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Report No: PAD00015

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

PROGRAM APPRAISAL DOCUMENT
ON A
PROPOSED LOAN

IN THE AMOUNT OF US$100 MILLION

TO

INDIA

FOR

SIKKIM: INTEGRATED SERVICE PROVISION AND INNOVATION FOR REVIVING ECONOMIES OPERATION
(P180634)

November 30, 2023

Social Sustainability and Inclusion Global Practice
South Asia Region

CURRENCY EQUIVALENTS

(Exchange Rate Effective October 31, 2023)

Currency Unit =   INDIAN RUPEE (INR)

INR 83.26 =   US$ 1

FISCAL YEAR
April 1 – March 31

Regional Vice President:	Martin Raiser
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ABBREVIATIONS AND ACRONYMS

AM	Accountability Mechanism
AoA	Article of Association
AFHC	Adolescent Friendly Health Clinics
AWP	Annual Work Plan
C&AG	Comptroller and Auditor General
C&ID	Commerce and Industries Department
CBP	Centralized Beneficiary Platform
CFC	Common Fulfilment Center
CPF	Country Partnership Framework
DET	Directorate of Eco-Tourism
DIC	District Industries Centre
DLI	Disbursement Linked Indicators
DLR	Disbursement Linked Result
e-GP	e-Government Procurement
E&S	Environmental and Social
EDC	Eco-Development Committees
ESSA	Environmental and Social Systems Assessment
F&ED	Forest and Environment Department
FM	Financial Management
FRS	Functional Requirement Specification
FY	Fiscal Year
GDP	Gross Domestic Product
GeM	Government e Marketplace
GHG	Greenhouse Gas
GO	Government Order
GoI	Government of India
GoS	Government of Sikkim
GRM	Grievance Redressal Mechanism
GRS	Grievance Redress Service
H&FWD	Health and Family Welfare Department
IBRD	International Bank for Reconstruction and Development
IEIAP	Integrated Economic Inclusion Action Plan
IFSA	Integrated Fiduciary Systems Assessment
IHCAE	Indian Himalayan Centre for Adventure and Eco-tourism
IHM	Institute of Hotel Management
INR	Indian Rupee
INSPIRES	Integrated Service Provision and Innovation for Reviving Economies
IPF	Investment Project Financing
IT	Information Technology
ITD	Information Technology Department
ITeS	Information Technology Enabled Services
IUFR	Interim Unaudited Financial Report
IVA	Independent Verification Agent
JFMC	Joint Forest Management Committees
KPI	Key Performance Indicator
M&E	Monitoring and Evaluation
MIS	Management Information System
MoA	Memorandum of Association

MOU	Memorandum of Understanding
MSME	Micro, Small, and Medium-sized Enterprises
NDC	Nationally Determined Contribution
NIC	National Informatics Centre
NIT	Notice Inviting Tender
NSQF	National Skills Qualification Framework
O&M	Operation and Maintenance
OAE	Own-Account Establishment
OFC	Optical Fiber Cable
OHS	Occupational Health and Safety
OPRC	Operational Procurement Review Committee
PAP	Program Action Plan
PCC	Program Coordination Committee
PDD	Planning and Development Department
PDO	Program Development Objective
PEF	Program Expenditure Framework
PforR	Program-for-Results
PGC	Program Governing Committee
PIU	Program Implementation Unit
PMC	Program Management Consultant
PHC	Primary Healthcare Centre
PMU	Program Management Unit
OM	Operations Manual
PPP	Purchasing Power Parity
PWD	Public Works Department
RA	Results Area
RDD	Rural Development Department
SAPCC	State Action Plan on Climate Change
SBD	Standard Bid Document
SDD	Skills Development Department
SEA/SH	Sexual Exploitation and Abuse/Sexual Harassment
SICB	State Institute of Capacity Building
SIFMIS/SIFMS	State Integrated Financial Management Information System
SIRD	State Institute of Rural Development
SME	Small and Medium Enterprise
SOP	Standard Operating Procedure
SRS	System Requirement Specification
STCS	State Trading Corporation of Sikkim
SYSS	Skilled Youth Start-up Scheme
T&CAD	Tourism and Civil Aviation Department
TA	Technical Assistance
ToR	Terms of Reference
TSA	Technical Support Agency
WCDD	Women and Child Development Department
WB	World Bank

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DATASHEET

BASIC INFORMATION

Project Beneficiary(ies)	Operation Name		
India	Sikkim: Integrated Service Provision and Innovation for Reviving Economies Operation		
Operation ID	Financing Instrument	Does this operation have an IPF component?	Environmental and Social Risk Classification (IPF Component)
P180634	Program-for-Results Financing (PforR)	Yes	Low

Financing & Implementation Modalities

[ ] Multiphase Programmatic Approach (MPA)	[ ] Fragile State(s)
[ ] Contingent Emergency Response Component (CERC)	[ ] Fragile within a non-fragile Country
[ ] Small State(s)	[ ] Conflict
[ ] Alternative Procurement Arrangements (APA)	[ ] Responding to Natural or Man-made Disaster
[ ] Hands-on Expanded Implementation Support (HEIS)	

Expected Approval Date	Expected Closing Date
21-Dec-2023	30-Apr-2029
Bank/IFC Collaboration	
No	

Proposed Program Development Objective(s)

The PDO is to promote economic inclusion opportunities for women and youth in non-farm sectors.

Organizations

Borrower:	India
Implementing Agency:	Planning and Development Department, Government of Sikkim
Contact:	Mr. Vijay Bhushan Pathak
Title:	Chief Secretary, Government of Sikkim
Telephone No:	7063000022
Email:	cs-skm@nic.in

COST & FINANCING (US$, Millions)

Maximizing Finance for Development

Is this an MFD-Enabling Project (MFD-EP)?   Yes

Is this project Private Capital Enabling (PCE)?   No

SUMMARY

Government program Cost	**818.14**
Total Operation Cost	**226.40**
Total Program Cost	216.40
IPF Component	9.75
Other Costs	0.25
Total Financing	**226.40**
Financing Gap	**0.00**

Financing (US$, Millions)

World Bank Group Financing	
International Bank for Reconstruction and Development (IBRD)	100.00
Non-World Bank Group Financing	
Counterpart Funding	126.40
Borrower/Recipient	126.40

Expected Disbursements (US$, Millions)

WB Fiscal Year	2024	2025	2026	2027	2028	2029	2030
Annual	2.00	12.00	21.00	21.00	24.00	20.00	0.00
Cumulative	2.00	14.00	35.00	56.00	80.00	100.00	100.00

PRACTICE AREA(S)

Practice Area (Lead)

Social Sustainability and Inclusion

Contributing Practice Areas

Gender; Social Protection & Jobs

CLIMATE

Climate Change and Disaster Screening

Yes, it has been screened and the results are discussed in the Operation Document

SYSTEMATIC OPERATIONS RISK- RATING TOOL (SORT)

Risk Category	Rating
1. Political and Governance	● Substantial
2. Macroeconomic	● Low
3. Sector Strategies and Policies	● Low
4. Technical Design of Project or Program	● Substantial
5. Institutional Capacity for Implementation and Sustainability	● Substantial
6. Fiduciary	● Substantial
7. Environment and Social	● Moderate
8. Stakeholders	● Moderate
9. Other	
10. Overall	● Substantial

POLICY COMPLIANCE

Policy

Does the project depart from the CPF in content or in other significant respects?

[ ] Yes   [✓] No

Does the project require any waivers of Bank policies?

[ ] Yes   [✓] No

Legal Operational Policies	Triggered?
Projects on International Waterways OP 7.50	No
Projects in Disputed Area OP 7.60	No

ENVIRONMENTAL AND SOCIAL

Environmental and Social Standards Relevance Given its Context at the Time of Appraisal

E & S Standards	Relevance
ESS 1: Assessment and Management of Environmental and Social Risks and Impacts	Relevant
ESS 10: Stakeholder Engagement and Information Disclosure	Relevant
ESS 2: Labor and Working Conditions	Relevant
ESS 3: Resource Efficiency and Pollution Prevention and Management	Not Currently Relevant
ESS 4: Community Health and Safety	Not Currently Relevant
ESS 5: Land Acquisition, Restrictions on Land Use and Involuntary Resettlement	Not Currently Relevant
ESS 6: Biodiversity Conservation and Sustainable Management of Living Natural Resources	Not Currently Relevant
ESS 7: Indigenous Peoples/Sub-Saharan African Historically Underserved Traditional Local Communities	Not Currently Relevant
ESS 8: Cultural Heritage	Not Currently Relevant

ESS 9: Financial Intermediaries	Not Currently Relevant
NOTE: For further information regarding the World Bank's due diligence assessment of the Project's potential environmental and social risks and impacts, please refer to the Project's Appraisal Environmental and Social Review Summary (ESRS).	

LEGAL

Legal Covenants

Sections and Description

Section I.B.1(a), Schedule to the Operations Agreement (OA): The Implementing Entity shall vest the overall responsibility for implementation, management, and monitoring and evaluation of the Operation in the PDD and Priority Departments.

Section I.B.1(b), Schedule to the OA: The Implementing Entity shall maintain throughout the period of the Operation, a Program Management Unit (PMU) within the PDD, comprising of experienced and qualified personnel, in sufficient numbers, which shall be responsible for, inter alia coordination with the Priority Departments and overall operations management.

Section I.B.1(c), Schedule to the OA: The Implementing Entity shall recruit, and maintain throughout the period of the Operation, a Project Management Consultant (PMC), comprising of experienced and qualified personnel, in sufficient numbers and under terms of reference acceptable to the Bank, which shall be responsible for supporting the PMU day-to-day implementation and monitoring of the Operation, including, inter alia: (a) facilitating smooth coordination and effective implementation across various activities; (b) supporting staff capacity building; (c) monitoring of progress on various activities and results; and (d) facilitating efficient procurement, financial management, and environmental and social management.

Section I.B.1(d), Schedule to the OA: The Implementing Entity shall establish, within six (6) months of the Effective Date, and thereafter maintain throughout the period of the Operation, a Program Implementation Unit (PIU) within each of the Priority Departments, comprising of experienced and qualified personnel, in sufficient numbers, which shall be responsible for, inter alia, providing support with implementation of Operation activities and monitoring of results.

Section I.B.1(e), Schedule to the OA: The Implementing Entity shall maintain throughout the period of the Operation, a Program Governing Committee (PGC), to be chaired by Chief Secretary, government of Sikkim, and including Secretaries of Finance Department, PDD, RDD, C&ID, SDD, T&CAD, ITD, WCDD, H&FWD and F&ED, which shall be responsible for, inter alia: (i) reviewing and guiding the implementation of the Operation; (ii) supporting with inter-departmental coordination; (iii) approving annual action plans, and providing financial and administrative sanctions for Operation activities; and (iv) providing strategic policy advice and orientation.

Section I.B.1(f), Schedule to the OA: The Implementing Entity shall establish, within three (3) months of the Effective Date, and thereafter maintain throughout the period of the Operation, a Program Coordination Committee (PCC), to be chaired by the Secretary, PDD, and including nodal officers from Finance Department, PDD, RDD, C&ID, SDD, T&CAD, ITD, WCDD, H&FWD and F&ED, which shall be responsible for, inter alia: (i) reviewing and monitoring Operation implementation and providing guidance to the PMU; (ii) overseeing fund flow and disbursements; (iii) ensuring smooth inter-departmental coordination; (iv) facilitating timely decision making and course correction; and (v) endorsing verification of DLRs.

Section I.D.(a), Schedule to the OA: The Implementing Entity shall prepare, approve and adopt, within ten (10) months of the Effective Date, a Procurement Manual in a manner and substance satisfactory to the Bank.

Section I.E.1, Schedule to the OA: The Implementing Entity shall prepare, approve and adopt, within six (6) months of the Effective Date, an Operations Manual in form and substance acceptable to the Bank.

Section III.B, Schedule to the OA: The Implementing Entity shall maintain, at all times during the implementation of the Program, one or more Independent Verification Agent(s) under terms of reference acceptable to the Bank, to verify the data and other evidence supporting the achievement of one or more DLRs as set forth in the table in Schedule 4 to this Agreement and recommend corresponding payments to be made, as applicable; and (i) ensure that the Independent Verification Agent(s) carries out verification and process(es) in accordance with the Verification Protocol; and (ii) submits to the Bank the corresponding verification reports in a timely manner and in form and substance satisfactory to the Bank, prior to submission of any withdrawal application under Categories (1) to (8) of the table in Section IV.A.2 of Schedule 2 to the Loan Agreement.

Section III.C, Schedule to the OA: The Implementing Entity shall (a) ensure that the Operation's activities involving collection, storage, usage, and/or processing of Personal Data are carried out with due regard to the Borrower's existing legal framework and appropriate international data protection and privacy standards and practices and ensure legitimate, appropriate and proportionate treatment of such data; (b) in the event that, during the implementation of the Operation, the approval of any new legislation regarding Personal Data protection may have an impact on the activities financed by the Operation, ensure that a technical analysis of said impact is conducted, and that the necessary recommendations concluding the assessment and adjustments deemed necessary to efficiently protect Personal Data, are implemented, as appropriate; and (c) except as may otherwise be explicitly required or permitted under this Agreement and/or the Loan Agreement, or as may be explicitly requested by the Bank, in sharing any information, report or document related to the activities described in Schedule 1 to the Loan Agreement, ensure that such information, report or document does not include Personal Data.

Conditions

Type	Citation	Description	Financing Source

I. STRATEGIC CONTEXT

A. Country Context

1.   **India's real Gross Domestic Product (GDP) growth is expected to reach 6.3 percent in FY23/24, and 6.5 percent over following years.** [1] Despite the combined impact of fading base effects on domestic demand and weak global growth on external demand, India will remain the fastest growing large economy, with robust investment and resilient services sector performance. The government's sustained investment push, healthy corporate profits, India's strong macroeconomic fundamentals and a reduction in bank non-performing loans will support private investment. The government's commitment to consolidating current spending and strong revenue performance should contribute to a narrowing of the overall fiscal deficit (to 8.7 percent in FY23/24) and to stable debt-to-GDP metrics (around 82 percent of GDP over the medium term).

2.   **India has made remarkable progress in reducing extreme poverty over the past two decades.** The share of the population living below US$2.15 per person per day (2017 Purchasing Power Parity) is estimated to have halved between 2011 and 2019 from 22.5 to 12.7. In line with global trends, extreme poverty increased by two percentage points in 2020 on account of the pandemic. However, broad access to vaccines and government mitigation measures contributed to the return to pre-pandemic poverty levels. The extreme poverty rate is estimated to have declined to 11.9 percent in FY 2021/22, while moderate poverty (US$3.65 per person per day) rate is estimated at 40 percent in FY 2021/22.[2] India's long-term progress in reducing extreme poverty was accompanied by a sharp decline in the incidence of multidimensional poverty, from 27.7 percent in 2015/16 to 16.4 percent in 2019/21.[3] Inequality in consumption has remained stable over the past two decades, with a Gini index of around 35. Child malnutrition declined sharply between 2015/16 and 2019/21, with 35.5 percent of children under the age of 5 being stunted. However, 67 percent of children aged 6-59 months are anemic,[4] suggesting that continued efforts to reduce malnutrition will yield great dividends for India's future workforce. Headline employment indicators have improved since 2020, and unemployment rates have recovered in urban and rural areas but concerns about job quality remain.[5]

3.   **Sikkim has achieved high rates of economic growth and poverty reduction.** Sikkim has witnessed double-digit per capita GDP growth since FY04/05 and is one of the fastest growing states in India. Sikkim has successfully reduced poverty rates from 30.9 percent in 2005 to 8.2 percent in 2012 and further to 3.8 percent in 2021.[6] At 0.019, Sikkim's Multi-dimensional Poverty Index is the third lowest in the country.[7]

B. Multi-Sectoral and Institutional Context

4.   **Sikkim, one of India's fastest growing states, has the potential to create quality jobs in emerging sectors of the economy.** In the past decade, Sikkim's GDP has shifted from agriculture to manufacturing,

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[1] World Bank debt forecasts published in India Development Update, October 2023.
[2] World Bank. Macro Poverty Outlook (MPO). October 2023. Available: https://www.worldbank.org/en/publication/macro-poverty-outlook/mpo_sar.
[3] Oxford Poverty and Human Development Initiative (OPHI) Report on National Family Health Survey-5. Available: https://ophi.org.uk/wp-content/uploads/CB_IND_2023.pdf.
[4] Press Release from Ministry of Health and Family Welfare based on the National Family Health Survey-5 (2019/21). Available: https://pib.gov.in/PressReleasePage.aspx?PRID=1795421.
[5] World Bank. Poverty and Equity Brief. Fall 2023 Edition. Available: https://www.worldbank.org/en/topic/poverty/publication/poverty-and-equity-briefs.
[6] NITI Aayog, 2021. *India – National Multidimensional Poverty Index. Baseline Report*. Based on National Family Health Survey 4 (2015–16).
[7] NITI Aayog estimates, 2021.

construction, and electricity (hydropower).[8] Secondary and tertiary sectors now contribute around 51 percent to the state's GDP while the agriculture sector has stagnated at 8 percent.[9] Occupational categories in service-oriented and knowledge-intensive segments can offer quality jobs in these sectors.

5.   **As a middle-income state, Sikkim echoes India's opportunities and challenges in structural transformation, urbanization, and ageing.** In the past decade, Sikkim's GDP has shown remarkable growth accompanied by a shift out of agriculture. Yet, high per capita GDP rates have not translated into quality employment outcomes, particularly for women and youth. Over 40 percent of the state's youth are currently employed in agriculture,[10] with limited engagement in Sikkim's priority sectors.[11] Between 2011 and 2036, the proportion of population in the state's urban areas is expected to grow from 26 to 76 percent. However, without quality jobs, migrants to urban areas will be trapped in low productivity jobs and informal employment. In addition, Sikkim's demographic advantage is expected to be short-lived. By 2036, the proportion of the population 60 years and above will surpass that of the population below 15 years, making it urgent for Sikkim to prioritize quality jobs for sustained growth. [12]

6.   **Sikkim's economy faces a mismatch between labor supply and demand.** Sikkim's women and youth are employed in low-paying jobs in agriculture and household enterprises with limited pathways to quality jobs. Sikkim's female labor force participation is relatively high at 58 percent.[13] In 2022, almost half of the state's working women were employed in agriculture and related occupations, compared to 20 percent of men; and only 3 percent of working women were employed in manufacturing.[14] Similarly, only 63 percent of Sikkim's male youth population and 57.3 percent of female youth population are in any type of training.[15] Sikkim's youth express a clear preference to work in priority sectors (see Box 1), but their aspirations are not matched by adequate technical competencies or information needed for these jobs.

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[8] Sikkim Economic Census, Department of Statistics, 2019.
[9] FY04/05 refers to April 1, 2004, to March 31, 2005, per India's fiscal year.
[10] Periodic Labor Force Survey, GoI; 2021–22.
[11] Sikkim's priority sectors include tourism, information technology (IT) and IT-enabled services (ITeS), renewable energy, creative design, the care economy, hospitality, and wellness. To maintain the current growth trajectory, these sectors will need to leverage the underutilized human capital of women and youth.
[12] Periodic Labor Force Survey, GoI; 2021–22; design estimates.
[13] Periodic Labor Force Survey, GoI; 2021–22.
[14] Periodic Labor Force Survey, GoI; various rounds (2017–18; 2021–22).
[15] National Family Health Survey 5, 2019–2020; GoI.

> **Box 1: Findings from the Baseline Assessment, 2023**
>
> In 2023, the Government of Sikkim (GoS) and the World Bank undertook a baseline assessment to unpack supply and demand-side inefficiencies in Sikkim's labor market, with a focus on women and youth. Interviews were conducted with over 1,500 individual respondents stratified by age, sex, and location across six districts, as well as over 20 employers in six priority sectors.
> Key findings include the following:
>
> - *Work aspirations and preferences:* Across the board, respondents prefer service sector jobs—just 4 percent of youth prefer jobs in agriculture, while 70 percent of youth and 62 percent of the women prefer jobs in tourism and hospitality. Yet, gender gaps are pervasive. Currently unmarried women are 9 percentage points less likely to want to work after getting married (and before having children) relative to currently unmarried men. This gender gap further increases to 18 percentage points when respondents consider a scenario where they have at least one child under age five. An average female student expects to earn INR 4,029 less per month than a similar male student.
> - *Barriers to employment:* More than 40 percent of the youth believe that they do not have the required skills for securing a paid job. Although more than 80 percent of the youth have access to a smartphone, they mainly use it for calls, messages, and social media. Digital skills and job ready skills are low among Sikkim's youth, placing them at a disadvantage in national and global labor markets. Fourteen percent of women and 23 percent of youth report lack of information on available jobs as a key barrier to their employment. Eighty percent of respondents aged 30 or above do not want to move anywhere for a job. Six percent of youth reported experiencing symptoms of anxiety or depression. Only 4 percent of women have access to a scooter for own use, compared to 24 percent of men.
> - *Barriers to entrepreneurship:* Most respondents (66 percent of men and 79 percent of women) are not confident that they could raise resources to set up their own businesses and 80 percent of the respondents are unaware of credit programs in their area to start or expand a business.

7.	**Key enablers for women to transition to jobs in priority sectors—financial services, digital readiness, mobility options, and care services—are limited.** The gender gap in banking services is wide: 78.5 percent of rural women and 78 percent of urban women own a bank account compared to 88 percent of rural men and 91.6 percent of urban men.[16] Only 19 percent of rural households and 47 percent of urban households have a computer and an internet connection, which impacts women disproportionately. Public transport options are limited, expensive, and perceived as unsafe, which restricts women's mobility. Further, women in Sikkim spend 4.7 hours a day on unpaid domestic services and 2.4 hours on unpaid caregiving services, while the corresponding figures for men are 1.7 hours and 1.2 hours, respectively. These factors contribute to women being overrepresented in lower quality jobs.

8.	**Employers express the importance of technical competencies and job readiness for success in the workforce.** Most employers that participated in the baseline assessment (2023) note the lack of analytical skills, creativity, and skills related to innovation, time management, communication, leadership, digital readiness, problem solving, critical thinking, and teamwork. The baseline findings emphasize that skills—foundational, technical, digital, non-cognitive, and socio-emotional—are key to supporting the youth's transition to employment opportunities in priority sectors.

