

**PROJECT INFORMATION DOCUMENT (PID)
ADDITIONAL FINANCING**

Report No.: PIDA31608

Project Name	Additional Financing Skills and Training Enhancement Project (P155389)
Parent Project Name	Bangladesh - Skills and Training Enhancement Project (P090807)
Region	SOUTH ASIA
Country	Bangladesh
Sector(s)	Public administration- Education (5%), Vocational training (90%), General industry and trade sector (5%)
Theme(s)	Decentralization (5%), Export development and competitiveness (10%), Technology diffusion (10%), Education for the knowledge economy (75%)
Lending Instrument	Investment Project Financing
Project ID	P155389
Parent Project ID	P090807
Borrower(s)	Economic Relations Division
Implementing Agency	Directorate of Technical Education
Environmental Category	B-Partial Assessment
Date PID Prepared/Updated	25-Aug-2015
Date PID Approved/Disclosed	25-Aug-2015
Estimated Date of Appraisal Completion	20-Aug-2015
Estimated Date of Board Approval	29-Oct-2015
Appraisal Review Decision (from Decision Note)	The review did authorize the team to appraise and negotiate

I. Project Context

Country Context

With a population of 160 million, Bangladesh has made impressive progress in economic growth and poverty reduction over the past few decades. Bangladesh's Gross Domestic Product (GDP) grew at an average rate of 6.1% in the past ten years, resulting in a substantial decline in the incidence of poverty. The economic structure has continued to shift from a largely crop based agrarian economy to services and industry while at the same time transforming agriculture from low value subsistence based to high value commercial farming. Manufacturing growth, driven by exports, was the main driver of recent growth. This was complemented by an annual 14.8 percent growth in remittances (in dollars). Moreover, Bangladesh has graduated from Lower Income Country (LIC) to Lower Middle Income Country (LMIC) status in 2015, based on its \$1,080 GNI per capita (Atlas Method) in FY2014. It reflects Bangladesh's resilient progress on the economic

front despite its vulnerability to global and natural shocks, intermittent political turmoil, weak governance, and rising costs of unplanned urbanization. With improvements in social indicators, Bangladesh has met several Millennium Development Goals, including achievement of gender parity in primary and secondary education.

Notwithstanding, Bangladesh has a window of opportunity to experience rapid and higher GNI growth from an on-going demographic dividend, comprising the largest share of working-aged citizens and fewer dependents – a trend which is expected to continue over the next two decades. Job expansion across the fast growing economic sectors, including Ready-Made Garments (RMG), export-oriented manufacturing, light engineering, ship-building, agri-business, ICT and pharmaceuticals, will demand more home-grown and better skilled professionals and technical experts. Each year, 1.3 million youth join the labor force, but skills shortage is a major problem in today's labor market. The majority of labor force is under-educated – 96 percent of the 57 million workers in the domestic labor market at best have only secondary education. 89 percent of workers are in the informal market. Despite an increase in the number of migrant workers from 104,000 in 1990 to 425,684 in 2014, the majority of them (around 52 percent) are in low-skilled, low-wage structure jobs.

Sectoral and institutional Context

Bangladesh has made good progress in the development of its TVET sector. The National Education Policy (NEP) 2010 of the Government of Bangladesh (GOB) recognizes the current constraints facing the TVET system in ensuring that skills supplied are in demand by the modern workplace, and envisages a system with greater private sector participation in the determination and provision of skill needs. It envisages that the share of students in the TVET system will rise to 25 percent by expanding access to quality technical and vocational education and training. It stresses the need for changes in the governance structures across the sector, in particular, with regard to the management of training institutions, their complete lack of academic, administrative and financial autonomy and the impact of these factors on the overall functioning of the institutions. The National Skills Development Council (NSDC) was established in 2008 to start up an organized skills development sub-sector, and led the development of the National Skills Development Policy (NSDP) in 2011. This policy aims to better coordinate skills development in Bangladesh and shift the focus of skills development from a supply-driven system to a competency-based and demand-driven one. The challenge is to improve the coordination in the skills development ecosystem in Bangladesh, which is highly diverse and fragmented, with a persisting reality of: (i) multiple service providers, including public (more than 20 ministries running institutes providing some form of skills training), private, non-governmental organization (NGO) and industry trainers; (ii) a vast spectrum of target audiences, including secondary and post-secondary students, unskilled youth and vulnerable populations, and people with previous work experience as well as currently employed workers; (iii) a large range of modalities of service provision, including long and short courses, informal training, and on-the-job training; and (iv) a wide variety of skills levels (a vast array of industry-specific skills, basic numeracy and literacy skills, and behavioral and communication skills).

