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IDA/R2015-0261/1

October 9, 2015

**Closing Date: Thursday, October 29, 2015
at 6 p.m.**

FROM: The Corporate Secretary

India - Nai Manzil Education and Skills Training for Minorities Project

Project Appraisal Document

Attached is the Project Appraisal Document regarding a proposed credit to India for the Nai Manzil Education and Skills Training for Minorities Project (IDA/R2015-0261), which is being processed on an absence-of-objection basis.

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Report No: PAD1612

INTERNATIONAL DEVELOPMENT ASSOCIATION

PROJECT APPRAISAL DOCUMENT

ON A

PROPOSED CREDIT

IN THE AMOUNT OF US\$50 MILLION
(SDR 35.7 MILLION ESTIMATED)

TO

INDIA

FOR THE

NAI MANZIL – EDUCATION AND SKILLS TRAINING FOR MINORITIES PROJECT

October 7, 2015

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CURRENCY EQUIVALENTS
(Exchange Rate Effective September 30, 2015)

Currency Unit

INR 65.74 = USD 1
USD 1.330 = SDR 1

FISCAL YEAR
April 1 – March 31

ABBREVIATIONS AND ACRONYMS

APR	Annual Performance Reports
CPS	Country Partnership Strategy
CSO	Civil Society Organizations
DGoT	Directorate General of Training
DLI	Disbursement Linked Indicator
EEPs	Eligible Expenditure Program
GDP	Gross Domestic Product
GoI	Government of India
GRS	Grievance Redress Service
ICB	International Competitive Bidding
ICT	Information Communication and Technology
IEC	Information Education and Communication
IFD	Integrated Finance Division
IFR	Interim Financial Report
IDA	International Development Association
IPF	Investment Project Financing
IRR	Internal Rate of Return
KPI	Key Performance Indicator
MDG	Millennium Development Goal
MES	Modular Employable Skills
M&E	Monitoring and Evaluation
MIS	Management Information System
MoMA	Ministry of Minority Affairs
MoSDE	Ministry of Skill Development and Entrepreneurship
NCB	National Competitive Bidding
NCVT	National Council for Vocational Training
NIOS	National Institute of Open Schooling
NMDFC	National Minorities Development and Finance Corporation
NOS	National Occupational Standard
NSQF	National Skills Qualifications Framework
NSS	National Sample Survey
NPV	Net Present Value

OM	Operational Manual
PDO	Project Development Objective
PIA	Project Implementing Agencies
PMU	Program Management Unit
QBS	Quality Based Selection
QCBS	Quality and Cost Based Selection
QP	Qualification Pack
RBF	Results-based Financing
SBD	Standard Bidding Document
SMART	Specific, Measurable, Attainable, Relevant, and Time-bound
SHG	Self Help Group
TAC	Technical Advisory Committee
TOR	Terms of Reference
TSA	Technical Support Agency

Regional Vice President:	Annette Dixon
Country Director:	Onno Ruhl
Senior Global Practice Director:	Claudia Maria Costin
Practice Manager:	Keiko Miwa
Task Team Leaders:	Muna Salih Meky, John D. Blomquist

INDIA
NAI MANZIL – EDUCATION AND SKILLS TRAINING FOR MINORITIES

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PAD DATA SHEET*India**Nai Manzil - Education and Skills Training for Minorities (P156363)***PROJECT APPRAISAL DOCUMENT***SOUTH ASIA*

Report No.: PAD1612

Basic Information			
Project ID P156363	EA Category C - Not Required	Team Leader(s) Muna Salih Meky, John D. Blomquist	
Lending Instrument Investment Project Financing	Fragile and/or Capacity Constraints []		
	Financial Intermediaries []		
	Series of Projects []		
Project Implementation Start Date 01-Nov-2015	Project Implementation End Date 30-Jun-2021		
Expected Effectiveness Date 31-Jan-2016	Expected Closing Date 30-Jun-2021		
Joint IFC No			
Practice Manager/Manager Keiko Miwa	Senior Global Practice Director Claudia Maria Costin	Country Director Onno Ruhl	Regional Vice President Annette Dixon
Borrower: Government of India			
Responsible Agency: Ministry of Minority Affairs			
Contact: Telephone No.: 01124361444	Dinesh Singh Bist	Title: Joint Secretary (PP)	Email: ds.bist87@gov.in
Project Financing Data(in USD Million)			
[] Loan	[] IDA Grant	[] Guarantee	
[X] Credit	[] Grant	[] Other	
Total Project Cost:	100.00	Total Bank Financing:	50.00
Financing Gap:	0.00		

Financing Source							Amount			
BORROWER/RECIPIENT							50.00			
International Development Association (IDA)							50.00			
Total							100.00			
Expected Disbursements (in USD Million)										
Fiscal Year	2016	2017	2018	2019	2020	2021	0000	0000	0000	0000
Annual	1.70	13.30	12.50	8.50	13.00	1.00	0.00	0.00	0.00	0.00
Cumulative	1.70	15.00	27.50	36.00	49.00	50.00	0.00	0.00	0.00	0.00
Institutional Data										
Practice Area (Lead)										
Education										
Contributing Practice Areas										
Social Protection & Labor										
Cross Cutting Topics										
<input type="checkbox"/> Climate Change <input type="checkbox"/> Fragile, Conflict & Violence <input type="checkbox"/> Gender <input checked="" type="checkbox"/> Jobs <input checked="" type="checkbox"/> Public Private Partnership										
Sectors / Climate Change										
Sector (Maximum 5 and total % must equal 100)										
Major Sector				Sector		%	Adaptation Co-benefits %		Mitigation Co-benefits %	
Education				Vocational training		60				
Health and other social services				Other social services		30				
Public Administration, Law, and Justice				Central government administration		10				
Total						100				
<input checked="" type="checkbox"/> I certify that there is no Adaptation and Mitigation Climate Change Co-benefits information applicable to this project.										
Themes										
Theme (Maximum 5 and total % must equal 100)										
Major theme				Theme				%		
Human development				Education for the knowledge economy				60		

Social protection and risk management	Improving labor markets	40
Total		100
Proposed Development Objective(s)		
The Project Development Objective is to improve completion of secondary education and market-driven skills training for targeted youth from Minority communities		
Components		
Component Name	Cost (USD Millions)	
Component 1: Results Based Financing for Increased Education Attainment and Market-Driven Training	45,000,000.00	
Component 2: Technical Assistance for Implementation of the Nai Manzil Scheme	5,000,000.00	
Systematic Operations Risk- Rating Tool (SORT)		
Risk Category	Rating	
1. Political and Governance	Low	
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	Low	
8. Stakeholders	Moderate	
OVERALL	Substantial	
Compliance		
Policy		
Does the project depart from the CAS in content or in other significant respects?	Yes []	No [X]
Does the project require any waivers of Bank policies?	Yes []	No [X]
Have these been approved by Bank management?	Yes [X]	No []
Is approval for any policy waiver sought from the Board?	Yes []	No [X]
Explanation:		
Does the project meet the Regional criteria for readiness for implementation?	Yes [X]	No []
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
Legal Covenants			
Name	Recurrent	Due Date	Frequency
Steering Committee	X		CONTINUOUS
Description of Covenant			
The Recipient, through MoMA, shall establish and thereafter maintain throughout the period of Project implementation, a steering committee headed by the Secretary of MoMA, comprised of representatives of other relevant government entities and stakeholders as set forth in the Project Implementation Guidelines.			
Name	Recurrent	Due Date	Frequency
Technical Support Agency	X		CONTINUOUS
Description of Covenant			
The Recipient, through MoMA, shall select and hire no later than one month after the Effective Date, and thereafter maintain throughout the period of Project implementation, an experienced and qualified project management consulting firm (the Technical Support Agency) under terms of reference agreed with the Association.			
Name	Recurrent	Due Date	Frequency
Technical Advisory Committee	X		CONTINUOUS
Description of Covenant			
The Recipient, through MoMA, shall establish no later than one month after the Effective Date, and thereafter maintain throughout the period of Project implementation, a technical advisory committee chaired by the Project Director.			
Name	Recurrent	Due Date	Frequency
Appointment of independent DLI verification agency	X		CONTINUOUS
Description of Covenant			
The Recipient, through MoMA, shall appoint, not later than December 1, 2016, and thereafter retain for the duration of the Project, an independent Disbursement Linked Indicator verification agent.			
Conditions			

Source Of Fund	Name			Type
Description of Condition				
Team Composition				
Bank Staff				
Name	Role	Title	Specialization	Unit
Muna Salih Meky	Team Leader (ADM Responsible)	Senior Education Specialist	Sr. Education Specialist	GEDDR
John D. Blomquist	Team Leader	Program Leader	Program Leader	SACIN
Balagopal Senapati	Procurement Specialist	Procurement Specialist		GGODR
Neha Dhoundiyal	Financial Management Specialist	Financial Management Specialist		GGODR
Ashwini Bharat	Team Member	Program Assistant		SACIN
Juan Carlos Alvarez	Counsel	Senior Counsel		LEGES
Karthika Radhakrishnan	Team Member	Operations Analyst		GEDDR
Mamata Baruah	Team Member	Senior Program Assistant		SACIN
Martin M. Serrano	Counsel	Senior Counsel		LEGES
Pyush Dogra	Safeguards Specialist	Senior Environmental Specialist	Sr. Environmental Specialist	GENDR
Sangeeta Goyal	Team Member	Senior Economist	Sr. Economist	GEDDR
Satya N. Mishra	Safeguards Specialist	Social Development Specialist	Social Development Specialist	GSURR
Srinivas Varadan	Team Member	Social Protection Specialist		GSPDR
Victor Manuel Ordonez Conde	Team Member	Senior Finance Officer	Senior Finance Officer	WFALN
Extended Team				
Name	Title	Office Phone	Location	
Binu Malhotra	Consultant			
Charu Jain	Environmental Specialist			
Kumar Vivek	Consultant			

Meghna Sharma	STC				
Surendra Agarwal	Consultant				
Locations					
Country	First Administrative Division	Location	Planned	Actual	Comments
India	India	New Delhi			

I. STRATEGIC CONTEXT

A. Country Context

1. India has experienced impressive growth in recent years. India's Gross Domestic Product (GDP) has averaged annual 7.3% growth during 2007-2012. With growth, India has made remarkable progress in reducing poverty particularly in the last decade. India has exceeded the first Millennium Development Goal (MDG) to halve poverty. Between 2005 and 2012, nearly 138 million people were lifted out of poverty.¹ These successes in human development, however, have not benefited all sections of the Indian population equitably. Many of India's marginalized citizens are yet to benefit from economic growth and some groups have continued to lag behind other groups in their access to a range of opportunities, despite focused government attention to promote inclusion.

2. The Government of India (GoI) classifies six religious communities, viz. Muslims, Christians, Sikhs, Buddhists, Jains, and Zoroastrians (Parsis) as Minorities. Together Minorities comprise almost 18% of India's population, or about 225 million people. Muslims comprise the largest Minority community at 13.8% of India's population, followed by Christians at 2.1%, Sikhs at 1.7%, Buddhists at 0.6%, and Parsis comprising of 0.004%.² The development indicators for Minorities are lower than the national average. Muslims, constituting more than 75% of all Minorities, have lower labor market participation, earnings, and educational attainment compared to the other Minorities. The incidence of poverty among Muslims is 6 percentage points higher than national averages in rural areas and 4% in urban areas while their Infant and Under Five Mortality rates are only slightly less than the national average, with 52 and 70 per 1000 live births against a national average of 57 and 74.³ The incidence of female malnutrition and children suffering from anemia and stunting is above the national average among Muslims.⁴ Indicators for other Minority categories are relatively better, but there are substantial regional disparities.

3. The GoI has initiated several policy and programmatic reforms to support equitable development of Minority communities. The Prime Minister's New 15 Point Programme for the Welfare of Minorities, launched in June 2006, identified specific programme interventions towards ensuring that benefits of government schemes for the underprivileged reached the disadvantaged section of Minority communities. In the same year, a Prime Minister's high level committee chaired by Justice Rajender Sachar published a report on the social, economic and educational status of the Muslim community of India highlighting the lack of equity and equality of opportunities for Indian Muslims. The report identified various types of support required by the Minority community, including enhancing their participation in governance, enhancing access to credit and government programs, encouraging community initiatives, bringing a sharper focus on school education opportunities, and expanding technical education and training for non-matriculates. The Ministry of Minority Affairs (MoMA), established in 2006, was mandated to take forward the required reforms.

¹ This data refers to the national poverty line

² Census Data 2001

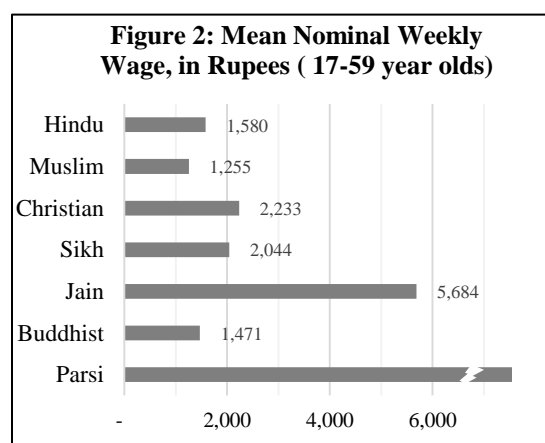
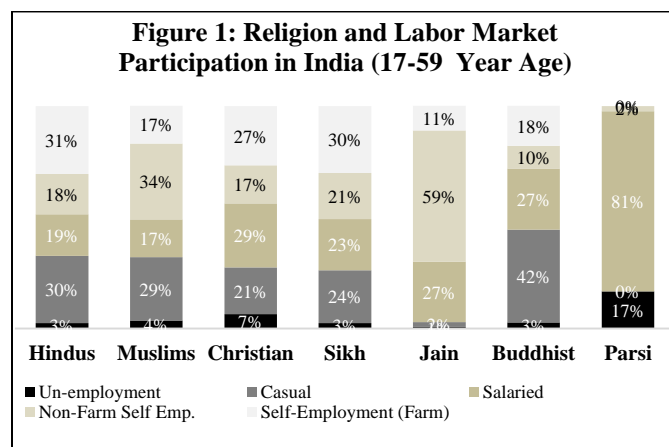
³ Tanweer Fazal; MDGs and Muslims of India; Oxfam India (Jan 2013)

⁴ India Human Development Report 2011; Institute of Applied Manpower Research, Planning Commission

B. Sectoral and Institutional Context

4. The following analysis draws heavily from the Sachar Committee Report (2006) and the 15 Point Programme. In addition, the sector context draws from the World Bank analysis of short-term skill training programs (training duration of less than 6 months) in 5 States of India.⁵ The study was undertaken in close collaboration with the Ministry of Skill Development & Entrepreneurship. The report provides an in-depth analysis of employment outcomes of 5 flagship skill development programs of GoI, earning premium of their beneficiaries, cost-benefit analysis of the programs, administrative aspects affecting delivery, and recommendations on improving their performance.

5. Minority communities tend to have lower labor market outcomes than the national average. Muslims have the lowest labor market outcomes amongst all groups. They earn 25-30% lower wages, are 50% less likely to be engaged in formal sector employment, and have higher rates of unemployment (Figure 1).⁶ Muslims also have the lowest percentage of salaried employment (Figure 2). Indicators for other Minority categories are relatively better, but there are important regional disparities. The National Commission for Religious and Linguistic Minorities (Ranganath Misra Commission) tabled a report at the Indian Parliament in December 2009 highlighting such disparities. The report stated that, amongst Buddhists, there are two distinct groups – those living in the Northern States from Leh to further in the North East and those in the rest of the country that largely comprise of converts after independence. The latter group of Buddhists faces acute problems of low quality employment, with 42% of 17-59 year olds engaged in casual labor, landlessness and lack of access to capital. The Standing Committee on Social Justice and Empowerment in 2014 noted that the government employed close to 10% of people from minority communities in 2010-11 and public sector undertakings employed approximately 7%.⁷



6. Education outcomes of Minority communities is almost at par with the national average due to concerted efforts made by the GoI. However, among Minority communities, transition rates at

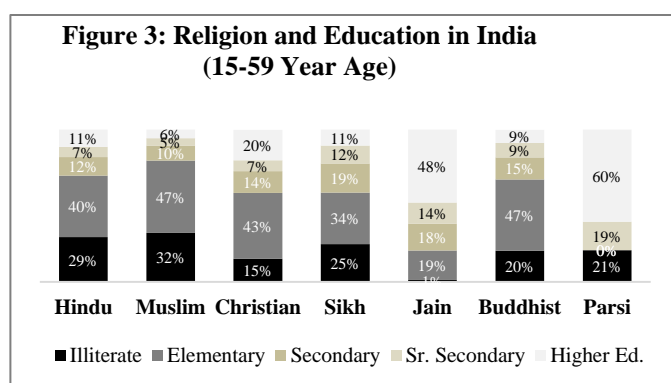
⁵ Labour Market Impacts and Effectiveness of Skill Development Programs in Five States of India: Assam, Andhra Pradesh, Madhya Pradesh, Odisha, and Rajasthan; World Bank; 2015

⁶ NSS 68th Round (July 2011 - June 2012); Ministry of Statistics and Programme Implementation

⁷ The Standing Committee on Social Justice and Empowerment (Chairperson: Mr. Hemanand Biswal) submitted its report on the implementation of the Prime Minister's New 15 Point Programme for the welfare of religious minorities on February 15, 2014.

secondary level are especially poor for Muslims and Buddhist, which put them at a disadvantage in the labor market.⁸ Only 9.9% of 15-59 year old Muslims in India have completed secondary education. In addition, only 50% of Muslims who complete upper primary are likely to complete secondary education, compared to 62% at the national level (Figure 3).⁹

7. Open school education and skills training programs provide a promising avenue for improving labour outcomes of individuals that have missed opportunities for education and training. On the training side, participation in skills development programs can improve employment rates and provide a positive earnings premium for beneficiaries. As per the World Bank study (2015), employment rates of beneficiaries of such programs increase by 7 percentage points overall, with a stronger effect for women than for men (12% vs. 4.5%). Further, beneficiaries who are working earn on average about 21% more than non-beneficiaries (with same age, education, marital status, state of residence) and even higher when the training content is directly relevant to the job held. However, although skills training programs are a useful



instrument to facilitate insertion in the labor market, the amount of human capital that can be provided through these programs alone remain modest. Educational attainment continues to shape employment outcomes and long term productivity of the youth. For those who obtained an education certificate, the study found that those with primary education or lower receive 12% lower wages than those with secondary

education. Therefore, to yield better productivity improvements in the labor market, it is necessary to undertake a diversified package of human capital investments which includes education and training programs.

