2017	National	Yes
TSP-04/Multisector	Selection of TSPs for training 2000 unemployed youth in (i) Food processing and (ii) Agriculture sectors	0.96	FBS	19 Apr 2017	National	Yes
TSP-05/Multisector	Selection of TSPs for training 2000 unemployed youth in (i) Healthcare (ii) Life sciences and (iii) Pharmaceutical sectors	0.96	FBS	19 Apr 2017	National	Yes
TSP-06/Multisector	Selection of TSPs for training 2000 unemployed youth in (i) Tourism & Hospitality and (ii) Telecom sectors	0.96	FBS	19 Apr 2017	National	Yes
TSP-07/Multisector	Selection of TSPs for training 2000 unemployed youth in (i) Apparel & made-ups, and (ii) Beauty and wellness sectors	0.96	FBS	19 Apr 2017	National	Yes
TSP-08/Multisector	Selection of TSPs for training 4000 unemployed youth in CLC	2.0	FBS	Mar 2018	National	No
TSP-09/Multisector	Selection of TSPs for training 4000 unemployed youth in RLC	2.0	FBS	Jun 2018	National	No
TSP-10/Multisector	Selection of TSPs for training 7000 unemployed youth in RPL multisector	1.59	FBS	Mar 2018	National	No
TSP-11/Multisector	Selection of TSPs for training 2000 unemployed PWD youth in multisector	0.96	FBS	Sep 2017	National	No
TSP-12/Multisector	Selection of TSPs for training 3500 Graduate job training program	1.69	FBS	Jun 2017	National	No

Package No.	General Description	Contract Value in $ millions excluding taxes	Recruitment Method	Advertisement Date	International or National Assignment	Advance contracting
TSP-13/Multisector	Selection of TSPs for training 21720 unemployed youth in multi-sectors (5 package approx.)	10.48	FBS	Mar 2018	National	No
	TOTAL - TRAINING SERVICE PROVIDERS	**25.94**				
	(ADVANCE CONTRACTING AS SHARE OF TOTAL)	**7.21 (27.8%)**				

BFSI = Banking, financial services, and insurance,.B.Voc. = Bachelor of Vocation, CLC = City Livelihood Center, RLC= Rural Livelihood center, HPKVN = Himachal Pradesh Kaushal Vikas Nigam; IT=Information Technology, ITES= Information Technology Enabled System, MCC = Model Career Centers, MSDE = Ministry of Skill Development and Entrepreneurship, PWD = People with disabilities, TSP = Training Service Provider

Note: 'The Common Norms for Skill Development Schemes', notified by the Ministry of Skill Development and Entrepreneurship (MSDE), Government of India, on 15 July 2015, lay down the benchmarks that have to be followed by all government funded vocational training programs in terms of duration, outcomes, per hour cost of training (trade wise), boarding and travel expenses etc. The first revision of these Common Norms were issued by MSDE on 20 May 2016. Since these norms have to be followed by all TSPs, hence, the fixed budget selection method has to be used.

APPENDIX 6

TERMS OF REFERENCE FOR INTERNAL AUDITOR

A. Introduction

1. The Himachal Pradesh Kaushal Vikas Nigam (HPKVN) intends to procure the services of a reputable chartered accountant firm (the consultant) to provide independent and objective outsourced internal auditing for 3 years. The function of the head of internal audit, along with two assisting team members will be outsourced to the consulting firm, who will report to the board of directors. The head of internal audit is expected to be a member of the Institute of Chartered Accountants of India (ICAI) and a recognized Institute of Internal Audit, and have more than 7 years of experience in internal audit, preferably in the public sector. Internal audit team members shall have over 5 years of relevant experience. The internal audit team assigned will not be replaced without the consent of HPKVN.

2. Internal audit function is expected to be an independent and objective assurance activity that is guided by a philosophy of adding value to improve the operations of HPKVN. It shall assist HPKVN in accomplishing its objectives by bringing a systematic and disciplined approach to evaluate and improve the effectiveness of the organization's governance, risk management, and internal control.

3. The internal audit function will cover all activities of HPKVN, as well as activities undertaken by the other implementing agencies under the Himachal Pradesh Skills Development Project. The team will set up and establish the internal audit function at HPKVN, including the development of adequate internal audit manual, such that the internal audit function may be gradually co-sourced and ultimately housed within HPKVN.