9.	**Sikkim's future economic growth needs a pan-economy, pan-government approach.** While long-term growth depends macro-policies, trade, and business conditions, in the short term, engaging women and youth productively and building their job readiness are pivotal to the state's economic growth. Governments across lower-middle income and middle-income countries such as Viet Nam, Cambodia,

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[16] National Sample Survey. 2019, Round 77; Debt and Investment, Table 12.

Indonesia, and South Africa also struggle with reforms and effectiveness of ongoing government programs to deliver economic inclusion, particularly for women and youth.[17] At the same time, global experience shows that a comprehensive and multi-sectoral suite of interventions, delivered locally, has larger and more sustained impacts on income, assets, and savings than standalone sector specific interventions.[18]

10.   **The GoS has identified three challenges and committed to formulate its approach for inclusive growth.** _First_, the state lacks an integrated strategy for job creation that would effectively capitalize on the state's economic transformation. In a rapidly transforming economy, the GoS is aware of the policy deficit leading to limited private sector engagement for improved employment opportunities, particularly for women and youth. _Second_, the state's low tax base and dependence on central government transfers have resulted in a set of programs in skill development, entrepreneurship support, and investments in enabling services primarily channeled through multiple central government schemes, which are not tailored to the state's social, economic, and geographic factors.[19] _Third,_ limited and fragmented investments in key enablers—financial services, digital readiness, mental health, care services, and workplace safety—restrict movement of women and youth workers to quality jobs. Recognizing that interventions that address multiple constraints have the potential to impact labor market outcomes for women and youth, the government program is multi-sectoral, bringing together interventions across three pillars: (i) short-term skilling, including technical skilling in priority sectors, socio-emotional and psychological skills and entrepreneurship support in non-farm sectors; (ii) delivery of enabling services in care, mental and reproductive health, financial and digital inclusion; and (iii) state capabilities for integrated and stronger service delivery across levels of government.

11.   **Climate change has a disproportionate effect on women and youth:** Women and youth are disproportionately vulnerable to climate risks owing to the structural barriers that restrict their participation in labor markets, in turn preventing them from contributing to climate-related planning, policy making, and implementation. Sikkim is vulnerable to extreme climate events such as earthquakes, landslides, and forest fires; these trends are expected to exacerbate in the future. An analysis of annual average temperature indicates a 1.8–2.6°C increase in minimum and maximum temperatures by the 2050s, posing a threat to the 100+ glaciers in the state. Further, the increasingly erratic rainfalls are likely to delay monsoons and increase torrential rainfalls, thereby leading to surface runoff, drier winters, and higher incidence of forest fires. The high-altitude variation and its location in Seismic Zone IV/V make Sikkim susceptible to natural calamities such as landslides, floods, and riverbank erosion; climate change is expected to heighten these risks. Women and youth's high reliance on climate sensitive sectors like agriculture and tourism further compounds their climate change vulnerability. The Sikkim State Action Plan on Climate Change (SAPCC) prioritizes the need for resilient livelihoods—through expansion of the non-farm sector employment—as one of the most effective measures of managing climate change risks. The operation supports this agenda and includes climate considerations in the formulation of policies, standards, and provision of enhanced service delivery through the state's economic inclusion roadmap.

C. Relationship to the CPF and Rationale for Use of Instrument

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[17] World Economic Forum. 2023. *The Future of Jobs Report 2023*.

[18] Andrews, Colin, et al. 2021. *The State of Economic Inclusion Report 2021: The Potential to Scale*. Washington, DC: World Bank. http://hdl.handle.net/10986/34917.

[19] Sikkim's own resources, including fiscal deficit and consequential borrowings, represent less than 30 percent of total expenditure; the remainder comes from transfers from central government. Examples of schemes supported by central government include those under the National Mission for Empowerment of Women (including Protection of Women from Domestic Violence; *Swadhar Greh*; State Resource Centre for Women; One Stop Crisis Centre; Ujjwala Scheme; *Beti Bachao Beti Padhao*; *Mahila Shakti Kendra*; and Implementation of Sexual Harassment of Women at Workplace Act 2013).

12.   **The proposed Integrated Service Provision and Innovation for Reviving Economies (INSPIRES) Operation is consistent with the World Bank Country Partnership Framework FY18-22 discussed by the Board of Executive Directors on September 20, 2018 (Report No. 126667-IN) and extended to FY25 by the corresponding PLR dated November 20, 2023.**[20] The Operation will support Focus Area 2 "Enhancing Competitiveness and Enabling Job Creation," objectives 2.4 and 2.5, namely "Increasing access to quality, market-relevant skills" through increase in accessibility of women and youth to quality and marketable skills required for the smooth transition to digital and green economy. The proposed Operation aligns with the WB's twin goals of ending extreme poverty and boosting shared prosperity. The operation will also integrate the CPF's cross-cutting priority of climate change into livelihoods-related policy interventions.

13.   **The INSPIRES Operation activities are consistent with India's Nationally Determined Contribution (NDC).** India's Updated First NDC Under Paris Agreement (2021–2030) submitted to the United Nations Framework Convention on Climate Change commits the country to reducing emissions intensity of its GDP by 45 percent by 2030 and lays out a goal of reaching net zero by 2070. The operation contributes towards the NDC through investments in Sikkim's economic services, especially in education and capacity building, human health, and social cohesion, which focus on strengthening the transition— especially of women and youth—from climate sensitive livelihood activities towards improved quality and access to green jobs. The operation is consistent with the National Action Plan on Climate Change (2021), which includes core principles on inclusive growth while ensuring sustainable development, and the SAPCC, which prioritizes the resilience of the state's ecosystems and urban and rural communities and lays out pathways towards net zero in the state by focusing on energy efficiency.

14.   **The proposed INSPIRES Operation will directly contribute to the WB's focus on inclusive jobs.**[21] The Operation will support the state government's reform agenda on inclusive growth and economic inclusion for women and youth. There are three key envisaged reforms: (i) investments in state capacity for results-oriented planning and meaningful partnerships with the private sector; (ii) inclusive approach to short-term skills training and entrepreneurship support that reflect priorities of women and youth; and (iii) effective and at-scale delivery of enabling services that will operationalize the GoS's policy intent on economic inclusion. It is designed to enhance gender equality, create more and better jobs, and facilitate more private sector investment to catalyze labor market linkages. The proposed Operation focuses on outcomes that the WB wants to pursue under its new vision and mission, especially inclusion (improving distribution opportunities and choices, especially for women and youth) and sustainability (by advancing job creation). It also uses innovative levers such as the Employment and Entrepreneurship Promotion Facility to identify actionable solutions to increase private sector investment for job creation.

15.   **The blended Program-for-Results (PforR) with Investment Project Financing (IPF) will provide the necessary results orientation on economic inclusion for women and youth while ensuring critical technical assistance for implementation.** The Sikkim INSPIRES Operation offers a unique opportunity for the WB to leverage global good practices to transform the public sector's orientation towards women and youth as *"beneficiaries"* or *"recipients"* of government support to active *"economic citizens"* and key contributors to the state's growth. The GoS has demonstrated capacity on delivering basic services, fueling economic growth, and reducing poverty. The rationale for using the PforR instrument is threefold. First, the growth patterns of priority sectors are likely to shift in the medium term, thereby impacting labor markets. Despite the small size of the state, the six districts are quite heterogeneous in social and

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[20] World Bank Group. 2018. *India Systematic Country Diagnostic: Realizing the Promise of Prosperity*. Washington, DC: World Bank. https://openknowledge.worldbank.org/handle/10986/29879.
[21] World Bank Group. April 2023. *Evolving the World Bank Group's Mission, Operations, and Resources: A Roadmap.*

economic dimensions. Local development and job market opportunities will materialize according to local contexts. As such, it is preferable to incentivize the outcomes rather than provide specific inputs which may not be relevant to all districts and to multiple line departments. Second, results can be structured to incentivize government engagement with the private sector to improve employment outcomes. Third, the PforR will leverage meso-level policy reforms (through government orders (GOs) and cabinet approvals) to strengthen systems, effectively shifting accountabilities and competencies of government functionaries towards inclusive growth and economic inclusion in the medium term. The IPF will serve as a Technical Assistance (TA) component to help the GoS procure critical technical support services and build partnerships that would help mitigate the risks linked to the client's limited familiarity with a PforR. Together with proper implementation support, the blended financing instrument is expected to lead to further strengthening of the GoS's capacity and institutions.

II. PROGRAM DESCRIPTION

A. Government Program

16.   **The government program ("p") focuses on delivering employment opportunities for women and youth.** The GoS's commitment to economic inclusion of women and youth is reflected in existing policy initiatives including the Sikkim Micro, Small and Medium Enterprises Policy 2022; State Tourism Policy 2018; Eco-Tourism Policy 2011; and Information Technology, Electronics and Telecommunication Policy for the State of Sikkim 2021.[22] The government program addresses both supply and demand-side constraints towards labor force participation of women and youth in non-farm sectors. Accordingly, program investments comprise budgetary allocations for schemes and activities across the Skills Development Department (SDD), Commerce and Industries Department (C&ID), Rural Development Department (RDD), Tourism and Civil Aviation Department (T&CAD), Forest and Environment Department (F&ED), which includes eco-tourism), Information Technology Department (ITD), Health and Family Welfare Department (H&FWD), Women and Child Development Department (WCDD); they also include planning through several state-led schemes and activities. A detailed breakdown is provided in Annex 3. The government program is organized across three pillars: (i) short-term skilling, including technical skilling in priority sectors, socio-emotional and psychological skills, and entrepreneurship support in non-farm sectors; (ii) delivery of enabling services in care, mental and reproductive health, financial and digital inclusion; and (iii) state capabilities for integrated and stronger service delivery across levels of government. However, the GoS acknowledges the lack of cross-sectoral economic policies and programs that enable Sikkim to prioritize economic inclusion through leveraging sectoral investments.

17.   **The PforR Program ("P") is a subset of the government program.** The GoS has a clearly defined mission for inclusive growth and economic inclusion of women and youth. The government program has an estimated budget of US$818.14 million over the period 2024–29 (Annex 3). The PforR Program has an estimated value of US$216.40 million and includes selected state schemes and activities focused on skilling, entrepreneurship, mental health services, care services, and rural tourism. The PforR Program expenditures are largely around operational costs, technical support, salaries, and last-mile infrastructure development. The WB contribution to the Program will be US$92 million. In addition, the Bank will also

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[22] The Micro, Small and Medium Enterprises Policy 2022 emphasizes promotion of youth entrepreneurship by providing skill development training, incubation, funding access, marketing assistance and lays a special emphasis on women. The Information Technology, Electronics and Telecommunication Policy 2020 includes in its vision facilitation of Micro, Small, and Medium-sized Enterprises (MSMEs) with special focus on women entrepreneurs. The Tourism Policy 2018 states that making tourism benefits broad based to support local, social, and economic development is one of its goals. The Ecotourism Policy 2011 includes strategies for facilitating self-employment opportunities and encouraging MSME enterprises in the ecotourism sector.

support a US$9.75 million IPF component (including US$2million GoS contribution) and US$0.25million as IBRD front-end fee.

18.   **The proposed INSPIRES Operation adds significant value to the government program.** The operation will provide support to the development of an overarching policy framework to guide planning for inclusive growth at the state level. It also supports a strengthened engagement of government with the private sector with a greater emphasis on skills for entrepreneurship. Finally, through support to local action plans, it will support the coordinated implementation of enabling services for wage employment and entrepreneurship.

B. Theory of Change

19.   **The operation will support the GoS to adopt a pan-economy, pan-government approach to strengthen the economic inclusion of women and youth.** Traditional government programming on economic inclusion adopted a sector-specific supply-driven delivery approach, through skill development, entrepreneurship promotion, livelihood investments, and financial inclusion through self-help groups. Building on sectoral investments, INSPIRES supports an alternate, pan-economy, pan-government approach to deliver better economic opportunities for women and youth.

Figure 1: Theory of Change

C. PforR Program Scope

20.   **The proposed INSPIRES PforR Program ("P") will support the GoS's efforts to boost economic inclusion of women and youth.** The INSPIRES Operation proposes to address growth and governance bottlenecks to economic inclusion through: (i) expanding and deepening strategy, planning, and coordination capacity at the state level to engage across departments and levels of governments and with the private sector on inclusive growth; (ii) focusing investments in short-term skills training for non-cognitive skills, digital readiness, socio-emotional skills, and placement support in priority sectors; (iii)

facilitating growth orientation for women-led and youth-led enterprises in non-farm and priority sectors through financial, technical, and business development support, linking own-account establishments (OAEs)/household enterprises with small and medium enterprises (SMEs) and encouraging new enterprises to move in service/manufacturing-oriented segments within priority sectors; and (iv) strengthening the delivery of enabling services in mental health, digital readiness, mobility, and care services. The targeted recipients or end-users are women (18–59 years), youth (18–35 years) and adolescents (10–19 years) of Sikkim.

21.   **A few elements of the government program are excluded from the PforR Program.** These include farm-based livelihoods and enterprises, employment in public works, investments in Gram Panchayat Development Plans, investments that are on the exclusion list as determined by the Environmental and Social Systems Assessment (ESSA), and investments that target neither women nor youth. The PforR Program also excludes all central-sector and centrally sponsored schemes in skilling, entrepreneurship, health, and livelihood sectors.

Table 1: Comparison of Government program (p) and PforR Program (P)

	Government program (p)	Program Supported by the PforR Program (P)	Reasons for Non-alignment
Objective	To provide enhanced employment and entrepreneurship opportunities to people in Sikkim.	To enhance economic inclusion opportunities for women and youth in non-farm sectors.	The government program supports several initiatives on linking individuals (men and women, including youth) to skills training, employment, and entrepreneurship. It also supports farm-based livelihoods and employment in public works and support to Gram Panchayats for village level infrastructure development and service delivery. The PforR Program will focus on women and youth with an emphasis on planning and service delivery, wage employment, and entrepreneurship in priority sectors
Duration	2024–2029	2024–2029	Not applicable
Geographic Coverage	Entire state of Sikkim.	**Six districts in Sikkim:** Gangtok, Mangan, Pakyong, Soreng, Namchi, Gyalshing. Exclusion of all infrastructure activities and investments in high mountainous areas (defined as 4,500 m above sea level) as per the environmental and social (E&S) exclusion list.	As per PforR requirements, the ESSA includes E&S exclusion list and has recommended a screening checklist. The screening checklist will screen and confirm exclusion of all infrastructure activities and investments in high mountainous areas (defined as 4,500 m above sea level).
Results Areas (RAs)	Sector agnostic employment and entrepreneurship opportunities for people in Sikkim. Construction of homestays for women entrepreneurs. Enabling services to support employment and entrepreneurship opportunities for people in Sikkim.	RA1–RA3	The RAs of the government program are broader in scope as they focus on both farm and non-farm sectors as well as on both men and women (including youth). The RAs of the PforR Program focus on of women and youth employment and entrepreneurship in priority sectors. The PforR Program also excludes all central-sector and centrally sponsored schemes in skilling, entrepreneurship, health, and livelihood sectors.
Overall Financing	US$818.14 million	US$226.40 million (US$124.40 million GoS for PforR, US$2.0 million GoS for IPF; US$92 million WB for PforR, US$7.75 million WB for IPF; and US$0.25 million from WB for IBRD front-end fee.	

Table 2: Program Financing

Source	Amount (US$, millions)	Percentage of Total
Counterpart funding	124.40 PforR, 2.00 IPF	56
IBRD	100.00 (92.00 PforR, 7.75 IPF; and 0.25 IBRD front-end fee)	44
Total operation financing	226.40	100

22.   **Program Results Areas (RA).** The Program will support three RAs that will contribute towards the achievement of the Program Development Objective (PDO).

23.   **Results Area 1: Strengthened state systems to deliver inclusive growth.** RA1 will incentivize coordination, evidence-based planning, partnerships with private sector and other non-state actors, and strong monitoring and evaluation (M&E) systems. Specifically, it will enable the following results:

- *State Level Inclusive Growth and Economic Inclusion Strategy developed:* The Operation will support the development of an Inclusive Growth Strategy for Sikkim (2027–2037). The strategy will include mechanisms to attract private sector investments, identify priority interventions to enable a workforce that is work ready for priority sectors, and focus on addressing barriers to employment especially for women. The Strategy will be supported by a Common Results Matrix with measurable key performance indicators (KPIs) on employment and entrepreneurship and an implementation roadmap with clear roles, responsibilities, and accountability for stakeholders.

- *Employment and Entrepreneurship Promotion Facility established:* The Operation will establish an Employment and Entrepreneurship Promotion Facility to design and drive the state's Inclusive Growth Strategy (2027–2037). The Facility, under the Planning and Development Department (PDD), will accelerate employment and entrepreneurship outcomes in Sikkim through: (i) high level strategic partnerships to support the state's inclusive growth; (ii) a mechanism for innovative and flexible investments guided by the Common Results Matrix; and (iii) integrated solutions. Specifically, the Facility will support the following:

    i.   *Partnerships for innovations:* The Facility will drive an "Inclusive Growth Alliance" with businesses, national government agencies (e.g., National Skills Development Corporation, Sector Skill Councils), international governments (building on the GoS's existing partnerships with the Governments of Japan and of South Korea), multi-lateral development partners, and civil society organizations that represent the voices of women and youth. The partnerships will be through non-financial engagement tools—consultations with business associations, policy dialogue events, technical advisory support, and corporate social responsibility support. The Facility will motivate policy dialogues to identify ways in which the state can work with the private sector to understand and address barriers to investment and market development, which is essential to improving the state's revenue generation ability in the medium term. The Facility will enable the GoS to explore partnerships with established state owned financial institutions and other public sector agencies.

    ii. *Investment for impact:* The Facility will provide benefits to attract social enterprise development (defined as nurturing MSMEs) and impact investing (defined as the placement of capital into local enterprises, institutions, business associations, and other aggregate structures in priority sectors to create benefits beyond financial return).

Examples include an exclusive online marketplace that sources creative products from women and youth enterprises in Sikkim; the promotion of products by women and youth entrepreneurs in national and international markets; digitally enabled migration support and philanthropic investments to develop local products; etc.

iii. ***Integrated solutions for employment:*** Under this, the Facility will support the delivery of benefits and holistic support required across wage employment and entrepreneurship. Interventions financed will include: (i) upstream information about job roles and occupations in priority sectors, behavior change communication outreach and promotion (including for beneficiaries of the One Family One Job Scheme) and aspiration management; (ii) intermediation for national and international job searches (counselling, profiling, and job search assistance); (iii) work readiness structured bootcamps with potential private sector employers, language courses, digital literacy; and (iv) support to work retention: mentorship programs for female trainees and safety at the workplace interventions for women entrepreneurs and homestay owners.

- ***Results monitoring and evaluation system strengthened:*** The Operation will enable the PDD to strengthen its information cell to better monitor results for multi-sectoral and multi-level programming through the adoption of an integrated management information system (MIS). Investments in community-level dashboards and feedback loops that consistently capture voices of women and youth across priority sectors will strengthen accountability and transparency across RAs. To complement this, RA1 will support the state government in designing and developing a social protection delivery platform (Centralized Beneficiary Platform, CBP) which will enable the government to transition to a more pro-active governance and delivery of scheme benefits and services. The CBP will accelerate digitization of selected scheme datasets and will lead to better analytics. The proposed platform will adhere to the recently passed Data Protection Bill while enabling the state and district authorities to identify end-users for economic inclusion programs. It will track demographic parameters such as disability status, social groups, rural/urban and education qualifications.

24. **Results Area 2: Improved employment linkages for women and youth in priority sectors.** RA2 will complement existing state government initiatives on skills training and entrepreneurship support through: (i) targeted investments to expand short-term skills training offered in priority sectors; (ii) training to placement support; (iii) entrepreneurship development including OAE to SME linkages; and (iv) enterprise support in non-farm sectors and priority sectors for women and youth. Specifically, it will enable the following results:

- ***Increased supply of quality short-term skill development programs in priority sectors:*** To address skills mismatch, the INSPIRES Operation will support rolling-out of high quality, short duration skilling courses in priority sectors. The RA will plug the financing gap in short-term skills training in priority sectors, strengthen the placement of skill development course graduates through *Niyukti Kendra*, and help Sikkim bridge inefficiencies due to geographic isolation, remoteness, and low economies of scale. The RA will support virtual and blended career counselling and placement sessions for trainees, intensive virtual and in-person support for female trainees to increase uptake of non-traditional job roles, migration support (three to six months) to enable women and youth to benefit from employment opportunities outside of Sikkim, and mobility allowance and reskilling options for female trainees and youth neither in education, employment, nor in training in priority sectors.

- *Strengthened capacities of state skill development institutions to deliver training to placement linkages:* Capacity constraints have led to underutilization of the key state skill development institutions such as State Institute of Capacity Building (SICB), Livelihood Schools, State Institute of Rural Development (SIRD), Institute Hotel Management (IHM), Indian Himalayan Centre for Adventure and Eco-Tourism (IHCAE), and District Industries Centers (DICs). The INSPIRES Operation will support strengthening these institutions to meet applicable national accreditation and recognition requirements, run new courses in priority sectors, adopt digital technology and digital monitoring systems, strengthen post-training follow-up with trainees and strengthen infrastructure. New training courses (either as part of existing training programs or as new training programs) will be identified and developed based on market relevance and nationally recognized accreditation requirements. The INSPIRES Operation will also support IT-enabled refresher training programs delivered through online and/or interactive voice response mechanisms for individuals who have already undergone Entrepreneurship Development Programs organized by DICs, SICB, and/or Livelihood Schools.

- *Strengthened effectiveness of financial support and business development services to entrepreneurs in non-farm and priority sectors:* The Operation will strengthen the results orientation of existing schemes, including targeting women and youth entrepreneurs with a focus on non-farm and priority sectors. The RA will facilitate transition of women and youth entrepreneurs towards service-oriented segments within priority sectors. Key interventions would complement financial support channeled through central and state government schemes through: (i) entrepreneurship promotion, which includes creating awareness and knowledge of different entrepreneurship opportunities in priority sectors; (ii) complementary support for state government's homestay schemes, which includes construction of homestays and management capacity building of homestay owners/managers; (ii) easy and affordable access to finance, (including digital payment tools) to set up, run, and grow the business; (iii) training in technical, business development, digital marketing, and socio-emotional skills (practical experience, confidence, management and leadership); (iv) networking from industry experts and peers to guide and incubate budding entrepreneurs, particularly young female entrepreneurs; (v) market linkages with domestic and global markets; and (vi) one-stop virtual shops where OAEs and/or micro enterprises can access registration support, information, TA, and explore linkages with local businesses.