8. Access to skills development programs and second chance education programs in India has significantly expanded over the last decade. The net enrollment in the National Institute of Open Schooling (NIOS) across various education and vocational training courses increased by more than 20%, from 0.47 million candidates in 2009-10 to 0.57 million candidates in 2013-14.¹⁰ Coaching centers that provide students additional support to pass the open school exams have also improved the success rates of students taking the open school exams. The cost of these courses are substantial and the geographic location can act as deterrents for disadvantaged populations. On the training side, in addition to training programs led by the Central Ministries and States, a large private sector supply of training providers has been created, using a public-private partnership vehicle for funding. This vehicle has led to the establishment of more than 200 private-sector training providers that have trained 2 million people in the past 4 years.

⁸ Presentation on report of the Standing Committee of the National Monitoring Committee for Minorities' Education (NMCME) (May 2013)

⁹ The Education system in India comprises of elementary education (including primary schools consisting of Grades 1-5, middle schools consisting of Grades 6-8), secondary education (Grades 9-10), and senior secondary education (Grades 11-12). A small portion of education delivery in India is through the open schooling system that provides education through an open and distance-learning mode.

¹⁰ NIOS: A Profile 2014; retrieved from http://www.nios.ac.in/media/documents/Profile_2014_Website.pdf

9. Not all these interventions have been equally effective. Historically, skills training programs have relied on supply-driven financing focused on inputs at the individual beneficiary level. Such a design leads to a lack of accountability on part of providers for training outcomes such as number of trainees placed, improvements in retention and completion, and services delivered to targeted population groups and industrial sectors. Hence, to deepen the labour market responsiveness of programs, the GoI has taken cognizance of the need to shift the financing for service provision from supply-driven financing to results-based financing (RBF).¹¹ Linking the financing of programs to education and training targets can incentivize private sector education and training providers to design and implement high quality education and training programs that actually cater to the needs of the communities. There is now substantial experience with performance based financing of service providers, and evidence shows that these are more efficient and effective service delivery modalities compared to input based financing.

Nai Manzil Scheme

10. The GoI has undertaken several programs for Minority development such as the Multi-Sectoral Development Program, an area development initiative to address the development deficits of Minority concentration areas by creating new socio-economic infrastructure and providing basic amenities; the Learn and Earn scheme, a skill development initiative for Minorities; and scholarships schemes for Minorities.

11. Based on lessons learned from these initiatives, the GoI identified the need for a flexible, integrated education and training program that provided youth from Minority communities a greater set of skills needed to learn and adapt to different tasks in a rapidly changing world. The GoI launched the “Nai Manzil” Scheme (“New Horizons” Scheme), a comprehensive education and skill development program on August 8, 2015. The program design was to support making youth eligible for most entry-level jobs and perform better in the labour market by providing them access to Grade 8 and Grade 10 certification and skills training. Nai Manzil is aimed at improving the labor market outcomes of Minority youth by offering an integrated program for education and market relevant skill training. The Nai Manzil Scheme will be complemented by the Maulana Azad National Fellowship for Minority Students Scheme and the Maulana Azad National Scholarships for meritorious girl students program of MoMA that helps in demand side financing for educational attainment of Minority youth. The Scheme will also have linkages with the National Minorities Development and Finance Corporation (NMDFC) of MoMA that provides loans to Minority youth. The Scheme will cover 1,228 Community Development Blocks where Minority population is at least 25%.

C. Higher Level Objectives to which the Project Contributes

12. The GoI in its National Skill Development Mission has a stated goal of training 402 million workers by 2022. This requires a concerted effort across public and private institutions to respond to the challenge of improving India’s global competitiveness, further reducing poverty, and increasing shared prosperity. Further, the World Bank Group’s India Country Partnership Strategy (CPS) emphasizes improving market-driven skill development for productive employment as a key element of the Integration engagement area as well as improving access to

¹¹ A.V. Adams, S.J. de Silva, and S. Razmara; Improving Skills Development in the Informal Sector; The World Bank (2013)

services and opportunities for excluded population groups under the Inclusion engagement area. The proposed project contributes to these objectives with its focus on Minority youth education and skills development, and is consistent with the CPS.

II. PROJECT DEVELOPMENT OBJECTIVES (PDO)

A. PDO

13. The PDO is to improve completion of secondary education and market-driven skills training for targeted youth from Minority communities.

B. Project Beneficiaries

14. The main project beneficiaries of the project include the following:

- Eligible Youth aged 17-35 years from Minority communities who wish to benefit from a Grade 8 or Grade 10 education certificate and a market-driven training program.
- MoMA which will benefit from increased capacity to execute its mandate for supporting Minority communities.
- Education and training providers who will benefit from the development of a national stock of programs, curricula, training methodologies and materials for education and training.
- Private sector and employers who will benefit from a higher number and better educated youth from Minority communities with market relevant skills.

C. PDO Level Results Indicators

15. The following results indicators will be used to measure progress towards achievement of the PDO:

- Share of enrolled targeted beneficiaries who receive a secondary education (Grade 10) certificate through open schooling
- Share of enrolled targeted beneficiaries who receive a nationally recognized skills certificate
- Share of targeted beneficiaries who obtain employment within 6 months after completing the integrated program
- Share of targeted beneficiaries who are enrolled in further professional qualification in education or skills training within 6 months after completing the integrated program.

III. PROJECT DESCRIPTION

A. Project Components

16. The Nai Manzil Scheme reflects the government's commitment to provide education and skilling opportunities for economically disadvantaged/underserved Minorities. The Project will have two components that are strategically designed to inform the implementation of Scheme. Component 1 will support improved access to education and enhanced market relevance of skills training. Component 2 will focus on system strengthening, policy design, as well as support the implementation of Component 1 through program coordination, technical assistance, capacity building, results monitoring and evaluation (M&E), and research and communication.

Component 1: Results Based Financing for Increased Education Attainment and Market-Driven Training (USD 45 Million)

17. The objective of the Nai Manzil Scheme is to support productive employment among Minority youth not possessing formal education certification for Grade 8 or 10. The Project will primarily support hiring of Project Implementing Agencies (PIAs). The PIAs will provide non-residential integrated education and skill training for 9 to 12 months of which a minimum of 3 months will be devoted to skill training compliant with the National Skills Qualifications Framework (NSQF). The main instrument for implementing the Scheme will be results-oriented Performance Agreements between the MoMA and PIAs to: (i) provide support to eligible Minority youth to enrol in open schooling and undertake training and assessment as per applicable guidelines; (ii) provide additional education support/bridge program designed to help students obtain open schooling certification; (iii) impart high quality skills training including soft skills leading to productive employment; and (v) provide post-placement support to assist sustainable employment for those students who opt to enter the labor market.

18. The Performance Agreements will include a set of performance parameters that will be the primary basis for financial disbursements by the MoMA to the PIAs. The Performance Agreements will aim to provide incentives for meeting agreed upon targets, including physical targets, as well as education and labor market outcomes. The performance agreements will be built on the extensive experience and lessons learnt from other programs in the education and training sector in India and other relevant countries to facilitate tailored approaches to education and skills development essential to effectively cater for specific groups and labor markets. Project funds will be disbursed against Eligible Expenditure Programs (EEPs) upon achievement of agreed DLIs. The EEPs are consultancy fees paid to PIAs, which fees include the Stipends paid to Targeted Youth.

Component 2: Technical Assistance for Implementation of the Nai Manzil Scheme (USD 5 Million)

19. The objective of this component is to strengthen capacity of the MoMA for project implementation, planning and policy development. Areas to be supported include (i) policy development; (ii) project implementation support through a Program Management Unit (PMU); (iii) documenting and disseminating best practices for delivery of education and training programs; (iv) piloting innovative interventions focused on improving education, training and

employment outcomes; and (v) M&E activities including impact evaluations, tracer studies, qualitative assessments, third party validation, and studies to facilitate improved scheme design related to target groups and eligibility criteria.

B. Project Financing

20. The Project will use an Investment Project Financing (IPF) instrument based on a Results-Based Financing (RBF) modality. Under the RBF component (Component 1), Project funds will be disbursed against selected Eligible Expenditure Programs (EEPs) up to capped amounts and conditioned on achievement of the target for agreed disbursement linked indicators (DLIs). This component will support implementation of the GoI's Nai Manzil Scheme, and will focus on outcomes and results rather than inputs. The DLIs for the Project reflect GoI's priorities in the Scheme, including intermediate outcomes that build cumulatively over the lifespan of the Project to expand access to education and market relevant training that contribute to improved labor market outcomes. From a disbursement point of view, the DLIs will be independent of each other. Non-compliance with any of the DLIs in a period will imply that disbursement of the funds associated with that DLI will be withheld (and released later if the DLI is met), but disbursements associated with other DLIs will not be affected. The EEPs for the project consultancy fees paid to PIAs, which fees include the Stipends paid to Targeted Youth.

C. Project Cost and Financing

21. Total financing for the project is estimated to be USD 100 million with USD 50 million as GOI and USD 50 million IDA financing. Out of the proposed IDA Credit of USD 50 million, USD 45 million will be for Component 1 based on the agreed DLIs. Additionally, USD 5 million will be for Component 2 to provide Technical Assistance for implementation of the Nai Manzil Scheme.

Table 1: Total Project Costs and Financing (USD Million): 2015-2021

Project Components	IDA Financing	% Financing
1. Results Based Financing for Increased Education and Market-Relevant Training	45 million	100%
2. Technical Assistance for Implementation of the Nai Manzil Scheme	5 million	100%
Total Costs	50 million	

D. Lessons Learned and Reflected in the Project Design

22. The planning and preparation process for the Project was participatory and iterative, and was built upon the following main lessons learned from local and global experiences and rigorous analytical work:

- a) **To yield better labor market outcomes, it is necessary to undertake a diversified package of human capital investments which includes education and skill training programs.** Although skills training programs are a useful instrument to facilitate

insertion in the labor market, the amount of human capital that can be provided only through these programs remains modest. Educational attainment continues to shape employment outcomes and long-term productivity of the youth and it is necessary to integrate formal attainment of education with skills delivery.

- b) **High quality training providers are essential for program success.** A transparent and rigorous set of selection criteria for training providers is important. International and regional experience has highlighted the importance of a selection process that takes into consideration the quality of the service providers, particularly, past success rates, experience/education of instructors, existing arrangement with employers, and capacity of the agencies to providing placement and retention support.
- c) **Focus on localized demand.** Centrally-designed, standard training programs tend to be supply-driven and not attuned with specific and localized labor market requirements. This project will provide funding support for specific training programs that respond to established market needs.
- d) **Linking funding to desired outcomes improves efficiency, provided incentives are well designed.** Incorporating outcomes like placements and certification as a condition for funding obliges implementing agencies and program managers to shift their focus from inputs towards outcomes. This can encourage implementation agencies to establish links with potential employers and to offer courses that match labor market demand. Placements also provide opportunities to youth to gain some useful work experience, even if of short duration.
- e) **A strong M&E system is critical to the success of a program.** For accountability and to make corrective actions during program implementation, it is essential to have a comprehensive system for data collection and analysis that includes a set of independent evaluations, a robust MIS, tracer studies, and tools to make use of the information generated. In addition, as demonstrated by other RBF projects, a robust M&E system with an independent verification of results is critical to achieving results.
- f) **Simplicity in scope is required for first generation projects.** New projects with results based funding modalities entail significant hand-holding to meet the expected outcomes. This underscores the importance of identifying a limited number of activities that are well designed and implementable. Focusing on a few critical interventions in the first years of a project increases the chances of project success and future scale-up.
- g) **Importance of incentives for diversification.** Implementing agencies generally tend to work in easy-to-reach areas/communities and non-capital intensive industries. A review of past training programs shows that a dominant set of trades attract over 50 % of training spaces regardless of the scheme objectives (i.e. self-employment versus wage employment) and target communities. To ensure that the training programs offered go to underserved population and meet the needs of the localized industries, the project will (i) undertake an in-depth review process of all proposals to confirm they are aligned to the needs of the labour market being served, and (ii) provide financial incentives for agencies

to go to areas that are harder to reach and provide more capital-intensive skills that may be required in the local market.

IV. IMPLEMENTATION

A. Institutional and Implementation Arrangements

23. The Project will be implemented by the MoMA, GoI at the national level. The Program Management Unit (PMU) in the Ministry will lead the day-to-day activities of the project. The PMU will be headed by a Project Director not below the rank of Joint Secretary with the administrative support of the concerned Director and Under Secretary. The technical team of the PMU reporting to the Project Director will be led by a Team Leader hired through a Technical Support Agency (TSA). The technical team will comprise of 7 personnel (apart from the Team Leader) for Project Management and Communication, M&E, and Administration and Finance. In order to provide implementation guidance, a Technical Advisory Committee (TAC) headed by the Joint Secretary and comprising of experts will be constituted. The TAC will provide need-based advice on curriculum, outreach, social inclusion and gender equality, Information, Education and Communication (IEC), and networking and collaboration with Civil Society Organizations (CSOs) and community leaders. Further, in order to provide overall supervision and guidance, a Steering Committee headed by the Secretary MoMA will be constituted. The Steering Committee will comprise of representatives from other relevant government entities such as Ministry of Skill Development and Entrepreneurship (MoSDE), National Commission for Minorities, NMDFC, and other key stakeholders. The project at the ground level will be implemented by PIAs hired for the purpose on outcome based Performance Agreements. The PIAs will be selected from amongst private (for profit or not for profit) and/or government agencies. A detailed appraisal process for the selection of PIAs will be established. The PIAs will be responsible for mobilization, identification and selection of Minority youth and placement of candidates. For monitoring of project implementation and verification of DLIs, a capable monitoring agency will be hired at the national level.

24. The success of the Project and the Nai Manzil scheme will depend heavily on the success of PIAs in mobilizing the participation of minority youth and delivering high quality services. The selection criteria for PIAs will emphasize appropriate capacity for skills training, educational support and sensitivity to minority youth. MOMA is expecting a high job placement rate among those who complete education and training, ideally in the formal sector with regular wages and benefits. However, only about 10 percent of employed workers in India are in the formal sector. This places high pressure on PIAs. They must have an understanding of local job markets, specialized and traditional skills that exist in the target geographic areas, as well as new employment potential and entrepreneurship. It is expected that PIAs will conduct market assessments as needed to inform the selection and design of skills training to complement secondary education support. Assessments would draw on available assessments from NSDC and State Skills Missions among other sources. The performance agreements between MOMA and PIAs will be carefully designed to ensure that the most disadvantaged youth in target areas are served. Potential problems of creaming, or of PIAs focusing only on particular areas must be avoided through rigorous contract design and monitoring.

B. Results Monitoring and Evaluation

25. SMART (specific, measurable, actionable, realistic and time-bound) targets have been set for the Key Performance Indicators (KPIs) and DLIs in consultation with MoMA. The targets are specific, measurable, actionable, realistic and time-bound, and well within the control of MoMA and the PIAs. The performance-based payments from the MoMA to PIAs will be supported by a decentralized web-based Management Information System (MIS). The PIAs will enter project related data into the MIS, which will be subject to periodic audits and third-party validation.

26. At the national level, the PMU within the MoMA will be responsible for the overall monitoring and evaluation (M&E) arrangements of the project. Activities undertaken with respect to M&E by MoMA will include: (a) periodic project progress reviews, (b) preparing and disseminating project progress reports (including reporting on youth satisfaction with program design and delivery, fiduciary performance and safeguards compliance), (c) reporting on DLI achievements and providing evidence as per the agreed verification protocols), and (d) commissioning surveys, studies and assessments (including tracer studies) as necessary. At the sub-national level, the PIAs will be responsible for M&E of the sub-projects for which they are responsible. The PIAs will prepare and submit semi-annual reports on implementation progress as per their Performance Agreements to MoMA. Strengthening of M&E capabilities of the PMU and the PIAs will be undertaken through Component 2.

C. Sustainability

27. **Government Commitment to Education and Training of Minorities.** Improving the socio-economic status of disadvantaged people is a priority for the GoI. For Minority communities, the government has already made considerable efforts to implement the recommendations of the 15 Point Programme and Sachar Committee report through a number of policy reforms. The Nai Manzil Scheme has been designed as part of this continued effort through extensive consultations with relevant stakeholders. The implementation plan represents the vision of the government and stakeholders and the likelihood of its sustainability is strongly enhanced by their commitment and ownership.

28. **Capacity.** The institutional and technical capacities developed through the project will assist in supporting a culture to plan, manage, and monitor for more effective service delivery and focus on performance and accountability in the provision of programs. This is expected to continue and improve beyond the life of the project. The strengthened capacity of the MoMA in M&E through project interventions should ensure that it is able to effectively continue monitoring the performance of education and training providers.

29. **Financing.** It is anticipated that lessons learned from this project will enable the Government to develop a more results focused funding approach to education and skills training in the future. The partnership with private sector providers in the form of partnership agreements should result in a financially sustainable program that is more likely to be continued after the project.