B. Role

4. The purpose, authority, and responsibility of the internal audit activity must be formally defined in an internal audit charter, consistent with the Definition of Internal Auditing, the Code of Ethics, and acceptable internal audit standards. This will also give due regard to the guidance provided by the Internal Audit Division of the Comptroller General of Accounts, India. This must be approved by the board of directors of HPKVN.

5. To ensure operational independence, the internal audit head shall be appointed by and report directly to the board of directors of HPKVN.

6. In addition to the above, with respect to internal audit, the board of directors directly, or a subcommittee appointed on their behalf, shall have the authority to:

(i) Approve the annual audit plan and all major changes to the plan, and review the internal audit activity’s performance relative to its plan.
(ii) Review with the chief audit executive the internal audit budget, resource plan, activities, and organizational structure of the internal audit function.
(iii) Review the effectiveness of the internal audit function, including conformance with Institute of ICAI; The Institute of Internal Auditors' the Definition of Internal Auditing, Code of Ethics; and the International Standards for Professional Practice of Internal Auditing.
(iv) On a regular basis, meet separately with the chief audit executive to discuss any matter that the committee or internal audit believes should be discussed privately.

C. Scope of Work

7. The scope of internal auditing encompasses, but is not limited to, the examination and evaluation of the adequacy and effectiveness of the organizations' governance, risk management, and internal controls; as well as the quality of performance in carrying out assigned responsibilities to achieve the organizations' stated goals and objectives. This includes:

(i) evaluating risk exposure relating to achievement of the organization's strategic objectives;
(ii) evaluating the reliability and integrity of information and the means used to identify, measure, classify, and report such information;
(iii) evaluating the systems established to ensure compliance with those policies, plans, procedures, laws, and regulations, which could have a significant impact on the organization;
(iv) evaluating the means of safeguarding assets and, as appropriate, verifying the existence of such assets;
(v) evaluating the effectiveness and efficiency with which resources are employed;
(vi) evaluating operations or programs to ascertain whether results are consistent with established objectives and goals and whether the operations or programs are being carried out as planned;
(vii) monitoring and evaluating governance processes;
(viii) monitoring and evaluating the effectiveness of the organization's risk management processes;
(ix) evaluating the quality of performance of external auditors and the degree of coordination with internal audit;
(x) reporting periodically on the internal audit activity's purpose, authority, responsibility, and performance relative to its plan;
(xi) reporting significant risk exposures and control issues, including fraud risks, governance issues, and other matters needed or requested by the management; and
(xii) evaluating specific operations at the request of the management, as appropriate.

D. Professionalism

8. The internal audit activity will govern itself by adherence to ICAI and the Institute of Internal Auditors' mandatory guidance, including the Definition of Internal Auditing, the Code of Ethics, and the International Standards for the Professional Practice of Internal Auditing (Standards). This mandatory guidance constitutes principles of the fundamental requirements for the professional practice of internal auditing and for evaluating the effectiveness of the internal audit activity's performance.

E. Authority

9. The internal audit activity, with strict accountability for confidentiality and safeguarding records and information, is authorized for full, free, and unrestricted access to any and all of HPKVN's and the above-defined relevant institutions' records, physical properties, and personnel pertinent to carrying out any engagement in the project. All employees are requested to assist the internal audit activity in fulfilling its roles and responsibilities. The internal audit activity will also have free and unrestricted access to the board of directors of HPKVN.

F. Independence and Objectivity

10. The internal audit activity will remain free from interference by any element in the organization, including matters of audit selection, scope, procedures, frequency, timing, or report content to permit maintenance of a necessary independent and objective mental attitude. Internal auditors will have no direct operational responsibility or authority over any of the activities audited. Accordingly, they will not implement internal controls, develop procedures, install systems, prepare records, or engage in any other activity that may impair the internal auditor's judgment.

11. Internal auditors will exhibit the highest level of professional objectivity in gathering, evaluating, and communicating information about the activity or process being examined. Internal auditors will make a balanced assessment of all the relevant circumstances and not be unduly influenced by their own interests or by others in forming judgments.

