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

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1. Country Context

India has become the world's fastest growing large economy. India's Gross Domestic Product (GDP) grew by 7.6% in 2015-16 steadily recovering from a low of 5.1% in 2012-13. Growth was largely supported by robust consumption growth on the expenditure side and strong growth in the services sector, averaging more than 9% between 2012 and 2015, on the production side, although a recovery of industrial value-added in 2015-16 was notable. With growth, poverty has declined rapidly from 38.9% in 2004-05 to 21.6% in 2011-12 (1.90 PPP/day) at a pace significantly faster than that witnessed in earlier periods. Poverty reduction was supported by greater rural-urban integration, increase in non-farm wage employment, especially in construction, and higher rural wage growth. Given the cooling of the latter two trends in the past three years, it is likely the pace of poverty reduction moderated.

Going forward, India's growth prospects remain bright. One million youth will enter the labor market every month for the next two decades and India will soon have one of the youngest and largest working age populations in the world. These demographic dynamics and a rising age-savings profile are likely to generate significant volumes of savings and investment over the coming years. The average schooling of the working age population – and, consequently, worker productivity – will increase by at least a full year until 2030 even with no further improvements in the educational attainment of today's youth (i.e., simply due to the fact that younger cohorts are better educated) and could rise much faster if further progress is achieved on the education agenda. The proportion of population living in urban areas is expected to rise to 40% in 2030 from around 30% today, reinforcing productivity-boosting agglomeration effects. Combined, these effects are likely to form the foundations of India's strong growth for decades to come.

To realize these benefits, further efforts will be required to harness the full potential of the

demographic transition. A striking feature of India's labor market is the extremely low (31 percent) female labor force participation. More than 50 million of India's young women are neither studying nor working. In addition, at present, 4.9% of working age people are unemployed and 82% work without any written job contract,[1] more than 70 percent work in firms with less than 10 employees, and more than 75 percent have no access to any social security benefits – attesting to the large size of the informal sector and a relative scarcity of "good" jobs. These challenges could inhibit India's ambition to further modernize its economy by attracting resources to dynamic, high-productivity manufacturing and services sectors. To address these, the Government has taken important steps towards a reform agenda focused on job creation through improving the business environment, particularly in the manufacturing sector. The "Make in India" campaign launched by the Prime Minister in 2014 has identified reforms in energy supply, access to finance and upgrading skills as key priorities.

2. Sectoral (or multi-sectoral) and Institutional Context

Despite pockets of excellence, India's manufacturing sector as a whole has thus far underperformed its potential. While India has had success in increasing the variety of products it exports and the number of destinations, its penetration of global merchandise markets – including in key sectors such as apparel, automotive, and electronics – remains low in absolute terms (it accounts for 1.5 percent of global exports of goods). India's manufacturing contributes just over 17 percent to GDP, having remained largely unchanged in the last two decades. This share is low relative to many comparator success countries such as Brazil, China, Indonesia, Korea, or Malaysia, which at India's current GDP per capita levels either stood at or accelerated to the mid-20 or high-20 percent range.[2] Consequently, India's National Manufacturing Policy of 2011 envisages a structural transformation of its economy through increasing the share of the manufacturing sector in GDP 25% with a related job creation potential of 100 million by 2022.

The development of a globally competitive manufacturing sector requires creating a cadre of comprehensively skilled technicians. Achievement of the ambitious goals outlined in the National Manufacturing Policy and embodied more broadly in the authorities' "Make in India" campaign requires addressing a series of binding constraints holding back further development of manufacturing in India. The main constraints – as summarized and validated in the WBG India Country Partnership Strategy and its recent Performance and Learning Review – include infrastructure provision, access to finance, regulatory environment, and limited supply of inadequately skilled labor. To address these constraints, the authorities have launched a series of ambitious initiatives including 24/7 electricity for all, railways modernization, Doing Business ranking of 50 or above, smart cities, and a comprehensive "Skill India" campaign aiming to equip 500 million youth with skills to ensure India's global competitiveness by 2020.

[1] Fourth Annual Employment & Unemployment Survey Report (2013-14); Labour Bureau, Ministry of Labour & Employment, Government of India.

