

# PROJECT INFORMATION DOCUMENT (PID) CONCEPT STAGE

Report No.: PIDC10891

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| <b>Project Name</b>                           | Punjab Skills Development (P130193)  |
| <b>Region</b>                                 | SOUTH ASIA   |
| <b>Country</b>                                | Pakistan   |
| <b>Sector(s)</b>                              | Vocational training (80%), Tertiary education (10%), Secondary education (10%) |
| <b>Theme(s)</b>                               | Education for the knowledge economy (75%), Education for all (25%)             |
| <b>Lending Instrument</b>                     | Investment Project Financing   |
| <b>Project ID</b>                             | P130193  |
| <b>Borrower(s)</b>                            | ISLAMIC REPUBLIC OF PAKISTAN   |
| <b>Implementing Agency</b>                    | Industries, Commerce & Investment Dep., Govt. of Punjab                        |
| <b>Environmental Category</b>                 | C-Not Required   |
| <b>Date PID Prepared/ Updated</b>             | 22-Oct-2014  |
| <b>Date PID Approved/ Disclosed</b>           | 23-Oct-2014  |
| <b>Estimated Date of Appraisal Completion</b> | 15-Jan-2015  |
| <b>Estimated Date of Board Approval</b>       | 25-Mar-2015  |
| <b>Concept Review Decision</b>                | Track II - The review did authorize the preparation to continue                |

## I. Introduction and Context

### Country Context

Pakistan is the world's sixth most populous country with an estimated 179 million people and a per capita income of US\$1,260, which classifies it as a lower income country. Pakistan's recent GDP growth rates (average of 3.5 percent in the last 4 years) are half their levels of five decades ago and continue to decline. Human development indicators also continue to lag. The country's national and provincial systems are characterized by weak public sector management, governance and capacity which hamper service delivery performance.

With an average age of 21 years, Pakistan's population comprises a very large share of mostly unskilled working age youth not ready for high quality productive jobs. The rapidly growing youth workforce will increase the pressure on service delivery mechanisms and on the labor market considerably. To make the required progress on socioeconomic indicators, Pakistan needs to focus

on drivers for sustainable and inclusive growth and translate gains into improved human development opportunities and outcomes.

### **Sectoral and Institutional Context**

In education, indicators have improved in the past ten years but there remain significant challenges which directly affect people's access to skills training and at the same time, employment. In Punjab, the province with relatively better human development indicators as reported in 2012/13, only 54% of Punjab's population has ever completed primary school or higher. Furthermore, unemployment rates in the Punjab are the highest for youth aged 15-24 years. The incidence of vocational training in Punjab is higher than the Pakistani average, but still very low. Only 2.4% of the working age population (15-64 years) has completed vocational education.

The main challenges in the skills and training sector of the Punjab mirror that of the rest of the country but are compounded by the fact that Punjab makes up more than half of Pakistan's population aged 15 years and above (57%). The challenges include the following:

- (a) Low relevance and quality of training. Curricula are outdated, training is not competency-based, and there is little or no formal on the job training (OJT) incorporated in skills training. Linkages with industry are weak and marked by distrust and disinterest.
- (b) Weak institutional framework. The skills institutional framework in Punjab is characterized by the nonexistence of a clear strategy on skills development, regulatory and accreditation roles, and fragmentation in training provision. Moreover, there is no national or provincial level qualifications framework or anything comparable.
- (c) Unmet demand for larger numbers of skilled workers. The recent STEPs employer survey reports that 60% of employers feel that the TVET system does not produce enough people with the skills required by employers. However, despite the demand for skilled workers, returns to vocational training are low.
- (d) Low access to training, especially for women and the poor. Overall, access to skills training is low for all as is social demand due primarily to the low quality and irrelevant training provided. Men are more likely to complete vocational education than women, and household economic conditions are correlated with the likelihood of receiving vocational education.

Recognizing that better skilled and more employable youth are a critical input to economic growth, the Government of Punjab has placed this and job creation at the core of its Growth Strategy. This Growth Strategy, currently under development, aims to stimulate downstream production activity in employment-intensive sectors by stimulating private investment through leveraging public-private partnerships in the provision of infrastructure. It estimates that in order to double Pakistan's GDP, an objective of the country's Vision 2025, Punjab would have to grow at a rate of almost 7 percent annually to provide jobs to nearly one million people entering the workforce every year.

In order to realize its goals to stimulate growth in agriculture and industry, the Government of Punjab would have to make significant improvements not only in skilling new labor market entrants, but also in increasing productivity, and employability, of existing labor market participants. The proposed Project aims to support the Government in several focused areas to address both short-term skills needs and medium- to long-term system and institutional needs. The areas include increasing numbers of skilled workers, quality improvements in priority sectors, and improvements in certification and testing mechanisms.