12. The head of internal audit will confirm to the board of directors of HPKVN, at least annually, the organizational independence of the internal audit activity.

G. Internal Audit Plan

13. At least annually, the Head of Internal Audit will submit to senior management and the board of directors of HPKVN an internal audit plan for review and approval. The internal audit plan will consist of a work schedule as well as budget and resource requirements for the next fiscal or calendar year. The head of internal audit will communicate the impact of resource limitations and significant interim changes to senior management and the board of directors of HPKVN.

14. The internal audit plan will be developed based on a prioritization of the audit universe using a risk-based methodology, including input of senior management and the board of directors of HPKVN. The head of internal audit will review and adjust the plan, as necessary, in response to changes in the organization's business, risks, operations, programs, systems, and controls. Any significant deviation from the approved internal audit plan will be communicated to senior management and the board of directors of HPKVN through periodic activity reports.

H. Reporting and Monitoring

15. A written report will be prepared and issued by the head of internal audit or designee following the conclusion of each internal audit engagement and will be distributed as appropriate. Internal audit results will also be communicated to the board of directors of HPKVN. Although the internal audit function will be continuous, the head of internal audit will issue at least four audit reports per year, i.e., on a quarterly basis.

16. The internal audit report may include management's response and corrective action taken or to be taken in regard to the specific findings and recommendations. Management's response, whether included within the original audit report or provided thereafter (within 30 days) by management of the audited area should include a timetable for anticipated completion of action to be taken, and an explanation for any corrective action that will not be implemented.

17. The internal audit activity will be responsible for appropriate follow-up on engagement findings and recommendations. All significant findings will remain in an open issues file until cleared.

APPENDIX 7

DESIGN AND MONITORING FRAMEWORK

Impact the Project is Aligned with A more productive workforce created in Himachal Pradesh equipped with market-relevant technical and vocational skills (Himachal Pradesh Skills Development Policy [*Him Kaushal]*)[a]			
Results Chain	**Performance Indicators with Targets and Baselines**	**Data Sources and Reporting Mechanisms**	**Risks**
Outcome Employment and livelihood opportunities for the youth of Himachal Pradesh improved	**By 2023:**[b] a. At least 80% of all trainees who complete the training courses under the project are successfully certified (2016 baseline: 0; target: at least 70% of women trainees and people with disabilities who complete the training courses are successfully certified) **b.** Of those who are successfully certified, at least 50% should get wage employment within 6 months of completing training, with 40% of the remaining being gainfully self-employed (wage employment target for women: 30%)[c]	a. MIS project reports prepared by HPKVN and implementing agencies b. Surveys undertaken by HPKVN	Job opportunities within Himachal Pradesh may remain limited owing to the state's narrow manufacturing base and hilly terrain. Some of the trained and certified students may not want to migrate out of the state even when offered placement.
Outputs 1. TVET in Himachal Pradesh improved and aligned to national standards	**By 2022:** 1a. 55,700 youth provided National Skills Qualification Framework-aligned training by HPKVN[d] (2016 baseline: 1,000; girls 30%; target: at least 35% of the trainees are girls and 1% are people with disabilities) 1b. 8,400 students enrolled for graduate employability and bachelor of vocational education programs across government colleges[e] (2016 baseline: 0; target: at least 35% of those enrolled are women) 1c. 300 students enrolled in the new women's polytechnic in Rehan, Kangra	1a. MIS project reports prepared by HPKVN and implementing agencies 1b. Annual report of HPKVN (with inputs from the Department of Higher Education) 1c. Inputs provided by the Department of Technical Education, Vocational and Industrial Training	Systemic challenges such as weak capacity of training service providers and assessment agencies may affect the quality of training and assessment.
2. Market-aligned skills ecosystem created	**By 2022:** 2a. Counseling and placement services offered at the 11 MCCs (2016 baseline: 0; at least 1 trained career counselor appointed in each MCC) 2b. Project MIS at HPKVN, providing sex-disaggregated data on relevant indicators and linked to the National Career Services portal of India, made operational (2016 baseline: not applicable)	2a–2b. Annual report of HPKVN	

