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R2017-0141/1

June 6, 2017

**Closing Date: Friday, June 23, 2017
at 6:00 p.m.**

FROM: Vice President and Corporate Secretary

India - Skill India Mission Operation

Program Appraisal Document

Attached is the Program Appraisal Document regarding a proposed loan to India for a - Skill India Mission Operation (R2017-0141), which is being processed on an absence-of-objection basis.

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Report No.: 108668-IN

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT
PROGRAM APPRAISAL DOCUMENT
ON A
PROPOSED LOAN
IN THE AMOUNT US\$250 MILLION
TO THE
REPUBLIC OF INDIA
FOR A
SKILL INDIA MISSION OPERATION
JUNE 1, 2017

Education Global Practice
South Asia Region

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CURRENCY EQUIVALENTS
(Exchange Rate Effective as of April 30, 2017)

Currency Unit = Indian Rupee (INR)
US\$1= INR 64.32

FISCAL YEAR
April 1 – March 31

ABBREVIATIONS AND ACRONYMS

C&AG	Comptroller and Auditor General
CPD	Continuous Professional Development
CPS	Country Partnership Strategy
CSR	Corporate Social Responsibility
CSSDM	Chhattisgarh State Skill Development Mission
DBT	Direct Benefit Transfer
DDU-GKY	<i>Deen Dayal Upadhyaya Grameen Kaushalya Yojana</i>
DGT	Directorate General of Training
DLI	Disbursement Linked Indicator
DLR	Disbursement Linked Result
DSDP	District Skills Development Plan
EHS	Environment, Health, and Safety
ESSA	Environmental and Social Systems Assessment
FBS	Selection under a Fixed Budget
GDP	Gross Domestic Product
GoI	Government of India
GSDM	Gujarat Skill Development Mission
ICT	Information and Communication Technology
IFSA	Integrated Fiduciary Systems Assessment
IPF	Investment Project Financing
IRR	Internal Rate of Return
ITI	Industrial Training Institute
IUFR	Interim Unaudited Financial Report
IVA	Independent Verification Agency
JRM	Joint Review Mission
JSDM	Jharkhand Skill Development Mission
KASE	Kerala Academy for Skills Excellence
KPI	Key Performance Indicators
LCS	Least-Cost Selection

LMIS	Labor Market Information System
LWE	Left Wing Extremism
M&E	Monitoring and Evaluation
MIS	Management Information System
MOOC	Massive Open Online Course
MSDE	Ministry of Skill Development and Entrepreneurship
MSME	Ministry of Micro, Small, and Medium Enterprises
NCB	National Competitive Bidding
NCVT	National Council for Vocational Training
NGO	Nongovernmental Organization
NSS	National Sample Survey
NOS	National Occupational Standard
NSCB	National Skill Certification Board
NSDA	National Skill Development Agency
NSDC	National Skill Development Corporation
NSDF	National Skill Development Fund
NSDM	National Skill Development Mission
NSQC	National Skills Qualification Committee
NSQF	National Skills Qualifications Framework
NSRD	National Skill Research Division
NQAF	National Quality Assurance Framework
PAP	Program Action Plan
PAB	Program Appraisal Board
PDO	Program Development Objectives
PFMS	Public Financial Management System
PforR	Program for Results
PMKK	Pradhan Mantri Kaushal Kendra
PMKVY	Pradhan Mantri Kaushal Vikas Yojana
PMU	Program Management Unit
PPP	Public-Private Partnership
PWD	Persons with Disabilities
QCBS	Quality- and Cost-Based Selection
QBS	Quality-Based Selection
QP	Qualification Pack
RFP	Request for Proposal
RTI	Right to Information
RSLDC	Rajasthan Skill and Livelihoods Development Corporation
S2J	Skills-to-Jobs
SC	Scheduled Caste
SD	Skill Development

SDIS	Skill Development Initiative Scheme
SDMS	Skill Development Management System
SES	Socioeconomic Status
SF PMT	Skills Fund Project Management Team
SIG	State Incentive Grant
SIMO	Skill India Mission Operation
SSC	Sector Skills Council
SSDM	State Skill Development Mission
ST	Scheduled Tribe
SSDP	State Skill Development Plan
STEP	Systematic Tracking of Exchanges in Procurement
STRIVE	Skills Strengthening for Industrial Value Enhancement
SORT	Systematic Operations Risk-rating Tool
TA	Technical Assistance
ToT	Training of Trainer
TNSDC	Tamil Nadu Skill Development Corporation
ToR	Terms of Reference
TP	Training Provider
TVET	Technical and Vocational Education and Training
UPSDM	Uttar Pradesh Skill Development Mission
VTIP	Vocational Training Improvement Project

Regional Vice President:	Annette Dixon
Global Practice Vice President:	Keith E. Hansen
Country Director:	Junaid Kamal Ahmad
Practice Manager:	Keiko Miwa
Task Team Leader(s):	Shabnam Sinha John Blomquist

INDIA

Skill India Mission Operation

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PAD DATA SHEET

REPUBLIC OF INDIA

Skill India Mission Operation

PROGRAM APPRAISAL DOCUMENT

Report No.: 108668-IN

Basic Information					
Date:	June 1, 2017		Sectors:	Vocational Training (80%); Adult literacy/ non-formal education (20%)	
Country Director:	Junaid Kamal Ahmad		Themes:	Education for the Knowledge Economy (80%); Improving Labor Markets (20%)	
Practice Manager Global Practice Vice President:	Keiko Miwa Keith E. Hansen				
Program ID:	P158435				
Team Leader(s):	Shabnam Sinha John Blomquist				
Program Implementation Period:	Start Date:	September 1, 2017	End Date:	March 31, 2023	
Expected Financing Effectiveness Date:		August 1, 2017			
Expected Financing Closing Date:		March 31, 2023			
Program Financing Data (US\$, millions)					
<input checked="" type="checkbox"/> [X]	Loan	<input type="checkbox"/> []	Grant	<input type="checkbox"/> []	Other
<input type="checkbox"/> []	Credit				
For Loans/Credits/Others (US\$, millions):					
Total Operation Cost:		3,188.875	Total Bank Financing:		250
Total Co-financing:			Financing Gap:		0.00
Financing Source (US\$, millions):					
BORROWER/RECIPIENT			2,902 (Center: 2857/ State: 45)		
IBRD			250		

- Program for Results	237.5	
- Investment Project Financing	12.5	
Others (Private Sector through CSR)	36.875	
Total	3,188.875*	
Borrower: Government of India		
Responsible Agency: Ministry of Skill Development and Entrepreneurship		
Contact: Mr. Rajesh Agrawal	Title: Joint Secretary & CVO	
Telephone No.:	+91-11-23450828	Email: js-msde@gov.in

Expected Disbursements (in US\$, millions) - PforR Program

Fiscal Year	FY18	FY19	FY20	FY21	FY22	FY23			
Annual	33.7*	95.3	71.1	12.0	10.8	14.6			
Cumulative	33.7*	129.0	200.1	212.0	222.9	237.5			

Expected Disbursements (in US\$, millions) - IPF (TA Component)

Fiscal Year	FY17-18 (Year 1)	FY18-19 (Year 2)	FY19-20 (Year 3)	FY20-21 (Year 4)	FY21-22 (Year 5)	FY22-23 (Year 6)			
Annual	5.0	4.0	3.0	0.5	0	0			
Cumulative	5.0	9.0	12.0	12.5	12.5	12.5			

Program Development Objective(s)

The Operation's development objectives are to enhance institutional mechanisms for skill development and increase access to quality and market-relevant training for the workforce.