[2] Some authors have pointed out that the peak contribution of the manufacturing sector to GDP (i.e., the level of development at which a country attains its highest manufacturing share) may be declining over time – the so-called "premature de-industrialization." For example, Amirapu and Subramanian (2015) argue that India's share of manufacturing may have already peaked and is unlikely to reach levels observed in China and Korea in earlier decades.

Skilled workers continue to be in high demand. A good labor market position of graduates indicates the growing industry-demand for skilled workers.[3] Data from labor market surveys in India have shown that individuals with formal vocational and education training have a higher probability of being salaried workers (rather than being casual workers, self-employed or unemployed) than individuals coming to the labor market with only general secondary education. Data also show that they benefit from a substantial wage premium (about 18 percent in 2011-12). As 46% of ITI trainees are from BPL households[4], comprehensive skills training also provides an effective pathway for youth from poor backgrounds into employment.

Creating a stronger pipeline of skilled workers requires greater access to high quality long term skills training. The skills training landscape in India is characterized by both market and institutional failures. Since firms cannot fully appropriate returns from skilling workers, the private sector under-invests in training (e.g., only 37 percent of Indian auto sector firms provide training to their workers vs 90 percent in China). The public vocational training system represents the authorities' response to this market failure: in particular, with their focus on technical skill areas, apprenticeship programs and Industrial Training Institutes (ITIs) form the backbone of long-term training for developing an increasingly competitive and well qualified workforce capable to flexibly adapt to changing world markets and technological progress. However, these systems themselves face a series of challenges in adapting to increasingly dynamic industry demands: previous approaches to apprenticeship were deemed complex by firms and insufficiently attractive by workers, whereas the curriculum taught at many ITIs was often dated and not reflective of current industry needs due to lack of performance incentives.

At the national level, long-term skills development is coordinated by the Directorate General of Training (DGT) in the Ministry of Skill Development and Entrepreneurship (MSDE). While the Apprenticeship Training Scheme (ATS) is a three-year training scheme combining school-based and workplace-learning provided by industry, the Craftsmen Training Scheme (CTS) is predominantly 2 years[5] school-based training provided in Industrial Training Institutes (ITI). ATS and CTS provide alternative, yet articulated pathways to formal skills qualifications.[6] Apprenticeship training is managed under the aegis of the MSDE with Regional Directorates of Apprenticeship Training (RDAT) and State Apprenticeship Advisors driving implementation at the ground. ITIs are under state governments, which own, run and fund government ITIs and supervise private ITIs. The regulatory and quality assurance functions (curriculum development, assessment and certification) for CTS and ATS are largely carried out at the national level by the National Council for Vocational Training (NCVT), assisted by different central government institutions such as the National Instructional Media Institute (NIMI) and the Central Staff Training and Research Institute (CSTARI). Complementing the long-term skills development space, short-term training programs (approximately 3-6 months) under the MSDE and other ministries offer employability and skills upgrading training to a variety of target groups, training approximately 7 million youth per year. A National Skills Qualifications Framework (NSQF) has

[3] Employment rates at ITIs are also high at around 60% compared to 30% for short-term training courses offered as part of five largest government-funded schemes.
[4] CENPP; Tracer Study of ITI Graduates in India; 2012.
[5] 10 percent of ITI courses are one-year training programs, the remaining 90% are 2 year programs.
[6] Two years of ITI training is recognized as equivalent to the first two years of apprenticeship training. ITI graduates can continue their technical training in an apprenticeship program, and only need another six months to one year of training in a company to be eligible to sit for the Apprenticeship Training Certificate.

recently been formulated and will foster articulation and coordination between the different skills development schemes.

The potential resources for skills development provided through apprenticeship training and in the relatively large ITI network in India remain under-utilized. Opportunities to strengthen the responsiveness of the training supply to the development needs of India as well as to the skills requirements in the labor market can be further exploited. In its National Policy for Skill Development and Entrepreneurship of 2015, and its related implementation framework, the Government highlights its intention to strengthen capacities and relevance of apprenticeship training and ITIs. It has thus laid the foundation for a substantial policy-shift towards institutional reforms focusing on results-orientation, decentralized responsibilities and initiatives, systematic strengthening of industry influence, and building sustainable structures to increase efficiency and quality in training management and delivery. Delivering on this mandate would require transformative thinking for (i) modernizing and expanding apprenticeship training in line with market needs, (ii) enhancing performance and accountability of ITIs through systematically deepening the involvement of industry; (iii) improving teachers' training and teaching and learning resources and addressing the need for 'soft' skills (such as information literacy, problem-solving, critical thinking, entrepreneurialism, and 'learning to learn'), and (iv) addressing the gap in female participation and access for scheduled tribes.