Results Chain	Performance Indicators with Targets and Baselines	Data Sources and Reporting Mechanisms	Risks
3. Access to quality training institutes improved	**By 2022:** 3a. Six city livelihood centers made operational to provide a package of training-cum-business development support to urban youth (2016 baseline: 0) 3b. Seven rural livelihood centers made operational to provide a package of training-cum-business development support to rural youth (2016 baseline: 0) 3c. New women's polytechnic made operational in Rehan, Kangra, in northwest Himachal Pradesh[f] (2016 baseline: one dedicated polytechnic for women located at Kandaghat in south Himachal Pradesh) 3d. Training equipment in 22 trades across 50 industrial training institutes upgraded in line with the revised 2014 syllabus of the National Council for Vocational Training (2016 baseline: 0) 3e. 11 employment exchanges converted into MCCs (2016 baseline: 0)	3a–3e. Annual report of HPKVN (with inputs from relevant departments) 3a–3e. MIS project reports of HPKVN and relevant departments	
4. TVET institutional structure improved	**By 2022:** 4a. Project MIS at HPKVN, providing sex-disaggregated data on relevant indicators, made operational (2016 baseline: no such MIS) 4b. Periodic M&E surveys conducted	4a–4b. Annual report of HPKVN (with inputs from implementing agencies)	

Key Activities with Milestones

1. TVET in Himachal Pradesh improved and aligned to national standards

1.1 HPKVN launched its pilot training program for 1,000 youth in November 2016. It is funded by the state government, but designed and executed with the help of consultants engaged under the project preparatory technical assistance.

1.2 Standard bidding documents for engaging training service providers prepared (completed in mid-March 2017).

1.3 Prepare National Skills Qualification Framework-aligned and market-oriented TVET training protocols for formal employment, rural livelihoods development, and entrepreneurship (by September 2017).

1.4 Design course curriculum for graduate employability and bachelor of vocational education programs to be offered in selected colleges (by September 2017).

1.5 Initiate training programs (with effect from September 2017).

2. Market-aligned skills ecosystem created

2.1 Revised skill development policy for Himachal Pradesh issued in September 2016.

2.2 Prepare protocol for converting employment exchanges into MCCs (June 2018).

2.3 Sign memoranda of understanding with industry associations and sector skills councils (ongoing).

3. Access to quality training institutes improved 3.1 Standard bidding documents for civil works and equipment prepared (completed in January 2017). 3.2 Procure training equipment for 50 industrial training institutes (tenders issued on 24 February 2017; supply expected to start from February 2018). 3.3 Prepare architectural designs for city livelihood centers, rural livelihood centers, MCCs, and women's polytechnic (by November 2017). 3.4 Tendering of civil works (started in March 2017). 3.5 Initiate construction work (from January 2018, then phased out over the project period). **4. TVET institutional structure improved** 1.1 Notify establishment of the project steering committee, state-level project monitoring and implementation committee, project management unit within HPKVN, and project implementation units within other implementing agencies (Department of Higher Education, Department of Technical Education, Vocational and Industrial Training, PWD) issued (completed). 1.2 Staff recruited in HPKVN to handle skills training, quality assurance, M&E, financial management, procurement, and safeguards (completed by February 2017). 1.3 Prepare business processes covering key functions—finance, administration, procurement of training service providers and assessment agencies, training guidelines, and M&E framework (completed).
Project Management Activities Mobilization of project management consulting firm and M&E consulting firm (by November 2017) Mobilization of civil works (quality assurance firm) (by January 2018) Project MIS designed and tendered (by December 2017); full operationalization (by January 2019)
Inputs ADB: $80 million (loan) Government of Himachal Pradesh: $20 million
Assumptions for Partner Financing Not applicable

ADB = Asian Development Bank, HPKVN = Himachal Pradesh Kaushal Vikas Nigam, M&E = monitoring and evaluation, MCC = model career center, MIS = management information system, PWD = Public Works Department, TVET = technical and vocational education and training.

[a] Government of Himachal Pradesh, Department of Planning. 2016. *Himachal Pradesh Skills Development Policy*. Shimla. http://hpkvn.nic.in/download/HP%20Skill%20Development%20Policy.pdf .