Compliance

Policy

Does the program depart from the CAS in content or in other significant respects? Yes ☐ No ☒

Does the program require any waivers of Bank policies applicable to Program-for-Results operations? Yes ☐ No ☒

Have these been approved by Bank management? Yes ☐ No ☐

Is approval for any policy waiver sought from the Board? Yes ☐ No ☒

Overall Risk Rating: Substantial

Legal Covenants

Name	Recurrent	Due Date	Frequency
Institutional governance mechanism	X	N/A	Throughout implementation

Description of Covenant: Government of India (GoI) to maintain the Governing Council (headed by the Prime Minister), the Steering Committee (headed by the Minister of the Ministry of Skill Development and Entrepreneurship (MSDE)) and the

Mission Directorate (headed by the Secretary of MSDE who will function as the Program Director) as the institutional governance mechanism for the Operation			
Name	Recurrent	Due Date	Frequency
Program Management Unit	X	Within 3 months after effectiveness	Throughout implementation
Description of Covenant: GoI to establish and maintain a national Program Management Unit (PMU) within the Mission Directorate to carry out the day-to-day implementation of the Operation			
Name	Recurrent	Due Date	Frequency
Program Appraisal Board	X	Within 3 months after effectiveness	Throughout implementation
Description of Covenant: GoI to establish and maintain a Program Appraisal Board (PAB) within the MSDE for the purpose of assessing, selecting and approving State Skill Development Plans and state proposals to access funds from the State Incentives Grants			
Name	Recurrent	Due Date	Frequency
Verification of DLIs	X	Within 3 months after effectiveness or when GoI undertakes a verification protocol, whichever is earlier	Throughout implementation
Description of Covenant: GoI to (i) appoint an independent verification agency (IVA) under terms and reference satisfactory to the Bank, to carry out the verification of compliance of DLIs and to prepare a mid-term process evaluation report on the Program; (ii) carry out a verification process in accordance with the terms of reference agreed with the Bank; and (iii) furnish to the Bank the corresponding verification reports in form and substance acceptable to the Bank in order to submit evidence satisfactory to the Bank of the achievement of the DLIs for disbursement.			
Name	Recurrent	Due Date	Frequency
Skills Fund	X	Within 3 months after effectiveness	Throughout implementation
Description of Covenant: GoI to: (i) establish within three months after effectiveness, and maintain, the Skills Fund Management Team and the Skills Fund Oversight Committee with terms of reference acceptable to the Bank in order to support the National Skill Development Corporation (NSDC) in the management of the CSR Skills Fund; and (ii) produce, approve and adopt, within 3 months after effectiveness or when GoI undertakes the verification protocol, whichever is earlier, the CSR Skills Fund Manual in form and substance acceptable to the Bank			
Name	Recurrent	Due Date	Frequency
Joint Review Missions	X	N/A	Biannual
Description of Covenant: GoI to carry out at least biannual Joint Review Missions in each fiscal year with the participation of the Bank and other stakeholders to review the Operation			
Name	Recurrent	Due Date	Frequency
Mid-term audit	N/A	N/A	At mid-term
Description of Covenant: The GoI shall cause the Comptroller and Auditor General of India to conduct an audit at mid-term for all activities and results areas of the Operation, except of the CSR Skills Fund for which a private independent auditor shall carry out the audits with terms of reference satisfactory to the Bank			
Name	Recurrent	Due Date	Frequency
State Incentive Grants	X	Within 3 months after effectiveness or when GoI undertakes a	Throughout implementation

		verification protocol, whichever is earlier	
Description of Covenant : GoI to: (i) within 3 months after effectiveness or when GoI undertakes a verification protocol, whichever is earlier produce, approve and adopt the States Incentive Grant Manual (SIG Manual) in form and substance acceptable to the Bank, and to thereafter cause participating states to implement the Program in accordance with the Manual; (ii) ensure that the SIG Manual requires each participating state to formally establish a State Skill Development Mission (SSDM), prepare annual District Skills Development Plans (DSDPs), and consolidate DSDPs to State Skills Development Plans for submission to the PAB for assessment and approval; (iii) make the proceeds withdrawn under DLI 6 to the states in accordance with the SIG Manual; and (iv) enter into written agreement with each participating state for the provision of State Incentive Grants			
Name	Recurrent	Due Date	Frequency
Advance	X	N/A	Throughout implementation
Description of Covenant: GoI may withdraw an amount not to exceed US\$ 59,375,000 as an advance for the purposes of achieving one or more DLI targets; provided, however, that if the DLIs in the opinion of the Bank, are not achieved (or only partially achieved) by the Closing Date, the Borrower shall refund such advance to the Bank promptly upon notice thereof by the Bank.			
Name	Recurrent	Due Date	Frequency
Retroactive financing	X	N/A	Throughout implementation
Description of Covenant: No withdrawal shall be made for payments made prior to the date of signing of the Loan Agreement, except that the Borrower may withdraw up to an amount not to exceed US\$ 2,500,000 for eligible expenditures under the Project for payments made not more than 12 months prior to such date			
Name	Recurrent	Due Date	Frequency
Safeguards	X	N/A	Throughout implementation
Description of Covenant: (i) GoI to carry out the Project, or cause it to be carried out, in accordance with the Tribal People Planning Framework (TPPF) and each additional assessment or plan required to be prepared and implemented thereunder; and to refrain, and/or cause participating states to refrain, from taking any action preventing or interfering with the implementation of any requirements under the TPPF without prior concurrence of the Bank; (ii) The Project to exclude financing of any activities involving involuntary resettlement (as defined in OP 4.12)			
Team Composition			
Bank Staff			
Name	Title	Specialization	Unit
Shabnam Sinha	Lead Education Specialist	Task Team Leader	GED06
John Blomquist	Program Leader, Inclusion	Co-Task Team Leader	SACIN
Halil Dunder	Lead Education Specialist	Education	GED13
Shrayana Bhattacharya	Social Protection Economist	Social Protection	GSP06
Adarsh Kumar	Sr. Agribusiness Specialist	Agriculture	GFA06
Kumar Vivek	Education Specialist	Education	GED06
Muna Salih Meky	Sr. Education Specialist	Education	GED06
Karthika Radhakrishnan	Operations Officer	Team Member	GED06
Jinan Shi	Sr. Procurement Specialist	Procurement	GGO06
Papia Bhattacharji	Sr. Financial Management Specialist	Financial Management	GGO24
Alexandria Valerio	Lead Education Specialist	Global Lead, Skills Global Solutions Group	GED03

Rocio Mariela Malpica Valera	Senior Counsel	Lawyer	LEGES
Victor Manuel Ordonez Conde	Senior Finance Officer	Finance	WFALA
Pyush Dogra	Sr. Environmental Specialist	Environment and Natural Resources	GEN06
Suryanarayan Satish	Sr. Social Development Specialist	Social Development	GSU06
Ajay Ram Dass	Program Assistant	Team Support	GHN19
Tanusree Talukdar	Program Assistant	Team Support	SACIN
Michelle Riboud	Consultant	Education Economist	GED06
Neil Butcher	Consultant	M&E Expert	GED06
Anupama Tripathi	Consultant	Operations	GED06
Kalyani Kandula	Consultant	Environment and Natural Resources	GEN06
Kartik Pental	Consultant	Economist	GED06

**Including front end fees of \$0.625 million*

I. STRATEGIC CONTEXT

A. Country Context

1. **Fast growing economy with improved human development indicators.** India is a lower-middle-income country with a gross domestic product (GDP) per capita of US\$1,598.3 in 2015. In the last decade, it has made remarkable progress in economic growth, poverty reduction, and human development. Between 2001 and 2011, the GDP grew at an average of 7.5 percent per year and at an average of 6.7 percent since 2012 (2012 to 2016). Poverty rates^[1] declined rapidly from 38.9 percent in 2004–2005 to 21.9 percent in 2011–2012, under-five year mortality rates decreased from 88.1 in 2005 to 58.6 in 2010 per 1,000 live births, and the primary school retention^[2] rate increased from 70.3 in 2006–2007 to 83.7 percent in 2014–2015. Poverty reduction was supported by an increase in nonfarm wage employment (especially in manufacturing and construction), greater rural-urban integration, and higher rural wage growth.

2. **Major shifts in labor force.** Over the past decade, growth and diversification of the Indian economy has resulted in major shifts in the labor force from agriculture to the service and manufacturing sectors. Most new jobs are being created in the nonfarm sector, and, for the first time since independence, less than 50 percent of the total workforce is employed in agriculture. The shift from agriculture to other sectors of the economy has affected the skills mix required by the labor market, reducing the demand for unskilled workers. It is anticipated that there will be further reduction in the share of the agriculture and low-skilled occupations (even though absolute numbers will continue to be large), while there will be a significant increase in the share of occupations requiring skilled labor.

3. **Consistent underinvestment in skills and pressing constraints on employment opportunities.** Until 2014–2015, the Government of India (GoI) primarily had long-term skill development (SD) programs with no strategic efforts until 2015 at addressing the informal sector where the stock and the flow of labor force is large. However, ‘inadequately educated workforce’, that is, low skill level is cited as one of the key constraints by the enterprises in India. As the economy goes through structural changes from an agro-based to manufacturing- and service-based one, and as agriculture moves up to higher-productivity one, the need for a higher-skilled labor force will increase. Evidence shows that the pattern over time has been that the premium for lower levels of education have been falling while the premiums for upper-secondary and tertiary education and training have been increasing. The pattern is thus consistent with a situation in which the supply of workers with lower levels of education is increasing faster than demand, whereas the demand for workers with secondary or tertiary education and training is outpacing the increased supply.