V. KEY RISKS

A. Overall Risk Rating and Explanation of Key Risks

Risk Category	Rating
Political and governance	Low
Macroeconomic	Low
Sector strategies and policies	Low
Technical design of project	Substantial
Institutional capacity for implementation and sustainability	Substantial
Fiduciary	Substantial
Environment and Social	Low
Stakeholders	Moderate
OVERALL	Substantial

30. The overall risk for the project is Substantial based on the following assessment of the three main risks:

- *Technical design of project risk (Substantial)*: While there is a strong Government ownership of the project, the project design is innovative and new for the MoMA. While the project design is robust and is based on lessons learned from similar performance based operations in India and other countries, the MoMA's lack of experience with implementing a World Bank supported project and particularly one with a results based financing modality may pose challenges to implementation. Unforeseen risks that may arise in the future will be mitigated through a flexible approach for technical support to the MoMA's PMU.
- *Institutional capacity for implementation and sustainability risk (Substantial)*: MoMA's capacity for planning, managing, and monitoring implementation of performance based areas of integrated education and market driven skills training for non-matriculate youth is limited. The TA component provides support for the PMU to ensure adequate technical assistance for planning, implementation, and monitoring of the project activities. In addition, the risk will be mitigated by intensive project support and monitoring by the Bank team to ensure results and adherence to established standards and procedures.
- *Fiduciary risk (Substantial)*: The financial management arrangements for the project are adequate to provide a reasonable assurance on the use of funds. The procurement risk rating is however Substantial because the MoMA has limited experience in implementing results-based financing projects. In addition, MoMA does not have adequate resources and systems to effectively procure project related activities and for proper contract management. In addition, there may also be lack of interest by PIAs in implementing the project in difficult areas.

VI. APPRAISAL SUMMARY

A. Economic and Financial Analysis

31. This project will aim to improve the education levels of disadvantaged Minority youth and provide them with skills that are of relevance in the labor market. The project breaks even with 75% employment rate of target beneficiaries with Grade 5 education plus 40% employment rate of target beneficiaries with Grade 8 education. If the target beneficiaries also earn a skill premium (i.e. returns to the employability skills training they receive as part of the project), for an employment rate of 60-75% for the entire pool of target beneficiaries, the Net Present Value (NPV) of the project is nearly USD 22-27 million, and the Internal Rate of Return is between 3-4%. Measurable gains come from a higher employment rate, higher wages from upper levels of education completed and from skills training. Higher employment rates (compared to without the project) are reasonable to expect given that the project design has in-built incentives for training providers to offer strong placement support. From a public finance point of view, the project is sustainable in the medium term given the likely economic growth scenario for India, and the cost savings from learning by doing during and beyond the project period.

B. Technical

32. The GoI has made great strides in improving access to education and training opportunities for young people. However youth from certain communities have missed out on early opportunities for acquiring the skills required to be productive members of the workforce. The Nai Manzil Scheme and the project have been designed to address this unmet need for youth from Minority communities. The Scheme design has benefitted from numerous consultations with stakeholders and technical discussions with experts. It builds upon the lessons learned from a recent World Bank review of short term skilling programs in India¹², a pilot education and skilling program for Minorities¹³ undertaken by the GoI in 2008, and regional and international experiences. The project design incorporates lessons by: (i) combining financial incentives for PIAs to meet performance targets with effective monitoring and tracking to reduce false reporting; (ii) supporting closer linkages between skills development institutions and productive sectors in areas where the communities live; (iii) using Labour Market Information Systems, skills gap analyses, tracer studies, and feedback from employers for identification of trades and skills; (iv) provisioning post-placement support; and (v) provisioning soft skills as part of skills training. The project will also include a number of activities which will enable the government to learn from strategies on education and skill training for Minority communities in India.

C. Financial Management

33. The financial management arrangements of the project are adequate to provide reasonable assurance on use of project funds. These FM arrangements are predicated on the country systems to follow the existing process and procedures at the implementing agency, i.e. MoMA. The project cost is USD 100 million with USD 50 million as Bank financing. A dedicated budget line

¹² Labour Market Impacts and Effectiveness of Skill Development Programs in Five States of India: Assam, Andhra Pradesh, Madhya Pradesh, Odisha, and Rajasthan; World Bank; 2015

¹³ Parvaaz: a pilot program on "Comprehensive Skills and Education Program for Rural BPL Minority Youth", Ministry of Rural Development, Government of India

under external aided project financing needs to be created at Union level (demand no. 68). The fund requirement for the project will be budgeted each year on the basis of an annual work plan. All payments will be centralized and will be made through the treasury mechanism. The accounting and reporting to the Bank in agreed format (interim financial report -IFR) will be based on PAO's monthly accounts. The project activities will be subject to external audit carried out by C&AG as well as internal audit wing of the ministry.

34. The disbursement against Component 1 are conditional on achievement of results identified in the DLI matrix (available at Annex 1) against execution of Eligible Expenditure Program (EEP). A certain amount of proceeds has been allocated to each DLI, referred to as DLI price, which is the maximum amount government can claim as reimbursement against EEPs if the DLI has been met and verified. For each year, the DLIs have been set and agreed. However, in case of non-achievement and/or non-verification of these DLIs, it can be rolled on to the subsequent years. No disbursements will be made under Component 1 until DLIs set forth for Year 1 of the Project have been met and verified. Disbursements on Component 2 will be on the basis of reporting of actual expenditure on agreed activities. The reporting to the Bank will be in the form of agreed six monthly reports (IFRs). These will form the basis of fund flow from the Bank to the GoI. Annex 3 may be referred for detailed assessment.

D. Procurement

35. Procurement for the proposed project will be carried out in accordance with the World Bank's "Guidelines: Procurement of Goods, Works and Non-Consulting Services under IBRD Loans and IDA Credits and Grants by World Bank Borrowers" (January 2011, Revised July 2014) [Procurement Guidelines]; "Guidelines: Selection and Employment of Consultants under IBRD Loans and IDA Credits & Grants by World Bank Borrowers (January 2011, Revised July 2014)" [Consultancy Guidelines]; and the provisions stipulated in the Legal Agreement.

36. The MoMA as the sole implementing agency will be responsible for the procurement associated with all eligible activities supported by the project. The Project comprises of two components, namely, Results Based Financing for Increased Education Attainment and Market-Driven Training (Component 1) and Technical Assistance for Implementation of the Nai Manzil Scheme (Component 2). Component 1 will involve procurement of multiple Consultancy services during the period of project implementation. The envisaged procurements will predominantly consist of outcome based consultancies for engaging PIAs to roll-out the project across the country in a phased manner. Component 2 will involve procurement of Consultancy services for technical support to the MoMA and some Goods procurement at the MoMA level. At this stage, the project does not envisage any Works Procurement.

E. Social (including Safeguards)

37. The Project is socially inclusive and gender sensitive with its explicit focus on vulnerable Minority communities. The Project will support no civil works and will involve no land acquisition or land taking. Therefore, OP 4.12 (Involuntary Resettlement) is not triggered. Nai Manzil is a nation-wide scheme for all minority communities in the country including those in states like Jharkhand, Chhattisgarh, Odisha and the NER. Therefore OP 4.10 (Indigenous People) has been triggered.

38. A Social Assessment has been carried out and a Social Management Framework including an Indigenous Peoples' Policy Framework (IPPF) has been prepared identifying and addressing key social inclusion and gender issues. The Social Assessment is based on findings of important Studies and Reports carried out by the MoMA such as the Justice Sachar Committee Report and the Justice Ranganath Misra Commission Report. The SA summarizes legal-institutional settings, socio-economic status of Minorities, barriers affecting their access to employment opportunities, welfare and empowerment schemes for Minorities, gender equality and social inclusion issues including those relating to vulnerable groups amongst the Minorities. A free, prior and informed Consultation was conducted by MoMA at Delhi on September 16, 2015 with the key stakeholders including Minority community leaders and development organizations working in the field in order to enlist their views and inputs. The Social Management Framework (SMF) includes Indigenous People's Policy Framework (IPPF) and Gender Equality and Social Inclusion (GESI) Guidelines, and Implementation Arrangements covering areas such as Grievance Redress Mechanism, Disclosure and Consultation, and M&E.

39. The key GESI actions in the SMF emphasize the following: (i) at least 30 percent earmarked for women in the training program beneficiaries and 5 percent earmarked for the people living with disabilities from Minority communities; (ii) special consideration towards Scheduled Tribe and Caste groups within the 15 percent seats earmarked for poor non-Minority youth to be covered by the Scheme; (iii) measures to ensure access and outreach for most vulnerable amongst Minority youth in rural and urban areas; (iv) establishing a Technical Advisory Committee (TAC) representing the Minorities to guide the implementation process; (v) consultation framework including community mobilization, student orientation, and awareness raising amongst Minority communities using culturally appropriate media; (vi) grievance redress mechanism and helpline to address needs and concerns of the target groups; (vii) disclosure strategy to implement the project in a transparent manner; and (viii) student orientation on gender sensitivity, labor laws, and financial literacy as a part of the curriculum.

40. MoMA will implement the project with the benefit of having implemented a range of welfare schemes for Minority communities. In order to ensure smooth implementation of the project with adequate attention to social aspects, the PMU will designate an officer responsible for the implementation of the social management framework. The PMU shall establish a Technical Advisory Committee (TAC) to guide the project and the Nai Manzil Scheme with need-based advice on curriculum, outreach, social inclusion and gender equality, IEC, and networking and collaboration with CSOs and community leaders.

F. Environment (including Safeguards)

41. The project is likely to have positive impacts by enhancing the education and skill level of Minorities leading to better employment opportunities. Under the project, the PIAs shall impart integrated education and skills training. The education component will be delivered as per the guidelines of the National Institute of Open Schooling (NIOS) or equivalent systems in India. PIAs will select courses that are National Skills Qualification Framework (NSQF) compliant. PIAs can also adopt any other courses specific to local industry requirements that are NSQF compliant.

42. Under the project, the PIAs will be required to introduce at least 3 hour mandatory training on HSE and labor welfare legislations. These trainings will be based on the curriculum provided in the above mentioned DGoT programs on developing soft skills. Developing course material including curricula on HSE and labour welfare legislation based on the soft skills modules of MoMA & QP, and imparting education on HSE and labor welfare legislations will be included in the scope of work of PIAs. The PMU will monitor the delivery of this training by the PIAs as part of its monitoring and evaluation arrangements. The PIAs shall be required to develop these courses within 3 months signing of their Performance Agreements with MoMA. No training shall be deemed complete unless training on HSE and Labor Welfare Legislations, with required number of hours, is imparted by the PIAs.

43. The project has been categorized as category C since no infrastructure is planned to be implemented and no adverse environmental impacts are envisaged under the project. Therefore, no environmental assessment of the project is required.

G. World Bank Grievance Redress

44. Communities and individuals who believe that they are adversely affected by a World Bank (WB) supported project may submit complaints to existing project-level grievance redress mechanisms or the WB's Grievance Redress Service (GRS). The GRS ensures that complaints received are promptly reviewed in order to address project-related concerns. Project affected communities and individuals may submit their complaint to the WB's independent Inspection Panel which determines whether harm occurred, or could occur, as a result of WB non-compliance with its policies and procedures. Complaints may be submitted at any time after concerns have been brought directly to the World Bank's attention, and Bank Management has been given an opportunity to respond. For information on how to submit complaints to the World Bank's corporate Grievance Redress Service (GRS), please visit www.worldbank.org/grs. For information on how to submit complaints to the World Bank Inspection Panel, please visit www.inspectionpanel.org.

Annex 1: Results Framework and Monitoring

Country: India

Project Name: Nai Manzil - Education and Skills Training for Minorities (P156363)

Results Framework

Project Development Objectives								
PDO Statement								
The Project Development Objective is to improve completion of secondary education and market-driven skills training for targeted youth from Minority communities								
These results are at	Project Level							
Project Development Objective Indicators								
Indicator Name	Baseline ¹⁴	Cumulative Target Values						
		YR1 FY16	YR2 FY17	YR3 FY18	YR4 FY19	YR5 FY20	YR6 FY21	End Target
Share of enrolled targeted beneficiaries who receive a secondary education certificate through Open schooling (disaggregated by gender) (Percentage)	0.00		42.00	48.00	54.00	60.00	66.00	66.00
Share of enrolled targeted beneficiaries who receive a nationally recognized skills certificate (disaggregated by gender) (Percentage)	0.00		53.00	60.00	68.00	75.00	83.00	83.00
Share of targeted beneficiaries who obtain employment within 6 months after completing the integrated program (disaggregated by gender)	27.00 ¹⁵		30.00	38.00	46.00	50.00	52.00	52.00

¹⁴ Baseline data, wherever unavailable, will be captured in the baseline study commissioned in Year 1

¹⁵ Labour Market Impacts and Effectiveness of Skill Development Programs in Five States of India: Assam, Andhra Pradesh, Madhya Pradesh, Odisha, and Rajasthan; World Bank; 2015

(Percentage)								
Share of targeted beneficiaries who are enrolled in further professional qualification in education or skills training within 6 months after completing the integrated program (Percentage)	0.00		10.00	13.00	16.00	20.00	23.00	23.00

Intermediate Results Indicators								
Indicator Name	Baseline	Cumulative Target Values						
		YR1	YR2	YR3	YR4	YR5	YR6	End Target
Direct project beneficiaries ¹⁶ (Number) - (Core)	0.00	1300.00	18000.00	38000.00	58000.00	66000.00	70000.00	70000.00
Female beneficiaries (Percentage - Sub-Type: Supplemental) - (Core)	0.00		30.00	30.00	30.00	30.00	30.00	30.00
Share of enrolled targeted beneficiaries who receive a Grade 8 certificate through open schooling (disaggregated by gender) (Percentage)	0.00		42.00	48.00	54.00	60.00	66.00	60.00
Share of enrolled targeted beneficiaries from Category "A" Minority Concentrated Blocks (Percentage)	0.00		5.00	10.00	25.00	30.00	30.00	30.00
Share of skill certifications awarded in Category 1 Trades/Sectors (Percentage)	0.00		15.00	20.00	20.00	25.00	30.00	30.00
Share of skill certifications awarded for NSQF Level 3 or above courses (Percentage)	0.00		40.00	40.00	45.00	50.00	50.00	50.00
System Strengthening and Monitoring (Text)		Baseline study commissioned		Annual Report with information including placement, enrolment and certification	Economic survey on program impact commissioned	Annual Report with information including placement, enrolment and certification		Annual Report with information including placement, enrolment and certification

¹⁶ Beneficiary figures refer to the IDA financed portion of the Project

				n prepared and shared online		n prepared and shared online		prepared and shared online
Web based Management Information System (MIS) implemented (Text)			Yes	Yes	Yes	Yes	Yes	Annual report with information including placement, enrolment, and certification prepared and shared online

Indicator Description				
Project Development Objective Indicators				
Indicator Name	Description	Frequency	Data Source / Methodology	Responsibility for Data Collection
Share of enrolled targeted beneficiaries who receive a secondary education certificate through Open schooling (disaggregated by gender)	Share = [Number of targeted beneficiaries who receive a Grade 10 certificate from NIOS or other open schools] / [Total number of target beneficiary enrolments in NIOS or other open schools (for Grade 10)] The date range for above calculation will encompass the entire fiscal year in which the indicator is being measured. • Note: NIOS examinations are held twice a year in the months of April-May and October-November	Yearly except Year 1	MIS Report	PMU
Share of enrolled targeted beneficiaries who receive a nationally recognized skills certificate (disaggregated by gender)	Share = [Number of targeted beneficiaries who receive a nationally recognized skills certificate] / [Total number of target beneficiary enrolments in NIOS or other open schools (in both Grade 8 and Grade 10)]	Yearly except Year 1	MIS Report	PMU

	<p>The date range for above calculation will encompass the entire fiscal year in which the indicator is being measured.</p> <p>A recognized skill certification is certification in a course that has received approval from the National Skills Qualifications Committee</p>			
Share of targeted beneficiaries who obtain employment within 6 months after completing the integrated program (disaggregated by gender)	<p>Share = [Number of targeted beneficiaries who obtain employment (including self-employment and internship) within 6 months after undergoing the entire program] / [Total number of target beneficiaries who complete the minimum attendance requirements of the integrated education and skill training program]</p> <p>The date range for above calculation will encompass the entire fiscal year in which the indicator is being measured.</p>	Yearly except year 1	MIS Report	PMU
Share of targeted beneficiaries who are enrolled in further professional qualification in education or skills training within 6 months after completing the integrated program	<p>Share = [Number of targeted beneficiaries who go for further professional qualification in education or skills training within 6 months after undergoing the entire program] / [Total number of target beneficiaries who complete the minimum attendance requirements of the integrated education and skill training program]</p> <p>The date range for above calculation will encompass the entire fiscal year in which the indicator is being measured.</p>	Yearly except year 1	MIS Report	PMU

Intermediate Results Indicators

Indicator Name	Description	Frequency	Data Source / Methodology	Responsibility for Data Collection
Direct project beneficiaries	Direct beneficiaries are people or groups who directly derive benefits from an intervention	Yearly	MIS Report	PMU
Female beneficiaries	Based on the assessment and definition of direct project beneficiaries, specify what percentage of the beneficiaries are female.	No description provided.	No description provided.	No description provided.
Share of enrolled targeted beneficiaries who receive a Grade 8 certificate through	<p>Share = [Number of targeted beneficiaries who receive a Grade 8 certificate from NIOS or other open schools] / [Total number of target beneficiary enrolments in NIOS or other</p>	Yearly except Year 1	MIS Report	PMU

open schooling (disaggregated by gender)	<p>open schools (for Grade 8)]</p> <p>The date range for above calculation will encompass the entire fiscal year in which the indicator is being measured.</p> <p>Note: NIOS examinations are held twice a year in the months of April-May and October-November</p>			
Share of enrolled targeted beneficiaries from Category "A" Minority Concentrated Blocks	<p>Share = [Number of targeted beneficiaries enrolled that belong to Category "A" Minority Concentrated Blocks as defined by the Ministry of Minority Affairs (both socio-economic and basic amenities indicators below national average)] / [Total number of target beneficiary enrolments in NIOS or other open schools (in both Grade 8 and Grade 10)]</p> <p>The date range for above calculation will be from October 1, 2015 to June 30 of the closing target year.</p>	Twice during project duration	MIS Report	PMU
Share of skill certifications awarded in Category 1 Trades/Sectors	<p>Share = [Number of targeted beneficiaries who receive a nationally recognized skill certificate in Category I trades / sectors as specified in Schedule-II of the Common Norms for Skill Development Schemes notified by the Ministry of Skill Development and Entrepreneurship (i.e., capital-intensive trades / sectors)] / [Total number of target beneficiary enrolments in NIOS or other open schools (in both Grade 8 and Grade 10)]</p> <p>The date range for above calculation will be from October 1, 2015 to June 30 of the closing target year.</p> <p>A recognized skill certification is certification in a course that has received approval from the National Skills Qualifications Committee</p>	Twice during project duration	MIS Report	PMU
Share of skill certifications awarded for NSQF Level 3 or above courses	<p>Share = [Number of targeted beneficiaries who receive a nationally recognized skill certificate in courses certified at level 3 or above under the National Skills Qualification Framework] / [Total number of target beneficiary enrolments in NIOS or other open schools (in both Grade 8 and Grade 10)]</p> <p>The date range for above calculation will be from October 1, 2015 to June 30 of the closing target year.</p>	Twice during project duration	MIS Report	PMU