[b] In India, the outcomes, outputs, and cost benchmarks for all government-funded training programs have to be aligned to the 2016 Report of the Common Norms Committee, Ministry of Skill Development and Entrepreneurship, Government of India, with the required adjustments in line with the specific needs and constraints of a state. Hence, the benchmarks shown in this design and monitoring framework have been modified based on Himachal Pradesh's socioeconomic and demographic profile, and the extra constraints it faces because of its hilly terrain.

[c] According to the 2016 Common Norms, in the case of wage employment and recognition of prior learning, candidates should be placed in jobs that provide wages at least equal to minimum wages prescribed, and such candidates should continue to be in jobs for a minimum period of 3 months from the date of placement in the same or a higher level with the same or any other employer. In the case of self-employment, candidates should have been employed gainfully in livelihood enhancement occupations, which are evidenced in terms of trade license or setting up of an enterprise or becoming a member of a producer group, or proof of additional earnings (bank statement) or any other suitable and verifiable document as prescribed by the state government. The M&E consulting firm to be engaged under the loan will assist HPKVN and other implementing agencies in tracking the outcomes of the training programs by undertaking surveys and studies.

[d] HPKVN launched a pilot program for training 1,000 youth in 2016. Hence, the baseline is 1,000.

[e] The 2016 baseline is 0 since bachelor of vocational education courses will be introduced under this project.

[f] The Rehan polytechnic will raise annual training capacity by 720 and have hostel facilities for 120 trainees. The Kandaghat polytechnic for women offers diplomas in pharmacy, electronics, and computers. It has an annual training capacity of 400 and hostel accommodation for 210.

Source: Asian Development Bank.

APPENDIX 8

TEMPLATE FOR GENDER ACTION PLAN IMPLEMENTATION PROGRESS REPORT

Evaluation Period:
Date Prepared:

GAP Activities and Targets/Indicators	Progress to Date		Issues and Challenges (Please include reasons why an activity was not fully implemented, or if targets fall short, or reasons for delay, etc.)
	Progress for the Quarter (Activities and achievements – quantitative and qualitative for the current quarter)	**Cumulative Progress** (Activities and achievements – quantitative and qualitative for the past and current quarters)	
Output 1. TVET in Himachal Pradesh improved and aligned to national standards			
Activity 1.1 Disseminate information and encourage participation of female youth and PWDs in NSQF-aligned, market-oriented, short term training towards formal wage employment, self-employment, entrepreneurship and RPL			
• **Target/Indicator 1.1a** At least 19,495 or 35% of the targeted 55,700 youth who participated in NSQF-aligned and market-oriented short-term training are females; and 1,114 or 1% are PWDs			
• **Target/Indicator 1.1b**. At least 70% of the female trainees successfully certified			
Activity 1.2 Disseminate information and encourage the participation of college level female youth in the programs for enhancing youth employability and B. Voc. programs			
• **Target/Indicator 1.2a** At least 2,940 or 35% of the targeted 8,400 students who enroll for graduate employability and B. Voc. programs across government colleges			
• **Target Indicator 1.2b.** At least 70% of female trainees successfully certified			
Activity 1.3 Conduct TVET training at the new polytechnic for women			
• **Target/Indicator 1.3:** At least 900 women enrolled at the new polytechnic for women in Rehan, Kangra			
Output 2: Market-aligned skills ecosystem created			
Activity 2.1 Develop and operationalize a MIS capable of providing sex- and disability-disaggregated data for the project			