  The INSPIRES Operation will facilitate the creation of an Innovation Hub that will offer incubation services for early-stage enterprises, including fostering inter-state partnerships (e.g., with WeHub in Telangana, StartUp Tamil Nadu). The Innovation Hub will offer incubation and acceleration services to enterprises in the priority sectors and other non-farm sectors through partnerships with reputed academic or technical or business institutions that have a track record in enterprise and cluster development.

  The scale of civil works under RA2 will be limited to refurbishment and digital upgradation of SICB and select livelihood schools and common fulfillment centers, as per the financial ceilings and E&S exclusion list specified in the Operations Manual (OM). Support for eco-tourism and imparting transferrable skills in renewable energy sectors will help the state better manage tourism-induced stress and expedite transition to net zero, thereby cumulatively mitigating climate change risks.

25.   **Results Area 3: Enhanced delivery of enabling services for economic inclusion of women and youth.** RA3 will incentivize delivery of enabling services to promote economic inclusion outcomes for women and youth through Integrated Economic Inclusion Action Plans (IEIAPs) at the district level. Specifically, it will enable the following results:

- *District level Integrated Economic Inclusion Action Plans implemented:* Through IEIAPs, RA3 will support the coordinated implementation of economic inclusion across levels of government, through convergence with existing and planned government schemes and initiatives. The district level action plans will focus on the convergence of investments and finance interventions to be implemented over a four-year timeframe in the following areas: (i) promotion of locally-driven rural tourism (e.g., bird watching, nature trails, cultural tourism) and entrepreneurship based on whole-of-community engagement with a special focus on women and youth; (ii) eco-tourism; (iii) strengthening of Joint Forest Management Committees (JFMC) and Eco-Development Committees (EDC); (iv) comprehensive business support to women-led businesses and youth entrepreneurs and collectives in non-farm sectors; (v) enhanced transport options for women and youth; and (vi) upgradation and maintenance of community-level last-mile minor infrastructure such as roads, as per financial ceiling and E&S exclusion list. Under this RA, district IEIAPs will ensure bottom-up citizen engagement—especially with women and youth—and will strengthen social accountability mechanisms through its implementation.

- *Strengthened internet connectivity and digital readiness:[23]* Sikkim's geographical location and remoteness underlines the importance of internet connectivity for economic inclusion, as many jobs of the future require basic digital literacy and digital interface to access opportunities (e.g., continued education and market access). This RA will focus on aligning the plans for improved connectivity with employment opportunities, and the identification and pilot testing of different locally relevant and cost-effective options to improve connectivity with plans for scale up.[24] Further, the RA will support the drafting of a State Data Policy, which will be in line with the bill and industry best practices on data security and privacy. The RA will improve digital readiness of women and youth, which is critical for economic linkages.

- *Improved delivery of integrated enabling services to address barriers to employment:* To enhance access to quality mental health care services, the Operation will support capacity strengthening for health care professionals on mental health with focus on mental health management, substance abuse, and suicide prevention; training teachers and community health workers on undertaking preliminary screening for identifying mental health issues; piloting community mental health promotion and mental health treatment services outreach; and introducing life skills education courses in schools, colleges, and skill training centers. Similarly, to lessen the care burden on women and to free up the available time for paid employment, the INSPIRES Operation will strengthen the existing care eco-system through training and certification of quality care service providers specializing in childcare, early childhood development, reproductive health, and geriatric care. In addition, RA3 will support outreach initiatives on safe workplaces for women entrepreneurs and homestay owners/managers. Lastly, the RA will strengthen integrated tracking through a digital platform to enable beneficiaries of the WCDD led

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[23] All digital interventions envisaged in the operation will be aligned with the Digital Data Protection Act 2023 and its related rules and regulations. In addition, digital interventions will adopt industry best practices such as "privacy by design" methodology to ensure data privacy and protection, while facilitating effective and transparent governance.
[24] Program support will be limited to options that do not require laying of new optic fiber cable (OFC). Utilization of existing OFC and non-OFC based connectivity (e.g., satellite connectivity) will be supported.

interventions (e.g., women in short stay homes) to access employment opportunities through skills training, job search information, networks, and a comprehensive set of services.

26. **The INSPIRES Operation will support climate resilience and sustainability in Sikkim primarily through reducing the economy's dependence on climate sensitive sectors.** The INSPIRES Operation supports the government in: (i) improved planning for inclusive growth with a focus on priority sectors, thereby supporting the transition away from climate sensitive sectors; and (ii) increasing the participation of climate vulnerable groups such as women and youth in green jobs, especially in eco-tourism and in renewable energy sectors. These measures increase the adaptive capacity of the state by enhancing local awareness and action on climate change, and enhancing ecological sustainability, which aligns with the SAPCC. In addition, the INSPIRES Operation supports mitigation measures through the emphasis on skills training in job roles aligned to renewable energy sectors, which will support the country to achieve its net zero emissions targets.

27. **A Program expenditure framework (PEF) highlighting the key departments, their activities under the Program, and its financial leverage is summarized in Table 3.**

Table 3: Program Expenditure Framework

Sl. No.	Department	Budget Heads – Broad Groups	Five-Year Expenditure Projection (US$, million)					
			Y1	Y2	Y3	Y4	Y5	Total
1	Planning and Development	Salaries – HO and State Statistical Agency	0.48	0.51	0.54	0.57	0.59	**2.69**
		Support for work readiness programs/bootcamps	4.00	4.00	3.00	4.00	4.00	**19.00**
2	Commerce and Industries	Salaries and admin – HO, BTC, DHH, DIC	2.49	2.61	2.74	2.88	3.03	**13.75**
		Skilled Youth Startup scheme	1.27	1.33	1.39	1.46	1.54	**6.99**
		Strengthening capacity of DIC, subsidized financing and technical support to entrepreneurs	2.00	2.00	2.00	3.00	3.00	**12.00**
3	Information Technology	Existing schemes for internet connectivity improvement and MIS	0.11	0.11	0.12	0.12	0.13	**0.59**
		IT and MIS initiatives	2.00	2.00	2.00	3.00	3.00	**12.00**
		Salaries	0.18	0.18	0.19	0.20	0.22	**0.97**
4	Skills Development	Salaries and admin – HO and ITI	0.63	0.67	0.70	0.73	0.77	**3.50**
		Strengthening of SICB, skilling infrastructure, short-term courses	2.00	2.00	2.00	3.00	3.00	**12.00**
		Grant to SICB	0.24	0.26	0.27	0.28	0.30	**1.35**
5	Rural Development	Grant to SIRD	0.83	0.88	0.92	0.97	1.01	**4.61**
		Salaries and admin – WSS, RDD, BAC	0.71	0.74	0.78	0.82	0.87	**3.92**
		Strengthening of SIRD	1.00	2.00	2.00	2.00	3.00	**10.00**
		Community and rural development – Infra state funded	2.22	2.33	2.44	2.57	2.69	**12.25**
6	Tourism and Civil Aviation	Salaries	1.02	1.07	1.13	1.18	1.24	**5.64**
		Grant to IHM and IHCAE	0.80	0.84	0.88	0.92	0.96	**4.40**
		Construction of homestays	3.16	3.32	3.49	3.66	3.85	**17.48**
		Strengthening capacity of IHM and IHCAE, branding/ marketing of tourism sector, developing capacity of HS owners	2.00	2.00	2.00	3.00	3.00	**12.00**
7	Women and Child Development	Salaries	0.51	0.53	0.56	0.59	0.61	**2.80**
		Strengthening of infrastructure for short-term rehabilitation courses	1.00	1.00	1.00	1.00	1.00	**5.00**
		AAMA scheme	7.84	8.24	8.65	9.08	9.53	**43.34**
8	Forest Department	DET – salaries	0.02	0.02	0.02	0.03	0.03	**0.12**
		Strengthening of village level communities for promoting eco-tourism, including branding	1.00	1.00	1.00	1.00	1.00	**5.00**
9	Health and Family Welfare	Intervention in care and mental health to improve delivery of enabling services	1.00	1.00	1.00	1.00	1.00	**5.00**
Total Sikkim INSPIRES Program (P)			**38.51**	**40.64**	**40.82**	**47.06**	**49.37**	**216.40**

	Period 0	Period 1	Period 2	Period 3	Period 4	Total
IBRD Share – PforR component	16.00	17.00	16.00	21.00	22.00	92.00
GoS share – IPF component:	0.37	0.38	0.40	0.42	0.43	2.00
IBRD Share – IPF component	1.00	1.00	2.00	2.00	1.75	7.75
Total Sikkim INSPIRES Project (IPF component)						9.75
IBRD front end fee						0.25
Total Operation Cost						226.40

Source: Budget for FY 2023–24 used for projections.

28.   **Activities supported under the IPF component.** The IPF component of the operation will support: (i) engagement of technical support agencies (TSAs) for implementation, including hiring of reputed TSAs for specific interventions and capacity building for key staff of the priority departments; and (ii) M&E of Program implementation, including specific impact evaluation studies (details in Annex 7), process evaluations, and agile assessments. In addition, the IPF component will also support the GoS in building public procurement capacity across priority departments through dedicated trainings and capacity-building initiatives. The IPF TA component is critical to support establishment of the Employment and Entrepreneurship Facility envisaged under RA1.

D. Program Development Objective(s) (PDO) and PDO Level Results Indicators

29.   The PDO is to promote economic inclusion opportunities for women and youth in non-farm sectors.[25]

30.   The PDO level results indicators are as follows:
* Strengthened state systems to support employment outcomes for women and youth (DLI)
* Enhanced entrepreneurship in priority sectors for women and youth (18-35 years) (DLI)
* Female and male trainees employed in priority sectors (disaggregated by sex)
* Creation of a comprehensive care and workplace safety system (DLI)

E. Disbursement Linked Indicators and Verification Protocols

31.   **Program resources will be disbursed based on achievement of DLIs.** These DLIs have been selected to incentivize the institutionalization of integrated planning and monitoring systems, capacity strengthening of existing institutions, partnerships for quality technical support, improvements in access to enabling services, and improvements in employment and entrepreneurship outcomes for women and youth. Together the Disbursement Linked Results (DLRs) will track improvements in economic inclusion outcomes for women and youth in Sikkim. The weighing of resources across different DLIs reflects their importance towards achieving Program results. The achievement of DLIs and associated DLRs will be confirmed by an Independent Verification Agent (IVA). The DLIs will be verified through a combination of data sources in accordance with an agreed verification protocol. A detailed description of the verification protocol is available in Annex 2. DLIs are summarized in Table 4.

Table 4: The PforR Program DLIs and Allocation

Sl. No.	Disbursement Linked Indicator	Allocation (US$, million)							Responsible Department
		Period 0	Period 1	Period 2	Period 3	Period 4	Period 5	Total	

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[25] The Sikkim INSPIRES Operation defines economic inclusion as the gradual integration of individuals and households into broader economic processes. This integration is achieved by addressing multiple constraints or structural barriers faced at different levels: the individual and household (e.g., capacity constraints), the community (e.g., restrictive social norms), the local economy (e.g., poorly developed markets and service delivery structures), and formal institutions (e.g., policy gaps and fragmented plans) (based on Andrews et al., 2021).

1	Strengthened state systems to support employment outcomes for women and youth	5.0	NA	NA	3.0	2.95	4.05	15.0	**PDD**
2	Enhanced entrepreneurship in priority sectors for women and youth (18-35 yrs.)	1.0	NA	3.0	NA	5.0	3.0	12.0	**C&ID**
3	Improved management and operational capacities in the tourism sector	2.0	NA	3.0	2.8	NA	4.2	12.0	**T&CAD**
4	Improved training to placement linkages in priority sectors	NA	2.0	2.2	3.0	3.0	1.8	12.0	**SDD**
5	Increased investments at district-level for integrated results on economic inclusion	NA	3.0	3.6	3.6	2.4	2.4	15.0	**RDD, DET**
6	Enhanced digital readiness for promoting economic inclusion	NA	3.0	3.0	4.0	NA	2.0	12.0	**ITD**
7	Strengthened capacities of frontline personnel on mental health management	1.39	NA	0.425	1.165	0.57	1.45	5.0	**H&FW**
8	Creation of a comprehensive care and workplace safety system	1.8	1.0	1.2	2.0	2.0	1.0	9.0	**PDD, WCDD**
	Total	**11.19**	**9.0**	**16.425**	**19.565**	**15.92**	**19.9**	**92.0**	

III. PROGRAM IMPLEMENTATION

A. Institutional and Implementation Arrangements

32.   **The Sikkim INSPIRES Operation will be anchored with the PDD, GoS,** which will convene and ensure coordination amongst the priority departments for planning, implementation, and monitoring of activities and fund flows. The PDD will host and be supported by a Program Management Unit (PMU).[26] The role of the PDD is key to ensuring seamless coordination across stakeholders. The PDD's existing role as a state coordinator will be leveraged to deliver the Sikkim INSPIRES Operation.

33.   **The other departments involved in implementation of the INSPIRES Operation are** the RDD, C&ID, SDD, T&CAD, ITD, WCDD, H&FWD, and Directorate of Eco-Tourism (DET) under the aegis of the F&ED. Parastatal agencies including the SICB under the aegis of SDD, SIRD under the aegis of RDD, IHM under the aegis of T&CAD, and IHCAE under the aegis of the T&CAD are also involved in implementation.

34.   **Each priority department will set up a Program Implementation Unit** (PIU) for implementation support including in procurement, implementation of activities for achievement of DLIs, regular monitoring, and supporting the IVA to undertake verification of results.

35.   **A Program Governing Committee (PGC) and a Program Coordination Committee (PCC) will facilitate interdepartmental coordination.** The PGC will be chaired by the Chief Secretary, GoS, and will include Secretaries of Finance Department, PDD, RDD, C&ID, SDD, T&CAD, ITD, WCDD, H&FWD, and F&ED. The PGC will provide oversight at the highest level for state level interventions and inter-departmental coordination. It will meet annually to: (i) review and guide project implementation, with a particular focus on the Employment and Entrepreneurship Promotion Facility; (ii) approve the annual action plan as well as provide financial and administrative sanction for the activities to be undertaken within the INSPIRES Operation; (iii) ensure smooth inter-departmental coordination to aid implementation; and (iv) provide

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[26] Government Order, GoS; 3/3/2023.

strategic policy advice and orientation. The PCC will be chaired by the Secretary, PDD, and will include the nodal officials of the Finance Department, PDD, RDD, C&ID, SDD, T&CAD, ITD, WCDD, H&FWD, and F&ED. The PCC will meet once every four months to: (i) review and monitor Operation implementation and provide guidance to the PMU; (ii) oversee fund flow and disbursement for smooth implementation of the INSPIRES Operation; (iii) ensure smooth inter-departmental coordination to aid implementation; (iv) facilitate timely decision-making and course correction; and (v) endorse the verification of results (conducted by the IVA).

36.   **Different departments will lead the different RAs.** The PDD will lead the establishment of the Employment and Entrepreneurship Promotion Facility, the integrated MIS, and CBP (RA1). The SDD will be the implementing agency for employment-focused interventions on skills training (RA2). The C&ID will be the implementing agency for interventions on entrepreneurship (RA2). The T&CAD as well as the F&ED and DET will lead tourism and eco-tourism interventions (RA2 and RA3). The RDD and DET will lead interventions on integrated planning and implementation through the IEIAPs (RA3). The ITD will lead digital inclusion services, while the PDD along with H&FWD and WCDD will lead implementation of mental health services and creation of a comprehensive care and workplace safety eco-system (RA3).

37.   **A Program Management Consultant (PMC) will support the PMU in Program implementation.** The PMC will focus on facilitating smooth coordination, effective implementation across all RAs, staff capacity building, monitoring of progress on activities and results, efficient procurement, financial management (FM), and E&S management.

B. Results Monitoring and Evaluation

38.   **The overall responsibility of the operation's M&E will be with the PDD and the PMU.** The PDD will hold quarterly review meetings with concerned officials of the priority departments to track programmatic and financial progress. The PDD will submit two semiannual reports on the operation covering implementation of activities, expenditures, bottlenecks, implementation of the Program Action Plan (PAP), and progress toward results as outlined in the Program Results Framework. The PDD will also report on DLI achievements with supporting evidence, which will then be verified by the IVA using the agreed verification protocols. In addition, the PDD will commission impact assessments at midterm and end of term of the operation and an endline survey.

39.   **Data on economic inclusion parameters are scattered across different departments using multiple monitoring systems, making effective use of data for decision-making a key challenge.** Under the INSPIRES Operation, efforts will be undertaken to strengthen MIS across departments to improve data generation, analysis, and use for decision-making. State, national, and international expertise to strengthen capacity to analyze and use data based on best practices will be employed.

C. Disbursement Arrangements

40.   **For the PforR Program, all disbursements against the DLIs will be based on verification and certification by the IVA.** The GoS will prefinance expenditures for the operation using its own resources. DLI achievement reports will be prepared by the GoS, which will submit them to the IVA for verification. The IVA will verify the achievement of the DLRs following the agreed verification protocol. Based on the verification reports from the IVA, the GoS will periodically prepare and submit disbursement request applications to the Bank for work satisfactorily completed and verified by the IVAs. The actual disbursed amount will depend on the verified results. Several DLRs are designed to be scalable; disbursements will therefore be in proportion to the results achieved. For non-scalable DLRs, the Bank will disburse only upon full achievement of the target. Once it is fully satisfied with the evidence of achievement of a DLR, the

Bank will inform the GoS accordingly and confirm the availability of the corresponding funds for a disbursement.

41.   **The timeframe for achieving each DLR considers the government's need for budget predictability and flow of funds.** The GoS may apply for disbursements as soon as targets are met by providing the necessary documentation to the Bank. There is no restriction for early achievement of the DLRs; payment will be available for disbursement when targets are achieved and verified. If achievements consistently outperform targets, the corresponding Bank financing amount may be disbursed before the expected end of the operation. If DLRs are not achieved in any particular year, the related disbursements will be rolled over into the next year.

42.   **The amount of WB financing for the INSPIRES Operation will be equal to or less than the total underlying Program expenditures** that have not been financed from sources other than fiscal resources. Any unaccounted or unutilized funds disbursed by the WB at the close of the operation will be refunded to the WB.

43.   **For the IPF component, Bank funds will be used to pay for "Specific Expenditures."** These include consulting services by TSAs and PMC in compliance with the Bank's policies and guidelines. Disbursements will be based on submission of Interim Unaudited Financial Reports (IUFRs) on a quarterly basis to the Controller of Aid Accounts and Audit and the WB. All project expenditures will be pre-financed by the GoS and reimbursed based on quarterly interim financial reports.

D. Capacity Building

44.   Capacity Building aspects are an integral part of the operation. The IPF component will fund a set of TA and capacity-building activities that address the technical constraints of priority departments in key Operation-related areas, such as monitoring and verification of results, data management and results-oriented service delivery.

IV. ASSESSMENT SUMMARY

A. Technical (including program economic evaluation)

45.   **The WB carried out a technical assessment that analyzed the strategic relevance, technical soundness, institutional arrangements, PEF, and M&E systems.** The technical risk rating of the operation is Substantial given the innovative approach and coordination across several departments. The risk mitigation measures are incorporated in the PAP.

46.   **The design of the PforR Program reflects extensive background analytical work, strategic thinking in the GoS, and consultations with several GoS departments.** The technical design of the PforR was informed by findings from the baseline assessment. The INSPIRES Operation builds on lessons from other national and international interventions on enhancing economic inclusion of women and youth. The INSPIRES Operation reflects the strategic priorities of the GoS articulated in its sector policies. Consultations with participating GoS departments as well as other key stakeholders (entrepreneurs, non-governmental organizations) validated the relevance of the technical design.

47.   **Cost–benefit analysis.** The INSPIRES Operation is expected to yield significant economic benefits over the medium to long term. The expected key economic benefits include increase in skilled workforce, increase in employment, increase in number of entrepreneurs, increased earning of the workforce due to improved productivity. A cost–benefit analysis of the skilling intervention was undertaken, which considered the potential direct benefits and associated costs over a 25-year timeframe. The incremental

lifetime benefits from upskilling have been analyzed for wage employed, self-employed (in existing enterprises), and entrepreneurs (new enterprises). The benefit to cost ratio is calculated to be 1.3 with an internal rate of return of 14.7 percent. In addition, the INSPIRES Operation is expected to have indirect benefits including financial empowerment of women, a more diversified workforce, and better mental health of youth.

48.   **Key findings of the institutional assessment.** Key capacity constraints include: (i) variations in performance, outreach, and effectiveness of central schemes and state schemes (e.g.: *Pradhan Mantri* Formalization of Micro Food Processing Enterprises Scheme and Skilled Youth Start-up Scheme, SYSS); (ii) limited economies of scale translate to poor department-level negotiations with private sector entities affecting scheme performance (e.g., C&ID's limited capacity to influence the banker's forum on lowering credit score for entrepreneurs); (iii) coordination with district administration is weak, mostly because several departments (e.g., C&ID, T&CAD), do not have adequate district level presence; (iv) use of digital technology is limited to a few central schemes. State schemes rely on manual systems for application, processing, and tracking of beneficiary applications, leading to inefficiencies, communication gaps, and possible errors; and (v) M&E systems are weak and limited to manual reports and to maintaining separate MIS mostly for central schemes.

49.   **The INSPIRES Operation supports the state's plans for climate change mitigation as laid out in the Sikkim SAPCC.** The SAPCC mainstreams climate change concerns into policy and development for the state by introducing low carbon, climate resilient developmental activities that can be adopted by the state and used to generate investments. The INSPIRES Operation supports these objectives through RA1, which enables the state to plan for medium to long-term economic inclusion outcomes incorporating green growth and low carbon objectives towards job creation for women and youth. This will focus on emerging priority sectors for job creation, such as imparting transferrable skills training in renewable energy, which support the state's plans for climate mitigation. Second, the INSPIRES Operation supports mitigation under RA3 through district level plans and investments that will benefit JFMCs and EDCs that will result in the expansion of forestry projects that sequester carbon via sustainable forest management, improve forest cover through afforestation, and restore degraded forest lands.