### **Relationship to CAS**

The priority areas of focus for the country are reflected in the World Bank's Country Partnership

Strategy for 2015-2019 (CPS). Priority areas for interventions to support these objectives are: (i) the promotion of energy security; (ii) increased productivity to drive growth and job creation, particularly in agriculture and SME's; (iii) inclusive growth and reduced inequality for marginalized and vulnerable population groups, including women; and (iv) improved service delivery, particularly taking into account the devolved system of governance in the country. The Proposed project is a response to the Government and Bank's strategies moving forward, particularly the pillars (ii), (iii) and (iv).

## **II. Proposed Development Objective(s)**

### **Proposed Development Objective(s) (From PCN)**

To support institutional reform of the skills sector, and the improvement of access, quality and relevance of skills training programs in priority sectors in the Punjab.

### **Key Results (From PCN)**

- Employment rate of short-term training graduates 3 and 6 months after completing training in supported programs;
- Percent increase in enrollments in technical education courses in supported institutions
- A functioning (revised) TVET accreditation and assessment system

## **III. Preliminary Description**

### **Concept Description**

The Project would be implemented over a five year period. It would have three parts. The first, consisting of Component 1, would be disbursement linked (DLI) where funds would be disbursed against agreed results to the Finance Department of Punjab. Components 2 and 3 would follow a traditional reimbursement mode based on statements of expenditures after the completion of activities.

Component 1: Institutional reform for delivery of high quality skills training for all. This component will address much needed institutional reform which would underpin the potential success of any skills related interventions, and support areas identified in the NSS and complement ongoing donor activities . Exact DLIs, sequencing and pricing would be worked out during Project preparation. Initial areas identified for support through this component include:

- (i) Support to effective regulation of the skills and training sector in Punjab. Actions include the separation of the Punjab Technical Education and Vocational Training Authority's (P-TEVTA) regulatory function from training provision, and strengthening and consolidating quality assurance systems, namely the Punjab Board of Technical Education (PBTE) and Trade Testing Board (TTB).
- (ii) Institutionalize industry and private sector participation in the development and planning of skills and training programs. This reform area would pilot the creation of Industry Advisory Groups starting with one to two growth sectors identified by GoPunjab in their Growth Strategy. It is likely that IAGs would be piloted in sectors where support is being provided by the proposed Project through Component 2 to ensure coordination, complementarity and maximum benefits for Project interventions.

Component 2: Increasing quality, relevance and access. This component would consist of two parts: (1) competitive grants for Technical Education; and (2) access to training for the disadvantaged.

Component 2.1 Increasing quality and relevance of technical education in specific growth sectors of

the Province with a view to increasing the employability of graduates. This sub component would focus on improvements in the quality and relevance of technical education and training that is provided by the public and private sector in prioritized sectors. Priority sectors would be defined by the provincial Growth Strategy and could include those schools that are part of the GoPunjab's Centers of Excellence—also identified as areas of support in the National Skills Strategy.

The objective of the subcomponent would be achieved through the implementation of a competitive grants mechanism at the institutional level to improve the “supply side” of technical education training. Through competitive grant, eligible Training Providers (TPs), both public and private, could fund critical quality inputs identified by the institutions themselves such as training of trainers, teaching and learning materials (including equipment), and partnerships or twinning arrangements with institutions abroad as well as institutional and formal linkages with the private sector such as internship or OJT programs for its trainees.

Component 2.2: Increasing access to vocational training for the poor and disadvantaged. This sub component would aim to increase the employability of the poor and disadvantaged especially women through increasing access to short-term market relevant vocational training in priority sectors. The Project at concept stage envisages achieving this objective by providing funds to the Punjab Vocational Training Council (PVTC) to fund additional students in selected sectors in its existing Vocational Training Institutions (VTIs). This component could be expanded to include in addition to the PVTC, any other organization with a similar mandate and proven track record. Reimbursement to implementing agencies would be contingent (in part) on their performance, measured by the employment of their graduates over a 3-6 month period after graduation (from the training program).

Component 3: Monitoring, Evaluation and Project Management. This component would finance Project Management and Monitoring and Evaluation (M&E). The overarching responsible agency for the proposed Project would be the Punjab Planning and Development Department and the implementing agency of the Project would be the Industries Department, GoPunjab. A coordination and implementation cell for the Project would be set up in the Industries Department to manage the various components and carry out all M&E activities.

#### IV. Safeguard Policies that might apply

| Safeguard Policies Triggered by the Project    | Yes | No | TBD |
|--|-----|----|-----|
| 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  |     |

**V. Financing (in USD Million)**

|   |       |                       |               |
|---|-------|-----------------------|---------------|
| Total Project Cost:                         | 60.00 | Total Bank Financing: | 50.00         |
| Financing Gap:                              | 0.00  |                       |               |
| <b>Financing Source</b>                     |       |                       | <b>Amount</b> |
| BORROWER/RECIPIENT                          |       |                       | 10.00         |
| International Development Association (IDA) |       |                       | 50.00         |
| Total                                       |       |                       | 60.00         |

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