GAP Activities and Targets/Indicators	Progress to Date		Issues and Challenges (Please include reasons why an activity was not fully implemented, or if targets fall short, or reasons for delay, etc.)
	Progress for the Quarter (Activities and achievements – quantitative and qualitative for the current quarter)	**Cumulative Progress** (Activities and achievements – quantitative and qualitative for the past and current quarters)	
• **Target 2.1** Unified project MIS for tracking and providing sex- and disability-disaggregated data on all skilling interventions developed and installed			
Activity 2.2 Periodically analyze and report sex- and disability-disaggregated data			
• **Target/Indicator 2.2** Sex- and disability-disaggregated data periodically used for analyzing gender gaps and planning skill development interventions for employment and livelihood focusing on females			
Activity 2.3 Engage career counsellors for information dissemination and support placements to convert 11 employment exchanges into MCCs			
• **Target/Indicator 2.3a** Counsellors should design and conduct the counselling sessions in a gender-sensitive manner to guide female candidates about appropriate training opportunities and job openings			
• **Target/Indicator 2.3b** Sex-disaggregated data on job seekers reported on a monthly basis by all MCCs through the project MIS			
Output 3: Access to quality training institutes improved			
Activity 3.1 Ensure that the established seven RLCs and six CLCs are accessible to female and male students, and PWDs			
• **Target/Indicator 3.1a**: All established CLCs and RLCs are designed to be accessible/friendly to PWDs, and have separate toilets for females and males			
• **Target/Indicator 3.1b:** Hostel facilities for females established in four CLCs			
Activity 3.2 Ensure that the 50 ITIs which are upgraded based on the revised guidelines of the National Council for Vocational Training are capable of providing sex-disaggregated data on enrollments and improved learning levels			

GAP Activities and Targets/Indicators	Progress to Date		Issues and Challenges (Please include reasons why an activity was not fully implemented, or if targets fall short, or reasons for delay, etc.)
	Progress for the Quarter (Activities and achievements – quantitative and qualitative for the current quarter)	**Cumulative Progress** (Activities and achievements – quantitative and qualitative for the past and current quarters)	
• **Target/Indicator 3.2** Sex-disaggregated data on enrollments and improved learning levels (because of improved equipment) reported by all 50 ITIs on an annual basis (Target: 70% passing rate in practical classes)			
Activity 3.3 Formulate institutional development and quality improvement plans for ITIs that seeks to address issues on women safety, hygiene, and occupational hazards			
• **Target/Indicator 3.3** Institutional development and quality improvement plans that seek to address issues on women safety, hygiene and occupational hazards specifically of industry heavy trades formulated for the 50 ITIs • Sensitization workshops for ITI staff and trainees to raise awareness on sexual harassment, gender-based violence, and other relevant gender issues in the ITIs. • Institutional mechanism established and implemented to monitor and report on gender-based violence and sexual harassment in 50 ITIs			
Activity 3.4 Establish a polytechnic for women in Rehan, district Kangra, to expand the reach of TVET training to women residing in the hilly, north and north-west parts of Himachal Pradesh (2016 baseline: one dedicated polytechnic for women located at Kandaghat in southern Himachal Pradesh)[a]			
• **Target/Indicator 3.4a** Polytechnic for women in Rehan, Kangra, will have an annual training capacity of 720 in trades such as civil engineering, architectural assistantship, electrical engineering, and computer engineering which are in demand.			
• **Target/Indicator 3.4b** It will have hostel facilities for 120 trainees			

GAP Activities and Targets/Indicators	Progress to Date		Issues and Challenges (Please include reasons why an activity was not fully implemented, or if targets fall short, or reasons for delay, etc.)
	Progress for the Quarter (Activities and achievements – quantitative and qualitative for the current quarter)	**Cumulative Progress** (Activities and achievements – quantitative and qualitative for the past and current quarters)	
Output 4: TVET institutional structure improved			
Activity 4.1 Develop the capacity of HPKVN and all implementing agencies in terms of designing and implementing TVET programs in a gender-responsive manner			
• **Target/Indicator 4.1a:** Gender focal team formed and integrated in the structure of HPKVN, and trained in mainstreaming gender in technical and vocational education and training programs			
• **Target/Indicator 4.1b** Social development specialist (gender) in the project management consulting firm recruited			
Activity 4.2 Conduct periodic M&E surveys and skill gap analysis			
• **Target/Indicator 4.2a:** Data on women's work force participation in urban and peri-urban areas and on skill gaps across project			
• **Target/Indicator 4.2b:** GAP updated annually based on results of above periodic gender analysis			

B. Voc. = bachelor of vocational education; CLC = city livelihood center; DOES = Department of Economics and Statistics; DOHE = Department of Higher Education; DOLE: Department of Labor and Employment; DOSJ = Department of Social Justice and Empowerment; DORD: Department of Rural Development; DOTE = Department of Technical Education; GAP = gender action plan; HPKVN = Himachal Pradesh Kaushal Vikas Nigam; ITIs = industrial training institutes; M&E = Monitoring and Evaluation; MCC = Model Career Centre; MIS = management information system; NSQF = National Skills Qualifications Framework; PMC = Project management consulting firm; PWD = people with disabilities; RPL = recognition of prior learning; RLC = rural livelihood center; TVET = technical and vocational education and training.