50.   **The INSPIRES Operation supports the Sikkim SAPCC's activities on climate change adaptation.** The SAPCC points to the need to strengthen capacities of communities, supporting adaptation actions to climate change. The INSPIRES Operation supports climate change adaptation broadly in the diversification of economic activities towards low carbon and climate resilient sectors. In this way the INSPIRES Operation supports reducing dependence on climate sensitive sectors, especially in low value agricultural production. Strengthening diversification of livelihoods and economic activities strengthens adaptation to climate change, especially for populations that are especially vulnerable to climate change (i.e., women and youth). The INSPIRES Operation supports climate adaptation under RA3 through support to decentralized care and mental health systems. As both the Intergovernmental Panel on Climate Change and the World Health Organization recognize climate change as adversely impacting mental health, the eco-system developed under the INSPIRES Operation will support climate vulnerable groups in overcoming the shocks and trauma following natural hazards.

51.   **Alignment with Paris Agreement.** The INSPIRES Operation focuses on soft interventions and does not include any major civil works. It does not finance interventions involving greenhouse gas (GHG) emissions and all activities are assessed as being aligned with the objectives of the Paris Agreement and as having no/low risk. The operation supports the state's plans for climate change mitigation as outlined in the Sikkim SAPCC. RA2 will enable human capital development and capacity building focused on climate change mitigation – women and youth will be trained in green skills and green entrepreneurship will be

encouraged. This will facilitate innovation in and growth of sustainable products and industries, fast tracking the country's low-GHG-emissions development pathway. Additionally, RA3 will improve district-level planning and investment that will benefit JFMCs and EDCs – this will result in the expansion of forestry projects that sequester carbon via sustainable forest management, improve forest cover through afforestation, and restore degraded forest lands.

52.   The INSPIRES Operation also supports climate change adaptation in Sikkim, through activities that align with the SAPCC. The lack of medium- to long-term economic planning in the state has led to a skewed dependence on climate sensitive sectors such as agriculture and tourism. To overcome this and improve the overall climate resilience, RA1 will enable the state to efficiently plan for the medium-term and work towards expanding non-farm, emerging sectors. In doing so, the operation will prioritize climate vulnerable population, i.e., women and youth, which will incrementally enhance the state's resilience capacity. Further, RA2 will promote eco-tourism experiences that support conservation of natural habitats, use renewable energy and sustainable waste management practices, and raise awareness through educational experiences. Lastly, RA3 will improve Sikkim's decentralized care and mental health systems. This will support vulnerable groups in overcoming the shocks and trauma following natural hazards. Both the Intergovernmental Panel on Climate Change and the World Health Organization recognize mental health as being a significant adaptation parameter that is often adversely impacted by climate change.

53.   Overall, therefore, the INSPIRES Operation is aligned with the goals of Paris Agreement on both mitigation and adaptation.

54.   **Citizen engagement.** INSPIRES will ensure greater citizen and community engagement through: (i) participatory planning at the district-level for developing IEIAPs, which would involve priority departments, local government institutions, citizen representatives, community organizations and private sector representatives; (ii) information and communication technology enabled feedback systems for training programs through online and/or interactive voice response mechanisms; and (iii) citizen involvement in supporting service delivery through involvement of SHGs, JFMCs, EDCs and other local groups. The grievance redressal mechanism (GRM) will be strengthened to ensure effective and well-coordinated feedback, consultation, and communication with stakeholders. The state-wide communication strategy to be developed under the INSPIRES Operation will include additional outreach mechanisms for vulnerable and disadvantaged groups along with awareness generation on the GRM.

B. Fiduciary

55.   **As part of INSPIRES Operation preparation, the WB carried out an Integrated Fiduciary Systems Assessment (IFSA) of the systems and processes of the GoS and the implementing agencies** i.e., PDD, RDD, SDD, T&CAD, C&ID, ITD, Public Works Department (PWD), WCDD, H&FWD, DET, SICB, SIRD, IHM, and IHCAE. The IFSA concludes that the Sikkim INSPIRES Operation's fiduciary systems, subject to timely implementation of proposed mitigation measures, will provide reasonable assurance that financing proceeds shall be used for intended purposes, with due attention to the principles of economy, efficiency, effectiveness, transparency, and accountability. The INSPIRES Operation uses the GoS's own procurement and FM systems. The IFSA has identified key fiduciary risks that may affect the INSPIRES Operation's development outcomes and has recommended improvements, capacity strengthening, and risk mitigation measures detailed in the IFSA report (summarized in Annex 3) to be implemented during the life of the INSPIRES Operation. The IFSA report presents an analysis of the overarching FM, procurement, and anti-corruption framework in the state of Sikkim.

56.   **INSPIRES Operation related activities will be pre-financed by the state budget.** The PEF comprises the cost of selected ongoing schemes/activities and new initiatives. The INSPIRES Operation, including the IBRD Loan, will be annually budgeted based on an approved Annual Work/Action Plan (AWP) for the INSPIRES Operation as well as the extant procedures for the existing budget lines and disbursed based on the achievement of agreed DLRs. Fund flow will follow the following approach: (i) for ongoing initiatives identified under the PEF where an existing budget line exists, funds will be budgeted as per the extant procedures for budgeting; (ii) for new initiatives, funds will flow under a separate budget line (Externally Aided/INSPIRES Operation), which would be created for each line department; and (iii) for the IPF component, an additional budget line would be opened under the PDD and the funds would be allocated to the new budget line. All expenditures will follow the existing State Financial Rules and control procedures with payments made through the state treasury and accounted for in the State Integrated Financial Management Information System (SIFMIS), ensuring a systematic application of internal controls, standardized accounting of expenditure, and real time access to Program expenditure.

57.   **Financial reporting for IPF component.** The PMU will be responsible for preparing quarterly financial reports for the project using the agreed templates, drawing expenditures from their books of account, duly reconciled with the SIFMIS reports. The quarterly IUFRs will be submitted to the WB within 45 days of the close of each quarter and will form the basis for disbursements from the IBRD Loan.

58.   **Disbursement arrangements.** The Program funds will be disbursed on satisfactory achievement of the DLI, as verified by an IVA following the agreed verification protocol. On certification, the PDD communicates the achievement of the DLRs to the WB. Under the IPF component, the disbursement will be as reimbursement of actual reported expenditure through agreed formats for IUFRs.

59.   **A separate audit will be conducted by the Comptroller and Auditor General** (C&AG) of India, in accordance with the Terms of Reference (ToR) agreed between the C&AG and the WB and endorsed by the Ministry of Finance, Government of India (GoI). The audit will cover the budget lines identified in Annex 3 of the IFSA. These reports will be submitted to the WB within nine months of the close of the financial year. The Statement of Uses of funds for the IPF component prepared by the PMU will be audited by the state office of the C&AG of India. The audit report will be submitted to the Bank within nine months of the close of each financial year. The C&AG audit of the Project Financial Statements will be in line with the agreed standard ToRs for Bank-financed projects.

60.   **Procurement.** The fiduciary system for the INSPIRES Operation will mainly follow the existing country systems, except for the TA component. The Procurement Framework will be governed by the GoS's Financial Rules and subordinate amendments/GOs for the PforR component. The state PWD codes and Works Manual will be followed for procurement and contract management of works contracts. Adequacy of these rules, codes, and manuals are assessed as part of the IFSA.

61.   **Procurement arrangement.** The government departments and their subsidiary institutions, namely PDD, C&ID, ITD, SDD, RDD and T&CAD, SIRD, and SICB, will be mainly responsible for procurement and contract management. Some additional government department such as Sikkim PWD for procurement of minor work contracts and parastatals such as the State Trading Corporation of Sikkim (STCS) for procurement of goods and equipment are also envisaged to support implementation.

62.   **Program procurement profile.** The INSPIRES Operation is likely to procure a variety of goods/non-consultancy services (including IT goods and related services), minor works, and consultancy services. The INSPIRES Operation is not expected to procure any high-value contracts at or above Operational Procurement Review Committee (OPRC) thresholds. Though all the expenditure for goods, works, and

non-consultancy services will be covered under the PforR, a TA component shall be used for all consultancy services.

63.   **Public procurement system.** There is no preparation of an annual procurement plan and disclosure on the official website but there is a linkage between the budget cycle and procurement cycle whereby all government departments prepare budgets for each financial year. Once the budget is approved, procurement process is initiated after obtaining necessary administrative and technical sanctions from the competent authorities. Open Tender is the preferred mode of procurement and is used for all procurement activities with estimated contract value above INR 1,000,000. The GoS mandates the use of National Informatics Centre (NIC) e-Government Procurement (e-GP) platform of the GoS (https://sikkimtender.gov.in/) for procurement contracts with estimated value INR 2 crores and above for central schemes and INR 20 crores and above for state schemes. Further, the GoS allows procurement through the GeM portal (https://gem.gov.in/) to enhance transparency and economy in the procurement process. The state does not have universal suite of procurement documents/templates for goods, works, and services, and the bidding documents are customized by the implementing agencies as per their requirement. There is a need for a dedicated mechanism to treat procurement related complaints promptly to improve the confidence of the bidding community.

64.   **The INSPIRES Operation will adhere to the World Bank Guidelines on Preventing and Combating Fraud and Corruption in Program-for-Results Financing** dated February 1, 2012, and revised on July 10, 2015, (https://ppfdocuments.azureedge.net/3682.pdf). Requirements under these guidelines include but are not limited to: (i) Borrower's obligation on informing the WB about all fraud and corruption related allegations and investigations; (ii) the WB's right to conduct administrative inquiries; and (iii) ineligibility of debarred firms for contract awards. It is clarified to implementing agencies that these guidelines shall be applicable to all activities within the Program boundary and not the parts of the government program that are outside these boundaries. As an action item under the resulting INSPIRES Operation, it is required that: (i) all bidding documents refer to the WB's Anti-Corruption guidelines and the bidders must agree to these clauses; and (ii) at the time of bid opening each procurement agency shall ensure that none of the participating bidders is listed in the WB's latest online list (https://www.worldbank.org/en/projects-operations/procurement/debarred-firms) of debarred firms or the list of suspended firms (which can be obtained from the WB).

65.   **Procurement under the IPF component will be carried out in accordance with the WB's "Procurement Regulations for IPF Borrowers for Procurement in Investment Project Financing - Goods, Works, Non-Consulting Services and Consulting Services", dated September 2023 ("Procurement Regulations") and the additional provisions stipulated in the Legal Agreement.** The project would be subject to the World Bank's Anticorruption Guidelines, dated October 15, 2006, and revised in January 2011 and July 2016. The Borrower has prepared a simplified Project Procurement Strategy Document along with a procurement plan for this component.

66.   **Procurement risk is rated Substantial** due to: (i) limited procurement capacity of the procuring agencies; (ii) absence of comprehensive procurement guidelines/manual and standard procurement documents; (iii) limited use of e-procurement; (iv) very high thresholds for use of GoS NIC e-procurement portal in the state; (v) absence of dedicated procurement complaint handling mechanism; and (vi) lack of disclosure of procurement related information. This rating will be reviewed during implementation and revised, as needed.

67.   **Overall fiduciary risk is rated Substantial** as: (i) this is the first direct Bank operation for the state of Sikkim; and (ii) the INSPIRES Operation is multi-sectoral, requiring coordination and budgetary

execution by several agencies with varying capacity for the FM and procurement functions. This rating will be reviewed during implementation and revised, as needed. Proposed mitigation measures include: (i) development of annual work plan including procurement plan; (ii) annual audit reports are disclosed on their respective department website including resolution of audit observations within 3 months of the receipt of the audit report; (iii) compliance with Memorandum of Association (MoA) and Articles of Association (AoA) by parastatals including monthly monitoring of expenditure and activities; (iv) digitization of state schemes including increasing digital payments; (v) development of procurement manual and standard bidding documents including regular training; (vi) lowering of threshold for e-procurement; (vii) establishment of a functional online procurement complaint mechanism; (viii) procurement audit of each spending agency; and (ix) procurement disclosure requirements including compliance with anti-corruption guidelines.

C. Environmental and Social

68. **PforR Program**: In line with the World Bank PforR Guidance, an Environmental and Social Systems Assessment (ESSA) was carried out to review the existing national and state government systems and capacities to plan and implement effective measures for environmental and social (E&S) risk management of the INSPIRES Operation and to determine what measures would be required to strengthen them. The ESSA identified the risks and opportunities and confirmed compatibility of the INSPIRES Operation with the first five core principles for assessing PforR investments: (i) E&S management systems; (ii) natural habitats and physical cultural resources; (iii) public and worker safety; (iv) land acquisition and livelihoods; and (v) the needs and concerns of vulnerable groups. The sixth core principle was found to be not applicable. Based on the ESSA analysis and the anticipated scale and nature of E&S impacts, the PforR's E&S risk is rated Moderate.

69. **The key activities which may have E&S implications** are: (i) civil works[27] for upgradation/ operation and maintenance (O&M) of feeder roads and last-mile connectivity roads; (ii) upgradation/refurbishments of SICB and livelihood schools; (iii) potential small-scale civil works for improving internet connectivity; (iv) upgradation of Common Fulfilment Center (CFCs) and common facilities for entrepreneurs; and (v) potential strain on natural resources due to increased tourist inflows. The INSPIRES Operation also includes the Mega Homestay Scheme which involves financing the construction of homestays with counterpart funds, which has been assessed from an institutional capacity point of view to manage associated E&S impacts. Based on the assessment of institutional capacities on E&S management, E&S risks are as follows:

70. **Environmental effects.** The net environmental outcome of the INSPIRES Operation is expected to be positive, as it will increase economic inclusion opportunities among the most vulnerable people in society in priority non-farm sectors and lessen their dependence on natural resources while facilitating transition to a green economy by promoting skills for green jobs. It will also support climate resilience and sustainability through reducing the economy's dependence on climate sensitive sectors. The anticipated adverse environmental impact of the INSPIRES Operation is expected to be moderate, resulting from small to medium-scale civil works activities, including potential occupational health and safety (OHS) issues,

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[27] Sites for proposed civil works will be determined during implementation through IEIAPs, which will integrate E&S considerations to inform site selection. The T&CAD will only undertake upgradation/O&M of existing feeder roads leading to homestays by metaling them. This work will not entail any widening from the existing width of 3.75 meters. The typical length of the feeder roads is expected to be between 1 and 2 kilometers. The RDD will undertake upgradation/O&M of existing rural footpaths for connecting remote villages to the road network. This upgradation work will be undertaken in convergence with the Mahatma Gandhi National Rural Employment Guarantee Act scheme. The proposed works would involve widening of existing rural footpaths of average length 4 feet by 2 to 3 feet. Both departments have in-house engineers who will be responsible for designing the roads and monitoring the work awarded to the contractors.

disposal of end-of-life electronic waste, and natural resource exploitation resulting from increased eco-tourism footprint. The state has an Eco-Tourism Policy which will promote community-based approaches to eco-tourism. No adverse impacts or economic displacement issues are anticipated as the policy has provisions that lay emphasis on economically disadvantaged groups. The implementation of the policy shall ensure facilitation of self-employment opportunities and/or upskilling of the existing workers (such as herders, trek guides). However, effective implementation of the policy provisions through participatory eco-tourism monitoring shall be undertaken to help generate/augment incomes and to confirm that there is no economic displacement.

71.   **Social effects.** The overall social impacts of the INSPIRES Operation are likely to be positive through: improved access to economic growth opportunities for vulnerable and disadvantaged groups (such as scheduled tribes, scheduled castes, persons with disabilities, youth at childcare institutions, and remote communities, among others); improved awareness and participation leading to enhanced planning capacity at the district level; strengthened functionality and access of the state's GRM; and improved labor management at construction sites. Potential social risks related to the INSPIRES Operation include: (i) worker and public safety risks in case of non-compliance by contractors for the proposed civil works, particularly given the hilly areas/terrain; (ii) intra-district variations in management capacity for land-related aspects; (iii) potential exclusion of vulnerable groups and those residing in remote areas due to lack of information and/or awareness; (iv) potential sexual exploitation and abuse/sexual harassment (SEA/SH) risks for female construction workers and female trainees in case of interface with laborers (both local and migrant) and other communities in the vicinity; (v) likelihood of community members facing temporarily restricted access to areas under civil works; (vi) low participation rate and high dropout rates of trainees/students from vulnerable groups in certain remote districts; (vii) lack of clear two-way information flows/ communication pathways for sustained beneficiary/ citizen engagement; (viii) limited influx of semi-skilled laborers for potential small-scale civil works related to improved connectivity; and (ix) high prevalence of substance abuse leading to difficulty in employee retention. For feeder roads/last-mile connectivity roads, the proposed interventions would be limited to upgradation/O&M of existing roads on government lands free from any encumbrances. Land-taking, if any, will be of a minor nature and shall be taken through donation from individuals/communities. The Zilla Panchayat representative shall ascertain voluntariness of such donations and ascertain that it does not lead to significant adverse impacts on the livelihood of the household. No new road construction will be undertaken. The ESSA includes clear E&S exclusion criteria for the scale and nature of civil works. The SEA/SH risk rating was assessed to be Moderate for the PforR component.[28]

72.   **Environmental and Social Systems Assessment:** The ESSA found that the overall policy and regulatory framework and the available technical guideline of the Borrower is comprehensive and contributes to E&S sustainability. The ESSA analysis has identified the following key areas of gaps in the Borrower's system for action to ensure the INSPIRES Operation is aligned with the applicable core principles: (i) lack of in-house capacity for environmental planning among a majority of the implementing agencies; (ii) limited implementation capacity to manage eco-tourism expansion as per the state's eco-tourism policy; (iii) lack of adequate screening and monitoring mechanisms to ensure contractors' compliance with OHS measures for workers and public safety; (iv) lack of adequate screening mechanisms

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[28] The SEA/SH risk assessment tool for Social Protection in the context of India was used for the risk rating.

for management of E&S risks, including land, labor, and SEA/SH; and (v) limited coordination across GRMs across priority departments and implementing agencies.[29]

73. **The following key measures are recommended to mitigate the gaps highlighted by the ESSA:** (i) exclusion list: activities that pose risks to protected areas and other areas of ecological and cultural heritage significance; all infrastructure activities and investments in high mountainous areas; activities that require land acquisition and/or resettlement; construction where private land acquisition is required or any land for which clear title or any recognizable claim is not available with the government; activities leading to marginalization or social conflict; activities that would have adverse impacts on land and natural resources subject to traditional ownership or under customary use or occupation or common property resources; or cause relocation of indigenous people or have significant impact on them; (ii) development of an operation specific E&S management and monitoring guideline that will: (a) address construction related environmental impacts and OHS issues; (b) ensure adverse impacts on natural habitats, community forests, buffer zones, and physical cultural resources that are in close proximity to sites are identified and considered in work methods early on; (c) adopt measures for screening and mitigation for E&S risks, including land, labor, and SEA/SH; and (d) consult/inform relevant stakeholders of activities for participatory decision-making. The guideline will include an E&S screening checklist, E&S Codes of Practice for minor civil works, and standard formats for E&S monitoring; (iii) development of additional outreach measures for vulnerable and disadvantaged groups, including through a dedicated behavior change communication strategy. The guideline would also include measures for awareness generation on new schemes and GRM procedures; (iv) development of an E&S capacity-building plan to strengthen capacity of the implementing agencies on E&S issues such as community outreach, provisions to include vulnerable groups, OHS during civil works, and grievance management; and (v) undertake a sex-disaggregated baseline assessment of eco-tourism practices in Sikkim thus far, review existing regulations and bylaws that provide the legal basis to enforce the eco-tourism policy and identify gaps/measures to inform implementation of the state's eco-tourism policy.

74. **IPF component.** The E&S risk for the IPF component is categorized as Low. Activities under the IPF TA component are not expected to have any adverse E&S impacts as they will be restricted to consultancy/advisory services and capacity building of the core departments. Risks related to labor are expected to be minimal as direct workers and contracted workers, through third-party consulting/advisory service providers, are likely to have well-defined employment terms and/or formal contracts in compliance with national labor laws. The potential SEA/SH risk for the IPF component is low because it only involves consultancy services for technical assistance. To address SEA/SH/GBV related risks, adequate measures will be ensured through a functional and sensitive GRM for handling such complaints and sensitization of concerned stakeholders. It includes recommendations for stakeholder engagement, including consultations, at various stages of the project cycle. The Environmental and Social Commitment Plan, which has been developed by the PDD, includes the Stakeholder Engagement Plan and the Labor Management Plan.[30]

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[29] The ESSA has been web-disclosed in the external website of the World Bank https://documents.worldbank.org/en/publication/documents-reports/documentlist?qterm=P180634 and on the PDD website since the 20th of October 2023. The summary of the ESSA translated to local language has been disclosed via the PDD website on 22nd November 2023.

[30] The final ESCP, dated 20th November 2023, has been disclosed on the PDD website https://sikkim.gov.in/DepartmentsMenu/development-planning-economic-reforms-affairs-department/Sikkim%20Integrated%20Service%20Provision%20and%20Innovation%20for%20Reviving%20Economies%20Program%20(INSPIRES)/draft-environmental-and-social-commitment-plan-escp and the World Bank's external website

75. **Grievance Redress.** Communities and individuals who believe that they are adversely affected as a result of a Bank supported PforR operation, as defined by the applicable policy and procedures, may submit complaints to the existing program grievance mechanism or the Bank's Grievance Redress Service (GRS). The GRS ensures that complaints received are promptly reviewed to address pertinent concerns. Project affected communities and individuals may submit their complaint to the Bank's independent Accountability Mechanism (AM). The AM houses the Inspection Panel, which determines whether harm occurred, or could occur, because of Bank non-compliance with its policies and procedures, and the Dispute Resolution Service, which provides communities and borrowers with the opportunity to address complaints through dispute resolution. Complaints may be submitted at any time after concerns have been brought directly to the Bank's attention, and Bank Management has been given an opportunity to respond. For information on how to submit complaints to the Bank's GRS, visit https://www.worldbank.org/GRS. For information on how to submit complaints to the Bank's AM, visit https://accountability.worldbank.org.

V. RISKS

76. **The Overall risk is Substantial.** This is an innovative operation and the first state-level operation in Sikkim.

77. **Political and Governance risk is rated Substantial.** A change in secretaries/department heads of priority departments could cause delays in implementation or could mark a shift in priorities. Close alignment with the priorities laid out in the state economic strategy will help the INSPIRES Operation remain aligned with a stable vision that would continue to remain relevant irrespective of general election outcomes or transfers of administrative officials.