	A recognized skill certification is certification in a course that has received approval from the National Skills Qualifications Committee			
System Strengthening and Monitoring	<p>Annual Report: In addition to reporting on fiduciary and safeguard aspects of the project, the annual report will also include findings and proposed actions from extensive citizen engagement activities, particularly feedback obtained through economics surveys, third party surveys, and outreach activities of PIAs</p> <p>Baseline Survey and Economic Survey: In Year 1 a Baseline study will be undertaken. A follow economic survey of program impact will be commissioned in year 4. Under this project beneficiary perception of the quality and relevance of the program design and implementation will be captured through a longitudinal household survey. The objective of the study is to measure the impact of the program on social-emotional and economic outcomes of beneficiaries and their families and to examine beneficiary engagement and satisfaction. The information from the beneficiary assessment will be used to provide timely feedback on the program design.</p>	Yearly	No description provided.	PMU
Web based Management Information System (MIS) implemented	Web-based Management Information System (MIS) developed and implemented with at least an online database of beneficiaries accessible to the PMU and the PIAs.	Yearly	PMU	PMU

Disbursement-Linked Indicators, Disbursement-Linked Targets and Allocated Amounts

DISBURSEMENT -LINKED INDICATORS	DISBURSEMENT-LINKED TARGETS				
	TARGETS TO BE ACHIEVED IN FY16 (YEAR 1)	TARGETS TO BE ACHIEVED IN FY17 (YEAR 2)	TARGETS TO BE ACHIEVED IN FY18 (YEAR 3)	TARGETS TO BE ACHIEVED IN FY19 (YEAR 4)	TARGETS TO BE ACHIEVED IN FY20 (YEAR 5)
1. <i>Number of student enrolments</i>		At least 15,000 Targeted Youth have enrolled in Grades 8 and/or 10 classes offered by PIAs since October 1, 2015		At least 43,000 Targeted Youth have enrolled in Grades 8 and/or 10 classes offered by PIAs since October 1, 2015	
<i>Allocated Amounts</i>		USD 3 million upon achievement, plus USD 0.5 million for any additional batch of 1,000 Targeted Youth enrolled in same proportion above the target, up to an overall amount of USD 4.5 million.		USD 3 million upon achievement, plus USD 0.5 million for any additional batch of 5,000 Targeted Youth enrolled in same proportion above the target.	
2. <i>Number of students successfully completing the education component</i>			At least 15,500 Targeted Youth have received Grades 8 and/or 10 certification since October 1, 2015.		At least 32,500 Targeted Youth have received Grades 8 and/or 10 certification since October 1, 2015.
<i>Allocated Amounts</i>			USD 3 million upon achievement, plus USD 0.5 million for any additional batch of 1,000 Targeted Youth certified above the target, up to an overall amount of USD 4.5 million.		USD 3 million upon achievement, plus USD 0.5 million for any additional batch of 2,500 Targeted Youth certified above the target.
3. <i>Number of students successfully completing the skills component</i>		At least 6,500 Targeted Youth have obtained Recognized Skills Certification since October 1, 2015.			At least 35,000 Targeted Youth have obtained Recognized Skills Certification since October 1, 2015

DISBURSEMENT -LINKED INDICATORS	DISBURSEMENT-LINKED TARGETS				
	TARGETS TO BE ACHIEVED IN FY16 (YEAR 1)	TARGETS TO BE ACHIEVED IN FY17 (YEAR 2)	TARGETS TO BE ACHIEVED IN FY18 (YEAR 3)	TARGETS TO BE ACHIEVED IN FY19 (YEAR 4)	TARGETS TO BE ACHIEVED IN FY20 (YEAR 5)
<i>Allocated Amounts</i>		USD 3 million upon achievement, plus USD 0.5 million for any additional batch of 1,000 Targeted Youth certified above the target, up to an overall amount of USD 4.5 million.			USD 3 million upon achievement, plus USD 0.5 million for any additional batch of 5,000 Targeted Youth certified above the target.
4. <i>Diversity of content offered by the PIAs and their reach in the most under-served geographic pockets</i>		At least 20% of the cumulative number of Targeted Youth awarded skills certifications since October 1, 2015 have been certified in Category I Trades/Sectors.	At least 40% of the cumulative number of Targeted Youth awarded skills certifications October 1, 2015 have been certified at NSQF Level 3 or above.	At least 25% of the cumulative number of Targeted Youth enrolled for skills certifications since October 1, 2015 have enrolled at a Category "A" Minority Concentrated Block.	
<i>Allocated Amounts</i>		USD 2.5 million upon achievement, plus USD 0.1 million for every additional 1% above the target, up to an overall amount of USD 3 million	USD 2 million upon achievement, plus USD 0.1 million for every additional 1% above the target, up to an overall amount of USD 3 million	USD 2.5 million upon achievement, plus USD 0.1 million for every additional 1% above the target, up to an overall amount of USD 3 million	
5. <i>Effective implementation of Nai Manzil Scheme</i>	MoMA has: (i) selected and hired the Technical Support Agency; (ii) set up the Steering Committee; and (iii) approved the Project Implementation Guidelines.		MoMA has established a management information system with a functional module that can remotely capture candidate attendance from biometric attendance devices installed by the PIAs.		MoMA has processed at least 80% of the payment claims under the Performance Agreements within two (2) months of submissions by the PIAs
<i>Allocated Amounts</i>	USD 4 million		USD 2.5 million		USD 2.5 million

Table 2.4 Disbursement Verification Protocols

DLI	Definitions	Verification / Evidence
DLI 1: Number of student enrolments	<ul style="list-style-type: none"> Cumulative enrolment of Beneficiary Students is defined as the number of beneficiary enrolments in NIOS / other open schools (in both Grade 8 and Grade 10) made by PIAs between the October 1, 2015 and June 30, of the closing year. For example, number of cumulative enrolments in Year 4 will be the total beneficiary enrolments (in both Grade 8 and Grade 10) between October 1, 2015 and June 30, 2019. 	<ul style="list-style-type: none"> Enrolment confirmation provided by NIOS / relevant open school will be submitted by the PIA and validated by the PMU Independent third party validation undertaken on data shared by PMU
DLI 2: Number of students successfully completing the education component	<ul style="list-style-type: none"> Cumulative number of Beneficiary Students successfully completing the education component is defined as the number of beneficiaries that receive the NIOS / other open school certification (Grade 8 and Grade 10 levels combined) between the October 1, 2015 and June 30 of the closing year. For example, cumulative number of certified open schoolers in Year 2 will be the total number of beneficiaries certified in either Grade 8 or Grade 10 level by NIOS / other open school between October 1, 2015 and June 30, 2017. 	<ul style="list-style-type: none"> Copy of the certificate / marksheet provided by NIOS / relevant open school will be submitted by the PIA and validated by the PMU Independent third party validation undertaken on data shared by PMU
DLI 3: Number of students successfully completing the skill component	<ul style="list-style-type: none"> Cumulative number of Beneficiary Students successfully completing the skill component is defined as the number of beneficiaries that receive a recognized skill certificate as defined in the program between the October 1, 2015 and June 30 of the closing year. For example, cumulative number of students with skill certification in Year 2 will be the total number of beneficiaries certified in a recognized skill between October 1, 2015 and June 30, 2017. 	<ul style="list-style-type: none"> Copy of successful completion certificate provided by the assessment agency will be submitted by the PIA and validated by the PMU Independent third party validation undertaken on data shared by PMU
DLI 4: Diversity of content offered by the PIAs and their reach in the most under-served geographic pockets	<ul style="list-style-type: none"> Cumulative number of students with skill certifications in Category I trades / sectors is defined as the number of beneficiaries that receive a recognized skill certificate in Category I trades / sectors as specified in Schedule-II of the Common Norms for Skill Development Schemes notified by the Ministry of Skill Development and Entrepreneurship (i.e., capital-intensive trades / sectors). The calculation period will be between the October 1, 2015 and June 30 of the closing year. For example, cumulative number of students with skill certifications in Category I trades / sectors in Year 2 will be the total number between October 1, 2015 and June 30, 2017. Cumulative number of students with skill certifications at NSQF level 3 or above is defined as the number of beneficiaries that receive a recognized skill certificate in courses certified at level 3 or above under the National Skills Qualification Framework by the appropriate authority. The calculation period will be between the October 1, 2015 and June 30 of the closing year. For example, cumulative number of students with skill certifications at NSQF level 3 or above in Year 3 will be the total number between October 1, 2015 and June 30, 2018. Cumulative enrolments in Category 'A' Minority Concentrated Blocks is defined as the number of beneficiaries enrolled that belong to Category 'A' Minority Concentrated Blocks as notified by the Ministry of Minority Affairs (both socio-economic and basic amenities indicators below national average). The calculation 	<ul style="list-style-type: none"> Each PIA will submit a report describing category-wise, NSQF level wise, and area wise breakup of skill trainings consisting all the information required to meet this DLI. The Program Management Unit (PMU) will validate this data. Independent third party validation undertaken on data shared by PMU

DLI	Definitions	Verification / Evidence
	<p>period will be between the October 1, 2015 and June 30 of the closing year. For example, cumulative enrolments in Category 'A' Minority Concentrated Districts in Year 4 will be the total number between October 1, 2015 and June 30, 2019.</p>	
<p>DLI 5: Effective Implementation of Nai Manzil Scheme</p>	<ul style="list-style-type: none"> • Selection and hiring of a Technical Support Agency will be considered complete after signing of the contract with the selected Agency. • Implementation Guidelines will be considered approved when a PMU has approved a detailed process manual for use by all PIAs. • Processing time for claims will be defined as the time lag between submission of payment claims by PIAs and their approval and payment, or rejection by the PMU. 	<ul style="list-style-type: none"> • Copy of the signed contract with the Technical Support Agency • Bank supervision team will validate the achievements.

Arrangements for Results Monitoring

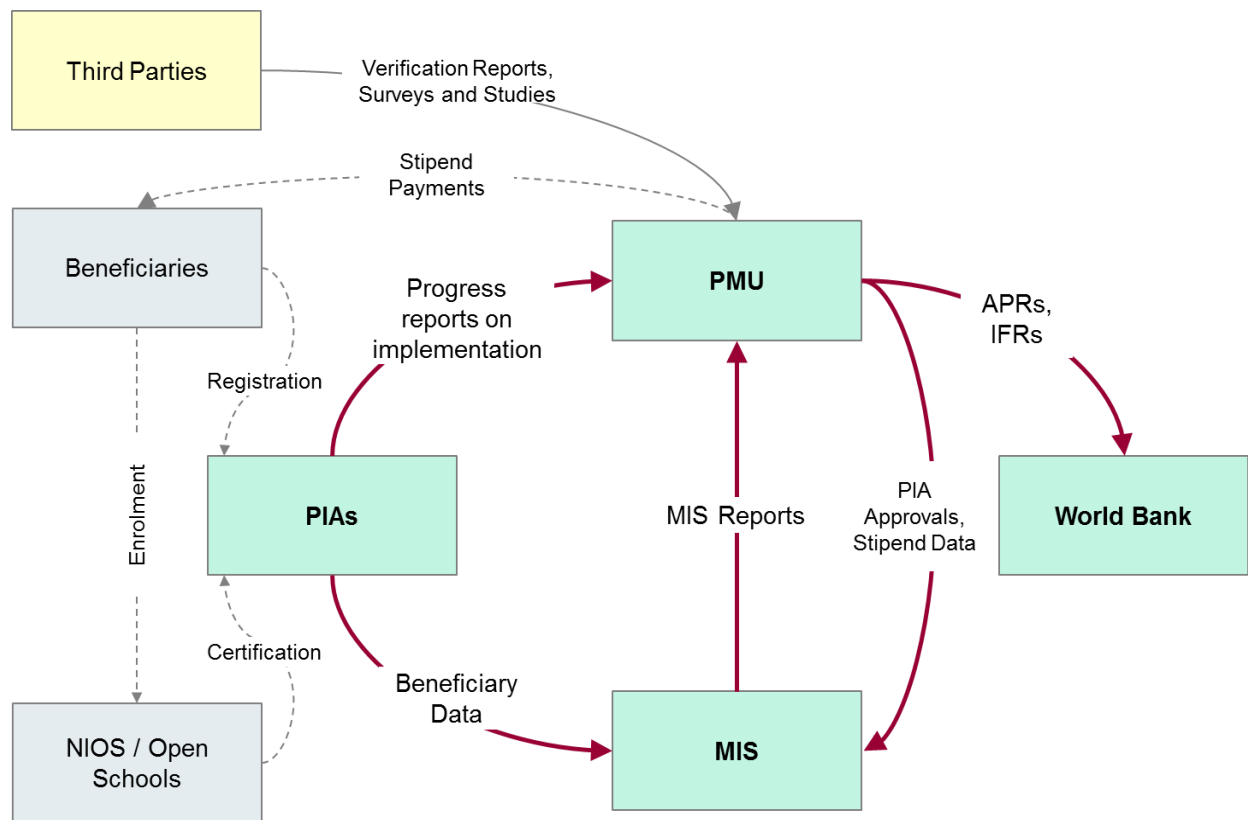
A. Institutional Arrangements

1. The Results Framework is designed to represent the underlying logical strategy to achieve the PDO. All project outcome indicators are directly related to the PDO. DLIs and intermediate outcome indicators are directly linked to achievement of the project outcome indicators. All indicators are specific, measurable, realistic, and time-bound. Their achievement is within the control of the government.
2. At the national level, the **Program Management Unit (PMU)** will be responsible for the Project's M&E activities. These activities, led by the Project Director, will include: (a) monitoring the disbursement process of monthly stipend to beneficiaries; (b) periodic review of project progress; (c) preparing and disseminating periodic progress review reports; (d) preparing evidence for the DLIs and communicating progress on them; (e) preparing and disseminating Annual Performance Reports (APR) on Nai Manzil and any other report requested by the MoMA; and (f) coordinating surveys and evaluations during the project lifetime. The Project Director will also consolidate information provided by PIAs in their semi-annual Implementation Progress Reports to track progress towards the PDO based on the agreed Results Framework. The reporting format for APR to be used by the PMU will be described in the Project Implementation Guidelines.
3. **Project Implementing Agencies (PIA)** will prepare their M&E plans as agreed in the Performance Agreement which is signed between the Government (MoMA) and each PIA. The M&E plans will include performance indicators including baseline and targets, data sources, methods of data collection, frequency, and instruments. The structure of this M&E plan will be described in the Project Implementation Guidelines. During the implementation of the project, each PIA will monitor their performance and prepare a semi-annual report on implementation progress according to an agreed format described in the Project Implementation Guideline. The format will include all details related to number and profile of beneficiaries targeted, enrolment of beneficiaries with NIOS / other open schools, type of skill programs, data on examination and certifications, and details of placement and post-placement support.
4. **DLI Verification** will be carried out by third-parties through the course of project implementation to verify achievements to indicators. This monitoring may also include validation of performance data (e.g., implementation of delivery strategy by the PIAs as per performance agreements) and assessment of implementation activities (e.g. effectiveness of health and life skills training) based on semi-annual reports on implementation progress prepared by the PIAs.
5. **Surveys and evaluation studies** may be carried out as part of Component 2 by independent firms contracted by the PMU based on TORs agreed with the World Bank. These may include impact evaluations, tracer studies, qualitative assessments, and validation studies to facilitate improved scheme design related to target groups and eligibility criteria.
6. Development of a **MIS** will be supported by the Project through Component 2 (Technical Assistance) to build MoMA's capacity to collect, analyze, and report on its own performance and

that of the PIAs. The main objective of the MIS is to bring the reporting capacity of all PIAs to the same level, streamline data collection protocols, set minimum indicators to be collected, and have a real-time technology enabled solution for monitoring progress. The MIS will serve as a nodal platform where PIAs will get registered after signing of Performance Agreements and supply all details through the lifetime of their engagement including the profile of trainees, training and placement details, and all other project related inputs, outputs and outcome information generated from various project components. The modalities and frequency with which different types of data will be collected will be specified in an MIS user manual. The MIS portal will be designed to generate various analytical reports and the data collected will be used to monitor performance over time, including enrolments, dropouts, and employment of beneficiaries, and to analyze the performance of courses, centers, and instructors. Component 2 may also provide technical assistance and training to build the capacity of PMU and the PIAs for data collection, analysis and reporting, and preparation of demand and supply data for publication. It is expected that the development of MIS will be completed by Year 1 of the project implementation. Till such time the MIS for the project is operational, the PMU will make adequate alternative arrangements for the collection, storage and analysis of data. The PMU will also develop reporting formats for each project component and ensure that data reporting by PIAs is standardized.

The overall institutional arrangements are summarized in Figure 1 below:

Figure 1. Institutional Arrangements and Reporting Structure



B. Reporting Requirements

7. Semi-Annual Status Reports. The PMU will prepare semi-annual reports for the project describing the status of all indicators in the Results Framework and the status of achieving the Disbursement Linked Indicators (DLIs). The semi-annual status report will also provide evidence on achievement of DLIs and intermediate outcomes. The PMU will use third-party monitoring for verification and robust reporting of DLIs and these third-party verification reports will also be a part of the semi-annual reports. These reports will serve as the basis of disbursements by IDA for Component 1.