3. Program Scope

PforR Program

The STRIVE Program was developed by the Government of India to incentivize the critical institutional reforms *required* in the institutional training systems - defined as the ITI and apprenticeship - to meet the GoI's commitment to providing skilling opportunities for economically disadvantaged/underserved communities and developing a globally competitive workforce. STRIVE is anchored in the GOI's larger policy framework for skills development as defined in the National Policy for Skills Development and Entrepreneurship of 2015. ITIs in India are owned and managed by the state governments, while the role of the MSDE is policy making, regulation, quality assurance, as well as special (top-up) investment schemes to facilitate critical reforms. The MSDE is also in charge of regulating and managing the National Apprenticeship System. STRIVE will be an instrument for the MSDE to fulfill its national mandate. It succeeds VTIP as the major investment Program of the MSDE for long-term training. STRIVE is divided into four results areas: (i) Improving and broadening apprenticeship training (ii) Improving performance of ITIs; (iii) Increasing state government capacities to support ITIs and apprenticeship training; and (iv) Improving teaching and learning. STRIVE is a six-year Program (2017-2022) with an overall volume of $538.75 million. It is a national Program implemented by the MSDE, targeting ITIs and apprenticeship training Pan-India (see table 1). The proposed Bank Operation will support the full STRIVE Program.

Results Area 1: Improved and Broadened Apprenticeship Training

The Results Area aims at deepening the presently emerging apprenticeship system reforms

focusing on demand-orientation and dual training approaches, and strengthening the role of industry to drive the development of new apprenticeship programs. To incentivize industry-driven and needs-based apprenticeship training - especially in SMEs and in cooperation between large companies and SMEs - STRIVE will offer grant funding to selected industry clusters for the implementation of Industry Apprenticeship Initiatives (IAI). IAIs are apprenticeship development projects driven by stakeholders with the joint interest of improving ongoing apprenticeship training and/or introducing new or improved apprenticeship programs. IAI participants are interested firms, training providers and potentially other stakeholders in one or several industrial sectors. IAIs will be facilitated and managed by industry cluster organizations, which will also be the formal partner in the grant agreement with the government. Grant funding can be used to cover the costs involved in (i) setting up new or revising existing apprenticeship training program in line with the specific needs of the participating firms (including development of curricula, enterprise training plans and teaching and learning material, assessment mechanism); (ii) capacity development (including infrastructure) of basic training providers (either apprenticeship training schools run by industry clusters or third party basic training providers such as ITIs); (iii) initiatives to establish and raise the standards of quality assurance of apprenticeship training with the participation of industry experts; (iv) training of trainers (i.e. company supervisors of apprentices and trainers in basic training institutions) and other stakeholders; (v) and other costs necessary to improve and expand needs-based apprenticeship training within IAI firms. Benefitting IAIs will be identified in a competitive and transparent selection process. Grant conditions will specifically incentivize enrolment of young women and other currently underrepresented groups, such as ST.

STRIVE will also incentivize the MSDE to initiate critical system reforms. Issues to be addressed include mechanisms to strengthen industry-involvement in the identification and/or revision of apprenticeship trades, incentivize dual delivery approaches, streamline the institutional framework for managing and supporting apprenticeship training, align the qualification structure to cater for different qualification levels in the apprenticeship training space in line with the NSQF, improve quality assurance mechanisms both in basic training provision and company training, and devise appropriate incentive structures for employers' participation. To implement such reforms, substantial capacity building activities for key stakeholders are furthermore necessary. Information campaigns will target the business communities and potential apprentices, to raise awareness about opportunities and benefits of apprenticeship training for companies and young labor market entrants.