78. **Technical Design of Operation risk is rated Substantial.** The results envisioned on economic inclusion for women and youth and the implicit activities and interventions are ambitious and complex. Context-specific attributes such as topography, isolated communities, and lack of convergence at the sub-state levels are likely to delay achievement of results. These will be addressed through customized and varied service delivery approaches and technical support. Development and rollout of these approaches will remain a complex task until they are finalized and implemented on ground.

79. **Institutional Capacity for Implementation and Sustainability risk is rated Substantial.** There are significant variations in capacities of districts to implement the IEIAPs. The Inclusive Growth Strategy (2027-2037) will develop a Common Results Matrix to gradually converge technical and operational competencies across levels of government. The onboarding of a PMC and TSAs to assist with such interventions should greatly reduce the risks involved. However, ensuring sustainability post INSPIRES Operation completion requires careful planning and supervision to ensure transfer of capacity. This would need to be reflected in the ToRs used to engage these agencies.

80. **Fiduciary risk is rated Substantial.** This is the first direct Bank operation in Sikkim and the INSPIRES Operation requires coordination and budgetary execution by several agencies with varying capacity for the FM and procurement functions. Proposed mitigation measures include: (i) development of annual work plan including procurement plan; (ii) annual audit reports are disclosed on their respective department website including resolution of audit observations within 3 months of the receipt of the audit

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https://documents.worldbank.org/en/publication/documents-reports/documentlist?qterm=P180634 as of 21st and 22nd November 2023, respectively.

report; (iii) compliance with MoA and AoA by parastatals including monthly monitoring of expenditure and activities; (iv) digitization of state schemes including increasing digital payments; (v) development of procurement manual and standard bidding documents including regular training; (vi) lowering of threshold for e-procurement; (vii) establishment of a functional online procurement complaint mechanism; (viii) procurement audit of each spending agency; and (ix) procurement disclosure requirements including compliance with anti-corruption guidelines.

ANNEX 1. RESULTS FRAMEWORK MATRIX

Program Development Objective(s)

The PDO is to promote economic inclusion opportunities for women and youth in non-farm sectors.

PDO Indicators by Outcomes

Baseline	Period 1	Period 2	Period 3	Period 4	Period 5	Closing Period
Promote economic inclusion opportunities for women and youth in non-farm sectors.						
Strengthened state systems to support employment outcomes for women and youth (Text) DLI						
Mar/2023	Mar/2024	Mar/2025	Mar/2026	Mar/2027	Mar/2028	Mar/2029
Limited coordination mechanism for economic inclusion policymaking; Limited active partnership with the private sector on economic inclusion; there are no work-readiness programs/bootcamps in partnership with employers	State Cabinet issued a Government Order establishing the Employment and Entrepreneurship Promotion Facility	No result	No result	(i) 2 partnerships formulated between the PDD and private sector, social enterprises and/or technical partners (ii) PDD has created Centralized Beneficiary Platform (CBP) for planning and monitoring delivery of benefits and services for economic inclusion of women and youth	CBP is functional with integration of at least three schemes	(i) 5 partnerships formulated between the PDD and private sector, social enterprises and/or technical partners (cumulative) (ii) 6 work-readiness programs/bootcamps launched by PDD in priority sectors (iii) 60 percent of youth who participated in work readiness programs are work ready in priority sectors
Enhanced entrepreneurship in priority sectors for women and youth (18-35 yrs) (Text) DLI						
Mar/2023	Mar/2024	Mar/2025	Mar/2026	Mar/2027	Mar/2028	Mar/2029
Weak eco-system for entrepreneurship promotion in non-	Sikkim Industrial and Services Sector Development:	No result	(i) C&ID has created an innovation hub (ii) 2 incubation or	No result	(i) 4 incubation or acceleration services established by C&ID	8 percent of women-led and/or youth-led enterprises supported

farm sectors. State Youth Start-up Scheme (SYSS) has supported 1651 micro and small enterprises between 2020-2023. This support did not include business support services	Investment Policy 2023 approved, notified and disclosed on the Government of Sikkim's website		acceleration services established by C&ID for women-led and/or youth-led enterprises in non-farm sectors		for women-led and/or youth-led enterprises in non-farm sectors (cumulative) (ii) 5 percent of women-led and/or youth-led enterprises supported under SYSS also secured commercial loans in non-farm sectors	under SYSS also secured commercial loans in non-farm sectors (cumulative)
Female and male trainees employed in priority sectors (Text)						
Mar/2023	Mar/2024	Mar/2025	Mar/2026	Mar/2027	Mar/2028	Mar/2029
Baseline will be established in Year 1	No result	Gender disaggregated baseline established	No result	2 percent increase for male trainees and 3 percent increase for female trainees either wage employed or self-employed six months after course completion	No result	4 percent increase for male trainees (cumulative) and 5 percent for female trainees (cumulative) either wage employed or self employed six months after course completion
Creation of a comprehensive care and workplace safety system (Text) [DLI]						
Mar/2023	Mar/2024	Mar/2025	Mar/2026	Mar/2027	Mar/2028	Mar/2029
Limited state capacities on childcare, reproductive health and geriatric care	Expert group meeting organized by PDD in collaboration with H&FWD, on identifying research priorities and roadmap for understanding socio-economic aspects of declining fertility rates in Sikkim	3 Partnerships established by PDD (in coordination with SDD, H&FWD and WCDD) on childcare, reproductive health, and geriatric care	(i) Integrated case management system established for vulnerable women beneficiaries by WCDD (ii) Violence prevention and safety at workplace orientation launched for women entrepreneurs and women-led homestays by WCDD	(i) 200 trainees receive training and certification in childcare, geriatric care, reproductive health, or early childhood development by PDD (in coordination with SDD, H&FWD and WCDD) (ii) Migration support services launched by PDD to enable migration for jobs in national and international markets	400 trainees receive training and certification in childcare, geriatric care, reproductive health, or early childhood development by PDD (in coordination with SDD, H&FWD and WCDD) (cumulative)	20 percent of trainees trained and certified in childcare, geriatric care, reproductive health, or early childhood development placed in national and/or international locations

Intermediate Indicators by Results Areas

Baseline	Period 1	Period 2	Period 3	Period 4	Period 5	Closing Period
Result Area 1: Strengthened state systems to deliver inclusive growth						
Integrated monitoring platform established and impact evaluation completed on economic inclusion of women and youth in non-farm sectors (Text)						
Mar/2023	Mar/2024	Mar/2025	Mar/2026	Mar/2027	Mar/2028	Mar/2029
State lacks evidence-based policy initiatives on economic inclusion	Integrated MIS created under Planning and Development Department	Baseline for the Impact Evaluation initiated	No result	Midline for the Impact Evaluation initiated	No result	Impact Evaluation completed
Result Area 2: Improved employment linkages for women and youth in priority sectors						
Improved management and operational capacities in the tourism sector (Text) ᴰᴸᴵ						
Mar/2023	Mar/2024	Mar/2025	Mar/2026	Mar/2027	Mar/2028	Mar/2029
(i) Gaps in institutional capacities and governance in IHM and IHCAE (ii) Limited business management and digital capacities of women homestay owners/managers (there are 384 women owned homestays)	(i) Indian Mountaineering Foundation (IMF) completes inspection of IHCAE for granting recognition (ii) IHCAE receives recognition from Indian Mountaineering Foundation	No result	(i) Gender-disaggregated baseline of homestay owners established by the by Tourism and Civil Aviation Department (T&CAD) (ii) 10% of women-led homestays received training in business management and digital marketing skills by T&CAD	20% (cumulative) of women-led homestays received training in business management and digital marketing skills by T&CAD	No result	60 percent of trained women-led homestays have adopted digital marketing and/or digital payment tools
Improved training to placement linkages in priority sectors (Text) ᴰᴸᴵ						
Mar/2023	Mar/2024	Mar/2025	Mar/2026	Mar/2027	Mar/2028	Dec/2029
(i) Short-term skills training delivered in only two non-farm sectors with limited job roles (ii) Low placement rates of trainees in priority	No result	4 training providers/partners empaneled by SICB/SDD to deliver both technical and non-cognitive skill	Virtual and blended career counselling and placement support services launched by SICB / Niyukti Kendra / SDD	3 new National Skills Qualification Framework (NSQF) compliant training programs conducted by SICB / SDD in priority sectors	6 new NSQF compliant training programs conducted by SICB / SDD in priority sectors (cumulative)	Placement rate for trainees in priority sectors has reached 50 percent

sectors – with an average placement rate of 38%		training in priority sectors				

Placement rate for female trainees in priority sectors (Percentage)

Mar/2023	Mar/2027					Mar/2029
To be determined	40 percent					60 percent

Result Area 3: Enhanced delivery of enabling services for economic inclusion of women and youth						

Increased investments at the district-level for integrated results on economic inclusion (Percentage) DLI

Mar/2023	Mar/2024	Mar/2025	Mar/2026	Mar/2027	Mar/2028	Mar/2029
Fragmented delivery of government programs at the district level	No result	(i) District-level Integrated Economic Inclusion Action Plans (IEIAPs) reflecting investment priorities and financial allocations on economic inclusion in non-farm sectors are approved by the Program Governing Committee (PGC) (ii) District-level IEIAPs are available in the public domain for 6 districts	20 percent financing disbursed in each district as per the district-level IEIAPs	40 percent (cumulative) financing disbursed in each district as per the district-level IEIAPs	50 percent (cumulative) financing disbursed in each district as per the district-level IEIAPs	60 percent (cumulative) financing disbursed in each district as per the district-level IEIAPs

Enhanced digital readiness for promoting economic inclusion (Text) DLI

Mar/2023	Mar/2024	Mar/2025	Mar/2026	Mar/2027	Mar/2028	Mar/2029
Lack of a state-wide framework on digital connectivity	No result	Feasibility study conducted by ITD for establishing connectivity across the state	(i) ITD has prepared the state data policy and compliance plan (ii) Secretary ITD and PGC have approved the state data policy	Internet connectivity pilot completed by ITD in one district based on feasibility study findings	No result	Study on linkages between digital connectivity and economic activity completed and dissemination workshop organized by ITD

Deployment of Aadhar Vault and Services (Text)

Mar/2023						Mar/2027
Not started						Achieved

Strengthened capacities of frontline personnel on mental health management (Text) DLI						

Mar/2023	Mar/2024	Mar/2025	Mar/2026	Mar/2027	Mar/2028	Mar/2029
Limited and fragmented delivery of enabling services (mental health, de-addiction, and care). 4909 individuals have utilized out-patient and in-patient drug control services over the last 5 years (2018-2023) in the state	Mobile application on mental health awareness and service delivery linkages launched by H&FWD	No result	850 schoolteachers trained in life skills education and in undertaking preliminary screening for mental health related concerns	(i) 665 health workers and counsellors upskilled on mental health - including focus on suicide prevention, substance abuse management (ii) Update to mobile app on mental health launched by H&FWD	1140 community-based mental health promotion, screening and outreach activities conducted	(i) 5 percent increase over baseline in the footfall of adolescents (10-18 years) and/or youth (18-35 years) at PHCs and/or AFHCs for mental health management and/or de-addiction services (ii) 70 percent of adolescents and/or youth participating in life skills education in schools and in community-based outreach activities are screened for mental health related concerns

Disbursement Linked Indicators (DLI)

Period	Period Definition	Timeline
Period 0	Prior result	01-Apr-2023 to 31-Mar-2024
Period 1	Year 1	01-Apr-2024 to 31-Mar-2025
Period 2	Year 2	01-Apr-2025 to 31-Mar-2026
Period 3	Year 3	01-Apr-2026 to 31-Mar-2027
Period 4	Year 4	01-Apr-2027 to 31-Mar-2028
Period 5	Year 5	01-Apr-2028 to 31-Mar-2029

Baseline	Period 0	Period 1	Period 2	Period 3	Period 4	Period 5
1 : Strengthened state systems to support employment outcomes for women and youth (Text)						
Limited coordination mechanism for economic inclusion	State Cabinet issued a Government Order establishing the	No result	No result	(i) 2 partnerships formulated between the PDD and private	CBP is functional with integration of at least three schemes	(i) 5 partnerships formulated between the PDD and private sector,

policymaking; Limited active partnership with the private sector on economic inclusion; there are no work-readiness programs/bootcamps in partnership with employers	Employment and Entrepreneurship Promotion Facility			sector, social enterprises and/or technical partners. (ii) PDD has created Centralized Beneficiary Platform (CBP) for planning and monitoring delivery of benefits and services for economic inclusion of women and youth		social enterprises and/or technical partners (cumulative) (ii) 6 work-readiness programs/bootcamps launched by PDD in priority sectors (iii) 60 percent of youth who participated in work readiness programs are work ready in priority sectors
0.00	5.00	0.00	0.00	3.00	2.95	4.05
DLI allocation		15.00		As a % of Total Financing Amount		16.3%
2 : Enhanced entrepreneurship in priority sectors for women and youth (18-35 yrs) (Text)						
Weak eco-system for entrepreneurship promotion in non-farm sectors. State Youth Start-up Scheme (SYSS) has supported 1651 micro and small enterprises between 2020-2023. This support did not include business support services	Sikkim Industrial and Services Sector Development: Investment Policy 2023 approved, notified and disclosed on the Government of Sikkim's website	No result	i) C&ID has created an innovation hub (ii) 2 incubation or acceleration services established by C&ID for women-led and/or youth-led enterprises in non-farm sectors	No result	(i) 4 incubation or acceleration services established by C&ID for women-led and/or youth-led enterprises in non-farm sectors (cumulative) (ii) 5 percent of women-led and/or youth-led enterprises supported under SYSS also secured commercial loans in non-farm sectors	8 percent of women-led and/or youth-led enterprises supported under SYSS also secured commercial loans in non-farm sectors (cumulative)
0.00	1.00	0.00	3.00	0.00	5.00	3.00
DLI allocation		12.00		As a % of Total Financing Amount		13.04%
3 : Improved management and operational capacities in the tourism sector (Text)						
(i) Gaps in institutional capacities and governance in IHM and IHCAE (ii) Limited	(i) IMF completes inspection of IHCAE for granting recognition (ii) IHCAE			(i) T&CAD has established the gender-disaggregated baseline of homestay	20 percent of women-led homestays received training in business management		60 percent of trained women-led homestays have adopted digital

business management and digital capacities of women homestay owners/managers (there are 384 women owned homestays)	receives recognition from IMF		owners (ii) 10 percent of women-led homestays received training in business management and digital marketing skills by T&CAD	and digital marketing skills by T&CAD (cumulative)		marketing and/or digital payment tools
0.00	2.00	0.00	3.00	2.80	0.00	4.20
DLI allocation		12.00		As a % of Total Financing Amount		13.04%
4 : Improved training to placement linkages in priority sectors (Text)						
(i) Short-term skills training delivered in only two non-farm sectors with limited job roles (ii) Low placement rates of trainees in priority sectors – with an average placement rate of 38%	No result	4 training providers/partners empaneled by SICB/SDD to deliver both technical and non-cognitive skill training in priority sectors	Virtual and blended career counselling and placement support services launched by SICB / Niyukti Kendra / SDD	3 new NSQF compliant training programs conducted by SICB / SDD in priority sectors	6 new NSQF compliant training programs conducted by SICB / SDD in priority sectors (cumulative)	Placement rate for trainees in priority sectors has reached 50 percent
0.00	0.00	2.00	2.20	3.00	3.00	1.80
DLI allocation		12.00		As a % of Total Financing Amount		13.04%
5 : Increased investments at the district-level for integrated results on economic inclusion (Percentage)						
Fragmented delivery of government programs at the district level	No result	(i)District-level Integrated Economic Inclusion Action Plans (IEIAPs) reflecting investment priorities and financial allocations on economic inclusion in non-farm sectors are approved by the Program Governing Committee (PGC) (ii)District-level IEIAPs	20 percent financing disbursed in each district as per the district-level IEIAPs	40 percent (cumulative) financing disbursed in each district as per the district-level IEIAPs	50 percent (cumulative) financing disbursed in each district as per the district-level IEIAPs	60 percent (cumulative) financing disbursed in each district as per the district-level IEIAPs

		are available in the public domain for 6 districts				
0.00	0.00	3.00	3.60	3.60	2.40	2.40
DLI allocation		15.00		As a % of Total Financing Amount		16.3%

6 : Enhanced digital readiness for promoting economic inclusion (Text)

Lack of a state-wide framework on digital connectivity	No result	Feasibility study conducted by ITD for establishing connectivity across the state	(i) ITD has prepared the state data policy and compliance plan (ii) Secretary ITD and PGC have approved the state data policy	Internet connectivity pilot completed by ITD in one district based on feasibility study findings		Study on linkages between digital connectivity and economic activity completed and dissemination workshop organized by ITD
0.00	0.00	3.00	3.00	4.00	0.00	2.00
DLI allocation		12.00		As a % of Total Financing Amount		13.04%

7 : Strengthened capacities of frontline personnel on mental health management (Text)

Limited and fragmented delivery of enabling services (mental health, de-addiction, and care). 4909 individuals have utilized out-patient and in-patient drug control services over the last 5 years (2018-2023) in the state	Mobile application on mental health awareness and service delivery linkages launched by H&FWD	No result	850 schoolteachers trained in life skills education and in undertaking preliminary screening for mental health related concerns	(i) 665 health workers and counsellors upskilled on mental health - including focus on suicide prevention, substance abuse management (ii) Update to mobile app on mental health launched by H&FWD	1140 community-based mental health promotion, screening and outreach activities conducted	(i) 5 percent increase over baseline in the footfall of adolescents (10-18 years) and/or youth (18-35 years) at PHCs and/or AFHCs for mental health management and/or de-addiction services (ii) 70 percent of adolescents and/or youth participating in life skills education in schools and in community-based outreach activities are screened for mental health related concerns
0.00	1.39	0.00	.42	1.16	.57	1.45
DLI allocation		5.00		As a % of Total Financing Amount		5.43%

8 : Creation of a comprehensive care and workplace safety system (Text)

Limited state capacities on childcare, reproductive health and geriatric care	Expert group meeting organized by PDD in collaboration with H&FWD, on identifying research priorities and roadmap for understanding socio-economic aspects of declining fertility rates in Sikkim	3 Partnerships established by PDD (in coordination with SDD, H&FWD and WCDD) on childcare, reproductive health, and geriatric care	(i) Integrated case management system established for vulnerable women beneficiaries by WCDD (ii) Violence prevention and safety at workplace orientation launched for women entrepreneurs and women-led homestays by WCDD	(i) 200 trainees receive training and certification in childcare, geriatric care, reproductive health, or early childhood development by PDD (in coordination with SDD, H&FWD and WCDD) (ii) Migration support services launched by PDD to enable migration for jobs in national and international markets	400 trainees receive training and certification in childcare, geriatric care, reproductive health, or early childhood development by PDD (in coordination with SDD, H&FWD and WCDD) (cumulative)	20 percent of trainees trained and certified in childcare, geriatric care, reproductive health, or early childhood development placed in national and/or international locations
0.00	1.80	1.00	1.20	2.00	2.00	1.00
DLI allocation		9.00		As a % of Total Financing Amount		9.78%

ANNEX 2. DISBURSEMENT LINKED INDICATORS, DISBURSEMENT ARRANGEMENTS, AND VERIFICATION PROTOCOLS[31]

DLI 1	**Strengthened state systems to support employment outcomes for women and youth.**
Description	Period 0: State Cabinet issues a GO establishing the Employment and Entrepreneurship Promotion Facility (prior result).
	Period 1: No result.
	Period 2: No result.
	Period 3: (i) 2 partnerships formulated between the PDD and private sector, social enterprises and/or technical partners.[32] (ii) PDD has created Centralized Beneficiary Platform (CBP) for planning and monitoring delivery of benefits and services for economic inclusion of women and youth.
	Period 4: CBP is functional with integration of at least three schemes.
	Period 5: (i) 5 partnerships formulated between the PDD and private sector, social enterprises and/or technical partners (cumulative). (ii) 6 work-readiness programs/bootcamps launched by PDD in priority sectors. (iii) 60 percent of youth who participated in work readiness programs are work ready in priority sectors. [33] [34]
Formula	Period 0: US$5,000,000 on target achievement.
	Period 1: Not applicable.
	Period 2: Not applicable.
	Period 3: (i) US$500,000 per partnership between the PDD and private sector, social enterprises and/or technical partners, up to a maximum of US$1,000,000 for DLR (i). (ii) US$2,000,000 on target achievement for DLR (ii).
	Period 4: US$2,950,000 on completion.
	Period 5: (i) US$250,000 per additional partnership between the PDD and private sector, social enterprises and/or technical partners, up to a maximum of US$750,000 for DLR (i). (ii) US$250,000 per work readiness program / bootcamp launched in priority sector, up to a maximum of US$1,500,000 for DLR (ii). (iii) US$30,000 per percentage point of youth who participated in work readiness programs are work ready in priority sectors up to a maximum of US$1,800,000 for DLR (iii).
Anchoring Department	Planning and Development Department
Data Source	Period 0: GO on establishment of the Employment and Entrepreneurship Promotion Facility, to be provided by the PDD.

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[31] Note: For the purposes of the Verification Protocols "Program" is used interchangeably with "INSPIRES Operation" or "Operation."

[32] Partnerships refer to financial and/or non-financial arrangements where the GoS and the partnering entities (private sector agencies, social enterprises and/or technical institutions) formally agree to cooperate and undertake specific activities to advance their mutual interest in promoting employment and entrepreneurship among women and youth.

[33] Work readiness training program refers to training that is targeted at enhancing the employability of individuals who have little or no full-time work experience, or who have been out of the workforce for an extended period, and introduces them to the attitudes, behaviors, critical skills, and professionalism that employers seek in employees. A bootcamp is a high-intensity, short-duration training format for delivery of a work readiness training program.

[34] Priority sectors refer to tourism, IT/ITeS, creative design, green jobs, hospitality and wellness, care services, and any other non-farm sector determined to be a priority sector by the GoS in consultation with and with written agreement of the Bank.