8. Annual Performance Reports (APR). The PMU will prepare an Annual Performance Report (APR) for the project summarizing the project progress. Each PIA through its point person will be responsible for providing information to be included in the APR. The focus of APR will be on the extent to which objectives and outcomes have been achieved rather than monitoring the progress of individual activities and accounting solely for inputs. It will assess progress toward meeting targets and will spell out lessons learned and recommendations for annual Review Missions. In addition to reporting on fiduciary and safeguard aspects of the project, the annual report will also include findings and proposed actions from extensive citizen engagement activities, particularly feedback obtained from minority youth that are the target beneficiaries of the program. Towards this end the Annual report will include:

- (i) Findings from third party survey of youth satisfaction with the quality and relevance of the integrated education and training program
- (ii) Aggregation of PIA consultations with community leaders including how the feedback provided was incorporated in their implementation design.
- (iii) Summaries of beneficiary feedback incorporated from mobile phone-based feedback and grievance redressal mechanisms. These mechanisms will be determined through the Project Implementation Guidelines and monitored by the PMU.
- (iv) Findings from the baseline study and follow up economic survey with a detailed action plan to improve the program design and implementation based on the beneficiary feedback

9. Economic Survey on program impact commissioned: Under this project beneficiary perception of the quality and relevance of the program design and implementation will be captured through a longitudinal household survey. The objective of the study is to measure the impact of the program on social-emotional and economic outcomes of beneficiaries and their families and to examine beneficiary engagement and satisfaction. The information from the beneficiary assessment will be used to provide timely feedback on the program design. In Year 1 a Baseline study will be undertaken. A follow economic survey of program impact will be commissioned in year 4.

10. Semi-Annual Report on Implementation Progress. PIAs will prepare a semi-annual report on implementation progress that will include performance indicators, component-wise progress on implementation, fiduciary information, and safeguards and compliance reporting. PIAs will use their own M&E systems to collect data and report it to the PMU in the agreed reporting

format. The PMU will compile all data from each PIA for review by the Steering Committee and for compiling the APR.

11. Review Missions. Combined teams of MoMA and the World Bank will undertake joint review missions to assess project progress every year during the project implementation period. The Project Director will ensure collection of complete and credible data from all PIAs and will present the APR describing project progress as per the agreed results framework and the DLI matrix. The review missions will assess the achievement of the PDO, KPIs, and other intermediate indicators, and monitor progress related to specific strategies and the allocation and deployment of resources. Based on their findings, the review missions will agree on next steps to be undertaken by the Project Director to improve project implementation in the following year. Thematic area experts may be invited by the MoMA and the World Bank to participate in the review missions as necessary.

12. Financial Reports. The PMU will prepare semi-annual un-audited IFRs for the project in form and content satisfactory to the World Bank, which will be submitted to the World Bank within 45 days after the end of each calendar semester to which they relate. PMU will prepare consolidated IFR reporting milestone payments to individual PIAs basis the PAO's monthly accounts and reports made available by PIA's. These IFR along with project transactions will be subject to external audit by the office of C&AG, the report of which will be shared with the Bank no later than December 31st of each financial year. The IFRs will be agreed with the Bank before negotiation of the project.

The reporting and review schedules are summarized in Table 3 below:

Table 3. Reporting Schedule

Reports	Period	Submission	Review Process
Semi-Annual Status Report	April - September October - March	Within 60 days of the reporting period	Reviewed by the Bank for disbursement approval
Annual Performance Report (APR)	July – June	August end	Annual Review Mission in September.
World Bank Annual Review Mission		September	PMU, led by MoMA, will meet with the Bank to present APR and findings.
Un-audited IFRs	April - September October - March	Within 45 days after the end of the calendar semester	Review during missions
Annual Financial Statements	April-March	December 31 st each year	

C. Sources of Data for Monitoring Outcomes and Outputs

13. The use of timely and reliable data is critical to monitor progress. The majority of results indicators, including DLIs, have been selected from the agreed performance indicators. A range of M&E tools will be used to assess progress towards achievement of the PDO on the basis of the agreed results indicators. Data for the results framework will come from several sources including the MIS and various reports as per the reporting schedule.

Annex 2: Detailed Project Description

INDIA: Nai Manzil - Education and Skills Training for Minorities

1. The “Nai Manzil” Scheme (“New Horizons” Scheme) is a comprehensive education and skill development program launched by the MoMA on August 8, 2015 for Minority community youths. The objective of the Nai Manzil Scheme is to support productive employment among Minority youth who do not possess a formal education certification for Grade 8 or 10. The Scheme aim at improving the labor market outcomes of Minority youths aged 17-35 by offering an integrated, 9-12 month duration program for education and market relevant skill training. MoMA will complement Nai Manzil Scheme with its Maulana Azad National Fellowship for Minority Students Scheme and the Maulana Azad National Scholarships for meritorious girl students that help in demand side financing for educational attainment of Minority youths. The Scheme will also have linkages with the National Minorities Development & Finance Corporation (NMDFC) of MoMA that provides loans to the Minority youths. The Nai Manzil Scheme will primarily cover Community Development Blocks where the Minority population residing in the community is at least 25%.
2. To ensure a results focus to these interventions, the Project will in turn support the Nai Manzil Scheme through performance-based financing, a funding modality that introduces transparent and objective ways to disburse funds. The main instrument for implementing the project will be results-oriented Performance Agreements between the MoMA and a group of Project Implementation Agencies (PIAs) to (i) mobilize and identify students eligible under the program; (ii) provide education support to students to obtain formal certification up to Grade 8 or 10 through NIOS or other State open schools; (iii) impart high quality skills training leading to productive employment; and (iv) post placement support to ensure sustainable employment.
3. To stimulate a more effective use of public resources, the Project will introduce a performance-based budget allocation mechanism that provides financial incentives for improved results of PIAs. The introduction of performance agreements, which will focus on improving education and training program, will favor a the use of modern knowledge an production techniques that produce result in improved completion of upper primary and secondary education and market relevance of training programs. While, at the same time, providing more autonomy to PIAs to achieve results through the introduction of a more transparent and objective ways to disburse funds. The project is expected to have an impact at the systemic and institutional levels in the following ways: At the national level, it will improve the relationship between the Government and the PIAs by innovating from the traditional, historically based funding allocation through introduction of a performance-based allocation approach that rewards results and more strategic behaviors. At the implementation level, the project should help change the mindset of PIAs from a mainly quantitative orientation to a strategic focus on programs and pedagogical approaches that are directly relevant to education and labor market needs.
4. The Project will have two components that are strategically designed to assist the implementation of the Scheme. Component 1 will support improved access to education and enhanced market relevance of skills training. Component 2 will focus on system strengthening, policy design, as well as support the implementation of Component 1 through project

coordination, technical assistance, capacity building, results M&E, and research and communication.

5. Disbursements under Component 1 will be made against a set of EEP consultancy fees paid by MoMA to PIAs and will be linked to achievement of pre-specified results called Disbursement Linked Indicators (DLIs). A matrix of indicators covering the Project has been developed to annually measure project performance and results, as reflected in the results framework in Annex 1.. The DLIs reflect outcomes or indicators for sub-programs or interventions that are critical to achieving the Project's development objectives. These DLIs were determined in partnership with the government based on the following criteria: (a) They target activities that have the potential for significant development impact in the medium to long term; (b) the results are achievable, although a challenge to the government; and (c) they are largely under the control of the Government. The total project disbursement amount is evenly divided across all DLIs to determine the price of a DLI.

Component 1: Results Based Financing for Increased Education and Market-Relevant Training (USD 45 million)

6. The Project will support hiring Project Implementing Agencies (PIAs). The PIAs will provide non-residential integrated education and skill training for 9 to 12 months of which a minimum of 3 months will be devoted to skill training compliant with the NSQF. The main instrument for implementing the Project will be results-oriented Performance Agreements between the MoMA and PIAs to: (i) provide support to enroll in open schooling and undertake training and assessment as per applicable guidelines; (ii) provide additional education support/bridge designed to help students obtain open schooling certification; (iii) impart high quality skills training including soft skills leading to productive employment; and (v) provide post-placement support for 3 months to ensure sustainable employment for those students who opt to enter the labor market.

7. The Performance Agreements will include the scope and focus of each PIA's education and training program, the labor market areas for which each training provider prepares its beneficiaries, and expectations of its clearly defined performance (access, relevance and efficiency). Linking funding to desired outcomes improves efficiency as it obliges PIAs and program managers to shift focus from inputs towards outcomes. The Project would require PIAs to establish links with potential employers and to offer courses that match labor market demand. Thus Performance Agreements will also include a set of performance parameters for the beneficiaries that will be the primary basis for disbursements by the MoMA to PIAs. The performance agreements will be built on the experience and lessons learnt from other programs in the education and training sector to facilitate tailored approaches to education skills development which is essential to effectively cater for specific target groups and target labour markets. Project funds will be disbursed against Eligible Expenditure Programs (EEPs) upon achievement of agreed DLIs. The EEPs consist of consultancy fees paid to PIAs, which fees include the Stipends paid to Targeted Youth.

8. **Mobilization:** Minority BPL (below the poverty line) youth of the age group of 17-35 years who do not possess formal education certification for Grade 8 or 10 will be mobilized through

various strategies appropriate to the local environment. Advocacy / IEC and awareness generation programmes will be designed and implemented at the macro level by the MoMA and at the micro level in the program areas by the PIAs. Similarly, community level structures like women trained under the scheme for leadership development of Minority women “Nai Roshni” and self-help groups (SHGs) will also be used to mobilize youth.

9. Education: Open School serves as a source of education for the marginalized and disadvantaged sections of society who could not avail the facility of formal schooling on account of economic, social or geographical considerations or for those who want to continue their study while working. Such candidates can enroll for Open School either with the National Institute of Open Schooling (NIOS) or State Open Schools under various State Governments. The education component of the Project aims to integrate disadvantaged Minority youth who were left out from formal schooling by means of a ‘Basic Bridge Program’ that will result in certification from the NIOS or any other State Open School. NIOS has an Open Basic Education (OBE) Program. The OBE Program is offered at three levels: level A (equivalent to Grade 3), level B (equivalent to Grade 5) and level C (equivalent to Grade 8). It also offers a Secondary and Senior Secondary Courses which is equivalent to Grade 10 and Grade 12 respectively. Under the Project, the candidates will undergo either OBE Level ‘C’ course or the Secondary Level course, depending on his/her eligibility. For certification, candidates will undertake the assessment process of NIOS or the respective State Open School.

10. Stipends: Beneficiaries will be eligible for a monthly stipend during their enrollment in the integrated program. Stipends are provided to incentivize and provide financial support to students to continue in the program.

11. Skills Training: PIAs will select courses that are National Skills Qualification Framework (NSQF) compliant. PIAs can also adopt any other courses specific to local industry requirements that are NSQF compliant.

12. Post-placement support: Given the significant labor churning which occurs after training, intensive post-placement support will be provided by the PIAs for at least 3 months. In addition, PIAs will be required to track and support the student for one year after they have completed the program. Post-placement support will include regular counselling to support candidates in their transition into the workplace and help them settle into their new jobs/vocation. PIAs can do so either through visits at work place, or phone calls to candidates or any other method that is suitable.

Technical Assistance for Implementation of the Nai Manzil Scheme (USD 5 million)

13. The objective of this component is to strengthen capacity of the MoMA for project implementation, planning, and policy development. Areas to be supported include (i) project implementation support; (ii) piloting innovative interventions focused on improving education, training and employment outcomes; and (iii) M&E activities including impact evaluations, tracer studies, qualitative assessments, and third party validation studies. This will also allow for improving Scheme design related to target groups, and eligibility criteria.

14. Project Implementation: The Technical Assistance component will support the Ministry to undertake analyses of student education and employment data, and to identify what is working and where changes need to be made. In addition, to identifying and dissemination using best practices and a national stock of programs, curricula, training methodologies and materials for education and training will be developed. Specifically, under the Project, technical assistance will be provided to support the MoMA in financial management, planning, and overall project coordination. In addition, expertise will be brought in to provide best practices in designing contracts, evaluations, and Information Communication and Technology (ICT) as needed.

- *M&E Activities.* The project will support MoMA to acquire timely and accurate data to monitor the performance of the institutions during the project period through supporting:
- *Development of a MIS:* This will include equipment and software for an MIS system that will be designed to generate analytical reports and will be used to monitor performance including enrolments, dropouts and employment of beneficiaries.
- *Assessments:* Household surveys will be carried out to assess the performance of the program to improve the education and employment outcomes of youth from Minority communities.

15. Third party validation: It will be necessary during implementation to carry out validation studies by independent parties to ensure transparency and objectivity in the assessment of the performance of institutions and achievement of the DLIs.

16. Pilots and Impact Evaluations: The project will support MoMA to pilot and evaluate interventions geared towards improving the effective of the integrated program. Pilot programs and potential evaluations include (i) introduction of an on-the-job training component; (ii) alternative incentives for encouraging certain vulnerable populations to enrol and continue in the program; and (iii) modules for providing socio-emotional skills.

Annex 3: Implementation Arrangements

INDIA: Nai Manzil - Education and Skills Training for Minorities

A. Project Institutional and Implementation Arrangements

1. The Project aims to engage with poor Minority youth and help them obtain sustainable and gainful employment opportunities that can facilitate them to be integrated with mainstream economic activities. The MoMA, GoI will be the principal implementing agency of the Project.
2. The Ministry is headed by a Secretary who is assisted by three Joint Secretaries heading the three divisions and one Joint Secretary & Financial Advisor. The Ministry has a sanctioned strength of 98 Officers/Staff. The functions of the three divisions, each headed by a Joint Secretary, have been divided into the following:
 - a. **Policy and Planning:** This includes overall policy, planning, coordination, evaluation and review of the regulatory and development programs of the Minority communities. Other functions include skill development, M&E of development schemes, gender related matters and communication among others.
 - b. **Scholarships and Media:** This bureau implements several scholarship and education related schemes for Minority communities.
 - c. **Institutions and Wakf¹⁷ Board:** This bureau looks after all wakf related matters including implementation of the Wakf Act, 1995 and functioning of related institutions.
3. The Joint Secretary and Financial Advisor, a position currently being held as additional charge, heads the Integrated Finance Division (IFD) of the Ministry. The IFD provides financial advice on all matters involving government expenditure / concurrence to financial proposals. It monitors and reviews the progress of expenditure against sanctioned grants along with the outcome budget.
4. The overall operations for the project will be headed by a Project Director not below the rank of Joint Secretary to the GoI. The MoMA has nominated the Joint Secretary heading the Policy and Planning division to lead the implementation of the project. This division is also suitably aligned to implement the project since it encompasses the functions of skill development, gender, M&E, communication etc. The Joint Secretary of the division is supported by a Director and an Under Secretary. The Ministry is further deputing dedicated staff for the implementation of the Scheme.
5. The Project will be implemented by MoMA through the PIAs. A Technical Support Agency (TSA) will be engaged to support the Ministry in management and implementation of the Project. The Ministry through the TSA is also provisioning for hiring of subject matter experts as and when needed during the course of Project implementation.

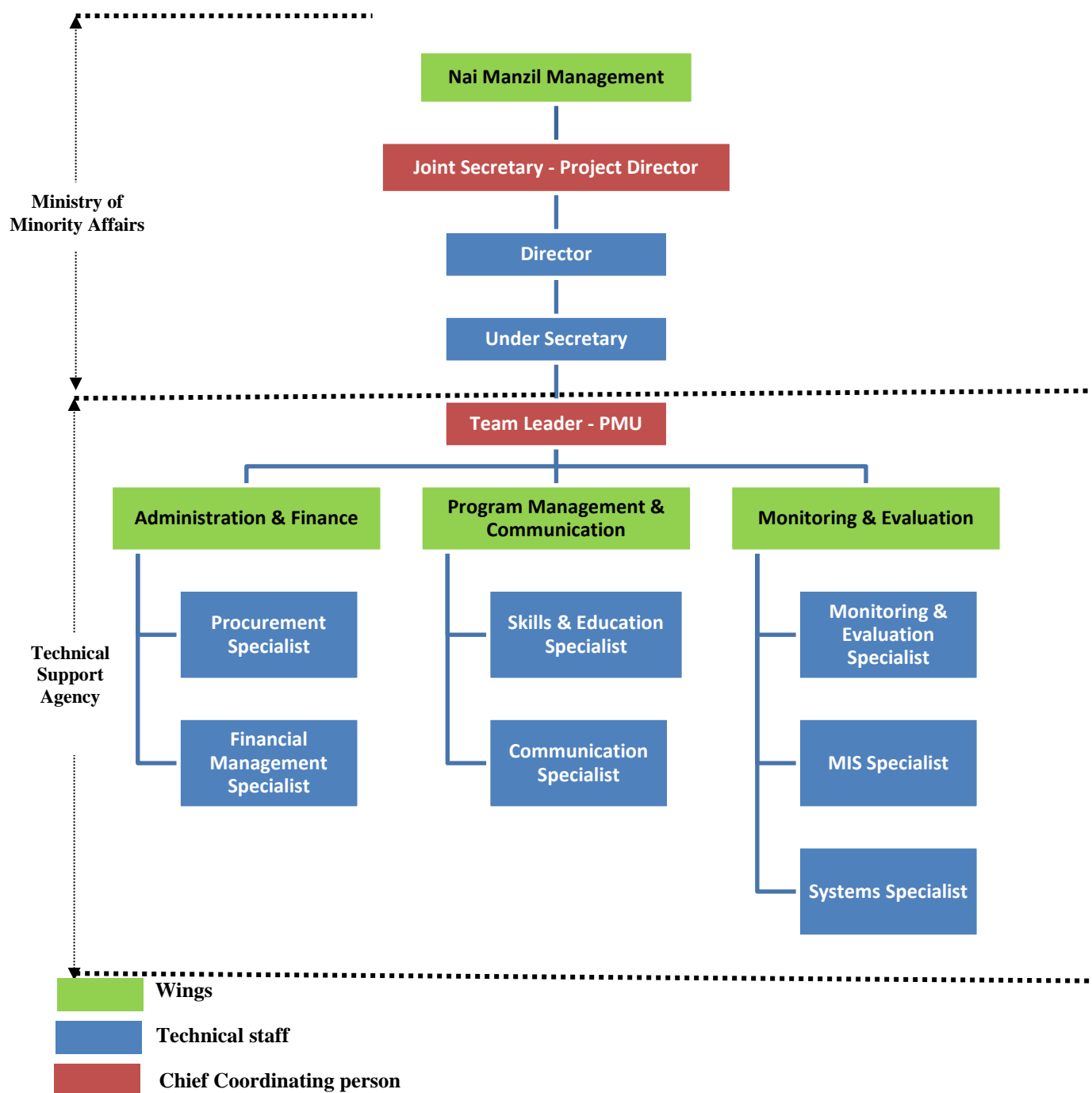
¹⁷ According to the Wakf Act 1995 - Wakf means the permanent dedication by a person professing Islam, of any movable or immovable property for any purpose recognized by the Muslim law as pious, religious or charitable.