[a] The Kandaghat Polytechnic for Women has an annual training capacity of 420 and hostel accommodation for 210. It offers diplomas in Pharmacy, Electronics and Communication Engineering, and Computers.

Prepared by: _____

Approved by: _____

APPENDIX 9

ROLES AND RESPONSIBILITIES FOR VARIOUS AGENCIES INVOLVED

Sl. No.	Agency Involved in HPSDP Implementation	Roles and Responsibilities
1	Department of Planning (Executing Agency)	• Ensure compliance with loan covenants pertaining to safeguards • Get approval of project proposals from Government of Himachal Pradesh • Interaction with DEA for meeting requirements of Government of India and ADB • Close coordination with implementing agencies, PMC and PMU for smooth progress of project
2	Implementing Agencies such as DOTE, PWD, DOHE, and HPKVN	• All implementing agencies should ensure adequate manpower and resources; • Subproject preparation such as DPR and safeguards documents preparation through PMC and PMU • Disbursement of funds to Contractors and consultants • Submission of progress report to ADB with the assistance of PMC and PMU • Implementation of the Safeguards Requirements- Social and Environmental at sub-project level • To ensure EMP is included in Bid and contract documents of sub-project • To participate in all training programs organized by PMU and PMC related to safeguards for the capacity building
3	Project Management Consultants	• To assist implementing agencies and top level PMU management in finalising the cost estimates, detailed project reports, bidding documents, and safeguard documents for submission to ADB and Government of Himachal Pradesh for approval • To ensure EMP is part of bid document • To assist Himachal Pradesh PWD and implementing agencies in selection process of contractors for various subprojects • To assist PMU and implementing agencies in submitting progress reports, safeguards documents, and other documents to ADB • To visit project sites to see EMP implementation and guide PIUs and Himachal Pradesh PWD and contractors in project implementation • To carry out capacity building training programs on safeguards for PIUs, contractors and implementing agencies as detailed in IEE report • Submission of progress report to ADB with the assistance PMU
4	Project Management Unit	• To support executing agency and implementing agencies in the project implementation • To ensure redressal of Grievances at subproject level and PMU level • To get approvals from GOHP for organization of training programs pertaining to safeguards

Sl. No.	Agency Involved in HPSDP Implementation	Roles and Responsibilities
		• To organize capacity building training programs pertaining to safeguards with the assistance of PMC • To ensure timely submission of all documents to ADB and DEA • To get all documents approved from ADB, GOHP and DEA • To get approval for the contractors selected by PWD from GOHP and ADB
5	Contractors	• To obtain all permissions and clearances before start of construction activities. • To ensure that all utilities are relocated, if these are likely to be impacted • To ensure implementation of EMP as per EMP in bid and contract documents • To establish construction camps with the facilities as mentioned in EMP • To carry out construction as per contract specifications and as per instructions of PIU/PWD • To ensure that public is not at inconvenience due to construction • To submit information and factual data and make accessible project site to PWD and PIU all the time • To ensure compliance with safeguard requirements and to carry out necessary environmental monitoring as indicated in EMP documents • To submit necessary data to PIUs for progress reports • To ensure safety during construction and comply with the statutory requirements • To keep updated all permissions and clearances • To reinstate the construction camp sites to their original form after completion of construction activities • To dispose construction waste at the identified and approved site(s) • To participate in capacity building training programs pertaining to safeguards

ADB = Asian Development Bank; DEA = Department of Economic Affairs; DOHE = Department of Higher Education; DOTE = Department of Technical Education, Vocational and Industrial Training; DPR = detailed project report; EMP = environmental management plan; HPKVN = Himachal Pradesh Kaushal Vikas Nigam; GOHP = Government of Himachal Pradesh; HPSDP = Himachal Pradesh Skills Development Project; PIU = project implementation unit; PMC = project management consultants; PMU = project management unit; PWD = Public Works Department.
Source: Asian Development Bank