	Period 1: Not applicable.
	Period 2: Not applicable.
	Period 3: (i) Official document (contract or MOU or agreement or equivalent) of partnership with private sector agencies, social enterprises and/or technical partners, to be provided by the PDD. (ii) Centralized Beneficiary Platform (CBP) available as an online portal with restricted access based on authentication. Website address and secure access to be provided by PDD. Go-live confirmation / approval / certification to be provided by PDD. Confirmation from the PDD that CBP complies with the Functional Requirement Specification (FRS) and System Requirement Specification (SRS) developed and has undergone a security audit before hosting on the State Data Centre.
	Period 4: CBP is accessible online, integrates at least 3 schemes, and has the following functionalities: details of beneficiaries including criteria for inclusion, details of financial and non-financial support received, list of schemes availed of with timeframe and details of support, etc., based on the FRS and SRS. Website address to be provided by the PDD.
	Period 5: (i) Official document (contract or Memorandum of Understanding i.e., MoU or agreement or equivalent) of partnership with private sector agencies, social enterprises and/or technical partners, to be provided by the PDD. (ii) Program MIS; Report on work readiness programs/bootcamps conducted for priority sectors under the Program, to be provided by the PDD. The report will include the following details: title of each work readiness training program/bootcamp; details of the sector; details of Training Partners who provided the training program/bootcamp; dates of conduct of each training program/bootcamp; details on trainees who attended each training program/bootcamp (gender disaggregated data; age disaggregated data with separate data for youth in age range 18-35 years). (iii) Program MIS; Report on work readiness programs/bootcamps conducted for priority sectors under the Program, to be provided by the PDD. The report will include the following details: title of each work readiness training program/bootcamp; details of the sector; details of Training Partners who provided the training program/bootcamp; dates of conduct of each training program/bootcamp; details on assessment of trainees of each training program/bootcamp; details on certification of trainees of each training program/bootcamp indicating successful completion of the training program/bootcamp (gender disaggregated data; age disaggregated data with separate data for youth in age range 18-35 years).
Procedure	Period 0: The verification by IVA will involve review of the GO on establishment of the Employment and Entrepreneurship Promotion Facility.
	Period 1: Not applicable.
	Period 2: Not applicable.
	Period 3: (i) The verification by IVA will involve review of the official document (contract or MOU or agreement or equivalent) of partnership. (ii) The verification by IVA will involve checking that the CBP is available as an online portal with restricted access based on authentication. Review of the approval received from the PDD for go-live of the CBP and compliance with the FRS, SRS and security audit certification.
	Period 4: The verification by IVA will involve reviewing the CBP for integration at least 3 schemes, and for checking that it has the following functionalities: details of beneficiaries including criteria for inclusion, details of financial and non-financial support received, list of schemes availed of with timeframe and details of support, etc. based on the FRS and SRS.

	Period 5: (i) The verification by IVA will involve review of the official document (contract or MOU or agreement or equivalent) of partnership. (ii) The verification by IVA will involve reviewing the work readiness training program/bootcamp reports provided by the PDD and reviewing the data from the Program MIS. (iii) The verification by IVA will involve reviewing the work readiness training program/bootcamp reports and copies of certificates awarded to youth on successful completion of the training program/bootcamp, provided by the PDD and reviewing the data from the Program MIS. Additionally, for verifying whether the trainees have received the certification, the IVA will carry out telephonic verification on a sample of 20 percent of the youth who participated in the work readiness program.

DLI 2	**Enhanced entrepreneurship in priority sectors for women and youth (18-35 years).**
Description	Period 0: Sikkim Industrial and Services Sector Development & Investment Policy 2023 approved, notified and disclosed on the GoS website. Period 1: No result. Period 2: (i) C&ID has created an Innovation Hub (ii) 2 incubation or acceleration services established by C&ID for women-led and/or youth-led enterprises in non-farm sectors. [35] [36] [37] [38] Period 3: No result. Period 4: (i) 4 incubation or acceleration services established by C&ID for women-led and/or youth led enterprises in non-farm sectors (cumulative). (ii) 5 percent of women-led enterprises and/or youth-led enterprises supported under SYSS also secured commercial loans in non-farm sectors. Period 5: 8 percent of women-led enterprises and/or youth-led enterprises supported under SYSS also secured commercial loans in non-farm sectors (cumulative).
Formula	Period 0: US$1,000,000 on target achievement. Period 1: Not applicable. Period 2: (i) US$1,000,000 on target achievement of DLR (i). (ii) US$1,000,000 for each incubation or acceleration services established up to a maximum of US$2,000,000 for DLR (ii). Period 3: Not applicable.

[35] Incubation Hub refers to a service center established by the C&ID (or by a partner agency of the C&ID) for the purpose of providing incubation and acceleration services to enterprises in Sikkim. The Incubation Hub will have required human resources (technical experts on entrepreneurship development, women economic empowerment, finance, marketing, training, etc., and administrative staff) and office infrastructure (including working and meeting spaces and equipment including computers, digital projectors, furniture, etc.).

[36] Incubation services refer to services that focus on helping start-up enterprises (including self-employed) to succeed and include a combination of: mentorship, training, access to investors, marketing linkages, office space, administrative assistance, etc.

[37] Acceleration services refer to services that focus on helping existing enterprises (including self-employed) to expand and sustain their business, and include a combination of: mentorship, training, access to investors, marketing linkages, administrative assistance, etc.

[38] Women led enterprises refer to enterprises with either (i) ≥51.0 percent owned by a woman/women; or (ii) ≥26.0 percent owned by a woman/women AND ≥1 woman in a key decision-making position (equivalent of CEO/COO/President/Vice-President). Youth led enterprises refer to enterprises with either (i) ≥51.0 percent owned by a young person/persons; or (ii) ≥26.0 percent owned by a young person/persons AND ≥1 young person in a key decision-making position (equivalent of CEO/COO/President/Vice-President). Young persons are individuals in the age group of 18–35 years. Enterprises include self-employment, own account enterprises, and other MSEs.

	Period 4: (i) US$1,000,000 for each additional incubation or acceleration service established for women-led and/or youth-led enterprises in non-farm sectors, up to a maximum of US$2,000,000 for DLR (i). (ii) US$600,000 for each percentage point of women-led enterprises and/or youth-led enterprises supported under SYSS securing commercial loans in non-farm sectors up to a maximum of US$3,000,000 for DLR (ii). Period 5: US$1,000,000 for each additional percentage point of women-led enterprises and/or youth-led enterprises supported under SYSS securing commercial loans in non-farm sectors up to a maximum of US$3,000,000.
Anchoring Department	Commerce and Industries Department
Data Source	Period 0: GO indicating government approval and notification of the Sikkim Industrial and Services Sector Development & Investment Policy 2023, to be provided by the C&ID. The online version of the said Policy, website address to be provided by the C&ID. Period 1: Not applicable. Period 2: (i) GO / Circular / Memorandum on establishment of the Innovation Hub; Report on establishment of the Innovation Hub detailing its physical location, infrastructure facilities, details of appointed staff (roles, qualifications), services provided, online website location, etc., to be provided by the C&ID. (ii) Approval of the C&ID on the establishment of 2 incubation or acceleration services in non-farm sectors and its launch; Report on incubation and acceleration services provided by the Innovation Hub including the following details: details of Service Providers/Partners who are providing the services; details of services provided; service provision modality (virtual, offline, blended); details on number of women-led and/or youth-led enterprises that have received services (gender-disaggregated data of entrepreneurs; age disaggregated data with separate data for youth entrepreneurs in age range 18-35 years). To be provided by the C&ID Period 3: Not applicable. Period 4: (i) Approval from the C&ID on the establishment of 2 additional incubation or acceleration services in non-farm sectors and its launch; Report on incubation and acceleration services provided by the Innovation Hub including the following details: details of Service Providers/Partners who are providing the services; details of services provided; modality of provision of services (virtual, offline, blended); details on number of women-led and/or youth-led enterprises that have received services (gender disaggregated data of entrepreneurs; age disaggregated data with separate data for youth entrepreneurs in age range 18-35 years). (ii) Data on number of women-led enterprises and/or youth-led enterprises (new or existing) with approved commercial loans from formal financial institutions, in addition to the bank loans received under SYSS at any time starting from effectiveness date. Data to be provided by the C&ID.[39] Period 5: Data on number of women-led enterprises and/or youth-led enterprises (new or existing) that have approved commercial loans from formal financial institutions, in addition to the bank loans received under SYSS at any time starting from effectiveness date. Data to be provided by the C&ID.
Procedure	Period 0: The verification by IVA will involve review of the GO indicating government approval and notification of the Sikkim Industrial and Services Sector Development & Investment Policy 2023. The verification by IVA will also involve review of the online version of the said Policy. Period 1: Not applicable.

[39] Formal financial institutions include banks, non-banking financial companies, cooperatives, investment companies, etc.

	Period 2: (i) The verification by IVA will involve review of the GO / Circular / Memorandum and the report on establishment of the Innovation Hub. (ii) The verification by IVA will involve – review of the approval of the C&ID for the establishment of 2 incubation or acceleration services in non-farm sectors and its launch; review of report on incubation and acceleration services provided by the Innovation Hub; and review of data from the Program MIS – provided by the C&ID. Additionally, for verifying whether the incubation and/or acceleration services were received by the intended beneficiary enterprises, the IVA will carry out telephonic verification on a sample of 20 percent of the beneficiary enterprises (telephonic interviews will be held with the women and youth entrepreneurs). Period 3: Not applicable. Period 4: (i) The verification by IVA will involve – review of the approval of the C&ID for the establishment of 2 additional incubation or acceleration services in non-farm sectors and its launch; review of report on incubation and acceleration services provided by the Innovation Hub; and review of data from the Program MIS – provided by the C&ID. Additionally, for verifying whether the incubation and/or acceleration services were received by the intended beneficiary enterprises, the IVA will carry out telephonic verification on a sample of 20 percent of the beneficiary enterprises (telephonic interviews will be held with the women and youth entrepreneurs). (ii) For verifying the no. of beneficiary enterprises and details on their commercial loan, the IVA will review data from the Program MIS or evaluation studies/reports provided by C&ID. Additionally, for verifying whether the commercial loan was received by the intended beneficiary enterprises, the IVA will carry out telephonic verification on a sample of 20 percent of the beneficiary enterprises (telephonic interviews will be held with the women and youth entrepreneurs). Period 5: For verifying the no. of beneficiary enterprises and details on their commercial loan, the IVA will review data from the Program MIS or evaluation studies/reports provided by the C&ID. Additionally, for verifying whether the commercial loan was received by the intended beneficiary enterprises, the IVA will carry out telephonic verification on a sample of 20 percent of the beneficiary enterprises (telephonic interviews will be held with the women and youth entrepreneurs).

DLI 3	**Improved management and operational capacities in the tourism sector.**
Description	Period 0: (i) IMF completes inspection of IHCAE for granting recognition (ii) IHCAE receives recognition from IMF. Period 1: No result. Period 2: (i) T&CAD has established the gender disaggregated baseline of homestay owners.[40] (ii) 10 percent of women-led homestays received training in business management and digital marketing skills by T&CAD.[41] Period 3: 20 percent of women-led homestays received training in business management and digital marketing skills by T&CAD (cumulative). Period 4: No result.

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[40] Gender disaggregated baseline refers to data on number of homestays registered with the T&CAD disaggregated by gender of owner, age of owner, location (district, urban/rural), investment size, infrastructure capacity, etc. Data will be aggregated based on data on individual homestays that includes details of each homestay (including, in addition to the details mentioned earlier, the following details: name of owner, education level of owner, address, GPS details, website of homestay – if any, UPI ID of homestay – if any, etc.). Data will be available in digital format and will have a timestamp for data entry.
[41] Homestays refer to homestays registered under the T&CAD. Women-led homestays refer to homestays with either (i) full or partial ownership by a woman/women; or (ii) at least one woman in a key decision-making or managerial position. The phrase "homestays received training" refers to women owners/managers of homestays receiving the training.

	Period 5: 60 percent of trained women-led homestays have adopted digital marketing and/or digital payment tools. [42] [43] [44]
Formula	Period 0: (i) US$1,000,000 on target achievement for DLR (i). (ii) US$1,000,000 on target achievement for DLR (ii).
	Period 1: Not applicable.
	Period 2: (i) US$1,000,000 on target achievement for DLR (i). (ii) US$200,000 per percentage point of women-led homestays received training in business management and digital marketing skills, up to a maximum of US$2,000,000 for DLR (ii).
	Period 3: US$280,000 per additional percentage point of women-led homestays received training in business management and digital marketing skills, up to a maximum of US$2,800,000.
	Period 4: Not applicable.
	Period 5: US$70,000 per percentage point of women-led homestays that have adopted digital marketing and/or digital payment tools, up to a maximum of US$4,200,000
Anchoring Department	Tourism and Civil Aviation Department
Data Source	Period 0: (i) Official document from IMF conveying completion of inspection of IHCAE. To be provided by T&CAD. (ii) Official document from IMF conveying recognition of IHCAE. To be provided by T&CAD.
	Period 1: Not applicable.
	Period 2: (i) Report and digital database on gender-disaggregated baseline data of homestay owners. To be provided by T&CAD. (ii) Data on number of women-led homestays that received training in business management and digital marketing skills, to be provided by T&CAD.
	Period 3: Data on number of women-led homestays that received training in business management and digital marketing skills, to be provided by T&CAD.
	Period 4: Not applicable.
	Period 5: Data on number of women-led homestays that adopted digital marketing and/or digital payment tools, to be provided by T&CAD.
Procedure	Period 0: (i) The verification by IVA will involve review of the official document from Indian Mountaineering Foundation conveying completion of inspection of IHCAE. (ii) The verification by IVA will involve review of the official document from Indian Mountaineering Foundation conveying recognition of IHCAE.
	Period 1: Not applicable.
	Period 2: (i) The verification by IVA will involve review of the report and digital database on gender-disaggregated baseline data of homestay owners. (ii) For verifying the percentage of women-led homestays that were trained in business management and digital marketing skills, the IVA will review data from the Program MIS or evaluation studies/reports provided by the T&CAD. Additionally, for verifying whether the women-led homestays received the training in business management and digital marketing skills, the IVA will carry out telephonic verification on a sample of 20 percent of the women homestay owners/managers reported to have received the training.

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[42] Trained refers to having received training in business management and digital marketing skills by the T&CAD.

[43] Digital marketing refers to the use of digital channels to market products and services and includes the use of mobile messaging services, email, social media, websites, search engine optimization, etc.

[44] Digital payment refers to payments made using digital devices or channels. These include the use of banking cards, UPI, mobile wallets, internet banking, mobile banking, etc.

	Period 3: For verifying the percentage of women-led homestays who were trained in business management and digital marketing skills, the IVA will review data from the Program MIS or evaluation studies/reports provided by the T&CAD. Additionally, for verifying whether the women-led homestays received the training in business management and digital marketing skills, the IVA will carry out telephonic verification on a sample of 20 percent of the women homestay owners/managers reported to have received the training.
	Period 4: Not applicable.
	Period 5: For verifying the percentage of women-led homestays that adopted digital marketing and/or digital payment tools, the IVA will review data from the Program MIS or evaluation studies/reports provided by the T&CAD. Additionally, for verifying whether the women-led homestays have adopted digital marketing and/or digital payment tools, the IVA will carry out verification of digital marketing media and digital payment tools reported to be used by the homestays, on a sample of 20 percent of the homestays that reported using digital marketing media and/or digital payment tools.

DLI 4	Improved training to placement linkages in priority sectors
Description	Period 0: No result.
	Period 1: 4 Training Providers/Partners empaneled by SICB/ SDD to deliver both technical and non-cognitive skill training in priority sectors.[45] [46]
	Period 2: Virtual and blended career counselling and placement support services launched by SICB/ Niyukti Kendra/ SDD. [47] [48] [49] [50]
	Period 3: 3 new NSQF compliant training programs conducted by SICB/ SDD in priority sectors. [51]
	Period 4: 6 new NSQF compliant training programs conducted by SICB/ SDD in priority sectors (cumulative).
	Period 5: Placement rate for trainees in priority sectors has reached 50 percent.[52]
Formula	Period 0: Not applicable.
	Period 1: US$500,000 per empaneled Training Provider/Partner up to a maximum of US$2,000,000.
	Period 2: US$2,200,000 on target achievement.
	Period 3: US$1,000,000 per new NSQF compliant training program conducted by SICB/ SDD in priority sectors, up to a maximum of US$3,000,000.

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[45] Technical skill training refers to training in job role specific skills as per the National Occupational Standards.

[46] Non-cognitive skill training refers to training in communication, interpersonal and social skills, motivation, etc.

[47] Virtual refers to service delivery through audio/video phone calls, online meetings, phone messages including chat, websites, online videos, printed materials, etc.

[48] Blended refers to virtual as well as in-person service delivery.

[49] Career counselling refers to counseling that focuses on helping individuals develop self-awareness and make informed decisions about their career pathway by providing information and guidance taking into consideration the individual's aptitude, motivation, skills, constraints, and market opportunities. It may be delivered in-person, on-line, or via phone. It may be delivered in a single session or over multiple sessions.

[50] Placement support refers to a service that includes identification of relevant job opportunities (based on the individual's education, experience, skills, aptitude, etc.), assistance in contacting prospective employers (e.g., job applications, organizing a job fair, etc.), guidance on job application (e.g., advice on preparation of a resume), preparation for job interviews (e.g., conduct of mock interviews), guidance on settling into new job (e.g., orientation for work readiness), etc.

[51] NSQF compliant training programs refer to training programs that adhere to the standards set under the NSQF.

[52] Trainees of NSQF compliant short duration skill training programs in the priority sectors of tourism, hospitality, and wellness, IT/ITeS, creative design, green jobs, and child and elderly care, etc.

	Period 4: US$1,000,000 per additional new NSQF compliant training program in priority sectors, up to a maximum of US$3,000,000. Period 5: US$150,000 per percentage point (over and above the baseline of 38 percent) of placement rate, up to a maximum of US$1,800,000.
Anchoring Department(s)	Skills Development Department
Data Source	Period 0: Not applicable. Period 1: GO / Circular / Memorandum containing sector-wise lists of empaneled Training Providers/Partners that have met NSQF accreditation standards. The list will include brief details of the technical and non-cognitive skills in which training is provided by each empaneled Training Provider/Partner. Sector-wise lists will be of the priority sectors (tourism, hospitality, and wellness, IT/ITeS, creative design, green jobs, and child and elderly care, etc.). To be provided by the SDD. Period 2: Program MIS; Approval from the SDD on the guidelines for virtual and blended career counselling and placement support services and its launch; Report on career counselling and placement support service in priority sectors under the Program, to be provided by the SDD. The report will include the following details: details of Service Providers/Partners who are providing the counselling and placement support; modality of provision of counselling and placement support (virtual, offline, blended); dates of conduct of each counselling and placement support program; details on number of individuals who have received counselling and/or placement services (gender disaggregated data; age disaggregated data with separate data for youth in age range 18-35 years). Period 3: Program MIS; Report on skill development training, assessment, and certification compliant with the NSQF conducted for priority sectors under the Program, to be provided by the SDD. The report will include the following details: title of each training program; details of the sector; details of Training Providers/Partners who provided the training; details of compliance of each training program with NSQF; date of first introduction of each training program; dates of conduct of each training program; details on assessment of trainees of each training program; details on certification of trainees of each training program (gender disaggregated data; age disaggregated data with separate data for youth in age range 18-35 years). Period 4: Program MIS; Report on skill development training, assessment, and certification compliant with the NSQF conducted for priority sectors under the Program, to be provided by the SDD. The report will include the following details: title of each training program; details of the sector; details of Training Providers/Partners who provided the training; details of compliance of each training program with NSQF; date of first introduction of each training program; dates of conduct of each training program; details on assessment of trainees of each training program; details on certification of trainees of each training program (gender disaggregated data; age disaggregated data with separate data for youth in age range 18-35 years). Period 5: Program MIS; Report on placement of trainees who graduated from skill development programs in priority sectors, to be provided by SDD (including gender disaggregated data; age disaggregated data with separate data for youth in age range 18-35 years; placement data disaggregated by location of placement – within state, in other states, in other countries).
Procedure	Period 0: Not applicable. Period 1: The verification by IVA will involve review of the GO / Circular / Memorandum containing sector-wise lists of empaneled Training Providers/Partners that have met NSQF accreditation standards.

	Period 2: The verification by IVA will involve reviewing the approval from the SDD on the guidelines for virtual and blended career counselling and placement support services & its launch, and report provided by the SDD on career counselling and placement support service and reviewing the data from the Program MIS. Period 3, 4: The verification by IVA will involve reviewing the report provided by the SDD on skill development training and reviewing the data from the Program MIS. Period 5: The verification by IVA will involve reviewing the report provided by the SDD on placement and reviewing the data from the Program MIS. Additionally, for verifying whether the Program has enabled placements, the IVA will carry out telephonic verification on a sample of 20 percent of the graduated trainees (separate samples for male and for female trainees) reported to have been placed.

DLI 5	**Increased investments at the district level for integrated results on economic inclusion.**
Description	Period 0: No result. Period 1: (i) District-level IEIAPs that reflect investment priorities and financial allocations on economic inclusion in non-farm sectors, approved by PGC (ii) District-level IEIAPs are available in the public domain for 6 districts. Period 2: 20 percent financing disbursed in each district as per the district-level IEIAPs. Period 3: 40 percent financing disbursed in each district as per the district-level IEIAPs (cumulative). Period 4: 50 percent financing disbursed in each district as per the district-level IEIAPs (cumulative). Period 5: 60 percent financing disbursed in each district as per the district-level IEIAPs (cumulative).
Formula	Period 0: Not applicable. Period 1: (i) US$250,000 per district level IEIAP reflecting investment priorities and financial allocations on economic inclusion in non-farm sectors approved by the PGC, up to a maximum of US$1,500,000 for DLR (i). (ii) US$250,000 for each district-level IEIAP available in the public domain in 6 districts, up to a maximum of US$1,500,000 for DLR (ii). Period 2: For each district: US$300,000 for disbursement of the first 10 percent of the financing, and thereafter US$300,000 for disbursement of the next 10 percent of the financing, up to a maximum of US$600,000 for each district; and up to a maximum of US$3,600,000 in the aggregate for the DLR. Period 3: For each district: US$300,000 for disbursement of the first additional 10 percent of the financing, and thereafter US$300,000 for disbursement of the next 10 percent of the financing, up to a maximum of US$600,000 for each district; and up to a maximum of US$3,600,000 in the aggregate for the DLR. Period 4: For each district: US$200,000 for disbursement of the first additional 5 percent of the financing, and thereafter US$200,000 for disbursement of the next 5 percent of the financing, up to a maximum of US$400,000 for each district; and up to a maximum of US$2,400,000 in the aggregate for the DLR. Period 5: For each district: US$200,000 for disbursement of the first additional 5 percent of the financing, and thereafter US$200,000 for disbursement of the next 5 percent of the financing, up to a maximum of US$400,000 for each district; and up to a maximum of US$2,400,000 in the aggregate for the DLR.