4. **Ambitious government plans to transform economy.** The GoI has developed an ambitious plan to transform India into a competitive, high growth, high productivity middle-income country. The Make in India campaign, launched by the Indian prime minister in 2014, has set high priorities for the manufacturing sector, the most important of which are to create more jobs and improve productivity. To respond to major policy shifts to the demand side, India’s 12th Five Year Development Plan (2012–2017) calls for concomitant and substantial reforms to the

^[1] Estimates refer to the national (official) poverty lines. For incomes less than US\$1.25 per day, the poverty rate in 2012 was 23.6 percent.

^[2] School graduates moving from elementary level to grade 9.

supply side, in education and training programs. The country is seeking to improve labor productivity through various mechanisms, including through the provision of high quality SD opportunities to some 400 million workers by 2022.

5. **Labor force challenges.** These ambitious plans to transform the economy are highly dependent on job availability and the quality of the labor force. Although India's unemployment rate is relatively low, the labor force is characterized by high underemployment, a large informal sector, and low female labor force participation. At present, 4.9 percent of the working age population (15–59 years) is unemployed, more than 70 percent of the workforce is employed by firms with fewer than 10 employees, about 82 percent work without a written job contract,¹ and more than 75 percent have no access to any social security benefits. Only 31 percent of women participate in the labor force, down by 12–14 percentage points since 2004–2005.² It is estimated that more than 50 million young women in India are neither studying nor working, which is consistent with global evidence on the proportion of women neither studying nor working.³

6. **Large youth cohorts.** More than 62 percent of India's population is in the working age group (15–59 years), and more than 54 percent of its total population is below 25 years. Current demographic estimates indicate that approximately 12 million youth (age group 15–29 years) will enter the labor market every year for the next two decades. These young people will not only need employment but also the skills required for the new kinds of jobs demanded by a rapidly transforming economy. As indicated by a recent skill gap analysis,⁴ by the year 2022, there will be an additional net incremental requirement of 109 million skilled workers in 24 key sectors of the economy.

7. **Low skill levels.** India's growth and competitiveness are constrained by the low skill levels of its population. A range of surveys finds that labor productivity is low and that the supply of skilled labor remains inadequate.⁵ The country has a substantial challenge ahead as the Government reports that only 2.3 percent of the total workforce in India has undergone formal skill training,⁶ compared to 68 percent in the United Kingdom, 75 percent in Germany, 52 percent in the United States, 80 percent in Japan, and 96 percent in South Korea. In addition, the skills forecast study indicates that 298.25 million members of the current farm and nonfarm sector workforce⁷ will need to be skilled, re-skilled, and/or up-skilled to increase labor productivity.

B. Sectoral and Institutional Context

8. **Expanding access to primary and secondary education.** Over the past decade, India has made significant progress in expanding access to primary and secondary education. Access to primary education is nearly universal, with more than 98 percent of the school age population

¹ Fourth Annual Employment and Unemployment Survey Report (2013–2014); Labor Bureau, Ministry of Labor and Employment, Government of India.

² Chatterjee, U., Rinku Murgai, Ambar Narayan, and Martin Rama. 2016. *Pathways to Reducing Poverty and Sharing Prosperity in India: Lessons From The Last Two Decades*. Washington, DC: World Bank.

³ de Hoyos, Rafael, Halsey Rogers, Miguel Székely Miguel. 2016. *Out of School and Out of Work: Risk and Opportunities for Latin America's Nins*. World Bank, Washington, DC. World Bank.

⁴ MSDE (Ministry of Skill Development and Entrepreneurship). 2015a. *The National Policy for Skill Development and Entrepreneurship*. New Delhi:

⁵ World Bank Enterprise Survey, 2014.

⁶ MSDE. 2015b. *National Skill Development Mission: A Framework for Implementation*. New Delhi.

⁷ According to the National Policy for Skill Development and Entrepreneurship (2015) released by the Ministry of Skill Development and Entrepreneurship (MSDE).

having access to a primary school. Despite disparities by state, income, and gender, at the national level, the overall transition rate is now at 89.7 percent from primary to upper primary schools and at 92.6 percent from upper primary to secondary. The gross enrollment rate is 74 percent at the secondary education level and 21 percent in higher education.

9. **Policy shift toward quality.** Despite achievements in access, outcomes in primary and secondary education are poor. According to national student assessment surveys, the learning outcomes of primary education graduates have declined across most states since the survey in 2012. Because results from national assessments show dipping improvements over the five years, the Government's policy focus has shifted from increasing access to improving quality of education to ensure that young people coming out of secondary education are equipped with robust foundational skills and a strong learning platform that will allow them to seek, absorb, reflect, and use new training content throughout their lives. Results from the states of Himachal Pradesh and Tamil Nadu, which participated in a special implementation of the Program for International Student Assessment in 2009, corroborate the need to improve learning outcomes. Results from these two states placed students second from bottom of the students in 73 countries participating in this 2009 assessment.

10. **Limited opportunities beyond secondary education.** Opportunities to acquire further education and/or job-specific skills at the end of secondary education are limited. Only about 10–15 percent of youth are able to access long-term institutional SD programs; most of the remainder join the labor market on completion of basic or secondary education as opportunities for further training to acquire job-specific skills are limited.

11. **SD landscape.** Opportunities to acquire job-specific skills are currently provided through (a) long-term training programs at the certificate level offered by industrial training institutes (ITIs) and through apprenticeship training; (b) long-term training programs at the diploma level through polytechnics; and (c) advanced job-specific SD programs offered by universities and colleges of engineering (in engineering, technology, and professional fields).

12. **Short-term SD.** Complementing these long-term programs, in which about 2 million students enroll every year, are various short-term programs (3–12 months or up to 600 hours) provided by various ministries, state governments, industry associations, employers, and private sector training providers (TPs). Table 1 provides a snapshot of the main short-term SD programs that are publicly funded. In a given year, the system provides opportunities for about 3.8 million individuals.

Table 1. Short-term SD Programs

Name of the Program	People Trained (2015–2016)
MSDE: <i>Pradhan Mantri Kaushal Vikas Yojana</i> (PMKVY)	2,069,443
Ministry of Rural Development: <i>Deen Dayal Upadhyaya Grameen Kaushalya Yojana</i> (DDU-GKY)	705,326
Ministry of Micro, Small, and Medium Enterprises (MSME)	428,966
Ministry of Textiles: Integrated Skill Development Scheme	220,179
Ministry of Tourism: <i>Hunar se Rozgar tak</i>	92,692
Department of Electronics and Information Technology: National Institute of Electronics and Information Technology	296,004
Total	3,812,610

13. **Insufficient involvement of MSMEs in SD.** The MSME sector within India accounts for 37.5 percent of GDP and is a major source of employment in the country.⁸ A recent study (World Bank 2016) shows that the sector has grown by 112 percent since the Fourth All India Census of MSME (2008–2009). About 60.6 percent of the MSMEs operate in the services sector. This sector offers attractive salaries to skilled employees, while unskilled people working in the sector can benefit from acquiring formal skills training certification. These remain largely untapped sources of potential.

14. **Government's SD strategy.** Given the above context, the GoI has identified SD as a priority sector and views its policy toward education and SD as complementing each other. It established the MSDE in 2014 and developed a comprehensive strategy outlined in the National Policy for Skill Development and Entrepreneurship (2015). The MSDE launched the National Skill Development Mission (NSDM) to create an end-to-end implementation framework that provides opportunities for quality short- and long-term SD, leading to productive employment and career progression that meets the aspirations of trainees.

15. The GoI established the NSDM to ensure convergence and coordination between SD efforts of all central ministries and departments, states, and implementing agencies and to expand training capacity and improve productivity. The NSDM's framework for implementation provides strategic directions to the state governments to meet their skilling targets. It also specifies its institutional structures and articulates its financial model for rapid implementation and upscaling of SD efforts across India to meet the target of training approximately 400 million people by 2022, in partnership with the states.

16. The NSDM is supported through various national agencies, including National Skills Development Agency (NSDA), National Skills Development Corporation (NSDC), National Skills Development Fund (NSDF), Sector Skills Councils (SSC) and Directorate General of Training (DGT).