6. Program Management Unit (PMU): The day to day functions during Project implementation will be managed by a PMU supported by the TSA. The PMU will identify Project Implementing Agencies (PIAs) through a rigorous process of quality checks. These PIAs will be the direct implementers of the Project. The key functions of the PMU will include a) day to day project implementation, management and coordination and meeting all administrative and legal requirements; b) preparation of implementation manual, guidelines etc.; c) preparation of annual work plan, budget, annual performance and financial reports; d) selection and termination of the PIAs including contract management; e) review the functioning of PIAs, processing and approval of disbursement based on achievements as agreed in the Performance Agreements; f) advocacy and IEC for better beneficiary targeting and enrolment; g) setting up quality assurance standards; h) conducting overall M&E for the Project, including carrying out project appraisal, and annual benchmarking surveys; i) establishing and maintaining an MIS for the Project, periodically review the MIS reports, and identifying and implementing any necessary corrective actions.

7. Hired through the TSA, the day to day operations of the Project will be led by a Team Leader who will work under the overall supervision and guidance of the Joint Secretary. The team will be further strengthened by technical domain specialists as given below.

Key Positions and Technical Services to be Hired

S. No.	Function	Position	MoMA / TSA
1.	Management	Joint Secretary - Project Director Director Under Secretary Team Leader – PMU	MoMA MoMA MoMA TSA
2.	Administration & Finance	Procurement Specialist Financial Management Specialist	TSA TSA
3.	Program Management & Communication	Skills & Education Specialist Communication Specialist	TSA TSA
4.	Monitoring & Evaluation	Monitoring & Evaluation Specialist MIS Specialist Systems Specialist	TSA TSA TSA



8. Current Capacity of the PMU: The MoMA is currently implementing about 22 schemes for the Minority communities. These include cash transfers, skill development, leadership development, education etc. From program management perspective, some schemes such as *Seekho aur Kamao* (Learn and Earn) are typically based on a model similar to that of Project i.e. implementation through PIAs. The Ministry every year selects a number of agencies through a defined process for the implementation of various schemes. The implementation is monitored on the ground by a third party agency that is specifically hired for the purpose. Thus, the experience of implementation through PIAs, their selection, contract management as well as monitoring exists with MoMA. However, considering that the current project will entail procurement of PIAs under the Bank norms, undertaking of quality studies for process M&E, performance

agreements with PIAs, unique strategy that combines education and skill certification, the capacity and quality of processes of MoMA will need to be greatly enhanced.

9. Supervision and Guidance: At the national level, the Project will be guided by a Steering Committee which will be set up at the MoMA for all key decisions related to Scheme implementation. The Committee will be chaired by the Secretary, MoMA, and will have the following composition:

- (a) Secretary, MoMA – *Chairperson*
- (b) Chairman, NIOS (or his / her nominee)
- (c) Joint Secretary, Ministry of Skill Development & Entrepreneurship
- (d) Director General, National Skill Development Agency
- (e) CEO, National Skill Development Corporation
- (f) Joint Secretary, National Commission for Minorities
- (g) Managing Director, National Minorities Development & Finance Corporation
- (h) Two members nominated by the GoI with particular expertise in education and skills training
- (i) Three members nominated respectively by CII, FICCI, and ASSOCHAM
- (j) Financial Advisor to MoMA (or his / her nominee)
- (k) Joint Secretary, MoMA / Project Director of the PMU – *Member Secretary*

The Steering Committee will discharge the following functions:

- (a) Guiding the work of the PMU;
- (b) Reviewing and approving the Annual Work Plan and Budget of the PMU;
- (c) Reviewing implementation progress periodically;
- (d) Approving any additional guidelines, changes, and modifications with respect to Scheme implementation including beneficiary identification, training delivery, engagement terms for PIAs; and
- (e) Take decisions on any other matter escalated by the PMU.

10. The Steering Committee will meet twice a year, although ad hoc meetings may be convened by the Chairperson based on needs.

11. Technical Advisory Committee (TAC): Apart from the Steering Committee, in order to provide frequent support and guidance to the implementation of Project, it is proposed to set up a TAC at the MoMA level. The Committee will be chaired by the Project Director (Joint Secretary). This Committee will provide need-based advice on curriculum, outreach, social inclusion and gender equality, IEC, and networking and collaboration with CSOs and community leaders. The TAC will be a five member committee comprising representatives from relevant NGOs, resource organizations, and community leaders. The Joint Secretary, MoMA (Project Director) shall be responsible for convening the TAC on a quarterly basis.

12. Project Implementing Agency (PIA): The Project at the ground level will be implemented by PIAs hired for the purpose. The PIAs will be selected from amongst private (for profit or not for profit) and/or government agencies. The PIAs may also form a joint-venture or sub-consultancy

with each partner responsible for implementation of one major component. A detailed appraisal process for the selection of PIA will be established. The appraisal process would include qualitative appraisal of the a) organization strength; b) training and placement track record; c) experience of education related work; d) experience in Minority areas; e) experience in skill development; f) experience in the concerned state / region; g) available infrastructure; and h) financial record. The PIAs will be the key drivers of the Scheme. Outcome based contracts with adequate flexibility in approach and methodology will be given to the PIAs. The PIAs will undertake mobilization of Minority youth in the age group of 17 to 35. IEC and awareness generation programs will be designed and implemented at the macro level by MoMA and at the micro level in the project areas by the PIAs. The mobilised youth will be provided counselling in order to conduct a pre-selection screening of the candidates to identify appropriate education and skilling intervention needed. After successful completion of training, the PIAs will facilitate the placement of trainees in jobs for wage employment. Based on the total target candidates, area, the PIAs may propose the required human resource that may comprise of managerial staff, teachers for the education component, trainers/instructors for skill development, counsellors, administrative staff, staff for placement cell among others.

13. Concurrent Monitoring Agency: MoMA will hire an agency to conduct concurrent monitoring and random checking of physical and financial reports on the MIS. The information gathered from this will be fed into the decision making process for further sanctions and release of funds under the Scheme. Monitoring will (among others) include random visits to training centres and validation of:

- a) Presence of minimum infrastructure supposed to be present as per due requirements
- b) MIS entries by utilizing appropriate methods to certify the veracity of beneficiaries
- c) Facts about training, placement and retention of those candidates from the residing area who were trained under the Scheme by meeting the beneficiaries and / or members of the beneficiaries' family

14. The concurrent monitoring agency will also be used for verification and robust reporting of DLIs and these third-party verification reports will also be a part of the APRs. The APRs will assess the objectives and outcomes rather than monitoring the progress of individual activities and accounting solely for inputs. It will assess progress toward meeting targets and will spell out lessons learned and recommendations. The APR will also report on the fiduciary and safeguards aspects of the project.

15. Further, the Ministry may also engage specialized agencies in the field of education and skill development through the PMU for the purpose of serving as Knowledge Partner(s) as and when necessary.

16. Grievance Redress Mechanism: The Department of Administrative Reforms and Public Grievances, GoI has formulated a mechanism for redressing grievances for various Ministries and Departments. Grievances for various ministries are received in <http://pgportal.gov.in/>. The grievances received by the Department are forwarded to the concerned Ministries/Departments/State Governments/Union Territories, dealing with the substantive functions related to which a particular grievance has been received. The MoMA is following the

guidelines established by the Department for a grievance redress mechanism. MoMA has set up a mechanism based on the national guidelines. It has constituted a public grievance cell. This cell is headed by the Joint Secretary (in-charge of Administration) with the support of Director and Under Secretary along with their section. This cell receives grievances from the central portal as well as any grievance that come directly to the Ministry and forwards them appropriately for resolution. The project will adopt the existing grievance redress mechanism of the MoMA and strengthen it further.

B. Financial Management, Disbursements and Procurement

17. Implementing agency: The project will be implemented by the MoMA which was carved out of Ministry of Social Justice & Empowerment and created on 29th January, 2006 to ensure a more focused approach towards issues relating to the notified Minority communities. The mandate of the Ministry includes formulation of overall policy and planning, coordination, evaluation and review of the regulatory framework and development programs for the benefit of the Minority communities. MoMA is presently implementing 22 schemes¹⁸ with allocation of INR 17,323 crore to Ministry for various Plan schemes/programs under the Twelfth five year plan (2012-17). For FY 2014-15, the revised estimate for Plan is 3,711 crore (approximately USD 600 million), with an actual expenditure for FY 14-15 (till December 31, 2014 as INR 2,292 crore, i.e. approximately USD 370 million).

18. The IDA project aims to support the Nai Manzil program of MoMA. The project implementation will be led by MoMA through a set of PIAs hired under Bank consultancy guidelines. MoMA will be the nodal agency responsible for coordination with all participating PIAs, observing due diligence and internal control checks on project funded activities, liaising with the Bank, overseeing technical input, consolidating required documentation, ensuring compliance with agreed financial management and procurement requirements as agreed and reporting to the Bank in a timely manner.

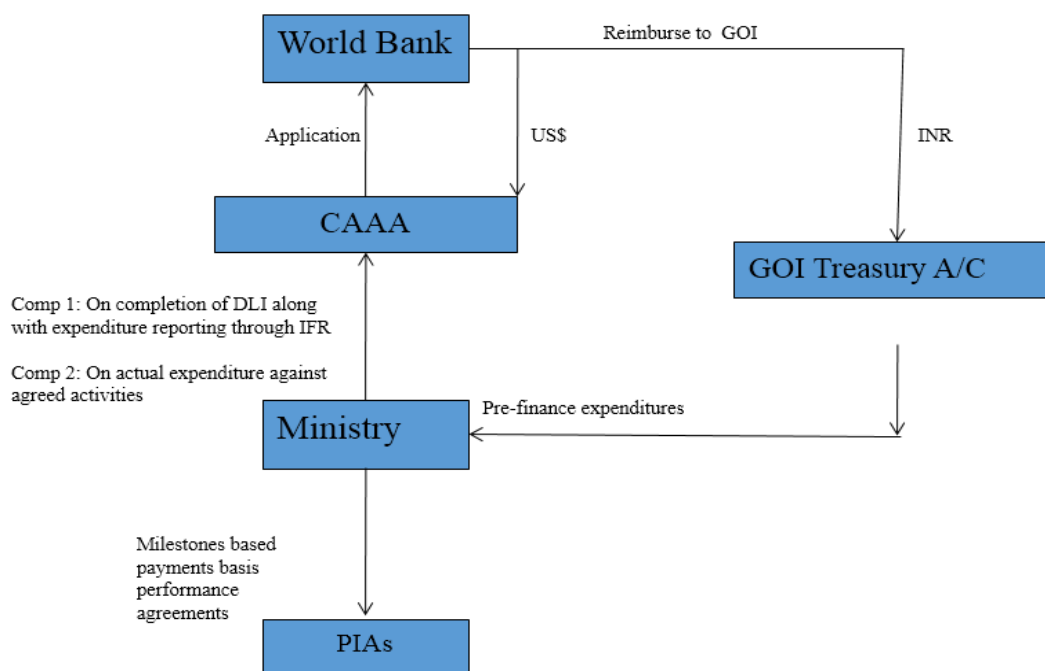
19. Budgeting: The project will follow the budgeting cycle of GoI i.e. April to March and the process will be completed when project's expenditure (IDA financing and counterpart financing) estimates are included in the Union government's budget presented and approved by Parliament. The responsibility of preparing the budget is with Divisional Heads (for this project it is Joint Secretary (PP and Administration) which is then approved by Secretary, MoMA. The project will be budgeted on the expenditure side at the Union (centre) level, as externally aided project under an identifiable budget head item (demand no. 68) of the MoMA. The allocation for FY 15-16 will be made during the upcoming supplementary in December 2015.

¹⁸ http://www.minorityaffairs.gov.in/sites/upload_files/moma/files/Annual-Report-2014-15.pdf

20. Project financing: The overall funding envelope for the project is USD 100 Million. IDA will finance a USD 45 million result based component and a USD 5 million technical assistance component. The financing mechanism is as follows:

<i>USD in Million</i>	
Project components	IDA financing
Component 1: Result Based Financing	45
Component 2: Technical Assistance	5
Total Cost	50

21. Fund flow: The project will be pre-funded by budgetary allocations. On Component 1, once the DLIs are met and verified, the project will initiate claims with the office of the Controller of Aid Accounts and Audit (CAAA). However the claim will be restricted to the cumulative EEP (as defined below). No disbursements will be made under Component 1 until DLIs set forth for Year 1 of the Project have been met and verified. On Component 2, the disbursement will be on the basis of actual expenditure against the agreed activities. The reporting to the Bank will be made through agreed formats in form of IFR.



22. Component specific disbursement modalities: The project has two components:

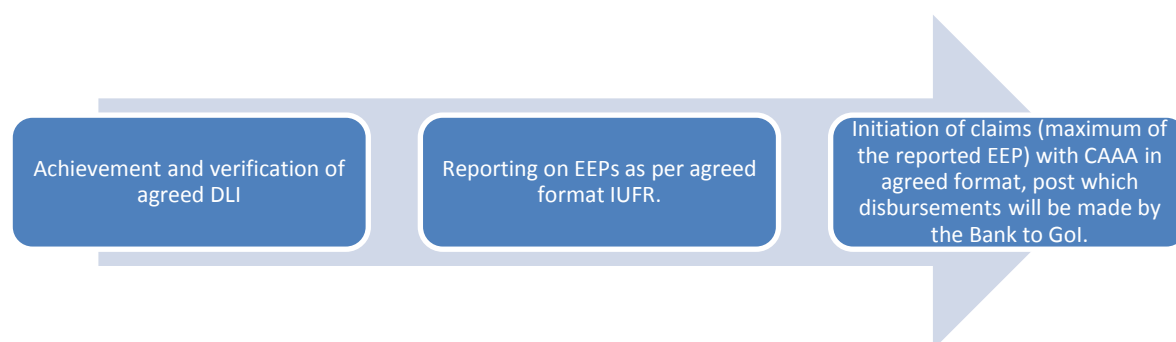
- **Component 1: Result based financing (USD 45 Million)** - This component aims to support improved access to education and enhanced market relevance of skills training. Under this, a set of Disbursement Linked Indicators (DLIs) will be agreed to. Disbursements from Bank will be contingent on achievement of pre-agreed results as per

the DLI matrix, duly verified against execution of agreed Eligible Expenditure Programs (EEPs).

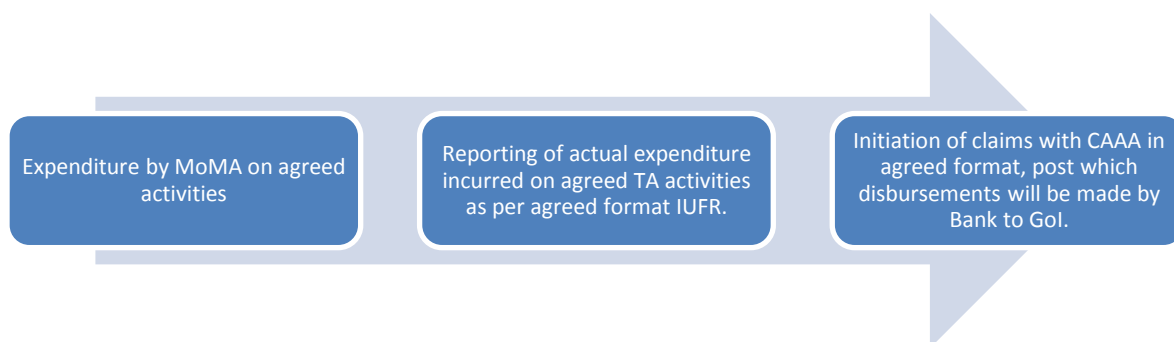
Eligible Expenditure Program (EEP): The Project will be implemented through PIAs selected following the Bank consultancy guidelines. PIAs will enter into a Performance Agreement. The disbursements by MoMA to PIAs will be made on the basis of performance milestones (i.e., enrollment, certification, and post placement support) as defined in the Performance Agreement. The responsibility of ensuring that the specific performance parameters are met by the PIAs before subsequent disbursements rests with MoMA. These transactions will also be subject to annual audit by the office of C&AG. For the project, the EEPs will be consultancy fees paid to PIAs, which fees include the Stipends paid to Targeted Youth.

There is a provision on beneficiary support in form of stipend (education 6 months and skill enhancement 3 months) and post placement support (2 months) under Component 1 which needs to be paid to candidates. To facilitate both timeliness and accountability, the MoMA will explore direct transfer of these using the DBT platform. The responsibility of providing the relevant beneficiary information, their attendance records including details on bank accounts, would still vest with the PIAs who would submit these to MoMA to facilitate payments. In such a scenario, the EEP apart from selected expenditures under payment to PIAs will also cover the direct transfer to beneficiaries.

Disbursements by the Bank will be on achievement and verification of results indicated in agreed DLIs. The project will submit an IFR evidencing cumulative expenditure incurred against identified EEPs (refer para above). The Bank will reimburse up to the cumulative EEPs calculated at each disbursement cycle (semi- annual) to GoI. The reported EEP will be first utilized for the purposes of the Credit and the remaining will be utilized against GOI funding.



- **Component 2: Technical assistance (USD 5 Million)** – This component facilitates the project implementation support through PMU and various M&E activities. The disbursement under this component will be used to reimburse GoI-MoMA for the expenditure incurred under agreed activities.