Anchoring Department(s)	Rural Development Department; Directorate of Eco-Tourism – Forest Department
Data Source	Period 0: Not applicable.
	Period 1: (i) IEIAP documents, along with the GO / Circular / Memorandum on approval by the PGC, to be provided by the RDD. (ii) IEIAP documents, along with the GO / Circular / Memorandum on approval by the PGC, to be accessible online on a GoS website. Website address to be provided by the RDD.
	Period 2: Program MIS; SIFMS report on disbursements in each district, to be provided by the RDD.
	Period 3: Program MIS; SIFMS report on disbursements in each district, to be provided by the RDD.
	Period 4: Program MIS; SIFMS report on disbursements in each district, to be provided by the RDD.
	Period 5: Program MIS; SIFMS report on disbursements in each district, to be provided by the RDD.
Procedure	Period 0: Not applicable.
	Period 1: (i) The verification by IVA will involve review of the IEIAP documents and review of the GOs / Circulars / Memoranda on approval by the PGC. (ii) The verification by IVA will involve review of the online versions of the IEIAP documents and the GOs / Circulars / Memoranda on approval by the PGC, available on the website.
	Period 2: The verification by IVA will involve review of the data from the Program MIS, review of the SIFMS reports on disbursements provided by the RDD. Additionally, for verifying whether the activities supported by these disbursements are being implemented, the IVA will carry out field visits to a representative sample (20 percent) of the IEIAP activities in all 6 districts.
	Period 3: The verification by IVA will involve review of the data from the Program MIS, review of the SIFMS reports on disbursements provided by the RDD. Additionally, for verifying whether the activities supported by these disbursements are being implemented, the IVA will carry out field visits to a representative sample (20 percent) of the IEIAP activities in all 6 districts.
	Period 4: The verification by IVA will involve review of the data from the Program MIS, review of the SIFMS reports on disbursements provided by the RDD. Additionally, for verifying whether the activities supported by these disbursements are being implemented, the IVA will carry out field visits to a representative sample (20 percent) of the IEIAP activities in all 6 districts.
	Period 5: The verification by IVA will involve review of the data from the Program MIS, review of the SIFMS reports on disbursements provided by the RDD. Additionally, for verifying whether the activities supported by these disbursements are being implemented, the IVA will carry out field visits to a representative sample (20 percent) of the IEIAP activities in all 6 districts.

DLI 6	**Enhanced digital readiness for promoting economic inclusion.**
Description	Period 0: No result.
	Period 1: Feasibility study conducted by Information Technology Department (ITD) for establishing connectivity across the state.
	Period 2: (i) ITD has prepared the State Data Policy and compliance plan (ii) Secretary IT and PGC have approved the State Data Policy.
	Period 3: Internet connectivity pilot completed by ITD in one district based on feasibility study findings.
	Period 4: No result.
	Period 5: Study on linkages between digital connectivity and economic activity completed and dissemination workshop organized by ITD.

Formula	Period 0: Not applicable.
	Period 1: US$3,000,000 on target achievement.
	Period 2: (i) US$1,500,000 on target achievement for DLR (i). (ii) US$1,500,000 on target achievement for DLR (ii).
	Period 3: US$4,000,000 on target achievement.
	Period 4: Not applicable.
	Period 5: US$2,000,000 on target achievement.
Anchoring Department(s)	Information Technology Department
Data Source	Period 0: Not applicable.
	Period 1: Feasibility study report, to be provided by ITD. Report to include details on: baseline internet connectivity situation in each district; technology options analysis; technical and financial feasibility details of technology options; mixed technology approach with combination of relevant technologies for each district. To be provided by the ITD.
	Period 2: (i) Document on Sikkim Data Policy and compliance plan, to be provided by ITD. (ii) Document on approval of Sikkim Data Policy by the Secretary IT and PGC, to be provided by ITD.
	Period 3: Report on completion of internet connectivity pilot in one district, to be provided by ITD. Report to include details on: baseline internet connectivity situation in the district, the technology options implemented, details on additional internet access created – especially for women and youth, quality improvements, the cost of internet access, lessons learned and recommendations for future scalability.
	Period 4: Not applicable.
	Period 5: Report of study on linkages between digital connectivity and economic activity; Report of dissemination workshop. To be provided by the ITD.
Procedure	Period 0: Not applicable.
	Period 1: The verification by IVA will involve review of the feasibility study report.
	Period 2: (i) The verification by IVA will involve review of the State Data Policy document and review of the compliance plan document. (ii) The verification by IVA will involve review of the document on approval of Sikkim Data Policy.
	Period 3: The verification by IVA will involve review of the report on completion of internet connectivity pilot in one district. Additionally, for verifying whether the Program support has improved internet connectivity, the IVA will carry out field verification on a sample of 20 percent of the Gram Panchayat Units in the district.
	Period 4: Not applicable.
	Period 5: The verification by IVA will involve review of the report on linkages between digital connectivity and economic activity; The verification will involve review of the report on the dissemination workshop.

DLI 7	**Strengthened capacities of frontline personnel on mental health management.**

Description	Period 0: Mobile App on mental health awareness and service delivery linkages launched by the H&FWD.[53]
	Period 1: No result.
	Period 2: 850 schoolteachers trained in life skills education and in undertaking preliminary screening for mental health related concerns.[54]
	Period 3: (i) 665 health workers and counsellors upskilled on mental health – including focus on suicide prevention, substance abuse management. (ii) Update to mobile app on mental health launched by the H&FWD.[55]
	Period 4: 1,140 community-based, mental health promotion, screening and outreach activities conducted.
	Period 5: (i) 5 percent increase over baseline in footfall of adolescents (10-18 years) and youth (18-35 years) at Primary Health Centers (PHCs) and/or Adolescent Friendly Health Clinics (AFHCs) for mental health management and/or de-addiction services. (ii) 70 percent of adolescents and youth participating in life skills education in schools and in community-based outreach activities are screened for mental health related concerns.
Formula	Period 0: US$1,390,000 on completion.
	Period 1: Not applicable.
	Period 2: US$500 per teacher trained, up to a maximum of US$425,000.
	Period 3: (i) US$1,000 per health worker or counsellor upskilled, up to a maximum of US$665,000 for DLR (i). (ii) US$500,000 on target achievement for DLR (ii).
	Period 4: US$500 per community-based, mental health promotion, screening and outreach activities conducted, up to a maximum of US$570,000.
	Period 5: (i) US$150,000 per percentage point increase in the footfall of adolescents and/or youth at PHCs and/or AFHCs for mental health management and/or de-addiction services over baseline, up to a maximum of US$750,000 for DLR (i).
	(ii) US$10,000 per percentage point of adolescents and youth screened for mental health management in community-based outreach activities, up to a maximum of US$700,000 for DLR (ii).
Anchoring Department(s)	Health and Family Welfare Department
Data Source	Period 0: Mobile App on mental health available for public access on an online App store. Link to be provided by the H&FWD. Approval from H&FWD on go-live of mobile app on mental health.
	Period 1: Not applicable.
	Period 2: Data on number of teachers trained in life skills education and in undertaking preliminary screening for identifying mental health related concerns, to be provided by the H&FWD.

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[53] Mobile App refers to the mobile application SWASTH-MAN (Sikkim's Wellbeing & Awareness for Strengthening Mental Health). The app must have the following features: mental health self-screening using standardized screening tools, generic advisory based on self-screening results and on general mental well-being, health center finder, emergency contact access. The app will go through a third-party security audit by government approved experts. The app will be hosted on a government managed data center and there will be clearly defined database access control.

[54] To qualify for this DLR the teachers must have successfully completed a certified training program/s organized by the H&FWD on life skills education and on preliminary mental health screening.

[55] To qualify for this DLR the health workers and counsellors must have successfully completed a certified training program/s organized by the H&FWD on mental health, including focus on suicide prevention and substance abuse management.

	Period 3: (i) Data on number of health workers and counsellors upskilled on mental health – including focus on suicide prevention, substance abuse management, to be provided by the H&FWD. (ii) Updated mobile App on mental health available for public access on an online App store. Link to be provided by the H&FWD. Approval from H&FWD on go-live of updated mobile app on mental health. Period 4: Report on community-based, mental health promotion, screening, and outreach activities, to be provided by the H&FWD. The report to have details on type of activity, date, location, participants (gender- and age-disaggregated), participants screened for mental health related concerns (gender- and age-disaggregated), details on referrals after screening, details of mental health promotion activities conducted, etc. To be provided by the H&FWD. Period 5: (i) Data on number of adolescents (10-18 yrs.) and youth (18-35 yrs.) footfalls at PHCs and/or AFHCs for mental health management and/or de-addiction services (gender disaggregated data) and baseline data (from prior to Program effectiveness date), to be provided by the H&FWD. (ii) Data on the number of adolescents and youth participating in life skills education in schools and in community-based outreach activities, and the number of adolescents and youth who are screened for mental health related concerns (gender disaggregated data). To be provided by the H&FWD.
Procedure	Period 0: The verification by IVA will involve review of the approval of the H&FWD for go-live of the mobile app as well as review of the Mobile App on mental health. The IVA will review the functionality of the App including components on mental health self-screening using standardized screening tools, generic advisory based on self-screening results and on general mental well-being, health center finder, emergency contact access. The IVA will also review the user base of the App as evidenced by downloads from the online App store. Period 1: Not applicable. Period 2: For verifying the no. of teachers trained in life skills education and in undertaking preliminary screening for identifying mental health related concerns, the IVA will review data (gender disaggregated data) from the Program MIS and/or evaluation studies/reports provided by the H&FWD. Additionally, the IVA will carry out telephonic verification on a sample of 10 percent of the teachers reported to have received the training (representative sample). Period 3: (i) For verifying the no. of health workers and counsellors upskilled on mental health – including focus on suicide prevention, substance abuse management, the IVA will review data (gender disaggregated data) from the Program MIS and/or evaluation studies/reports provided by the H&FWD. Additionally, the IVA will carry out telephonic verification on a sample of 10 percent of the health workers and counsellors reported to have received the training (gender representative sample). (ii) The verification by IVA will involve review of the updated version of the Mobile App on mental health as well as the approval from the H&FWD on go-live of the updated mobile app. The IVA will review the enhancement in functionality of the App including, for example, availability in more languages, offline functionality for specific contents, additions to self-screening tools, additions to generic advisory based on self-screening results and on general mental well-being, compatibility with additional operating systems, etc. The IVA will also review the growth in user base of the App as evidenced by increase in downloads from the online App store. Period 4: For verifying the number of community-based, mental health promotion, screening, and outreach activities, the IVA will review data from the Program MIS and/or the report provided by the H&FWD.

	Period 5: (i) For verifying the no. of adolescents (10-18 yrs.) and youth (18-35 yrs.) footfalls at PHCs and/or AFHCs for mental health management and/or de-addiction services, the IVA will review baseline data and current data (gender disaggregated data) from the Program MIS and/or evaluation studies/reports provided by the H&FWD. Additionally, the IVA will carry out telephonic verification on a sample of 20 percent of the beneficiaries reported to have received the mental health management and de-addiction services (gender representative sample). (ii) For verifying the number of adolescents and youth participating in life skills education in schools and in community-based outreach activities, and the number of adolescents and youth who are screened for mental health related concerns, the IVA will review data from the Program MIS and/or evaluation studies/reports provided by the H&FWD.

DLI 8	Creation of a comprehensive care and workplace safety system.
Description	Period 0: Expert Group meeting, organized by PDD in collaboration with H&FWD, on identifying research priorities and roadmap for understanding socio-economic aspects of declining fertility rates in Sikkim. Period 1: 3 Partnerships established on childcare, reproductive health, and geriatric care, by PDD in coordination with SDD, H&FWD and WCDD.[56] Period 2: (i) Integrated case management system established for vulnerable women beneficiaries of WCDD. (ii) Violence prevention and safety at workplace orientation launched for women entrepreneurs and women-led homestays by WCDD.[57] Period 3: (i) 200 trainees receive training and certification in childcare/geriatric care, or reproductive health, or early childhood development by PDD in coordination with SDD, H&FWD and WCDD. (ii) Migration support services launched to enable migration for jobs in national and international locations.[58] Period 4: 400 trainees (cumulative) receive training and certification in childcare/geriatric care, or reproductive health, or early childhood development by PDD in coordination with SDD, H&FWD and WCDD. Period 5: 20 percent of trainees trained and certified in childcare/geriatric care, or reproductive health, or early childhood development placed in national or international locations.
Formula	Period 0: US$1,800,000 on completion. Period 1: US$400,000 on the first partnership. US$300,000 on each additional partnership. Up to an aggregate amount of US$1,000,000. Period 2: (i) US$600,000 on completion. (ii) US$600,000 on completion. Period 3: (i) US$7,500 per individual trained, up to 200 trainees. Up to an aggregate amount of US$1,500,000. (ii) US$500,000 on completion. Period 4: US$10,000 per individual trained, up to 200 trainees. Up to an aggregate amount of US$2,000,000.

[56] Partnerships refer to financial and/or non-financial arrangements where the GoS and the partnering entities (Sector Skill Councils, specialized training institutions, etc.) formally agree to cooperate to advance their mutual interest in promoting skill development, employment, and entrepreneurship among women and youth.

[57] Integrated case management system refers to a digital, secure access portal that has the following functionalities: storage and retrieval of digital case records, case-wise details on services provided from the WCDD, case-wise details on access to services facilitated through other departments/agencies, details on case follow-up, data analytics dashboard, etc.

[58] Migration support services refer to information provision, counselling, profiling, job search assistance, post placement mentorship, etc., provided prior to and after migration for work, delivered in-person and/or digitally, for the purpose of ensuring that prospective migrants make well-informed decisions and fresh migrants have smoother integration into the new environment.

	Period 5: US$50,000 per percentage point of trainees trained and certified in childcare/geriatric care, or reproductive health, or early childhood development placed in national or international locations up to 20 percent. Up to an aggregate amount of US$1,000,000.
Anchoring Department(s)	Planning and Development Department; Skills Development Department; Health and Family Welfare Department; Women and Child Development Department
Data Source	Period 0: Notification for setting up the Expert Group. Expert Group meeting report, to be provided by the PDD.
	Period 1: Official documents (contract or MOU or partnership agreement or equivalent) of partnerships with three agencies (Sector Skills Councils, specialized training institutions, etc.) on quality caregiving for childcare and/or reproductive health and/or geriatric care, to be provided by the PDD.
	Period 2: (i) Digital portal on integrated, secure, case management system. Access to be provided by the WCDD. Approval by WCDD for go-live of the integrated case management system. (ii) Program MIS; Approval of WCDD on the Violence Prevention and Safety at Workplace orientation program module as well as its launch; Report on orientation programs on violence prevention and safety at workplace including details on date of orientation, location, participant profile, key topics covered, etc. To be provided by the WCDD.
	Period 3: (i) Program MIS; Data on number of individuals trained and certified in childcare/geriatric care, or reproductive health, or early childhood development, to be provided by the PDD. (ii) Program MIS; Approval of PDD on the migration support services guideline and module as well as its launch; Report on migration support services for skilled caregivers, to be provided by the PDD. The report will include the following details: details of Service Providers/Partners who are providing the migration support services; modality of provision of migration support services; details on number of individuals who have received migration support services (gender disaggregated data; age disaggregated data with separate data for youth in age range 18-35 years; disaggregated by migration location – within state, in other states, in other countries). To be provided by PDD.
	Period 4: Program MIS; Data on number of individuals trained and certified in childcare/geriatric care, or reproductive health, or early childhood development, to be provided by the PDD.
	Period 5: Program MIS; Data on number of trained and certified individuals who secured employment (wage employment or self-employment) in childcare/geriatric care or reproductive health, or early childhood development, disaggregated by gender and location (national, international). Data will include date of training completion and date of commencement of employment. To be provided by the PDD.
Procedure	Period 0: The verification by IVA will involve review of the notification for setting up the Expert Group by the PDD and report on the Expert Group meeting on identifying research priorities and roadmap for understanding socio-economic aspects of declining fertility rates in Sikkim.
	Period 1: The verification by IVA will involve review of the official document (contract or MOU or partnership agreement or equivalent) of partnership with the agencies (Sector Skills Councils, specialized training institutions, etc.) on quality caregiving for childcare and/or geriatric care.
	Period 2: (i) The verification by IVA will involve review of the functionality of the integrated case management system as well as the go-live certification/confirmation/GO from the WCDD for the portal. (ii) The verification by IVA will involve review of data (gender disaggregated

	data) from the Program MIS, review of the approval of WCDD for the violence prevention and safety at workplace orientation program module as well as its launch, and review of the report on orientation programs on violence prevention and safety at workplace.
	Period 3: (i) For verifying the no. of individuals trained and certified in childcare/geriatric care, or reproductive health, or early childhood development, the IVA will review data (gender disaggregated data) from the Program MIS and/or evaluation studies/reports provided by the PDD. Additionally, the IVA will carry out telephonic verification on a sample of 20 percent of the individuals reported to have received the training (gender representative sample). (ii) For verifying the utilization of migration support services for skilled caregivers, the IVA will review the approval of PDD on the migration support services guideline as well as its launch, data (gender disaggregated data) from the Program MIS and/or evaluation studies/reports on the migration support services, provided by the PDD.
	Period 4: For verifying the no. of individuals trained and certified in childcare/geriatric care, or reproductive health, or early childhood development, the IVA will review data (gender disaggregated data) from the Program MIS and/or evaluation studies/reports provided by the PDD. Additionally, the IVA will carry out telephonic verification on a sample of 20 percent of the individuals reported to have received the training (gender representative sample).
	Period 5: For verifying the no. of trained and certified individuals who secured employment (wage employment or self-employment) in national or international locations, the IVA will review data (gender disaggregated data) from the Program MIS and/or evaluation studies/reports provided by the PDD. Additionally, the IVA will carry out telephonic verification on a sample of 30 percent of the individuals reported to have received the placed in employment (representative sample).

ANNEX 3. SUMMARY TECHNICAL ASSESSMENT

1.   The WB carried out a technical assessment that analyzed the strategic relevance, technical soundness, institutional arrangements, PEF, and M&E systems, and included an economic evaluation.

2.   **The INSPIRES Operation is well aligned with Sikkim's broader development goals and priorities,** as evidenced by several key GoS policy documents, including the Sikkim Micro, Small and Medium Enterprises Policy 2022; State Tourism Policy 2018; Eco-tourism Policy 2011; Information Technology, Electronics and Telecommunication Policy for the State of Sikkim 2021.

3.   **The INSPIRES Operation is informed by international and national evidence on economic inclusion.** Key findings incorporated into the operational design are: (i) multifaceted programs can foster income generating activities among the poorest women; (ii) provision of training and financial products can induce women to enter entrepreneurship; (iii) socio-emotional skills training can be more effective than traditional business training in boosting women-led businesses; (iv) soft skills training can accelerate labor market entry of youth; and (v) provision of child care services improves labor market outcomes for women.

4.   **The INSPIRES Operation reflects the priorities of both government and non-government stakeholders.** There are therefore clear incentives to effectively contribute to the operation's success.

5.   **The INSPIRES Operation has detailed four-tiered institutional arrangements for its governance and implementation.** The structure comprises of the PGC, PCC, PMU, Participating Departments, and their PIUs. The purpose, composition, roles, and responsibilities envisaged for each entity ensure that these arrangements are adequate for governance and management of the INSPIRES Operation.

6.   **To inform the operational design, a rapid institutional assessment was undertaken, covering the PDD, eight priority departments, and two districts.** Key findings include the following capacity constraints: (i) variations in performance, outreach, and effectiveness of central and state schemes; (ii) limited departments' bargaining power with private sector entities and weak scheme performance, due to limited economies of scale; (iii) weak coordination with district administration due to inadequate district level presence; (iv) limited use of digital technology except in a few central schemes; manual state schemes systems for beneficiary management, leading to inefficiencies, communication gaps, and possible errors; and (v) weak M&E systems, limited to manual reports, with separate MIS mostly for central schemes, leading to gaps in information about actual coverage, duplications, and impacts.

7.   **Enhancements of the Operation's M&E systems include:** (i) DLIs are composed of multiple graded DLRs; and (ii) DLRs are scalable, allowing for disbursements to be made as per the degree of achievement. Government functionaries across the board will be trained to understand: (i) the results expected from the INSPIRES Operation; (ii) the mechanisms for measuring and reporting on of results' achievements; and (iii) the mechanisms for verification of these achievements.

8.   **The INSPIRES Operation offers significant economic benefits over the medium to long term.** These include increases in skilled workforce, employment, number of entrepreneurs, and earnings due to improved productivity. A benefit-cost analysis of the skilling intervention that considered the potential direct benefits and associated costs over a 25-year timeframe was undertaken for wage employed, self-employed (in existing enterprises), and entrepreneurs (new enterprises). The benefit to cost ratio is 1.3 with an internal rate of return of 14.7 percent.