II. Proposed Development Objectives

A. Current Project Development Objectives – Parent

The project development objective is to strengthen selected public and private training institutions to improve training quality and employability of trainees, including those from disadvantaged socioeconomic backgrounds.

III. Project Description

Component Name

Improve the Quality and Relevance of Training

Comments (optional)

This component has two sub-components. Sub-component 1.1 focuses on the expansion of support to targeted public and private institutions offering diploma level programs. The AF will extend competitive institutional grants to new and existing institutions as well as expand stipend support for disadvantaged students. Sub-component 1.2 focuses on the expansion of support to selected additional institutions providing short-term vocational and technical training. The AF will facilitate grants to new short-course training institutions and support to market-relevant trades

Component Name

Innovative Programs in TVET

Comments (optional)

This component, originally titled “Pilots in TVET”, has been renamed “Innovative Programs in TVET”. It has three sub-components: (i) establishment and operationalization of the NSDCS and ISCs; (ii) an apprenticeship program in the secondary level vocational training program; and (iii) Recognition of Prior Learning.

Component Name

Institutional Capacity Development

Comments (optional)

This component will continue to focus on strengthening the institutional capacity of the Directorate of Technical Education (DTE), the Bangladesh Technical Education Board (BTEB) under the Ministry of Education (MOE), and the Bureau of Manpower Employment and Training (BMET) under the Ministry of Expatriates’ Welfare and Overseas Employment (MOEWOE) and Ministry of Public Administration (MOPA).

Component Name

Project Management, Communications, Monitoring and Evaluation

Comments (optional)

This component will continue to support project management, monitoring and evaluation of Project progress and outcomes.

IV. Financing (in USD Million)

Total Project Cost:	120.80	Total Bank Financing:	100.00
Financing Gap:	0.00		
For Loans/Credits/Others			Amount
BORROWER/RECIPIENT			20.80
International Development Association (IDA)			100.00

Total	120.80
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V. Implementation

The implementation arrangements would largely remain the same. The overall responsibility for project implementation continues to lie mainly with the Directorate of Technical Education (DTE) under the overall oversight of the Ministry of Education, and the PIU under the DTE will continue to work closely with NSDCS, BMET, and BTEB. While financial management arrangements would largely remain the same, under procurement arrangements, the AF would introduce electronic Government Procurement (e-GP) in select areas to improve the transparency and accountability of the fiduciary system. e-GP has already been introduced to several World Bank-financed projects, including the Higher Education Quality Enhancement Project. The system could be piloted among several selected polytechnics which have already demonstrated satisfactory performance in procurement activities under sub-component 1.1.

Under the original project, progress towards achieving the Project Development Objective remains Satisfactory, with two out of three PDO indicators already exceeding the targets. The progress against project outcomes indicators is as follows: (a) the cumulative number of stipend recipients (KPI 3) is 116,274 against the target of 82,000; (b) the employment rate of trainees after six months of completion of training is around 42% (KPI 2) against a target of 41% (AY2014) (based on data self-reported by short-term training institutions); (c) pass rate (KPI 1) is 64% (AY2014) against the revised target of 68%.

Performance against intermediate indicators is as follows: (i) an increase in enrollment as a proportion of sanctioned intake capacity in supported courses from 55% in AY 2010 to 98% in 2015; (ii) a reduction in share of vacancies in sanctioned faculty posts in supported courses from 50% to 2%; (iii) an increase in transition rates of students from second to third semester in supported courses from 80% in 2010 to 98% in 2015; (iv) 1,500 faculty in supported courses have been trained by 2015; and (v) an increase in the share of girl trainees in supported short-courses from 5% in 2010 to 30% in 2015.