17. The National Skill Development Agency (NSDA) is the regulatory and quality assurance institution under the NSDM, tasked with coordinating all central ministries, state governments, and private players and their curricular approaches to SD. It has developed the National Skills Qualifications Framework (NSQF), to which all SD programs are mandated to adhere, in an effort to improve consistency of outcomes in the skills landscape. This opens the way for developing standards for training, assessment, and certification.

18. The National Skill Development Corporation (NSDC) has been created as a public-private partnership (PPP) initiative⁹ to help develop commercially viable, scalable, and sustainable skilling enterprises and nurture organizations through patient capital—debt, equity, and grants. Its role is also to create a viable skilling ecosystem by driving industry engagement, incubating Sector Skills Councils (SSCs), and implementing special training programs delivered by private providers.

19. The NSDC has incubated 40 SSCs to implement special programs and identify SD needs across the country through active collaboration with industry associations such as the Federation of Indian Chambers of Commerce and Industry and the Confederation of Indian Industries. These

⁸ MSME Annual report, 2014–2015.

⁹ With an equity base of about US\$1.5 million or INR 10 crore (GoI 49 percent and private sector 51 percent), the ownership includes private sector shareholders in the form of 10 business chambers and industry associations, each of which has a 5.1 percent shareholding.

are categorized according to priority sectors, large workforce requirement sectors, and informal sectors. The SSCs undertake cataloguing of types, range, and depth of skills; and ensure development of sector-wise SD plans. Further, the National Skill Development Fund (NSDF) has been created to act as a receptacle and custodian for funds from government sources, bilateral/multilateral and other agencies, and to supervise the activities of the NSDC.

20. **State coordination.** With regard to the new policy, the MSDE has also requested states to constitute State Skill Development Missions (SSDMs) to coordinate the skill-related activities of different departments at the state level. Some states have established SSDMs, which are at varying stages of progress. In a few states, all programs are already monitored by the SSDMs and funds (including the state share of GoI-sponsored programs) are pooled into a single SSDM budget, while in others there is limited or no coordination.

21. **History of support for vocational training in India.** The World Bank support for vocational training in India began in 1989, with the main focus being on supporting ITIs.¹⁰ This experience, substantiated by considerable analytical studies, has revealed an ongoing need for critical reforms. Through these initiatives, three specific challenges were identified. First, linking public funds to measures of performance can incentivize institutions to effectively design and implement quality programs. Second, industry involvement in ITIs is emerging but needs to be strengthened to improve labor market outcomes for youth who attend. Third, the regulatory and support environment for ITI operations at the state level needs to be further strengthened to leverage industry engagement. These lessons are equally applicable to the wider SD sector, as will be seen in analysis below. In addition, however, as the Government's plans to grow the economy and tackle underemployment and the low skill levels of youth become increasingly ambitious in response to market and social demands, the demand to expand access to SD opportunities is also growing exponentially.

22. **Need for growth.** Given the twin demands of economic growth/transformation and meeting the economic aspirations of large numbers of young people entering the labor force, it is a high priority to scale up the reach of the SD system and improve the quality of its training outcomes. The longer-term training programs delivered by ITIs are already supported by the World Bank-financed Vocational Training Improvement Project (VTIP) and the World Bank-financed Skills Strengthening for Industrial Value Enhancement (STRIVE) Operation. However, this process will not lead to fast-enough growth of SD opportunities to meet the massive demand that exists, both with regard to industry demands for new kinds of skills and youth demands for access to skills that will enable them to generate a meaningful livelihood. Thus, there is a linked requirement to find flexible, large-scale strategies to deliver short-term, market-relevant SD programs fast enough to meet the demands of both the youth and industry. As learned from previous projects, it is also clear that these efforts need to be accompanied by structural reforms and strengthening of the regulatory and support environment for SD at the state level.

23. **Key challenges.** To do this successfully, several critical issues still need to be addressed. They are related to institutional mechanisms, the market relevance of Program offerings, the participation of the private sector, and unequal access to training.

¹⁰ Vocational Training Project 1989–1998, Credit 2008-IN/Loan 3045-IN.

System and institutional mechanisms

24. **Institutional mechanisms require greater maturity.** The institutional setup under the NSDM is new and still fragile, leading to weak management, inefficiencies, and poor quality control. There is an adequate regulatory and quality assurance framework and the NSDA is still in an embryonic stage. The NSQF, in its infancy, is still to be uniformly accepted by all states and SSCs, and a comprehensive accreditation framework for TPs is nonexistent. Likewise, progress has been made in establishing SSCs, but their capacity requires significant strengthening (both with regard to systems and human capacity), as well as a strong focus on the quality of the work that they do, for example in producing qualification packs (QPs), especially given the importance of these resources in setting the standard for SD programs in India.

- **Lack of robust demand signaling mechanisms.** There are limited sources of relevant, frequently updated, and appropriately disaggregated data to signal industry demand to the suppliers of training. A more decentralized demand-driven approach to skills gap analysis, as followed by states like Gujarat and Karnataka, will be helpful in initiating decentralized planning mechanisms for initiating stakeholder-led planning of SD programs in consultation with employers.
- **Continued insufficient linkages with employers and the private sector.** The skills sector needs greater focus on the centrality of employer-driven prioritization of skills to build upon the potential of the private sector for job creation, especially for vulnerable and underserved populations. To date, the NSDC and its SSCs have had limited ability to provide sector-specific employer-led training and to facilitate the placement of the trainees who have undergone SSC certified trainings. Likewise, private sector financing is critical to achieve India's ambitious SD goals. The MSDE has struggled to design a mechanism, with appropriate incentives, capable of attracting private resources into the SD programs and training.
- **Inadequate monitoring and evaluation (M&E).** Monitoring arrangements are inadequate, with little third-party monitoring of quality and outcomes. Given the wide geographical spread of active training service centers and the range of training courses delivered by TPs across all centers, concurrent M&E at the local level is inadequate. There is no formal and active feedback mechanism in place to capture 'learning experiences' of and 'outcomes' for the beneficiaries.
- **Need for greater decentralization and local governance of SD programs.** National SD programs under the MSDE suffer from over-centralization. SD in India is a concurrent subject, with training programs also managed and financed by state governments. This has resulted in national programs often being run in parallel with state ones, with insufficient consultation with state authorities and coordination with state programs. The SSDMs are highly variable across states with regard to their structures and capacities and their links with SSCs are still inadequate. District-level implementing agencies are not involved in planning and implementation of SD programs.

Quality and relevance of SD programs

- **Substandard quality and relevance of programs.** SD programs need substantial improvements as the placement rate of trainees shortly after the end of the training period of large programs has been, on average, a modest 27 percent and reflects substantial

statewide variations.¹¹ Moreover, significant labor market churning one or two years after training suggests poor job matching and low sustainability of employment.

- **Poor services of TPs.** The quality guidelines for training partners, developed by the NSDC, clearly mandates that TPs should be accredited by an acceptable authority, in both domain knowledge and instructional skills. However, there is negligible evidence that recruitment of TPs takes their qualifications into account or assesses curriculum and content quality, engagement of trainers and capacity building strategies for them, standards and quality assurance, technology platforms, and student placement mechanisms, among others. Further, there is no standard prescription across TPs about the ‘domain qualification’ requirements of trainers. This undermines the prescribed quality in delivery of training services.
- **Poor quality and numbers of trainers and assessors.** There are many vacant trainer positions in training institutions and an even more acute shortage of qualified and competent assessors to assess trainees. The latter especially means that trainees can wait several months after the completion of their course before being assessed. While most public sector and public sector-funded training programs specify an instructor’s qualification criteria, they rarely emphasize relevant workplace experience as a key criterion to improve students’ learning outcomes.¹² Further, India suffers from multiplicity of assessment norms limiting the potential coherence of assessor standards and performance, also posing a challenge for the implementing agencies in reporting and administration. This in turn affects estimation of the demand of the assessors, with no reliable database providing an accurate indication of assessment supply and demand.¹³ This also makes it more difficult for employers to assess the qualifications and skills of potential employees.
- **Financial support does not always lead to expected outcomes (greater quality and employability).** TPs tend to focus on numbers trained rather than on quality, and trainees often attach little value to free training. The challenge is to find the right balance and link support to employability.

