PROGRAM-FOR-RESULTS INFORMATION DOCUMENT (PID)
CONCEPT STAGE

Report No.: PIDC0062774

Program Name	Skills Training For Employability Leveraging Public Private Partnership Operation
Region	SAR
Country	INDIA
Sector	GEDDR
Lending Instrument	Program for Results (PforR) and Investment Project Financing (IPF)
Program ID	P158435
Borrower(s)	GOVERNENT OF INDIA
Implementing Agency	Ministry of Skill Development and Entrepreneurship
Date PID Prepared	March 28, 2016
Estimated Date of Appraisal Completion	August 29, 2016
Estimated Date of Board Approval	November 30, 2016
Concept Review Decision	Following the review of the concept, the decision was taken to proceed with the preparation of the operation.

I.   Introduction and Context

A. Country Context

1.   India has made remarkable progress in economic growth, poverty reduction and human development during the past decades. The growth and diversification of the economy has resulted in major shifts in the labor force from agriculture to service and manufacturing sectors, and corresponding shifts in market relevancy of skills mix from low-skilled to highly skilled labor. The labor market itself is characterized by a large number of youth, but remains highly informal with low female participation.

2.   A key challenge to India's growth and competitiveness is its low labor productivity and inadequate supply of skilled labor partly due to lack of responsiveness of the skills development (SD) system to the changing needs of the labor market. The GOI has an ambitious plan of transforming India into a competitive, middle-income country. India's 12th Five Year Development Plan (2012-2017) calls for major reforms in education and skills development, targeting skills training for 400 million workers by 2022.

B. Sectoral and Institutional Context of the Operation

3.   India has made significant progress in expanding access to education over the past decade with overall net enrollment rate increasing at all levels. However, opportunities to acquire job-specific skills at the end of secondary education are limited. The capacity of the system is severely constrained to cater to the 1 million new entrants to the labor market every month, while the quality and relevance of SD programs are decidedly poor.

With a strong political statement, the GOI launched a new Skills Development strategy. National priorities in Skills Development were put in place by setting up the Ministry of Skill Development and Entrepreneurship (MSDE). The GOI's *National Skills Development Mission (NSDM)* implemented

through the Ministry of Skill Development and Entrepreneurship (MSDE) is expected to provide the overall institutional framework to rapidly implement and scale up skill development efforts across India to meet the target of training approximately 400 million people by the year 2022. Several supporting organizations will cater to different aspects of the Mission. The *National Skill Development Agency (NSDA)* is the regulatory and quality assurance institution with the role of coordinating with all central ministries, State Governments, and private players to harmonize the approach to SD through the **National Skills Qualification Framework** (NSQF) for adherence for training, assessment and certification. The *National Skills Development Corporation (NSDC)* has been created as a PPP initiative to help create enterprises in skills and catalyze market-based, scalable skills training businesses. The MSDE has also mandated the States to constitute *State Skill Development Missions (SSDM)* as a cohesive body for state level coordination with all skills related activities of different departments.

4. Despite this progress and the high priority given to skills development, a number of critical issues still need to be addressed for successful implementation of the Government's strategy. The system and institutional mechanisms require a robust regulatory and quality assurance framework, mechanisms for monitoring and evaluation, and systems for demand signaling. There is a need to strengthen systematic linkages with employers and private sector for providing sector specific employer led training, facilitating the placement of the trainees, and mobilizing finances. It is also necessary to improve the coordination between state and central levels. The quality of SD programs requires an overhaul, which can only be achieved with better training providers and quality trainers and assessors. Finally, there is a need to ensure access to skills training to the disadvantaged sections and persons with disabilities. Female labor force participation needs special attention and support

C. Relationship to CPS

5. The World Bank Group's India Country Partnership Strategy (CPS, FY13-FY16) emphasizes improving market-driven skill development for productive employment as a key element of the integration engagement area as well as improving access to services and opportunities for excluded population groups under the Inclusion engagement area. This proposed Operation is aligned with the World Bank's CPS objectives and will aim to enhance the access, quality and relevance of training programs for the needs of the labor market in a growing economy.

D. Choice of Financing Instrument

6. The proposed operation would be a hybrid one, consisting of two components:

(i) a Program component using the Program for Results (PforR) instrument tentatively for $950 million (the *Program*) that will cover the four major Results Areas (provided below) and (ii) a Technical Assistance (TA) Component tentatively for $ 50 million for strengthening implementation agencies, using the Investment Project Financing (IPF) instrument (the *Project*).