23. Comparison of fund flow methodology for Component 1 and 2

Disbursement Category	Component 1	Component 2
Methodology	DLI based disbursement	Traditional (input-based) disbursement
Bank credit allocation	USD 45 Million	USD 5 Million
Eligible expenditure	Consultancy fees paid to PIAs, which fees include the Stipends paid to Targeted Youth.	Goods, consulting, training and operating costs agreed under the project
Disbursement method	100% upon achievement of DLIs; verification by third party agency, subject to reported cumulative EEP	Reimbursement of the eligible expenditure incurred on project activities
Linked with	DLIs linked with Component 1	Specific project inputs under Component 2
Disbursement condition	Achievement and verification of DLI targets up to maximum of reported cumulative EEP	None
Periodicity	On achievement of DLIs – Semi annual	Semi annual

24. Staffing: The Joint Secretary (PP and Admin) of MoMA, GOI will be the Nodal officer in charge of operations of the project. The primary accounting for expenditures and maintenance of records at the central level will be done by the Pay & Accounts Office (PAO). The Under Secretary with the help of his support staff, if any, will be responsible for obtaining the classified abstracts from the PAO and prepare IFR on the basis those abstracts which will be sent to the Bank for disbursement. To facilitate the compilation of reports and the financial transaction, a financial management specialist will be hired as a part of PMU.

25. Financial Reporting: MoMA will prepare a consolidated six monthly IFR (see Annex 1) for the reporting on the EEP (for Component 1) and actual expenditure on TA (Component 2). A copy of this six monthly progress report will be sent to the World Bank, within 45 days from the end of each calendar six months.

26. Retroactive Financing: The Project allows for retroactive financing from the date of appraisal for expenses made under Component 2 not to exceed USD 1,000,000.

27. External Audit: The annual external audit of the project financial statements for the project will be carried out by the C&AG as per the TORs issued by the Ministry of Finance (Department of Economic Affairs) vide their OM F. No. 17/7/2006-FB-II on March 20, 2009, prescribing “Terms of Reference” to be adopted for all audits conducted by C&AG on the financial statements of World Bank-assisted projects.

Agency	Audit Report	Audited by	Due Date
MoMA	Annual project financial statements	C&AG	December 31

Procurement Management

28. Procurement for the proposed project will be carried out in accordance with the World Bank's "Guidelines: Procurement of Goods, Works and Non-Consulting Services under IBRD Loans and IDA Credits and Grants by World Bank Borrowers" (January 2011, Revised July 2014) [Procurement Guidelines]; "Guidelines: Selection and Employment of Consultants under IBRD Loans and IDA Credits & Grants by World Bank Borrowers (January 2011, Revised July 2014)" [Consultancy Guidelines]; and the provisions stipulated in the Legal Agreement.

29. The MoMA as the sole implementing agency will be responsible for the procurement associated with all eligible activities supported by the project. The Project comprises of two components namely, Results Based Financing for Increased Education Attainment and Market-Driven Training (Component 1) and Technical Assistance for Implementation of the Nai Manzil Scheme (Component 2).

30. Component 1 will involve procurement of multiple Consultancy services during the period of project implementation. The envisaged procurements will predominantly consist of outcome based consultancies for engaging PIAs to roll-out the project across the country in a phased manner. Component 2 will involve procurement of Consultancy services for technical support to the MoMA and some Goods procurement at the MoMA level. At this stage, the project does not envisage any Works Procurement.

Procurement Capacity and Risk Assessment of the Implementing Agency

31. The Procurement Capacity assessment of the MoMA was carried out as a part of project preparation. The MoMA has no previous experience in implementing projects following Bank Procurement Guidelines. The procurement capacity of the ministry is noted to be very weak. MoMA is carrying out procurement of mostly small value goods following the central government rules and regulations.

32. The Procurement Risk Assessment and Management System (PRAMS) had been done and the procurement risk rating is Substantial. The MoMA has limited experience in implementing projects involving education and skill training. The MoMA does not have any prior exposure to implementing Bank funded projects and does not have adequate resources and systems for proper contract management and to efficiently procure project related activities. There may be lack of interest for implementing the project in difficult areas.

33. The following measures will be undertaken to mitigate the risks:

- (a) The MoMA has to augment its resources with professional support which may be in the form of a Technical Support Agency (TSA) and induct qualified staff for managing its operations by forming a dedicated Program Management Unit (PMU).
- (b) The MoMA has to induct seasoned procurement and contract management specialists in

its Program Management Unit (PMU) to ensure effective implementation and monitoring of the project.

- (c) The Terms of Reference (ToR) to engage Project Implementing Agencies (PIAs) will be reviewed by the Bank to ensure compliance to the Bank's Consultancy Guidelines.
- (d) All specific procurement notices will be published in the project website in addition to a national newspaper. The procurement plan will be published on the website, and all shortlists and consultancy contract awards will also be disclosed on MoMA websites.
- (e) Adequate disclosure and Grievance Redressal mechanisms must be in place.
- (f) The Bank will provide close monitoring of selection process of PIAs and all Consultants selections estimated at USD 500,000 or above will initially be under Prior Review of the Bank.

Procurement Plan

34. The procurement plan for the first 18 months of project implementation has been prepared and is in Appendix 1 to Annex 3. For each contract to be financed under the Credit, procurement methods or consultant selection methods, estimated costs, prior review requirements and time frames are reflected in the Procurement Plan which will be updated at least once a year to reflect the latest changes.

35. The following major procurements are envisaged under the project:

- a. **Procurement of Goods and non-consulting services:** Procurement of Goods for the proposed project will include the purchase of IT equipment, Software and offices equipment. While some software being proprietary in nature will be procured by direct contracting, other goods and software will be procured by International Competitive Bidding (ICB), National Competitive Bidding (NCB), and Shopping methods. Framework Agreements using DGS&D rate contracts can be used to procure goods up to the NCB threshold subject to incorporation of right to audit and Fraud & Corruption clauses. The Standard Bidding documents (SBDs) of the Bank as agreed with GoI task force (as amended from time to time) for all procurement under NCB will be used. For ICB contracts, the World Bank's latest SBDs will be used. For the NCB method for procurement of goods, the value of thresholds will be conducted in accordance with paragraph 3.3 and 3.4 of the World Bank Procurement Guidelines and the additional provisions as agreed with the GOI task force and detailed in the Procurement Plan. The provisions of paragraphs 2.55 and 2.56 of the Procurement Guidelines, providing for domestic preference in the evaluation of bids is not applicable.
- b. **Selection of Consultants:** The project includes hiring of a number of consultancy services as indicated in the procurement plan. For selection of Consultants for providing services, the project will use Quality and Cost Based Selection (QCBS), Quality Based Selection (QBS), Selection based on Consultants' Qualification, Fixed Budget Selection, Least Cost Selection, Single Source Selection, and Selection of Individual Consultants as appropriate, subject to approval by the Bank. The Bank's Standard Request for Proposal Document will be used for

Selection/ hiring of all consultancy services to be procured under the Project. The short list of consultants for services estimated to cost less than USD 800,000 equivalent per contract may be comprised entirely of national consultants in accordance with the provisions of paragraph 2.7 of the Consultant Guidelines.

36. Procurement method thresholds and Prior-Review thresholds: The thresholds and methods of Procurement Decisions subject to Prior Review by the Bank are indicated in the procurement plan attached in Appendix 1. The thresholds are based on the procurement capacity assessment of the project implementing agency. The thresholds will be reviewed and updated in case of changes in procurement capacity during the life of the project.

37. Disclosure: The following documents shall be disclosed in the MoMA websites: (i) procurement plan and updates, (ii) Invitation for Bids (IFB) for all ICB and NCB contracts, (iii) Request for Expression of Interest (REOI) and shortlists for selection/hiring of consulting services, (iv) contract awards of procurement following ICB/NCB procedures, (v) contract award of all consultancy services, (vi) list of contracts following DC or CQS or SSS on a quarterly basis, and (vii) action taken report on the complaints received on a half yearly basis.

38. The following details shall be sent to the Bank for publishing in the World Bank external Website and UNDB: (a) invitation for bids for procurement using ICB procedures, (b) request for expression of interest for consulting services with estimated cost more than USD 300,000, (c) contract award details of all procurement using ICB procedure, (d) contract award details of all consultancy services with estimated cost more than USD 300,000, and (e) list of contracts/purchase orders placed following SSS or CQS or DC procedures on a quarterly basis. Further the ministry will also publish in their website, any information required under the provisions of suo moto disclosure as specified by the Right to Information Act.

39. Complaint Handling Mechanism: To deal with the procurement complaints received by the Ministry, a complaint handling mechanism will be developed at an appropriate level. On receipt of complaints, immediate action will be initiated to redress the grievances. All complaints will be dealt at levels higher than that of the level at which the procurement process was undertaken. Any complaint received will be forwarded to the Bank for information and the Bank will be kept informed after the complaint is redressed.

40. Frequency of Procurement Supervision: Given the number and complexity of contracts, and the general risks involved, a minimum of two missions in a year each at an interval of six months are envisaged for procurement supervision of the project. In addition, the Bank will also carry out an annual ex-post review of procurement that falls below the prior review threshold. Bank will also carry out small thematic and focused Missions depending on the need and as required with agreement from the Project Director.

C. Social

41. The Project is socially inclusive and gender sensitive with its explicit focus on vulnerable Minority communities. The Project will support no civil works and will involve no land acquisition or land taking. Therefore, OP 4.12 (Involuntary Resettlement) is not triggered. Nai

Manzil is a nation-wide scheme for all minority communities in the country including those in states like Jharkhand, Chhattisgarh, Odisha and the NER. Therefore OP 4.10 (Indigenous People) has been triggered.

42. A Social Assessment has been carried out and a Social Management Framework including an Indigenous Peoples' Policy Framework (IPPF) has been prepared identifying and addressing key social inclusion and gender issues. The Social Assessment is based on findings of important Studies and Reports carried out by the Ministry of Minority Affairs (MoMA) such as the Justice Sachar Committee Report and the Justice Ranganath Misra Commission Report. The SA summarizes legal-institutional settings, socio-economic status of Minorities, barriers affecting their access to employment opportunities, welfare and empowerment schemes for Minorities, gender equality and social inclusion issues including those relating to the vulnerable groups amongst the Minorities. A free, prior and informed Consultation was conducted by MoMA at Delhi on September 16, 2015 with the key stakeholders including Minority community leaders and development organizations working in the field in order to enlist their views and inputs. The Social Management Framework (SMF) includes Indigenous People's Policy Framework (IPPF) and Gender Equality and Social Inclusion (GESI) Guidelines, and Implementation Arrangements covering areas such as Grievance Redress Mechanism, Disclosure and Consultation, and Monitoring and Evaluation.

43. The key GESI actions in the SMF emphasize the following: (i) at least 30 percent earmarked for women in training project beneficiaries and 5 percent earmarked for the people living with disabilities from Minority communities; (ii) special consideration towards Scheduled Tribe and Caste groups within the 15 percent seats earmarked for poor non-Minority youth to be covered by the Scheme; (iii) measures to ensure access and outreach for most vulnerable amongst Minority youth in rural and urban areas; (iv) establishing a Technical Advisory Committee (TAC) representing the Minorities to guide the implementation process; (v) consultation framework including community mobilization, student orientation, and awareness raising amongst Minority communities using culturally appropriate media; (vi) grievance redress mechanism and helpline to address needs and concerns of the target groups; (vii) disclosure strategy to implement the Scheme in a transparent manner; and (viii) student orientation on gender sensitivity, labor laws, and financial literacy as a part of the curriculum.

44. MoMA will implement Nai Manzil with the benefit of having implemented a range of welfare schemes for Minority communities. In order to ensure smooth implementation of the project with adequate attention to social aspects, the PMU will designate an officer responsible for the implementation of the social management framework. The PMU shall establish a Technical Advisory Committee (TAC) to guide the Project with need-based advice on curriculum, outreach, social inclusion and gender equality, IEC, and networking and collaboration with CSOs and community leaders. The TAC will be a five member committee comprising representatives from relevant NGOs, resource organizations, and community leaders. The Joint Secretary, MoMA shall be responsible for convening the TAC on a quarterly basis.

45. Grievance Redress Mechanism, Monitoring and Evaluation: MoMA makes use of the grievance redress system established by the Department of Administrative Reforms and Public Grievances, Government of India for hearing and responding to complaints from any quarters. The project will establish a web-enabled monitoring system which will include documenting and

monitoring the grievance redress process. The Scheme will be implemented through service providers with a system of third party monitoring in place to ensure quality and track results based on baseline data collected for the purpose. A mid-term feedback survey will be carried out amongst the beneficiaries to assess GESI outcomes.

46. Consultation Framework: The primary stakeholders of Project include school dropouts mostly from Minority households living below the line of poverty. The secondary stakeholders include: CBOs working with the youth in project areas, training providing institutions, educational institutions, relevant departments and agencies of the concerned state governments and the central government, INGOs and NGOs working on the issue. A free, prior and informed consultation was conducted by MoMA at the India Islamic Cultural Center, New Delhi on September 16, 2015 with key stakeholders including Minority community leaders and development organizations working in the field in order to enlist their views and inputs. Follow up student orientation and community mobilization will be held in field locations to plan and implement the training activities.

47. Disclosure: The Social Management Framework (SMF) including the Indigenous People's Policy Plan (IPP) and Gender Equality and Social Inclusion (GESI) Guidelines has been disclosed in the country on September 24, 2015 and on the Bank Portal on September 25, 2015. The eligibility criteria, implementation guidelines and the training beneficiary lists shall be disclosed by the Ministry locally and on its website.

Draft Procurement Plan**I. General****1. Project Information**

Country : India
 Borrower : Government of India
 Project Name : NAI MANZIL – EDUCATION AND SKILLS TRAINING
 FOR MINORITIES PROJECT
 Loan /Credit No. :

2. Bank's Approval Date of the Procurement Plan :

3. **Date of General Procurement Notice** : 22-Septemeber-2015

4. **Period Covered by this procurement plan** : 18 Months

II. Prior review thresholds and thresholds for Procurement methods:

1. The following methods of procurement shall be used for procurement under the project.

Category	Method of Procurement	Threshold (US\$ Equivalent)	Threshold for prior review by the Bank
Goods and Non-consultant services	ICB	=or>1.0 million	All
	NCB	Less than 1.0 million	First 1 contract
	Shopping	Up to 50,000	
	DC	As per Para 3.7 of the Bank Guidelines, wherever agreed and with prior agreement with the Bank.	50,000
	Framework Agreements (Goods and Equipment)	As per Para 3.6 of the Bank Guidelines, wherever agreed and with prior agreement with the Bank.	500,000 and first contract
Consultants' Services	CQS	Up to 300,000 per contract	300,000
	SSS	as per paragraph 3.8 to 3.11 of Consultant Guidelines	50,000
	Individuals	as per paragraph 5.1 to 5.6 of Consultant Guidelines	100,000
	Use of NGO	As per Para 3.16 of Guidelines	500,000
	QCBS/QBS/FBS/LCS (i) International shortlist (ii) Shortlist may comprise national consultants only	No limit >800,000 Up to 800,000	500,000 and first 2 contracts

The Prior Review Thresholds will be reviewed during the implementation of the project and modified, based on the risk assessment.

In the case of contracts subject to prior review, before granting / agreeing to (a) a material extension of the stipulated time for performance of a contract; or (b) any substantial modification or waiver of the scope of services or other significant changes to the terms and conditions of such that the contract, including issuing; or (c) any change variation order or orders under such contract amendment (except in cases of extreme urgency) which would in aggregate, singly or combined with all variation orders or amendments previously issued, increase the original contract amount of the contract by more than 15% (fifteen percent); or (d) the proposed termination of the original price contract, the Borrower shall seek the Bank's no objection to the proposed extension, modification, or change order.

A copy of all amendments to the contract shall be furnished to the Bank for its record.

1. Prequalification

Not Applicable

2. Domestic Preference: The provisions of paragraphs 2.55 and 2.56 of the Procurement Guidelines, providing for domestic preference in the evaluation of bids is not applicable.

3. Reference to Project operational/ Procurement Manual

Standard Bidding Documents agreed between Project and Bank will be used for all goods, consultancy and non-consultancy procurements.

4. Any Other Special Procurement Arrangements:

National Competitive Bidding (NCB) method for procurement and goods and non-consultancy as per the above value thresholds will be conducted in accordance with paragraph 3.3 and 3.4 of the World Bank Procurement Guidelines and the following provisions:

- a. Only the model bidding documents for NCB agreed with the GoI Task Force (and as amended for time to time), shall be used for bidding;
- b. Invitations to bid shall be advertised in at least one widely circulated national daily newspaper (or on a widely used website or electronic portal with free national and international access along with an abridged version of the said advertisement published in a widely circulated national daily inter-alia giving the website/electronic portal details from which the details of the invitation to bid can be downloaded), at least 30 days prior to the deadline for the submission of bids;
- c. No special preferences will be accorded to any bidder either for price or for other terms and conditions when competing with foreign bidders, state owned enterprises, small scale enterprises or enterprises from any given state;
- d. Extension of bid validity shall not be allowed with reference to Contracts subject to Bank prior review without the prior concurrence of the Bank (i) for the first request for extension if it is longer than four weeks; and (ii) for all subsequent requests for

extension irrespective of the period (such concurrence will be considered by Bank only in cases of Force Majeure and circumstances beyond the control of the Purchaser/Employer).