Access to skills training for female and the disadvantaged

- **Unequal access to skills training.** There is unequal access to SD programs across population groups with regard to socioeconomic background, gender, and location (rural versus urban). Female and scheduled tribe (ST) participation in both short- and long-term SD programs is extremely low. Training programs are more likely to be offered in urban areas, close to business needs, making it difficult for the poorest in disadvantaged rural or less developed districts/states to access training. Women are also underrepresented in SD programs and face constraints of choice, with emphasis on training for self-employment in low-return/productivity and traditional segments such as tailoring or beauty. Persons with disabilities (PWD), and particularly female PWD, struggle to access training. The 2011 Census pegs the number of PWD in India at 26.8 million (2.21 percent of the total population). Of this, 2.5 percent belong to the scheduled castes (SCs)¹⁴ and 2.1 percent to

¹¹ Labor Market Impacts and Effectiveness of Skill Development Programs in Five States of India: Assam, Andhra Pradesh, Madhya Pradesh, Odisha, and Rajasthan. World Bank; 2015

¹² The Impact of Vocational Teachers on Student Learning in Developing Countries: Does Enterprise Experience Matter? Freeman Spogli Institute for International Studies, Stanford University; 2015.

¹³ Skill Assessment in India. International Labor Organization (ILO), October 2014.

¹⁴ SC is an official designation given to various groups of historically disadvantaged indigenous people in India.

STs. Further, there are 13.4 million PWD in the employable age of 15 to 59 years, while just under a million PWD are either non workers or marginal workers.

Participation of private sector in financing and delivery of SD programs

- **Limited ability to mobilize private sector financing.** Private sector participation is critical to achieve India's ambitious SD goals. While the MSDE has established institutions such as the NSDC and the SSCs, it is still struggling to design a mechanism, with appropriate incentives, capable of attracting private resources into SD programs and training. Under the new Companies Law in India, companies are encouraged to allocate 2 percent of their profits to projects that address India's sustainable development goals. There is opportunity in this space for the Government to join forces with the corporate sector to address SD needs.¹⁵

25. Over the past decade, the GoI has been implementing short-term training programs. The design of the Skill India Mission Operation (SIMO) is informed by both Indian experience and international evidence of SD programs to maximize the impact of interventions (box 1).

Box 1: Useful Lessons from International Experience in the Delivery of Short-term SD¹⁶

Over the past several decades, investment in training has increased in both low- and high-income countries, but, as shown by international evidence on the impact of short-term SD programs, it has a mixed record worldwide and some elements of Program designs are critical. Several reviews of hundreds of programs run in different settings and different countries have found that 30 percent to 40 percent of programs have had a positive impact. The India analysis¹⁷ of five large programs also found that three out of the five programs had a positive impact on employment and wages. However, all these programs are very heterogeneous in content, duration, participant profiles, contexts, and research and have also permitted the identification of a number of factors that are key to successful outcomes. The most significant are related to program content and delivery mode. Close links with employers and a careful attention to labor market conditions are critical to ensure quality and responsiveness of programs to demand. As for delivery modes, programs that (a) combine in-classroom and workplace training as compared to in-classroom training alone and (b) use comprehensive training packages with wraparound support services for trainees—including counseling, mentoring, monitoring, job search and placement assistance, and soft and life skills training—have been found to increase the likelihood of program success. The India study also found a stronger impact on training when classroom teaching is combined with practical training in industry.¹⁸

Importance of strong M&E. International experience has also shown that trainees are a very heterogeneous group and that the impact of training largely depends on labor market conditions, characteristics of trainees, and type of training. Given the large sums invested, it is critical that these programs be accompanied by a strong M&E that is able to monitor outcomes and inform policy makers so that program design and implementation can be modified whenever needed. Developing capacity to undertake tracer studies and follow up trainees beyond placement also seems important to measure impact accurately as there is some evidence suggesting that the impact of training is larger when measured one to two years after completion.¹⁹

Soft skills. A common thread among successful training programs is that they develop soft or non-cognitive skills alongside job-relevant skills. Recent studies show that employers acknowledge and value the importance of socio emotional skills in the workplace.²⁰ One analysis²¹ identified eight skill areas demanded by employers (summarized as PRACTICE): problem solving, resilience, achievement motivation, control, teamwork, initiative, confidence, and ethics. Finally, international impact evaluations have shown that a combination of safe training spaces with inclusion of soft and hard skills training can have particularly positive effects on adolescent girls and young women's social and economic empowerment.²²

¹⁵ Census India, Ministry of Home Affairs, Disabled Population by Type of Disability, Age, Sex, available at: <http://www.censusindia.gov.in/2011census/C-series/c-20.html>

¹⁶ See annex 12 for a Technical Note for a comprehensive description and assessment of international evidence on short-term training.

¹⁷ World Bank 2015. *Labor Market Impacts and Effectiveness of five Skills Development Programs in India: Assam, Andhra Pradesh, Madhya Pradesh, Odisha, Rajasthan.*

¹⁸ See footnote 19.

¹⁹ Valerio, Sanchez, and Gutierrez. 2016.

²⁰ See Bodewig et al 2014; Sanches Puarte et al 2016.

²¹ Sanchez Puerta, Maria Laura; Valerio, Alexandria; Hoftijzer, Margo; Rizvi, Anam; Avato, Johanna. 2016. Employer Survey Snapshot 2016: Highlights from Six Low and Middle-Income Countries. World Bank, Washington, DC. © World Bank.

²² Guerra, Nancy, Kathryn Modecki, and Wendy Cunningham. "Developing social-emotional skills for the labor market: The PRACTICE model." (2014).

26. **Need for a SIMO.** To address the skills challenge outlined in the GoI's national strategy while taking into account lessons learned from international experience, the Government has requested technical and financial support from the World Bank for the design and implementation of a SIMO that can meet the needs of a competitive middle-income country and support India's transition to a knowledge-based economy. This Program will build both on the lessons learned from previous World Bank support for SD in India and complement the support for long-term training that is being offered through the STRIVE program. It will do this by placing heavy emphasis on supporting structural reform and strengthening of the overall systems governing, managing, and monitoring SD, both at the national and state levels. In this regard, it will work in synergy with STRIVE activities, which focus specifically on ITIs, by emphasizing strengthening of the wider structures of the NSDA, NSDC, SSCs, and SSDMs. In parallel, it will support existing government efforts to scale up the delivery of short-term training in recognition of the reality that the market and social demand for SD far exceeds the current institutional capacity to meet this demand through long-term training alone. While lessons of international experience provide some cautionary tales regarding potential risks of short-term training initiatives, they also provide clear guidance regarding how the effectiveness of such interventions can be significantly improved and thus enhance their impact. Consequently, SIMO will focus on ensuring that the significant investments being made by the GoI in short-term training build on these lessons to create high-quality, employer-driven short-term training opportunities that are synergistic with parallel growth and expansion of institutional infrastructure for long-term SD programs being undertaken through STRIVE.

C. Relationship to the Country Partner Strategy (CPS)

27. The World Bank Group's India Country Partnership Strategy (CPS, FY13–FY17)²³ emphasizes improving market-driven SD for productive employment as a key element of the Integration engagement area, as well as improving access to services and opportunities for excluded population groups under the Inclusion engagement area. This proposed Operation is aligned with the World Bank's CPS objective of increasing access to market-driven SD programs for productive employment under the Integration engagement area. It will also contribute to providing access to services and opportunities for women and disadvantaged groups under the Inclusion engagement area.

28. By enhancing access to quality skills short-term training programs, the Operation will support youth to acquire critical job-specific skills required to be productive members of the workforce. These improvements, in turn, will contribute to achieving increased productivity, greater off-farm employment, and increased female labor force participation, supporting progress toward the overarching goals of faster economic growth, poverty reduction, and shared prosperity.

D. Rationale for Choice of Financing Instruments

29. The proposed support is a hybrid operation, using two lending instruments: (a) a Program component using the Program for Results (PforR) instrument (referred to as the 'Program') and (a) a technical assistance (TA) component, using the Investment Project Financing (IPF) instrument (referred to as the 'Project').

²³ CPS Report Number 76176-IN discussed by the Board of Directors on April 11, 2013

30. **Rationale for use of PforR.** The PforR instrument is considered an excellent fit to support implementation of the Government's SD program because of the GoI's strong focus on impact and accountability for results. The Program is large, covering a wide range of different activities with different entities at the national and state levels. The major challenge is to develop the institutional capacity to plan for, coordinate, fund, monitor, and evaluate these diverse activities, and adjust them in response to experience on the ground. The PforR instrument presents several design and implementation advantages over alternative instruments. First, it can enable a strategic focus on the interventions of the NSDM that the World Bank considers key triggers for enhancing India's SD system. Second, it can ensure a sharper focus on the most important results GoI wants to achieve, by linking World Bank funding directly to the achievement of specific results rather than inputs. Third, it can leverage and strengthen country systems, including public financial management, procurement management, and social and environmental systems management needed for the Program to achieve its desired results. Fourth, it can incentivize states to focus on delivering results, while providing them flexibility to innovate and develop their SD systems. Fifth, it can strengthen the NSDM's focus on output and outcome monitoring and development and implementation of an independent and credible verification system on SD implemented by both central and state governments. Sixth, it can leverage World Bank assistance in innovative ways by fostering partnerships with the private sector for greater development effectiveness.