II. Program Development Objective(s)

A. *Program Development Objective*

7. The proposed Operation's development objectives is to ***enhance institutional mechanisms for skill development and increase access to quality and market relevant training for work force particularly for youth, female and disadvantaged groups in India.***

B. *Key Program Results*

8.   The following preliminary Key Performance Indicators are a combination of outcome and output indicators, covering the core Program interventions:

1. Increase in the number of trainees graduating from the SD programs through national and state level initiatives;

2. Increase in percentage of SD graduates placed in employment;

3. Increase in the number of SD trainees – female and from disadvantaged segments - SC, ST, and persons with disabilities;

4. Increase in the number of skills development programs meeting quality performance standards

5. Strengthened capacities at national and state levels to implement Annual Skill Development Plans of the states (indicator to be defined during preparation); and

6. Increase in the number of SD programs supported through private sector collaboration in the *Skills Fund.*

III.   Program Description

A. Description

9.   The STEPPP Operation support to the Program is structured across four major results areas.

Results Area 1: Strengthened institutional mechanisms at national and state levels to guide planning, delivery and monitoring of market relevant training

10.   Under Results Area 1, the project support will include two sub-components:

- Support to the MSDE through NSDM for strengthening national level institutional structures for SD

- Support to states through SSDM for strengthening its institutional systems for accessing funds from the NSDM through demand driven decentralized State Skills Development Plans.

11.   Under this results area, the program would aim at strengthening the management and oversight of the skill development sector at the national and state levels. This will be done through strong regulatory and quality assurance frameworks, key improvements in labor market analysis and monitoring, and continuous efforts to mobilize employers' participation in strategic planning, system oversight and training activities.

National level support:

12.   Building on the institutional reforms already introduced (and briefly described above), the STEPPP would support Government's efforts to strengthen quality assurance and build research capacity by: (i) operationalizing and implementing the NSQF across all states; (ii) standardizing registration and accreditation criteria for private providers, and establishing a credit framework. The creation of a single accreditation Board is under consideration. The project would also support the creation of a Labor Market Information System (LMIS) that would gradually aggregate databases on SD activities of all stakeholders (including state skills development missions), and link with employment exchanges. Support would also

be provided for the establishment of a research division that will analyze LMIS data, conduct periodic skill surveys and provide real time information to policymakers so that they can make informed decisions on design and implementation of SD programs in India.

13.   At the level of NSDC and NSDF, the operation would support: (i) strengthening of oversight mechanisms, (ii) the development by SSCs of curriculum/syllabi for defined qualification packages (QPs) with minimum required parameters; (iii) the setup of *Sector Mentor Committees* to review contents and align contents of short-term with long-term courses; and (iv) government efforts in mobilizing private funds (CSR funds). Currently, the bulk of NSDF resources are used to finance GoI-sponsored SD programs.

State Level Support:

14.   To build planning capacity and ensure implementation of the National Policy at the state level, the program would support GOI's efforts to set up or strengthen the SSDMs by: (i) fostering collaboration of SSDMs with NSDC and SSCs; (ii) facilitating awareness and compliance with the NSQF, National Occupational Standards as defined by the SSCs and the Qualification Packs in all training programs; (ii) promoting the use of common affiliation and certification norms; and (iii) fostering demand driven SD programs that are stake-holder and employer led with involvement of grassroots organizations and industry..

15.   It would also provide financial support for the implementation of state skills development plans that would align with national priorities and policies. A number of short-term skilling programs are currently delivered at the state level, financed through the state budgets. While those would need to be progressively aligned with the NSQF, state governments are also likely to prepare scaling up plans in response to the growing needs of local employers and industries. These plans may envisage, *inter alia*, setting up "train the trainers" centers, introducing new schemes (for example, in disadvantaged districts), or more innovative modes of training, such as centers of excellence set up in partnership with the private sector. The project could support their implementation to the extent that those plans align with national priorities and policies while having the flexibility to build in industry specific context specific requirements that are expected to be covered in the state plans.

16.   As required in a mission mode of functioning, states will be encouraged to undertake demand driven decentralized planning of SD programs in consultation with all stake-holders; industry representatives in each district and the SSCs, self- help groups (SHGs), non-governmental organizations (NGOs), to arrive at annual *District Skills Development Plans (DSDPs)* that will be consolidated at the state level into *State Skills Development Plans (SSDPs)* to be submitted for appraisal and funds release from the central level. The SSDPs will be appraised and approved by the Project Approval Board (PAB) of the NSDM which will review progress against targets and commitments. The operation will fund this planning and appraisal process and further deepen the grassroots involvement of the community through effective DSDPs. (Refer to Figure 4.) Funding to the SSDPs will be tied to measures of outputs and then outcomes over time and eventually the criteria governing funding will be evolved to make it very demand-driven reflective of proof of close consultation with the potential employer/private sector.