- e. Re-bidding shall not be carried out with reference to Contracts subject to Bank prior review without the prior concurrence of the Bank. The system of rejecting bids outside a pre-determined margin or “bracket” of prices shall not be used in the project;
 - f. Rate contracts entered into by Directorate General of Supplies and Disposals will not be acceptable as a substitute for NCB procedures unless incorporation of right to audit and Fraud & Corruption clauses. DGS&D contracts will be acceptable however for any procurement under the Shopping procedures.
 - g. Two or three envelope system will not be used (except when using e-Procurement system assessed and agreed by the Bank);
 - h. No negotiations are conducted even with the lowest evaluated responsive bidders.
5. The bid evaluation will be carried out as per agreed timeline in the Procurement Activity Schedule.
6. **Summary of the Procurement Packages planned during the first 18 months after project effectiveness (including those that are subject to retroactive financing and advance procurement):**

Nai Manzil: Procurement Plan (Sep 2015 – March 2017)

Ref. No.	Contract Description	Estimated Cost (INR)	Estimated Cost (USD)	Procurement Method	Prior Review	Bid Advert	Bid / Proposal Opening Date	Contract Signing Date	Delivery / Completion Date	Remarks
GOODS										
GD -1	Office Equipment (laptops, desktops printers etc)	3,000,000	46,154	Shopping	No					Depending upon the requirement, dates of procurement will be decided
GD -2										
WORKS : No Works envisaged under Nai Manzil										
NONE										
NON-CONSULTING SERVICES										
NONE										
CONSULTANT SERVICES										
CS - 1	Technical Support Agency for Project Management	50,000,000	769,231	QCBS	Yes	Sep-15	Nov-2015	Jan-2016	Dec-2019	For Project duration
CS - 2	MIS (design, development & management)	65,000,000	1,000,000	QCBS	Yes	Dec-15	Mar-2016	May-2016	Dec-2019	Dates to be decided
CS - 3	Technical Support Agency for Monitoring & Evaluation	10,000,000	153,846	QCBS	No	Jan-16	Mar-2016	May-2016	May-2019	Dates to be decided (3 yr assignment)

Ref. No.	Contract Description	Estimated Cost (INR)	Estimated Cost (USD)	Procurement Method	Prior Review	Bid Advert	Bid / Proposal Opening Date	Contract Signing Date	Delivery / Completion Date	Remarks
CS - 4	Agency for developing IEC strategy and Implementation Plan	5,000,000	76,923	QCBS	No	Feb-16	Apr-2016	Jun-2016	Jun-2017	Dates to be decided (1 yr assignment)
CS - 5	Third Party Agency for Scheme Assessment/Appraisals, QA etc.	30,000,000	461,538	QCBS	Yes	Dec-15	Mar-2016	May-2016	May-2019	Dates to be decided (3 yr assignment)
CS - 6	Hiring of Project Implementing Agencies (PIAs) (Multiple)	650,000,000	10,000,000	Technical / FBS	Yes	Sep-15	Nov-2015	Jan-2016	Jan-2018	Multiple contracts for first 18 months
	Totals Estimated Costs:	813,000,000	12,507,692							

1 USD: 65 Rupees

Annex 4: Implementation Support Plan

INDIA: Nai Manzil – Education and Skills Training for Minorities

Strategy and Approach for Implementation Support

1. The strategy for implementation support has been developed based on the nature of the project and its risk profile. It aims to make implementation support to the client flexible and efficient, and focuses mainly on implementation of the risk mitigation measures defined in the SORT.
2. The World Bank's approach to implementation support strongly emphasizes open and regular communication with all actors directly involved in the project, constant information exchange, and adequate flexibility to accommodate the specificities of the Scheme.
3. The implementation support strategy is based on several mechanisms that will enable enhanced implementation support to the Government and timely and effective monitoring. The implementation support thus comprises: (a) Joint Review Missions; (b) regular technical meetings and field visits by the World Bank between the formal joint review missions; (c) PMU reporting based on the performance agreements; and (d) internal audit and FM reporting.

Implementation Support Plan

4. The World Bank will provide timely implementation support to the Project's Components as well as guidance to the relevant agencies regarding technical, fiduciary, social, and environmental issues. Formal implementation support and field visits will be carried out as required, and will focus on:
 - a. **Technical Inputs.** The World Bank will solicit inputs from three international experts in Vocational Training, ICT, and Open school learning whose support will focus on both components of the project.
 - b. **Fiduciary Requirements and Inputs.** Training will be provided by the World Bank's financial management specialist and the procurement specialist before Project effectiveness and during project implementation. This will allow building capacity among implementing agencies in matters of FM and procurement, particularly regarding World Bank procedures. Supervision of financial management arrangements will be carried out as required as part of the project supervision plan and support will be provided on a timely basis to respond to project needs. Procurement supervision will be carried out on a timely basis as required by the country.
 - c. **Safeguards:** The Bank will monitor compliance with the Social Management Framework and Environment related courses during the implementation support missions, and technical guidance will be provided accordingly.

5. The main focus of implementation support is summarized below.

Time	Focus	Resource Estimate
First twelve months	Technical Review/Support	TVET Training Specialist 10 Ws MIS Specialist 4 Ws Open School Specialist 10 Ws Operations Specialist 10 SWs M&E Specialist 5 Ws
	Procurement Training and supervision	Procurement Specialist 4 SWs
	FM training and supervision	FM specialist 4 SWs
	Environment and Social monitoring & reporting	Environment Specialist 2 SWs Social Development Specialist 2 SWs
	Institutional arrangement and project supervision coordination	Co-TTLs 16 SWs
12-48 months	Technical Review/Support	Open School 4 Ws TEVET Specialist 4 Ws M&E Specialist 2 SWs
	Environment and Social monitoring & reporting	Environment Specialist 1 SW Social Development Specialist 1
	Financial management disbursement and reporting	FM 4 SWs
	Procurement management	Procurement Management 4 SW
	Institutional arrangement and project supervision coordination and Team Leadership	Co-TTLs 12 SWs

Note: SW - Staff Week

6. Staff skill mix required is summarized below.

Skills Needed	Number of Staff Weeks	Number of Trips	Comments
Open School Specialist	10 Ws annually	Two	Externally based
TEVET Specialist	10 Ws annually	Two	Externally based
MIS Specialist	4 Ws annually	Two	Country office based
M&E Specialist	5 Ws annually	Fields trips as required.	Country office based
Procurement Specialist	4 SWs annually	Fields trips as required.	Country office based
Social Specialist	2 SWs annually	Fields trips as required.	Country office based
Environment Specialist	2 SW annually	Fields trips as required.	Country office based
FM Specialist	4 SWs annually	Fields trips as required.	Country office based
Co- Task Team Leaders	12 SWs first year, then 12 SWs annually in the following years	Field trips as required	Country office based

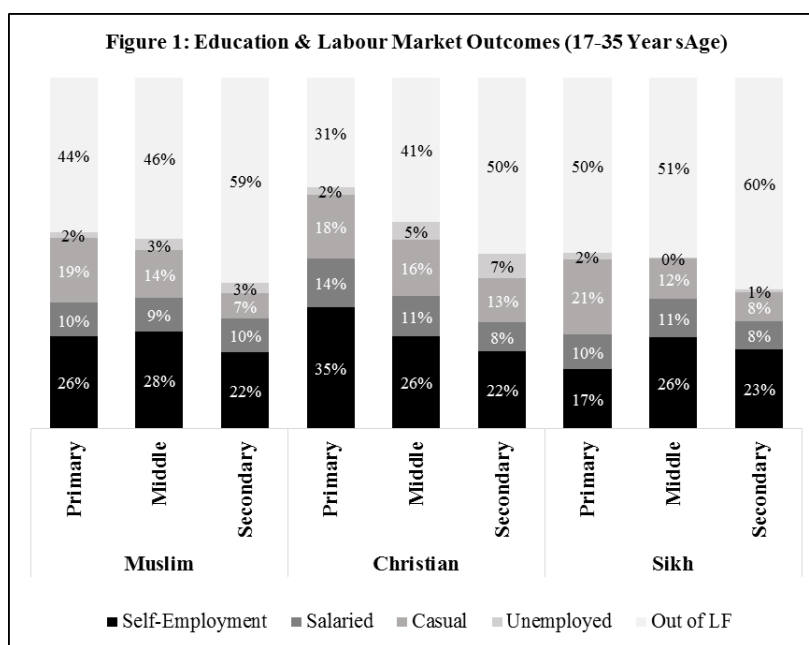
Annex 5: Economic and Financial Analysis

INDIA: Nai Manzil – Education and Skills Training for Minorities

A. Background

1. Youth belonging to Minority communities¹⁹ constitute 18.4% of the youth population (17-35 years) in India. Twenty percent of Minority youth are out of the labor force, significantly higher than their representative share in the population.²⁰ Youth from all religious communities have seen an increase in the number of years they spend in the formal education system. However, youth from certain Minority communities with lower levels of education tend to be more likely to be out of the labor force or unemployed (Figure 1). The comparable figure for non-Minority youth is less than 40%.

Figure 1: Labor force participation across occupational categories for youth by education levels (National Sample Survey (NSS) 68th round – 2009-10)



B. Challenges and Opportunities in the Education and Training of Minority Youth

2. The issue of providing ‘second chance’ education and training to Minority youth is particularly relevant at a time when growing youth unemployment (overall) is a matter of concern. The GoI, and many State governments, as well as the private sector are implementing a number of initiatives that provide alternative pathways to education and training to those who are no longer in the formal education and training systems. The parameters of these initiatives vary depending on the objectives they are trying to achieve – such as focus on rural areas, women, caste, poverty, etc. The schemes also vary depending on who pays for the costs of the program,

¹⁹ Notified Minorities in India comprise of the following socio-religious groups – Muslims, Parsees, Jains, Buddhists, Christians, and Sikhs.

²⁰ Based on NSS 68th round data (2009-10)

and who provides the education and training (which maybe the public sector, the private sector, the beneficiary, the employer, or some combination).

3. The design elements of the schemes are generally determined by the constraints faced by the target beneficiary groups. Schemes that focus specifically on the binding constraints that limit the education and training of disadvantaged youth belonging to Minority communities are limited in scale and scope. Constraints facing youth from these groups include cultural customs and traditions which affect human capital investment choices, lack of extensive pathways through which information flows to these groups, outreach and labor market linkage challenges, and in some cases, issues of inter-generational exclusion.

C. Rationale for Public Investment and Value Addition of the Bank

4. Project will reach out to disadvantaged youth from Minority communities and support their enrolment in bridge education, open schooling, and training programs so that they can complete Grade 8 or Grade 10 education as the case may be. Additionally, the project will combine education with three months of training for these youth and give them hands-on employability skills. The objective of the education cum training program is to prepare these youth to either re-join formal education or enter the labor market with better employment prospects. The project will also incentivize the education/training providers to provide placement support to these students, and track them for a certain period after they have completed the study/training program.

5. Disadvantaged Minority youth experience multiple constraints that limit their education and training, and put them at a disadvantage with respect to getting jobs and higher earnings. Apart from general credit constraints, they lack access to proper channels for information. Few mechanisms exist that coordinate the successful transition of disadvantaged Minority youth to the labor market. Without public investment in their human development, and creation of the public goods required to overcome information and coordination failures, such youth will likely have poor human capital and inferior labor market outcomes. The World Bank's experience in targeting, implementing education and training programs for disadvantaged groups, and performance based funding, both in India and internationally will help improve the effectiveness and efficiency of limited public investment.

6. Table 4 below uses data from the 68th Round of NSS (2009-10). The incremental annual average (nominal) wages of Minority youth as they move from Grade 5 to Grade 8 or Grade 8 to Grade 10.

Table 4: Incremental Wages for Minority Youth for completing higher school Grades

Age Group (Years)	Incremental Change (Grade 8 - Grade 5) in annual wages (Rs)	Incremental Change (Grade 10 - Grade 8) in annual wages (Rs)
15-19	8,300	14,750
20-29	8,100	3,000
30-39	20,200	11,372
40-49	12,160	48,167

50-59	27,900	96,075
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D. Project's Developmental Impact: Cost Benefit Analysis

7. In this section, we compute the developmental impact of the project using cost-benefit analysis. We first classify the various costs and benefits associated with the project, according to whether they are priced and unpriced. The cost-benefit analysis is based only on priced variables, i.e. variables that are measurable. This gives us the lower bound for the net benefits of the project. As long as benefits (both priced and unpriced) outweigh the costs (both priced and unpriced), the project is socially and economically justified.

Classification of Economic Benefits and Costs

8. Table 5 below lists the benefits and costs associated with the project, both priced and unpriced. Apart from measurable benefits and costs such as employment, earnings, project costs and forgone wages, there are societal level benefits (and costs) such as more youth from Minority communities continuing in higher levels of education, future feedback effects through increase in the aspirations of younger age-groups, improved accountability and project management.

Table 5: Priced and Unpriced Benefits and Costs

Benefits		Costs	
Priced	Unpriced	Priced	Unpriced
Increase in youth earnings due to higher employment rate and higher pay	Greater enrolment in higher Grades/levels of education (Grade 10, Grade 12, post-secondary education)	Project investment (MoMA)	
	General increase in the skill levels of Minority youth entering the labor market		
	Greater economic and social equity across Minority communities; reduction in social stress and tensions/improved social cohesion	Project investment (IDA)	
	Increase in the aspiration levels of Minority youth	Opportunity cost of students who undergo the Nai Manzil programs (for e.g. forgone wages/salaries/self-employment income)	
	Reduction in dead-weight loss because of greater accountability of education and training providers due to results-based-financing		
	Increased capacity of MoMA to manage and implement more efficiently large scale national programs		

Cost-benefit Analysis

9. The cost-benefit analysis will be done to calculate the NPV and internal rate of return associated with alternative possible scenarios vis-à-vis base scenario. The table below shows the main parameters of the project and their approximate values upon which the cost-benefit analysis is based.

Table 6: Main Project Parameters

Parameters	Value
Number of beneficiaries covered by the project	50,000 Category A: Minority youth with education levels between Grades 5 and 7: 15,000 (30% of the total) Category B: Minority youth with education levels Grades 8 or 9: 35,000 (70% of the total)
Estimated Unit Cost per beneficiary	INR 56,000 (USD 930)
Estimated Unit Cost for the Education Component per beneficiary	INR 23,000 (USD 380)
Estimated Unit Cost for the Skill Component per beneficiary	INR 23,500 (USD 390)
Estimated Miscellaneous Unit Cost per beneficiary (placement support, program management etc.)	INR 9,500 (USD 160)
Total Project Cost (Project + Technical Assistance)	INR 300 crores (USD 50 million)
Technical Assistance Cost	INR 30 crores (USD 5 million)

Assumptions for the base-scenario

10. The following assumptions have been made to carry out the cost-benefit analysis of the base-scenario. These are based on data from similar programs carried out in the recent past.

Category A

- In the absence of the project, the highest level of education completed by Minority youth is Grade 5
- In the absence of the project, the labor market outcomes of eligible Minority youth are the same as for those whose highest level of education completed is Grade 5
- Employed youth earn a premium of INR 300 per month due to the hands-on skills training received as part of the project
- There are no direct expenses (out-of-pocket expenditures)
- Average age of Minority youth entering the labor market after completing the project is 18 years
- The working life ends at the age of 60 years

Category B

- In the absence of the project, the highest level of education completed by Minority youth is Grade 8
- In the absence of the project, the labor market outcomes of eligible Minority youth are the same as for those whose highest level of education completed is Grade 8
- Youth earn a premium of Rupees 300 per month due to the hands-on skills training received as part of the project

- There are no direct expenses (out-of-pocket expenditures)
- Average age of Minority youth entering the labor market after completing the project is 20 years
- The working life ends at the age of 60 years

Project Costs

- Project costs associated with the two categories of beneficiaries Category A and Category B are 30% and 70% of total project costs, respectively
- Technical Assistance costs are added to intervention costs for the purpose of generating total costs associated with the project. This is advisable as technical assistance costs are largely project management costs.

Returns to the Project

11. NSS 71st round (2014) data is used to generate the age-earnings profile using the following equation, where Y is total earnings derived from multiplying earnings in the reference week by 52.

$$Y = a + b_1 * \text{age} + b_2 * \text{age}^2 \quad (1)$$

Returns

12. We estimate equation (1) separately for those with levels of education Grade 5 and those with levels of education Grade 8. The age-earning profile generated by the predicted Y's were used to generate the incremental returns to completing the Project for youth in Category A using the following formula:

13. Incremental returns at Age_i = (Predicted earnings for youth with a Grade 8/10 level of education at Age_i) – (Predicted earnings for youth with a Grade 5 level of education at Age_i)

14. The lifetime returns were calculated using a discount rate of 12% for a youth entering the labor market at age 18 years for Category A and 20 years for Category B and exiting it at the age of 60 years, and earning incremental returns.

Summary of Cost-Benefit Analysis Results for the Base-Scenario

15. Table 7 below provides a summary of the cost-benefit results for the base case. All monetary values are for the year 2015. These are the lower bounds as only a limited set of private returns have been monetized.

Table 7: NPV and Internal Rate of Return (IRR)

Beneficiary Category & Project Costs	NPV	Economic Internal Rate of Return	Remarks
Category A Project costs: USD 15 million	The sub-project breaks even with at least 75% employment rate of target beneficiaries and	IRR for 75% employment rate with a skill premium is 4%	Lower levels of education are less productive in the labor market. The sub-

	assuming there is no skill premium. With a skill premium, the sub-project breaks even with 60% employment rate of target beneficiaries. For a 75% employment rate with skill premium, the NPV is USD 4.46 million.		project will require higher employment rates to break even.
Category B Project costs: USD 35 million	The sub-project breaks even with at least 40% employment rate of target beneficiaries assuming there is no skill premium. With a skill premium and 40% employment rate, the NPV is USD 4.7 million. With an employment rate of 60% and with skills premium, the NPV is USD 22 million.	The IRR is 1% for 40% employment rate with skills premium; it is 5% for an employment rate of 60% with skills premium.	

E. Financial Analysis and Sustainability

16. The project provides an additional 2% per year if MoMA's budgetary allocation of USD 623 million for 2015-16 would continue over the next five years. MoMA's budget in the last 5 years has shown an average increase of 6% per annum (in nominal terms). Within these parameters, the activities initiated by this project can be sustained over the medium run, especially as costs come down due to efficiencies gained from learning by doing, and more cost-effective ways of achieving the same outcomes are introduced as a result.

17. Given the high returns from focusing on the education and training of Minority youth with higher levels of education, a combination of schemes that reach out to the hardest-to-reach, and those whose constraints are more due to credit market failures, can be developed by MoMA into a social welfare portfolio addressing both equity and efficiency. Additionally, those who have low levels of education can be supported for longer periods, which is more likely to improve their labor market prospects and earnings.