31. The proposed PforR component will build on recent collaboration between the GoI and the World Bank using results-based financing, including the Maharashtra Rural Water Supply and Sanitation Program, Enhancing Bihar Teacher Effectiveness Operation, and Swachh Bharat Mission Support Operation, which are currently being implemented. Given client experience with results-based financing in social sectors, as well as its global experience and knowledge in SD, the World Bank is seen as a credible partner that can help institutionalize a results-based development culture through use of the PforR instrument.

32. **Rationale for use of IPF for TA.** Despite strong government commitment for SD, the newly established MSDE's capacity for planning and M&E is inadequate, while both central and state institutions have inadequate implementation and delivery mechanisms. To address these institutional factors, a TA component will be included in the Operation, using an IPF instrument to support program management, M&E, and capacity development. The TA has a main objective of capacity building through, among others: (a) establishing the MSDE's program management unit (PMU) to strengthen existing capacities in financial management, planning, and program coordination within the NSDM, NSDA, and NSDC, (b) hiring the Independent Verification Agency (IVA) in charge of verifying all the Program's results and Disbursement Linked Indicator (DLIs); (c) providing support to SSDMs aiming to improve their SD program design and pilots; and (d) supporting M&E, impact evaluation, and third-party assessments/validation of implementation activities and program outcomes.

II. OPERATION DESCRIPTION

A. Operation Scope

Government Program

33. The Operation, which will be called the SIMO, will support implementation of the Government's SD strategy, as outlined in the National Policy for Skill Development and Entrepreneurship, over six years (2017–2023). Aimed at removing barriers that create a wedge

between the demand and supply of skilled labor, especially in the informal sector, the Operation will support short-term SD programs (3–12 months or up to 600 hours). Its main focus is to enhance institutional mechanisms at the national and state levels, including partnerships with industry and employers, to increase the market relevance of short-term SD programs and scale up their delivery. The Operation will exclude longer-term SD programs delivered by ITIs under the Directorate General of Training (DGT), which is already supported by the World Bank-financed VTIP and the World Bank-financed STRIVE Operation. SIMO has a strong synergy with STRIVE; while STRIVE focuses on long-term SD programs, SIMO exclusively focuses on short-term SD programs through strengthening the institutional infrastructure of SD in general to deliver flexible, rapid response to the SD needs of the country and young people entering the labor force.

34. Figure 1 shows the Program boundaries.

Figure 1. SIMO Boundaries



35. The Operation covers the entire program of the MSDE (excluding the ITI support through DGT). The detailed scope of the Operation is described in Annex 1.

B. Operation Cost and Financing

36. SIMO will be a six-year operation. The total estimated expenditure of the operation over the operation period is US\$3,188.875 million which will be financed by (a) MSDE financing (national support) of US\$2,857 million; (b) states' contribution over the operation period of US\$45 million; (c) Corporate Social Responsibility (CSR) contribution of US\$36.875 million to the Skills Fund; and (d) World Bank financing of US\$250 million. The World Bank financing of US\$250 million to the MSDE will be over a period of six years from the date of approval of the Operation. The proposed World Bank financing comprises of a US\$237.5 million assistance to the Program using the PforR instrument and a US\$12.5 million TA component ("Project") using the IPF instrument. The World Bank's contribution through the PforR instrument will thus account for about 7.4 percent of the total estimated expenditures of the Program (Refer table 4.1. Operation Expenditure Framework).

37. The Expenditure Finance Committee of the Government of India has approved a World Bank loan of \$500 million for *Skill India Mission Operation* following a tranching

approach. Since this modality is currently not available among the instruments offered by the Bank, this approach could not be considered by the Bank. However, the Operation may subsequently be scaled up upon the request of the GoI.

C. Program Development Objectives and Key Results

Program Development Objective²⁴

38. The objectives of the operation are **to enhance institutional mechanisms for skill development and increase access to quality and market-relevant training for the workforce.**

39. **Operation beneficiaries.** SIMO provides opportunities for the ‘stock’ of adult workers (ages 15 to 59 and underemployed or unemployed) who are either illiterate (about 197 million) or who have completed primary education or less (68 million) as well as the ‘flow’ of young people completing primary, junior, and senior secondary education and moving into the labor force every year (12 million). This ‘flow’ of workers that the Operation will affect includes young people entering the labor market with various levels of educational qualifications. It is estimated that, by the end of the Operation, at least 8.87 million youth will have received market-relevant training, improving their employment opportunities and raising their earnings prospects. The Operation will also benefit approximately 15,000 trainers and 3,000 assessors.

40. **PDO Indicators.** The following PDO indicators, covering the core Program Results Areas, will be used to measure achievement of the PDO:

- **PDO Indicator 1:** Trainees who have successfully completed the NSQF aligned market-relevant short-term SD programs and were certified (disaggregated by women and disadvantaged sections)
- **PDO Indicator 2:** Percentage of graduates who are wage employed or self-employed within six months of completion of short-term SD programs
- **PDO Indicator 3:** Improved performance of states on institutional strengthening, market relevance of SD programs, and access to and completion of training by marginalized populations
- **PDO Indicator 4:** NSQF-aligned QPs translated into model curriculum, trainers guide, and teaching learning resource packs

41. **Intermediate results indicators.** Four intermediate results indicators will be used to track progress and measure toward achieving the PDO (see annex 2 for details). Figure 1.1 in Annex 1 presents the results chain of the proposed Operation.

42. **Disbursement Linked Indicators (DLIs).** Under the PforR component, disbursement will be conditional on achievement of specific results, measured by the following eight DLIs. The choice of each DLI and DLI values for each year are based on (a) the signaling role of the indicator (that is, the extent to which it signals a critical action, output, or outcome in the results chain); (b) a perceived need to introduce a strong financial incentive to deliver the activity, output, or outcome; (c) practical aspects of verifying achievement; and (d) the capacity of the GoI to achieve

²⁴ Including the program management, capacity development, and M&E under the TA component.

the DLI during the Operation implementation period. Detailed description/definitions of the achievement of each DLI are provided in annex 3.

- **DLI 1:** Trainees who have successfully completed NSQF aligned market relevant short-term SD programs and were certified
- **DLI 2:** Percentage of graduates who are wage employed or self-employed within 6 months of completion of short-term skills development programs
- **DLI 3:** NSQF aligned QPs translated into model curriculum, trainers guide, and teaching learning resource packs
- **DLI 4:** Number of trainers and assessors trained/ retrained with the new CPD modules.
- **DLI 5:** A system is in place to undertake monitoring and evaluation of SD programs at the national and state level.
- **DLI 6:** Improved performance of states on institutional strengthening, market relevance of SD programs and access to and completion of training by marginalized populations
- **DLI 7:** Increase in percentage of women, SC and ST and PWD participating in SD programs
- **DLI 8:** Joint public and private sector funding successfully channelized and utilized into priority SD initiatives

D. SIMO

43. SIMO consists of a PforR component that is comprised of four result areas that consist of institutional improvements that will be applied in the delivery of SD training programs financed by the operation. The Program will be complemented by a TA component financed through IPF.

Results Area 1: Institutional Strengthening at the National and State Levels for Planning, Delivering, and Monitoring High-quality Market Relevant Training.

44. The main objective of this Results Area is to strengthen institutional mechanisms to plan and monitor the delivery of high-quality market-relevant training. This Results Area will support reforms to strengthen regulatory and quality assurance frameworks, labor market analysis and monitoring, and continuous efforts to mobilize private sector and employers' participation in strategic planning, system oversight, and training activities. This Results Area consists of two sub-Results Areas supporting reforms at the national and state levels.

Results Area 1a: Institutional Strengthening at the National Level.