Results Area 2: Improved Quality and Market Relevance of SD programs

17.   Under this component, the operation would aim at strengthening the on-the-ground implementation of quality and market relevant training programs at the national and state levels. Alignment with the **National Skill Qualification Framework (NSQF)** will be facilitated across the public and private SD programs so that there is alignment of all programs across ministries, States and NSDC to match the NSQFs. The SSCs have with close to 1600 Qualification Packs that will now be

NSQF aligned. NSQF is also mapped to educational qualifications. The SSCs are expected to develop sector wise competency standards and qualifications and getting them notified as per NSQF for standardization of SD processes including affiliation, accreditation, examination and certification.

18.   The operation would support on-the-ground implementation of quality and market relevant training programs across all States to cover: (i) the development (and/or dissemination) of curriculum content, and reference guides in line with the NSQF and the QPs (within and across sectors); (ii) the preparation of packages of technical resources and material available to training providers, including guidelines, toolkits and online support; (iii) the development of guidelines to identify, recruit and retain effective master trainers and possibly, the setup of a local cadre of master trainers: (iv) the undertaking of train the trainers programs to overcome shortage; (v) access to an efficient and credible assessment scheme/body; and (vi) effective outreach events with SSCs, local industry to facilitate apprenticeships and placement. The project could also support customized online TA support to help new or weaker TPs prepare submission forms and procedures to comply with STEPPP standards.

19.   The operation will support activities to mainstream the inclusion of soft skills and socio-emotional (SE) skills in the wider skills development eco-system. Training providers will be given incentives to include SE modules as a core element in all programs. In order to avoid repeated duplications in curriculum and course development, the operation will fund evaluations and impact assessment activities to identify Indian best practice in teaching SE skills to be replicated and mainstreamed throughout the SD space. Emphasis will also be on instructors training as developing SE skills cannot be limited to adding specific SE training modules. International best practice point to the importance of mainstreaming the development of SE skills throughout the teaching practice, i.e. through project-based and interactive methodologies.

20.   A comprehensive technology platform will be created to provide overall linkages to: (i) centralized design and development of ICT-based teaching and learning resources that can be integrated into programme delivery across SSCs; (ii) design and development of a comprehensive teacher professional development to create an eco-system for TPs strengthening; (iii) standardize assessment frameworks for effective implementation across the country and SSCs, States through the TPs, all hooked on a common platform; and (iv) support management, administration, monitoring and evaluation, and well strategized student placement mechanisms.

Results Area 3: Improved access to and completion of skills training for female trainees and other disadvantaged groups

21.   The program would help address equity issues concerning female and disadvantaged groups as a cross-cutting issue in all results areas as well as by dedicating a result area to emphasize the criticality of this issue. The program would support interventions aimed at developing and providing enhanced training opportunities to women, vulnerable and neglected population groups. Sensitivity to the disaggregated needs of girls and women to help strengthen female labor force participation (FLFP) will be provided special attention. The program will provide special support to SSDPs that reflect focused programs for encouraging FLFP such as mobile training, flexi-timings and context specific training opportunities to cater to women in rural and urban deprived areas. Exposure of women to non-traditional and non-stereotypical occupations will be ensured through appropriately structured programs and facilitative support for placement and self-employment. Incentives to women trainers and accelerated programs for creation of a pool of trained women trainers will be ensured. The operation would support initiatives, such as flexi-timing, use of speech to text software and other technological systems to facilitate access employment to persons with disabilities (PWD). These initiatives would be accompanied by enhanced support for placement and self-employment. The program would also help the GoI develop and

implement special strategies for the low income states (LIS), including vouchers/stipends programs targeted to the poor and youth from SCs/STs.

Result Area 4: Expanding skills training through private-public partnerships (PPPs)

22.   With the passing of the Companies Act, 2013 in India, 16,000 companies are expected to cumulatively spend about US$3 billion annually on Corporate Social Responsibility (CSR) activities[1]. To address system-wide issues of skills shortages through skill development, job creation and placement at scale, CSR pooling would be a viable option. This would create investments and strategies that are larger than what individual companies can afford to achieve on their own. There is a need for a sophisticated vehicle to consolidate joint efforts. It is proposed that a CSR *Skills Fund* be created for the same.

23.   The operation would focus on the centrality of employer driven prioritization of skills and the building upon the potential of the private sector for job creation for vulnerable populations/underserved populations. It would help the MSDE to: (i) address the skill shortage in businesses of corporate India by encouraging them to tap into and train the inherent skill pool of the youth in their area of operation for potential placement; and (ii) address the skills gap issue in an area out of their operation as creators/providers of financial resources and/or institutional structures in unserved areas for skill development of global standards.

24.   The Skills Fund would engage in a public-private partnership (PPP) arrangement to pool together private financial resources[2] for skilling interventions. Corporate Social Responsibility (CSR) funds can be used for SD activities and the Government envisages providing incentives to induce companies to channel CSR funds towards training and enter into a partnership. Companies would submit proposals to the fund; once evaluated and approved, these would benefit from matching grants from the Government and would also benefit from support in identifying training providers and relevant programs. The creation of new centers in underserved areas could also be envisaged.