Rationale and Justifications:

The rationale for the proposed AF is: (a) to sustain and deepen the results of a well-performing project, which directly addresses skills development training issues affecting the poor disproportionately, in terms of access to quality technical education; (b) to contribute to producing more and better quality graduates at professional and technician levels to meet the needs of a rapidly growing economy; and (c) to meet the increasing demand for higher skilled labor as a result of Bangladesh's recent achievement of lower middle-income status. The proposed AF would help catalyze benefits from the expected demographic dividend through timely interventions for improving the skills of the young generation. The current project has contributed to substantial reforms in the TVET subsector, which has resulted in: (i) modernizing and improving the quality and relevance the TVET system; (ii) better trained TVET graduates and better student intake; and (iii) strengthening the nexus between public and private actors in TVET service delivery and increasing linkages with industry. All these have created a momentum which provides for a rapid expansion of TVET to cater to labor market needs and employment.

The proposed AF will continue to support the Government's efforts to improve the quality and relevance of training programs to meet the skills needs of the labor market under the overall

umbrella of the National Skills Development Policy (NSDP). The proposed scaling-up of activities under the AF is grounded in a number of recent sector and project-supported studies.

Key Lessons Learned: During the five years of operation, STEP has generated a number of useful lessons, including: (a) capacity-building was effective not only for implementing project activities but also revamping teachers’ and administrators’ intrinsic motivations for delivering the quality of training; (b) partnership and collaborations with international organizations and industry partners leveraged new knowledge generation and lifted the standard; (c) adoption of a competitive funding process including both public and private institutions can lead to greater public-private partnership resulting in quality TVET service delivery; (d) innovative awareness raising campaigns have turned the social perceptions of skills development in Bangladesh, and improved project accountability; (e) a review of the whole production chain and addressing small glitches may result in a large outcome level impact; (f) skills development necessitates effective participation of government, private, and non-government actors; and (g) establishment of NSDC and ISC structure and offices alone does not automatically ensure a well-functioning and coordinated TVET system.

The AF is built on lessons of implementation experience from the STEP, as well as international experience. The proposed AF would finance the scaling-up of the successful activities, fulfillment of funding gaps resulted from exceeding demand for skills training, fine-tuning of existing scheme and mechanisms, and introduction of new innovative interventions to enhance the project’s impact and development effectiveness. These objectives would be achieved by: (i) further improving equitable access to skills development opportunities for young people, (ii) expanding the quality and relevance of training in a larger number of institutions to address growing skills shortages and mismatches, (iii) promoting innovative solutions to the skills development sector, (iv) building the capacity of key TVET stakeholders that would enable them to implement needed reforms in the sector; and (v) ensuring continuity in partnership and collaboration, and in leveraging international knowledge for a high quality TVET system.

VI. Safeguard Policies (including public consultation)

Safeguard Policies Triggered by the Project	Yes	No
Environmental Assessment OP/BP 4.01	x	
Natural Habitats OP/BP 4.04		x
Forests OP/BP 4.36		x
Pest Management OP 4.09		x
Physical Cultural Resources OP/BP 4.11		x
Indigenous Peoples OP/BP 4.10	x	
Involuntary Resettlement OP/BP 4.12		x
Safety of Dams OP/BP 4.37		x
Projects on International Waterways OP/BP 7.50		x
Projects in Disputed Areas OP/BP 7.60		x

Comments (optional)

VII. Contact point
World Bank

Contact: Md. Mokhlesur Rahman
Title: Senior Operations Officer
Tel: 5764+4351
Email: mrahman2@worldbank.org

Borrower/Client/Recipient

Name: Economic Relations Division
Contact: Mr. Kazi Shofiqul Azam
Title: Additional Secretary, World Bank Wing
Tel: 880-2-9180675
Email: ksazam@gmail.com

Implementing Agencies

Name: Directorate of Technical Education
Contact: Ashok Kumar Biswas
Title: Acting Director General
Tel: 88-02-9110664
Email: tecedu@bdonline.com

VIII. For more information contact:

The InfoShop
The World Bank
1818 H Street, NW
Washington, D.C. 20433
Telephone: (202) 458-4500
Fax: (202) 522-1500
Web: <http://www.worldbank.org/infoshop>