45. Building on institutional reforms already introduced, this Results Area **will help strengthen the MSDE** as the primary authority to govern the SD sector, coordinate SD activities across all ministries and states, and manage financing across the sector, specifically:

- (a) Strengthening the NSDA as the primary quality assurance, M&E, and research arm of the MSDE, including: (i) fostering the adoption and implementation of the NSQF across ministries and states; (ii) Support the establishment of a research division (National Skills Research Division) that will analyze LMIS data, conduct periodic skill surveys and other relevant studies, and serve as think tank for MSDE; (iii) Support the creation of a Labor Market Information System (LMIS) - devised in close consultation with Ministry of Labour and its National Career Service portal - in the National Skill Development Agency (NSDA)

that would gradually aggregate databases on SD activities of all stakeholders (including state skills development missions), and link with employment exchanges; and (iv) strengthening the SSCs to align the quality assurance systems with industry demand and short-term training needs of the private sector.

- (b) Supporting the SSCs for improved governance systems and financial sustainability of the SSCs. The Program will support the following activities: (i) identification of SD needs; (ii) preparation of Sector SD plan; (iii) develop and streamline competency standards and qualifications, including ensuring they are NSQF compliant; (iv) developing QPs; (v) design, plan and facilitate the implementation of ToT; (vi) carry out assessment and certification of trainers and assessors; (vii) special initiatives to ensure program offerings are available and tailored to meet the needs and context of disabled and minority populations; and (viii) facilitate placement of skilled and certified persons.
- (c) Standardizing registration and accreditation criteria for training providers, and establishing a credible skills assessment ecosystem through the setting up of a National Skills Certification Board (NSCB)
- (d) Streamlining functions of the NSDC (i) to operate effectively as a nodal agency for promoting PPPs in SD; (ii) encouraging private investment in the sector; (iii) improving the quality of short term skilling programs implemented directly by NSDC; (iv) strengthening oversight mechanisms at the National Skill Development Fund (NSDF); (v) augmenting government efforts in mobilizing CSR funds.
- (e) Setting up of a national governance, planning, quality assurance, financing, and evaluation mechanism that eliminates any perceived conflicts of interest in the system, particularly with respect to training delivery, assessments, and certifications.
- (f) Development of a massive online open course (MOOC)-based platform for skill development
- (g) Setting up of Sector Mentor Committees to review contents and align contents of short-term with long-term courses

Results Area 1b: Institutional Strengthening at the State and District Levels

46. The Program will build planning, implementation, and monitoring capacity at the state and district levels to ensure adherence to and implementation of the national policy at the state level. It will help set up or strengthen the SSDMs as nodal bodies for convergence of all SD initiatives in the state by fostering collaboration of the SSDMs with the NSDC and SSCs. The Program through the provision of competitive SIG linked to the states' performance and based on proposed annual District Skills Development Plans (DSDPs) and State Skills Development Plans (SSDPs) approved by the Program Appraisal Board (PAB) will support strengthening the SSDMs by:

- (a) fostering collaboration of the SSDMs with the NSDC and SSCs;
- (b) ensuring all SD programs at the state level are aligned with the NSQF, the GoI's national strategy, state's goals, and relevant information platforms;
- (c) coordinating all skill training activities in the state/union territory;
- (d) managing skill training activities in the state/ union territory using a state-level transaction processing system and/or MIS, and linking the same with the LMIS;
- (e) coordinating with the SSCs to review and tailor curricula, training materials, and/or e-learning packages to ensure that the QPs are adjusted to meet unique local industry needs, norms, or context;

- (f) achieving training targets stipulated under the national scheme, the PMKVY, which calls for the NSDC to allocate 25 percent of its funding to states to implement the scheme;
- (g) monitoring and evaluating trends and outcomes of state-level training programs, including carrying out tracer studies, skills gap analyses, and other relevant performance analyses in close coordination and with technical support from the NSRD
- (h) conducting candidate mobilization activities, information campaigns, and corporate outreach events to communicate achievements and plans to ensure states are ‘workforce ready’ to leverage potential investments and increase business productivity
- (i) offering a menu of TA services to districts and TPs to improve their institutional and staffing capacity to plan, deliver, measure, and monitor the delivery of new, high-quality training programs
- (j) promoting the use of common affiliation and certification norms.

47. States will be encouraged to set up functioning SSDMs and undertake demand-driven, decentralized planning of SD programs in consultation with all stakeholders, including the private sector, self-help groups, nongovernmental organizations (NGOs), industry representatives in each district, and the SSCs. This will lead to the development of annual District Skills Development Plans (DSDPs) based on the SIG criteria incorporating interstate and intrastate migration trends and numbers, linkages with MSME sectors, outreach strategies, and pilots for marginalized communities, including women, SCs, STs, and PWD. These DSDPs will be consolidated into state-level SSDPs to be submitted to the MSDE for support for delivery of high-quality training packages aligned to the NSQF and the monitoring of completion and placement. The objective of the state-level support is to encourage Indian states to increase their capacity for SD, in alignment with the national strategy.

Results Area 2: Improved Quality and Market Relevance of Skills Development Programs

48. The objective of this Results Area is to ensure that all TPs have access to packages of technical resources and materials that can help them improve the quality of their program offerings and labor market transitions of trainees. This Results Area will support the following areas:

- (a) development of guidelines and procedures to obtain and maintain state accreditation in accordance with the new qualification guidelines;
- (b) development and dissemination by the NSDC and SSCs of curriculum content and reference guides aligned with the NSQF and NOS;
- (c) preparation by the SSCs of packages of technical resources and material available for TPs, including guidelines, toolkits, and online support;
- (d) development of guidelines to identify, recruit, and retain effective master trainers and possibly, the setup of a local cadre of master trainers;
- (e) development of guidelines, tools, and initiatives to help graduates transition successfully into the labor market upon the completion of training;
- (f) design and implementation of trainer training programs to overcome trainer shortage, and training of qualified assessors;
- (g) provision of information and options to access an efficient and credible assessment scheme/body that evaluates and certifies skill competencies in accordance with the NSQF;
- (h) provision of online support to carry out effective outreach events with the SSCs, local industries, employers, and relevant primary and secondary schools to facilitate apprenticeships and placement; and

- (i) provision of customized online TA support to help new or weaker TPs prepare submission forms and procedures to comply with SIMO standards;
- (j) provision of data requirements and submission procedures to ensure timely and accurate compliance with state and/or national level monitoring and evaluation systems;
- (k) provision of bi-monthly information and planning sessions (face-to-face and online) to help improve performance.
- (l) delivery of market relevant SD training

49. Socio-emotional skills have been identified as fundamental to all quality assurance frameworks. The NSQF has a mandatory component of soft skills for each of the eight levels, and the QPs and the NOSs mandatorily integrate soft skills, health and hygiene, communication, and adaptation skills, and so on into the curriculum. The Operation will ensure that curricular materials are sufficiently informed with the socio-emotional quotients that enhance the employability and productivity of the worker.

Results Area 3: Improved Access to and Completion of Skills Training for Female Trainees and Other Disadvantaged Groups

50. The objective of this Results Area is to support demand-side and supply-side interventions, program offerings, and service delivery for socially excluded groups (particularly women, STs, SCs, and PWD), in particular through: (a) innovations to enhance access for socially excluded groups; and (b) support integration of socially excluded groups into planning, monitoring, and program delivery. It will support efforts to ensure that the design and delivery of SD programs financed through the Program are socially inclusive across all states and districts. The SSDPs (factoring in the SIGs) will help states to design, implement, monitor, and evaluate interventions tailored for socially excluded groups (see annex 1 for description of detailed mechanism).

Results Area 3a: Innovations to Enhance Access for Socially Excluded Groups

51. The Program will support both demand-side and supply-side interventions through the following activities:

- (a) Developing modules, guidelines, and protocols to deliver counselling support and socio emotional/life skills training as a complement to job-specific training content
- (b) Designing and evaluating pilots to test the cost-effectiveness and impact of financial incentives (such DBT-enabled skills vouchers, transport support, cash transfers, and scholarships) to bolster participation and placement of women, ST and/or SC youth at the state level in partnership with the SSDMs and the PMKVY
- (c) Designing and evaluating pilots to test cost-effective methods of offering counselling support (centers, peer-groups, web-based platforms) as complements to training programs for socially excluded groups and those in remote locations
- (d) Improving exposure of women to non-traditional and non-stereotypical occupations, facilitative support for self-employment, and developing a cadre of women trainers
- (e) Focusing on select, low-income states to support special strategies and incentivizing them with larger financial allocations if needed based on initial assessment of capacity and resource constraints.
- (f) Establishing better accountability arrangements with incentives and community participation for enhancing service delivery of SD programs in all such programs

Results Area 3b: Support Integration of Socially Excluded Groups into Planning, Monitoring, and Program Delivery

52. The Program will support integration through fostering the creation of SD ecosystem which links excluded groups (such as women, tribal population, PWD, or SC youth) with high growth sectors and locations in the economy, and incorporate identity-specific constraints into job diagnostics.