25.   The Fund will be supported through a technology enabled *Skills to Jobs Aggregator Platform*. This will be a multi-stakeholder platform to effectively channelize SD efforts (government including data from different ministries involved in skilling programs and corporates) and a channel for the MSDE, corporates, training providers and skilled trainees to connect. Driven through a combination of marketplace and cloud, mobile and big data technologies, it will be an M&E tool to provide line of sight of the funds and impact on the ground on a real-time basis.

26.   The fund could be clustered in separate windows that would support, *inter alia,* some initially identified initiatives, which will be finalized during operation preparation. The *Skills Fund* would explore creation of state of the art *Corporate Skill Centers* with corporate support in 250 select districts with collaborative branding of centers and joint certification in key trades. Support to SD programs through quality training provision at select centers through NSDC approved training partners would be encouraged with the corporate sponsor having the choice of deciding the geography, trade, gender or the social grouping that they would like to target for this purpose. SSCs need more hands-on support and greater private sector interface. For this, creation of SSC Centers of Excellence (COEs) for each sector will be supported with the industry in the lead. This will support Training of Trainers (TOT) with sector specific skills for the creation of a trainer pool of assessors with industry support and validation. *Make in*

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[1] Via the Companies Act of India (Section 135) CSR for companies. Companies need to allocate 2 percent of profits to projects that address India's sustainable development goals if they meet one of the following criteria: (i) Net worth of INR 500 crore (ii) ($100 million) or more, or(iii) Turnover of INR 1000 crore ($200 million) or more, or (iv) Average net profit of INR 5 crore over the previous three years.

[2] SD projects by companies can now be considered as corporate social responsibility (CSR) activity and CSR funds used for this purpose.

India support would be supported by encouraging and supporting initiatives/projects that provides jobs to a large number of workers through SD programs. Creation of *Overseas Alignment Centers* would be explored to ensure that youth in India are trained at the highest global standards and provide information about employment opportunities abroad, in order to facilitate international mobility of skilled workers. Lastly, to encourage and mobilize youth to undertake entrepreneurship as a career, the Fund would support the creation of a network of industry leaders as *Entrepreneurship Mentors* for end-to-end support and mentoring through the life-cycle of proposed social enterprises. Training packages and open distance learning materials and content will be created and incubation centers/ social entrepreneurship hubs will be piloted as prototypes.

Technical Assistance Component

27.   ***TA Areas for Implementation:*** Activities to be financed under the TA component (to be discussed and finalized during project preparation) would aim at: (i) Strengthening existing capacities for program implementation through a project implementation unit (PMU) to support existing capacity in financial management, planning, program coordination, operationalization of NSDM, NSDA, NSDF and the NSDC; (ii) Improving program design whenever needed through accessing best practices in the manufacturing sector to create pathways for the *Make in India* program; (iii) Strengthening training systems in place to address constraints in the implementation of the NSQF for improved design of SD programs; (iv) Supporting M&E, impact evaluation and third party validation to include program evaluation and third party assessments/ validation of implementation activities and program outcomes; and (v) Support to SSDMs if needed to be determined during project preparation.

IV.   Initial Environmental and Social Screening

28.   STEPPP is focused primarily on skill training for employability and the interventions planned are expected to result in substantial social and environmental benefits to the society at large, especially, to the poor and vulnerable sections. Adverse impacts that are sensitive, diverse and unprecedented on the environment and/or people are not foreseen. However, planned efforts are essential to ensure that project interventions do result in sustainable social and environmental benefits. Further, the lending instruments adopted for the purpose are twofold: one, Program for Results Operation which covers the bulk of the loan (US$950 million); and the other Investment Project Financing, meant to support (US$50 million) the Technical Assistance component. Consequently, the social and environmental management will have to be planned separately for the two lending streams.

29.   **Program for Results (the Program)**. For this stream, the project would carry out an Environmental and Social Systems Assessment (ESSA) as part of the preparation, to gauge the adequacy of environmental and social systems at national and individual state levels. The broad scope of ESSA will be to assess the extent to which the program systems promote environmental and social sustainability; avoid, minimize or mitigate adverse impacts on natural habitats and physical cultural resources; protect public and worker safety; manage land acquisition; consider issues related to indigenous peoples and vulnerable groups; and, avoid social conflict. Further, it will identify any required actions for enhancing the program systems and mitigating environmental and social risks. The draft ESSA along with the action plan will be discussed with, and buy-in secured from the borrower and disclosed prior to appraisal.

## V.	Tentative financing

Source:		($m.)
Borrower/Recipient		1,700
IBRD		1,000
IDA: NEW		
Others (CSR Funds)		200
	Total	2,900

## VI.	Contact point

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