9.   **The overall risk of the operation at the time of preparation is Substantial.**

10. **The detailed breakdown of the government program is provided in Table A3.1**

Table A3.2: Government program

Sl. No	Department	Budget Heads – Broad Groups	Five-Year Expenditure Projection (US$, million)					
			Y1	Y2	Y3	Y4	Y5	Total
1	Planning and Development	Salaries – HO and State Statistical Agency	2.00	2.11	2.21	2.32	2.44	**11.08**
		Implementation of Inclusive Growth Policy	2.00	2.00	2.00	3.00	3.00	**12.00**
		Support for work readiness programs/bootcamps	3.00	3.00	3.00	3.00	3.00	**15.00**
2	Commerce and Industries	Salaries and admin – HO, BTC, DHH, DIC	5.10	5.36	5.62	5.91	6.20	**28.19**
		Existing government scheme	1.01	1.06	1.11	1.17	1.22	**5.56**
		Skilled Youth Startup scheme	1.27	1.33	1.39	1.46	1.54	**6.99**
		Grant to SKVB, STCS	0.60	0.63	0.66	0.70	0.73	**3.32**
		Strengthening capacity of DIC, subsidized financing and technical support to entrepreneurs	2.00	2.00	2.00	3.00	3.00	**12.00**
3	Information Technology	Existing schemes for internet connectivity improvement and MIS	0.11	0.11	0.12	0.12	0.13	**0.59**
		IT and MIS initiatives	2.00	2.00	2.00	3.00	3.00	**12.00**
		Salaries	0.50	0.53	0.55	0.58	0.61	**2.78**
4	Skills Development	Salaries and admin – HO and ITI	1.21	1.27	1.33	1.40	1.47	**6.68**
		Existing government skilling scheme	2.80	2.94	3.08	3.24	3.40	**15.45**
		Strengthening of SICB, skilling infrastructure, short-term courses	2.00	2.00	2.00	3.00	3.00	**12.00**
		Grant to SICB	0.24	0.26	0.27	0.28	0.30	**1.35**
5	Rural Development	Grant to SIRD	0.83	0.88	0.92	0.97	1.01	**4.61**
		Salaries and admin – WSS, RDD, BAC	32.17	33.78	35.47	37.24	39.11	**177.78**
		Existing government rural development scheme	46.99	49.34	51.81	54.40	57.12	**259.67**
		Strengthening of SIRD	1.00	2.00	2.00	2.00	3.00	**10.00**
		Community and rural development – Infra state funded	2.26	2.37	2.49	2.62	2.75	**12.49**
6	Tourism	Salaries	4.09	4.29	4.50	4.73	4.97	**22.57**
		Grant to IHM and IHCAE	0.80	0.84	0.88	0.92	0.96	**4.40**
		Mega homestays scheme	18.63	19.57	20.54	21.57	22.65	**102.97**
		Strengthening capacity of IHM and IHCAE, branding/marketing of tourism sector, developing capacity of HS owners	2.00	2.00	2.00	3.00	3.00	**12.00**
7	Women and Child Development	Salaries	1.45	1.52	1.59	1.67	1.76	**7.99**
		Strengthening of infrastructure for short-term rehabilitation courses	1.00	1.00	1.00	1.00	1.00	**5.00**
		AAMA scheme	7.84	8.24	8.65	9.08	9.53	**43.34**
8	Forest and Environment	DET – salaries	0.06	0.07	0.07	0.07	0.08	**0.34**
		Strengthening of village level communities for promoting eco-tourism including branding	1.00	1.00	1.00	1.00	1.00	**5.00**
9	Health	Intervention in care and mental health to improve delivery of enabling services	1.00	1.00	1.00	1.00	1.00	**5.00**
Total Government program (p)			**146.97**	**154.46**	**161.26**	**173.45**	**181.97**	**818.14**

ANNEX 4. SUMMARY FIDUCIARY SYSTEMS ASSESSMENT

1.   **The WB carried out an IFSA focused on the FM and procurement systems, regulatory aspects, governance and anti-corruption systems, and operational practices of the 14 key spending agencies.**

2.   **The IFSA determined that the INSPIRES Operation's fiduciary systems, subject to timely implementation of proposed mitigation measures, will provide reasonable assurance that financing proceeds shall be used for intended purposes, with due attention to the principles of economy, efficiency, effectiveness, transparency, and accountability.** The IFSA followed the WB's Policy for PforR and the related directive. It also identified key fiduciary risks that may affect the operation's development outcomes, and recommended systems improvement and capacity-strengthening/risk mitigation measures that will be implemented during the life of the operation.

3.   **Planning and budgeting.** To improve the linkage of budget allocations with actual expenditure, AWPs will be prepared along with the extant procedures for budgeting for the existing state budget lines that collate yearly activities, their costs, and the targets to be met by each spending agency.

4.   **Fund flows and treasury arrangements.** The operation's activities will be pre-financed by the GoS's annual budget, and Bank funds will be disbursed against the achievement of annual DLRs. For utilization of funds, the INSPIRES Operation will follow the normal budgeting and treasury procedures. Budget will be allocated to the respective departments by the Finance Department after approval by the State Legislature.

5.   **Accounting and reporting.** As all participating departments incur expenditure through the state treasury, expenditure will be directly recorded in the SIFMS at the time of final payment for works, goods, services; other expenditure and appropriate reports can be generated from the same on real time basis.

6.   **Financial and procurement management, staffing, and capacity building.** Line departments are following the organization structure approved by the GoS and each line department has three to five staff managing finance and accounting function. However, one to two positions are vacant.

7.   **Internal controls and audit arrangements.** All financial controls applicable to routine GoS expenditure will apply to Program expenditures. SIFMS v2 is under implementation and some modules have been implemented; controls are being automated as and when new modules are implemented.

8.   **External audit.** For participating departments and agencies, C&AG audits are not regular and are often bunched: audit of FY20–21 has just been completed. The audit reports highlight several observations to be followed up by the respective department, and necessary clarifications are provided for resolution of the audit paras. Audits are undertaken by an independent Chartered Accountant firm for the SICB, SIRD, IHM, and IHCAE on an annual basis.

9.   **Procurement exclusions.** The INSPIRES Operation is not expected to procure any high-value contracts valued at or above OPRC thresholds (US$75 million for works, US$50 million for goods and non-consulting services, and US$20 million for consultant services).

10.   **Applicable public procurement framework.** The GoS has not legislated procurement-specific law/acts and regulations to provide the legislative/policy framework for public procurement. The State Financial Rules, September 1, 1979, revised September 1, 1989, and subordinate GOs/amendments are the policy documents outlining the applicable Procurement Framework in the state. The Finance Department, GoS, is the custodian of these procurement rules.

11. **Procurement planning and management.** There is no system to mandate the preparation of the annual procurement plan and its disclosure on the official website. However, there seems to be a linkage between the budget cycle and procurement cycle as all government departments prepare budgets for each financial year. However, no separate monitorable timelines or plans are prepared for procurement activities by the departments/procuring entities.

12. **Applicable procurement methods.** Open Tender is the preferred mode of procurement and is used for all procurement activities with estimated contract value above INR 1,000,000. Below this threshold, other procurement methods are followed: local purchase method below value INR 20,000; Purchase through STCS for value above INR 20,000; and direct purchase method.

13. **Publication of tender notices.** Notice inviting tender (NIT) is required to be published in a leading newspaper. A minimum bidding period of 30 days is allowed for submission of bids/proposals. The NITs are further advertised in the respective departmental official websites for wider publicity.

14. **Standard procurement documents.** The state does not have a universal suite of Standard Procurement Documents/ templates for goods, works, and services.

15. **Use of platforms.** The GoS promotes procurement through the GeM portal. The GoS has mandated the use of NIC e-GP platform for procurement contracts with estimated value INR 2 crores and above for central schemes and INR 20 crores and above for state schemes.

16. **Disclosure of contract award.** There is no mandate in the state to publicly disclose the contract award notices on the print media/departmental website/e-GP Platform (https://eproc.cgstate.gov.in/).

17. **Procurement complaint handling mechanism.** All complaints including procurement related complaints are received through the GoI's Centralized Public Grievance Redress and Monitoring System portal (https://pgportal.gov.in/) and are dealt with as per GoS norms and guidelines.

18. **The fiduciary risk of the INSPIRES Operation is assessed as Substantial**.

19. **The IFSA identified areas of improvement across FM and procurement functions:** (i) strengthening of the governance structure for the SICB, SIRD, IHM, and IHCAE; (ii) absence of multi-year strategy impacting Program budgeting; (iii) budgeting largely follows a top-down and incremental approach; (iv) monitoring of expenditure for SICB, SIRD, IHM, IHCAE; (v) manual process/ controls and lack of IT interventions for implementation of large schemes; (vi) non-implementation of end-to-end SIFMS; (vii) internal audit arrangements are inadequate; (viii) delays in conducting external audit; (ix) fund flows to the sector has been constrained in recent years; (x) lack of electronic payment mechanism for the AAMA scheme; (xi) multiple standard bidding documents; (xii) absence of a unified procurement manual for consultancies and services; (xiii) no dedicated procurement complaint handling system; (xiv) inconsistency in procurement procedures; and (xv) variations in capacities in contract management.

20. **The proposed mitigation measures detailed in the IFSA will be included in the POM and PAP.** Fiduciary performance (to be shared twice a year with the Bank throughout the life of the Operation) will also be monitored during implementation through the specific KPIs (listed in the detailed IFSA report) and reported in formats agreed by the GoS with the Bank.

ANNEX 5. SUMMARY ENVIRONMENTAL AND SOCIAL SYSTEMS ASSESSMENT

1.   **An ESSA was undertaken by the WB with inputs from GoS representatives at various levels.** The E&S risk for the INSPIRES Operation is moderate. Overall, the INSPIRES Operation will have net positive E&S impacts. E&S implications are: (i) civil works for upgradation/O&M of feeder roads and last-mile connectivity roads; (ii) civil works for IT connectivity in one district; (iii) upgradation/refurbishments of SICB and livelihood schools; (iv) upgradation of CFCs and common facilities for entrepreneurs; and (v) increased tourist inflows that could result in increased waste generation and natural resource exploitation.

2.   **Systems assessment and key gaps.** The ESSA found that the overall institutional, policy, and regulatory framework and the available technical guideline of the borrower are adequate to address potential E&S impacts. However, there are instances of inadequate safeguards and inconsistent application of existing provisions due to lack of awareness, variations in capacities of sub-district officials, monitoring, etc., resulting in site-level issues. The implementing departments demonstrate a good understanding of sustainability concerns and processes. However, other than the F&ED, departments have limited in-house capacity to plan, assess, and manage environmental risks from development investments. The key gaps observed include: (i) lack of in-house capacity for environmental planning; (ii) lack of a E&S screening mechanisms for small-scale civil works to ensure site specific E&S risks, including land, labor, and SEA/SH are identified; (iii) lack of a monitoring mechanisms for small-scale civil works to ensure contractors' compliance with OHS for workers and the public; (iv) lack of enforceable regulations, standards, and rules of operation for eco-tourism expansion; and (v) limited coordination across GRMs across priority departments and implementing agencies.

3.   **Implementation of Program actions.** The following measures are recommended to address the gaps: (i) exclusion of high-risk activities defined in the ESSA, including all infrastructure activities and investments in high mountainous areas; (ii) development of operation specific environmental management and monitoring guidelines that include an E&S screening checklist (including SEA/SH risk screening), E&S Codes of Practice for small-scale civil works, and standard formats for E&S monitoring. The guidelines will be a part of the POM; (iii) development of an E&S capacity-building plan to strengthen implementing agencies on E&S issues such as community outreach, provisions to include vulnerable groups, OHS during civil works, and grievance management; (iv) undertaking a sex-disaggregated baseline assessment of eco-tourism practices in Sikkim, review existing regulations and bylaws that provides the legal basis to enforce the eco-tourism policy, and identify gaps/measures to inform the implementation this policy. A monitoring system is recommended to collect data and evidence on eco-tourism related trends for planning purposes that will enable zoning, estimation of natural and social carrying capacity of zones, and establish eco-tourism regulations, guidelines, and rules for eco-tourism operators; and (v) strengthening GRMs for managing grievances related to operational activities and ensuring community awareness on GRM through a dedicated behavior change and communication strategy.

4.   **Stakeholder consultation.** The key takeaways from the Stakeholder Consultation Workshop on September 21, 2023, were: (i) improving mental health services for counsellors dealing with substance abuse cases; (ii) ensuring participation of sub-district level representatives in planning and implementation of operational activities; (iii) ensuring continuous stakeholder engagement throughout implementation; and (iv) widely disseminating key information related to the INSPIRES Operation in local language. The final ESSA was disclosed on the Bank's external website and the GoS website in October 2023. The executive summary of the final ESSA was translated to Nepali and disclosed on the GoS website in November 2023.

ANNEX 6. PROGRAM ACTION PLAN

Action Description	Source	DLI#	Responsibility	Timing		Completion Measurement
Develop a Program Procurement Manual and SBDs for all categories of procurements (goods, works, non-consulting and consulting services) based on applicable State Financial Rules/ GOs/Manual/Guidelines.	Fiduciary Systems	NA	Planning and Development Department, GoS	Due Date	30-Jun-2025	Issuance of Govt. order/ circular/ notification/OM to mandate the use of Program Procurement manual and Model SPDs under the Program.
Lowering of the value thresholds to INR 50 Lakhs per contract for use of GoS NIC e-procurement system https://sikkimtender.gov.in for better participation among bidders and for greater efficiency and transparency in the procurement process.	Fiduciary Systems	NA	Planning and Development Department, GoS	Due Date	31-Dec-2024	Issuance of Govt. order/ circular/ notification/OM to mandate the specified threshold for use of e procurement portal for bidding under the Program.
Procurement auditor for conducting procurement audit of procurement contracts in the Program to check the compliance to State Financial Rules/GOs/ Manuals as well as identify red flags in procurement, if any.	Fiduciary Systems	NA	Planning and Development, GoS	Recurrent	Yearly	Procurement Audit report to be finalized within 90 calendar days after last date of the respective financial year
An online procurement complaint handling system to be developed for bidders to lodge their complaints on the websites of the PDD, GoS and/or with procuring entities and	Fiduciary Systems	NA	Planning and Development Department, GoS	Due Date	30-Jun-2025	Upon going live with online procurement complaint handling system and upon issuance of SOP for handling of

made accessible to all stakeholders/ bidders.						procurement related complaints.
Integrating E&S checklists for better monitoring at the site level for all civil works.	Environmental and Social Systems	NA	Planning and Development Department, GoS	Due Date	31-Dec-2024	Development of program specific E&S management guidelines which will include a E&S Checklist, Environment and Social Codes of Practice and Monitoring formats which will be part of the Program Operations Manual.
Strengthen Grievance Redressal Mechanisms across nodal departments and implementing agencies	Environmental and Social Systems	NA	Planning and Development Department, GoS	Due Date	30-Sep-2024	SOPs would be developed for grievance redressal by all priority departments with support from the World Bank team
Gender disaggregated baseline assessment to map current Eco-tourism practices and implementation of the tourism policy	Environmental and Social Systems	NA	T&CAD	Due Date	31-Mar-2025	Undertake a gender-disaggregated baseline assessment to map eco-tourism practices in the state
Provisions of MoA and AoA are complied by the SICB, SIRD, IHM and IHCAE with regard to conducting board meetings.	Fiduciary Systems	NA	SICB, SIRD, IHM and IHCAE	Recurrent	Yearly	PDD to confirm the compliance with the MoA and AoA.
Submission of Monthly Expenditure reports to PDD and annual audited	Fiduciary Systems	NA	SICB, SIRD, IHM and IHCAE	Recurrent	Yearly	PDD to confirm the submission of the monthly

accounts to PDD within six months of the end of FY.						statement of expenditure and annual audit reports.
The program envisages scaling up the electronic payment mechanism each year by 15 percent as compared to previous year for the transfer of funds to the beneficiaries under the AAMA scheme	Fiduciary Systems	NA	WCD	Recurrent	Yearly	PDD to confirm 15 percent increase every year in the adoption of the electronic payment mechanism as compared to the previous year.
Information and orientation programs to build digital readiness and literacy of state-level and district-level officials for priority departments	Technical	NA	Planning and Development Department, GoS	Recurrent	Yearly	Annual reports submitted by the PMC.
Inclusive Growth Strategy (2027-2037) developed and adopted by the Government of Sikkim	Technical	NA	Planning and Development Department, GoS	Due Date	31-Dec-2025	Planning and Development Department develops an Inclusive Growth Strategy (2027-2037) with Key Performance Indicators aligned to the Employment and Entrepreneurship Promotion Facility.

ANNEX 7. IMPLEMENTATION SUPPORT PLAN

1.   **During implementation, the WB team's support will evolve from technical inputs towards activity initiation to project management and need-based course correction, concluding with a focus on ensuring sustainability of results.** Given the nature of the INSPIRES Operation and its risk profile, the WB team's approach to implementation support strongly emphasizes open and regular communication with all actors directly involved in the INSPIRES Operation, constant information exchange, and adequate flexibility to accommodate the requirements of the operation.

2.   **Implementation support missions will take place twice a year to review the implementation progress, identify and address any issues, monitor changes in risks, check compliance with legal agreements, and assess adequacy of fiduciary, environmental, and social systems.** The legal agreement (including the PAP and DLIs) and the Program Appraisal Document will provide the basis for the missions. More importantly, at least one of these missions will include field visits and allow the team to hold more in-depth discussions with a diverse set of stakeholders. The skills needed and the staff time required for these missions is summarized in Table A7.1.

Table A7.1: Task Team Skills Mix Requirements for Implementation Support

Skills Needed	Staff Weeks	Trips
Project Management (Task Team Leader and Co-Task Team Leader)	20 per annum	As required
Technical Specialists (gender, platform development, skills, entrepreneurship, etc.)	4 per annum	As required
Financial Management (Team Member)	2 per annum	1 per annum
Procurement (Team Member)	2 per annum	1 per annum
Environmental Systems and Safeguards (Team Member)	2 per annum	1 per annum
Social Systems and Safeguards (Team Member)	2 per annum	1 per annum

3.   **The PMC engaged by the GoS to assist with the concurrent monitoring and management of the operation will prepare and share a quarterly progress review report with all implementation agencies and the WB.** This report will be prepared against the PAP, DLIs, and Results Framework. It will include any challenges in the delivery of key results and any initiatives or activities on which the implementing agencies would want WB technical support.

ANNEX 8. INVESTMENT PROJECT FINANCING COMPONENT

1.   The Sikkim INSPIRES operation will include a US$9.75 million IPF component to support implementation of operational activities. The key activities include:

- ***Technical support for Program implementation:*** Procurement of: (i) PMC to support PDD in overall management of the operation; (ii) TSA to support PDD in establishment and operationalization of the Employment and Entrepreneurship Promotion Facility including behavior change and communication interventions; (iii) TSA to support C&ID in strengthening effectiveness of financial and business development support to women and youth entrepreneurs in priority sectors; (iv) TSA to support the ITD in strengthening internet connectivity, digital readiness and integration of digital systems for beneficiary management; (v) TSA to support SDD in expansion and quality enhancement of skills training and placement support in priority sectors; (vi) TSA to support RDD in facilitating development and implementation of IEAPs; (vii) TSA to support the T&CAD in promotion of locally-driven entrepreneurship based sustainable tourism;
- ***Capacity building for key staff of priority departments:*** (i) training of key staff of priority departments through linkages with premier institutions; and (ii) exposure visits to enable learning from national and international good practices and innovations.
- ***M&E:*** (i) impact assessments at midterm and end of term; (ii) endline survey; (iii) strengthening the M&E framework to monitor processes and outcomes on real time basis and inform decision-making, including tracking disaggregated outcomes for responding to the needs of the marginalized section in women and youth; (iv) focused training on M&E for staff across priority departments, including sensitization to results orientation and use of digital systems for scheme processing and monitoring.

2.   **The FM unit in the PMU will fulfill the fiduciary responsibilities for the IPF component:** (i) ensuring compliance with all financial covenants in the IPF legal agreement; (ii) budgeting, overall management of payments and accounting; (iii) preparing interim financial reports, disbursement requests to the IBRD, and annual financial statements; and (iv) managing the external audit process; including submission of the audited financial statements to the WB within nine months of close of each financial year. Key aspects of the FM arrangements are listed below:

- The PMU will prepare annual budget projections for the IPF component; these projections will be included in the PDD's budget, which is then submitted to the Finance Department for incorporation into the state annual budget. A separate budget code (line item) will be set up in a manner that will allow for all project-related expenditures to be separately identified, accounted for, and reported.
- The PDD FM unit will be responsible for managing day-to-day FM activities for the IPF component. The unit shall be supported by an FM consultant from the PMC.
- All payments will be made by the state treasury (i.e., the SIFMS). The State Financial Rules provide the required transaction controls over individual items of expenditure.
- The PDD will submit quarterly IUFRs to the WB within 45 days of the end of each quarter; the loan will finance 100 percent of eligible expenditures for consulting and non-consulting services including taxes.
- The C&AG will conduct an annual audit of the Project (as per a ToR agreed with the Bank) and the audit report (along with the audit of the PforR Program) will be submitted to the WB within

nine months of the close of each financial year. The PDD needs to submit statements of expenditure to the C&AG by June 30 each year to allow adequate time for the audit.

3.   **The PDD will be responsible for the procurements under the IPF component.** Procurement risks related to the IPF component include inexperience of the PDD to process consultancy services following World Bank Procurement Regulations, which may lead to delays. This risk will be mitigated by: (i) using procurement consultants; (ii) providing extensive trainings and handholding support to the PDD during the initial phase of the project so that they are able to follow the procedures for a Bank-financed IPF project; (iii) using the Bank's online procurement planning and management portal, Systematic Tracking of Exchanges in Procurement, to manage and track timeliness of the procurement activities; and (iv) using the Bank's Standard Procurement Documents or where not available using model documents agreeable to the IBRD.

Table A8.1: IPF component including IBRD share and GoS share

S. No.	Description	Estimated Cost per Contract (US$M)	Procurement Category
1.	Selection of PMC for PDD	1.34	Consultancy Services
2.	Selection of TSAs for Commerce and Industries	0.78	Consultancy Services
3.	Selection of TSAs for IT	0.89	Consultancy Services
4.	Selection of TSAs for SDD	0.82	Consultancy Services
5.	Selection of TSAs for RDD	0.76	Consultancy Services
6.	Selection of TSAs for Tourism	0.90	Consultancy Services
7.	Agency for managing the Employment and Entrepreneurship Promotion Facility for PDD (including social media, communications and behavior change campaigns)	1.45	Consultancy Services
8.	Capacity Building and Exposure Visits for Key Staff of Priority Departments	0.56	Travel Expenses and Honorarium
9.	Agency for Impact Assessment and Endline Surveys	0.25	Consultancy Services
10.	Salaries – HO and State Statistical Agency	2.00	Planning and Development Department
	Total	**9.75**	

4.   **Overall E&S risk is Low.** Activities under the proposed IPF TA component are not expected to have any adverse E&S risks or impacts and will be restricted to consultancy/advisory services. Given the limited nature of the activities, an Environment and Social Commitment Plan has been prepared and the GoS through the PDD will implement material measures and actions, so that the Project is implemented in accordance with WB E&S standards.