Results Area 2: Increased Performance of ITIs

With Performance-based Grant Agreements (PBGA), Results Area 2 introduces a results-based funding approach for ITIs in order to better address key challenges affecting quality, relevance and efficiency of ITI training. PBGAs will specifically incentivize ITIs to initiate or deepen activities that are critical for institutional reform and capacity development for demand-responsiveness, including deepening industry relations to achieve a better environment for On-the-Job Training (OJT), industrial exposure of teachers and joint needs assessments and training program planning; introduction of new courses (long- or short-terms) to respond to local market needs, including dual apprenticeship programs; mobilizing previously underrepresented and

vulnerable groups, especially female and ST youth by introducing tailored services; strengthening employment promotion activities for graduating students; and strengthening income-generating activities for enhanced sustainability. Benefitting ITIs will be transparently selected based on defined eligibility and selection criteria. Funding agreements will be based on Institute Strategic Plans (ISP), and selected agreed targets in the ISP (such as share of students undergoing OJT, share of female students, enrolment increase) will serve as financing triggers for disbursement under the PBGA arrangements.

Results Area 3: Increased Capacities of State Governments to Support ITIs and Apprenticeship Training

Under this Results Area, STRIVE aims to improve the overall operational environment of ITIs and apprenticeship programs at state level through introducing performance-based financing between the MSDE and state governments. Creating a better environment for ITIs' performance requires conducive operational regulations, further investment, establishment of cluster structures for ITIs, effective monitoring systems, and the provision of appropriately qualified, competent and motivated principals and instructors. Performance-based financing will provide incentives to states to initiate reforms and strategic programs. Funding will be contingent on achievement of agreed indicators, which include both policy-related and programmatic interventions, such as reduced staff vacancies; establishment and implementation of a Management Information System (MIS) aligned with central level MIS requirements, timely transmission of management information, including providing the required information on teachers and students to MSDE; implementation of tracer studies; establishment of an Apprenticeship Promotion Cell; teaching and management staff in the state undergoing further training; or implementation of centralized admission system for ITIs. Commitment of state government to undergo these reforms is essential to improve the operational space of ITIs.

Results Area 4: Improved Teaching and Learning

This Results Area aims at further developing and improving (i) teaching and learning (TL) resources for targeted CTS courses (which are the courses taught at ITIs) and apprenticeship basic training modules, and (ii) the system and resources for pre- and in-service training of teaching staff. The Results Area has a strong focus on further developing ICT-enabled TL resources, and open and distance learning solutions for teaching practice and teachers' pre- and in-service training, while at the same time harnessing previous investment into IT infrastructure in ITIs made under VTIP. Activities will be complemented by a revision of curricula and assessment practice, where needed, and upgradation of selected technical teachers training institutions.

IPF: Program Management Support for Strategic Technical Assistance for Improving Efficiency, and Monitoring and Evaluation

The Operation will provide technical assistance to support a coordinated, coherent and evidence-based approach to the critical activities that are expected to be change agents in skills

development. Specifically, the Operation will fund (i) program implementation support through National and State Program Management Consultants; (ii) facilitation of policy development and regulatory reform, including studies and consultative processes; (iii) pilot innovative interventions focused on improving training and employment outcomes for girls; (iv) monitoring and evaluation activities including impact evaluations, qualitative assessment; (v) beneficiaries feedback studies including focus groups with stakeholder with a specific focus on girls, SCs, and STs; and (vi) third party validation to assess achievements against DLIs.

4. **Program Development Objective(s)**

The development objective of the Operation (PDO) is *to increase access to quality and market-driven vocational training provided in ITIs and apprenticeships*

5. **Environmental and Social Effects**

STRIVE interventions 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, efforts are essential to ensure that the proposed interventions do result in sustainable social and environmental benefits:

- *Social Issues:* Key issues relate to: (i) Lands – securing of lands for civil construction; (ii) Inclusion – recognizing that the targeted clientele is quite diverse and heterogeneous and comprises several sub groups distinguishable based on nature and kind of endowment, gender, ethnicity, social and cultural identity and geo-physical considerations and identifying factors that enhance / constrain inclusion of poor and vulnerable sections encompassing women, SCs, STs and religious minorities; (iii) strategies for effective outreach in tribal and conflict/ left wing extremism (LWE) areas; (iv) infrastructural inadequacies in the ITIs and their interface with industries and corporate bodies; and (v) innovative and instructive Information, Education and Communication Campaign (IEC) including effective counselling and motivation to make the program 'inclusive'.
  As the Program is likely to be spread across the country including the tribal areas, the Program has prepared a Tribal Peoples Planning Framework (TPPF) in accordance with the Bank's Operational Policy on Indigenous Peoples (OP) 4.10.
- *Environmental Aspects:* Existing environmental national and state legislation to address issues that arise from the day to day working of ITIs and construction activities are largely adequate. Since most activities are to be implemented at an ITI level or through apprenticeship actions focused in specific areas, large-scale environmental impacts are unlikely. However, gaps exist in environmental safeguards implementation, such as adherence to regulations, such as (i) poor compliance to environmental legislation, waste management including e-waste and hazardous waste and batteries; (ii) infrastructure design, that insufficiently considers the needs of handicapped students; (iii) standard infrastructure designs resulting in local disasters and other risks arising from ITI functioning not considered, and infrastructure created under the Program may be damaged; (iv) student training, apprenticeship, and training of teaching staff focus on

technical training and soft skills but not Occupational Health and Safety (OHS) or waste management, resulting in poor safety practiced in workshops and apprenticeship, and low awareness of waste management.

Recommendations on Environmental Management in the Program for each ITI include: introduction of robust environmental management and monitoring system, including OHS of workers, students, teachers and other staff in the ITI; appropriate construction debris disposal; drainage along the ITI campus; hazardous waste management; sanitation and water supply; and creating implementation and monitoring capacities for these environmental management and safety aspects by nominating one faculty member as nodal person in each ITI.

6. **Financing**

Costs and Financing 2017-2022

	Amount (US$ million)	**Percent of Total**
Estimated Operation Expenditures		
Improved and broadened apprenticeship training	52.00	9.7
Increased performance of ITIs	258.00	47.9
Increased capacities of state governments to support ITIs and apprenticeship training	113.00	20.9
Improved teaching and learning	77.00	14.3
Program management support for strategic technical assistance for improving efficiency, and monitoring and evaluation	38.75	7.2
Total Operation Expenditures	**538.75**	**100**
IBRD	268.75	50
GoI	270.00	50
Total sources	**538.75**	**100**

7. **Program Institutional and Implementation Arrangements**

STRIVE is a national program representing a multi-level approach that reflects the complex structure of the skills development eco-system with its different layers of action and responsibilities. To improve relevance and quality of long-term training and apprenticeship, a key focus of the Program is improved operations at the level of skills development delivery.

However, such improvements hinge on enabling regulatory structures and an appropriate resource base. Consequently, relevant institutions at central and state levels will be responsible for implementation of regulatory reforms, and improvement of support systems. The table below shows the actors responsible for the implementation of activities at different levels.

Institutions for implementation of STRIVE

Implementation Responsibilities for Major Activities	**Central level**	**State level**	**Level of training delivery**
Results Area 1: Improved and Broadened Apprenticeship Training			
Capacity Building at central, regional and state-level offices; advocacy, awareness raising; policy research and dialogue; grant funding to IAIs	Central Apprenticeship Office; Regional Directorates of Apprenticeship Training (RDAT)	State Apprenticeship Advisor	
Support to IAIs	RDAT	State Apprenticeship Advisor	
Development and delivery of revised and new apprenticeship programs			Industry clusters, enterprises, training providers (TP)
Results Area 2: Improved Performance of ITIs			
Management and monitoring of grant funding support to ITIs	National Program Implementation Unit (NPIU)	State Directorates of Training (DT)	
Activities to increase performance and relevance of ITI training			ITIs
Results Area 3: Increased Capacities of State Governments to Support ITIs and Apprenticeship Training			
Developing and implementing MIS and tracer studies; ITI cluster support; teachers training; establishment of Apprenticeship Promotion Cell; policy reforms related to ITI admissions, and others		State DTs	
Results Area 4: Improved Teaching and Learning			
ICT-based reform of CITS programs; development of online and e-learning based CPD system for teaching staff	National Council Vocational Training (NCVT)		
Upgradation of teacher training institutes to			Teachers

multi-functional resource centres			trining institutes (centrally funded)
Development of ICT-enabled teaching and learning resources for CTS programs based on curriculum revision	NCVT; NIMI; CSTARI		
Implementation of new TL resources and outcome-based assessment			Selected pilot institutions
Program Management and TA			
	MSDE/ Directorate General of Training, NPIU	SPIUs	

8. **Contact point**

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