53. For PWD, strategic interventions will be supported to increase relevant job opportunities, self-employment provisions, and more disaggregated strategies for women with disabilities. The Program will support: (a) establishment of model training centers for the disabled in select locations (with required trainers, infrastructure, equipment, curriculum design, and so on) and sectors; (b) strengthening capacities of the SSDMs and the National Skill Research Division (NSRD) to integrate disability into jobs diagnostics and skill gap analysis; (c) establishment of referral and job placement programs for PWD to facilitate finding, obtaining, maintaining, and returning to work, and so on; and (d) testing the effectiveness of using Information and Communication Technology (ICT) enabled training in remote locations and areas with high concentrations of disadvantaged groups, as a means to create ‘hubs of excellence’ for relevant sectors (for example, handlooms, tourism, and nursing) and link economically weaker locations to high-growth sectors or locations.

Results Area 4: Expanding Skills Training through Public-Private Partnerships (PPPs)

54. While Results Area 2 seeks to ensure private sector inputs into the content of training, assessment, and delivery of training through the SSCs, additional private sector involvement will be solicited through several channels: (a) public financing of private provision; (b) co-financing of training provided by public or private TPs; and (c) channeling of private financial resources into SD programs.

55. There is growing consensus in India that Corporate Social Responsibility (CSR) is a potentially powerful tool to help tackle India’s social challenges. Public sector undertakings are already mandated to contribute a percentage of their profits to CSR and private enterprises have been encouraged to do likewise.²⁵ Building on this enabling provision, under this Results Area, a CSR Skills Fund will be established to serve as a vehicle to consolidate and strategically invest these funds. The CSR Skills Fund will be well positioned to magnify the impact of CSR contributions through its expertise in selecting, investing in, and evaluating social programs and projects. The roles of the CSR Skills Fund will be to serve as the vehicle that pools resources to make large-scale CSR investments and as a hub to educate, inform, engage, and build capacity to implement effective SD programs. It is proposed that the Skills Fund, supported by SIMO, will provide top up matching funds of the private sector funds generated by the NSDC. The Skills Fund will therefore have US\$1 from SIMO for every US\$1 from the private sector under their CSR support. Routed through the NSDF, the CSR Skills Fund will be supported through an online Skills-to-Jobs Aggregator Platform (S2J Portal). It is anticipated that up to US\$73.75 million of

²⁵ Through the Companies Act of India (Section 135) CSR for companies. Companies are required to allocate 2 percent of profits to projects that address India’s sustainable development goals if they meet one of the following criteria: (a) net worth of INR 500 crore, (b) US\$100 million or more, or (c) turnover of INR 1,000 crore (US\$200 million) or more, or (d) average net profit of INR 5 crore over the previous three years.

the SIMO funding available from the World Bank will be used to provide matching funds for CSR contributions for joint public-private investment in priority SD initiatives. Initial identified priorities include:

- (a) innovative models for enhancing SD efforts leading to direct jobs/placement;
- (b) training (reskilling/upskilling) for small businesses/entrepreneurs to upgrade their managerial capacity and support job creation;
- (c) leveraging both public and private vocational TPs to scale up training programs or create new ones in deficient geographies, especially targeting youth in rural and urban deprived communities;
- (d) innovative entrepreneurship models submitted by states and other partners;
- (e) industry-owned state-of-the-art centers (corporate skilling centres) to be created at the district levels with corporate support to increase and meet youth aspirations;
- (f) creation/development of Trainer academies across the country;
- (g) supporting creation of multi-skilling centres in areas/districts and clusters with low penetration of skill training.

Technical Assistance Component for Program Management and M&E Support (IPF Instrument)

56. The TA (IPF) component aims to strengthen the capacity of MSDE, its participating agencies and SSDMs, and help them achieve the program objectives. It will support, among others, the following activities: (i) establishing the MSDE's program management unit (PMU) to strengthen existing capacities in financial management, planning, and program coordination within the NSDM, NSDA, and NSDC; (ii) hiring the Independent Verification Agency (IVA) in charge of verifying all Program's results and DLIs; (iii) providing support to SSDMs aiming to improve their skills development program design and pilots; and (iv) supporting monitoring and evaluation, impact evaluation and third party assessments/ validation of implementation activities and Program outcomes.

57. The MSDE will be responsible for implementation of the TA component based on the agreed implementation plan. The MSDE will also be able to utilize the retroactive financing facility under the TA component. That is, expenditures incurred and paid under the TA component up to 12 months before signing of the Credit Agreement and done in accordance with the World Bank's Procurement Guidelines will be eligible for retroactive financing of up to 20 percent or less of the allocated credit for this Component. (For details, refer to Annex 9).

E. Capacity Building and Institutional Strengthening

58. Capacity building and institutional strengthening efforts is one of the main focuses of the proposed Operation. Several national agencies have already been established. Under the proposed Operation, the Government plans to further strengthen the existing institutional capacity at the national and state levels as described earlier under Results Area 1. There are three sets of capacity-building and system strengthening activities under the Program.

National Level

59. The Operation will strengthen all the key structures at the national level, including the MSDE, to support it to govern the SD sector; the NSDA as the primary quality assurance, M&E, and research arm of the MSDE; SSCs, to function as powerful intermediary institutions that align quality assurance systems with industry demand and short-term training needs in the private sector; the NSCB, to help it create an independent and credible skills assessment ecosystem in the country; and the NSDC, to streamline functions so that it can operate effectively as a nodal agency for implementing private sector-led short-term training programs in India.

State Level

60. The SSDMs will be helped to develop as nodal bodies for convergence of all skilling initiatives in the state and reporting to the MSDE. The states will be encouraged to undertake demand-driven decentralized planning of SD programs in consultation with all stakeholders, self-help groups, NGOs, industry representatives in each district, and the SSCs to arrive at annual DSDPs that will be consolidated at the state level into SSDPs. The objective of the state level support is to encourage Indian states to increase their capacity for SD, in alignment with the national strategy and to incentivize innovations to enhance access for socially excluded groups. Given that the Operation is a PforR, release of World Bank finances to the MSDE for state support will be predicated on DLI 6 targets being met. The SSDPs based on DSDPs aligned to the SIG mechanisms will be assessed by the PAB of the MSDE for fund releases to the states.

Program Management and M&E

61. The Project (that is, TA component) will provide TA to strengthen national institutional systems by: (i) establishing the MSDE's PMU to strengthen existing capacities in financial management, planning, and Program coordination within the NSDM, NSDA, and NSDC; (ii) hiring the IVA in charge of verifying all Program's results and DLIs; (iii) providing support to SSDMs aiming to improve their skills development program design and pilots; and (iii) supporting monitoring and evaluation, impact evaluation and third party assessments/ validation of implementation activities and Program outcomes.

III. OPERATION (PROGRAM AND PROJECT) IMPLEMENTATION

A. Institutional and Implementation Arrangements

62. SIMO is a national Program, with a multi-level implementation structure. The overall Program responsibility rests with the MSDE, with individual sub-pillars executed through the NSDC, NSDA, NSDF, and SSDMs. For rollout of the NSDM at the state level, the GoI plans to ensure convergence of all programs and replication of the NSDM at the state level through the SSDMs. Implementation at the state level differs by state with regard to legal and governance structure of these agencies.

63. At the national level, the MSDE will be the nodal agency for supporting the Operation. High-level leadership and political commitment will be ensured by setting up a Governing Council headed by the prime minister, and a Steering Committee and a Mission Directorate headed by the minister and secretary of the MSDE respectively. Program implementation will be governed by policies and priorities set up by the Governing Council. The NSDA, NSDC, and a PMU will

support the Mission Directorate. The NSDA will also be strengthened through setup of the NSRD. The PMU will consist of professionals competitively hired from the market through the TA component. The NSDC, which already has experience in managing large-scale programs and working in partnership with the private sector, will be given the added responsibility of supporting the management of the CSR Skills Fund through the NSDF, with the support of a dedicated Skills Fund management team.

64. At the state level, primary responsibility for Program delivery lies with the state governments. The SSDM is housed in the nodal department implementing the SD program in the state. The state mission supervises implementation of the Program at the district level, facilitates convergence with other departments, ensures preparation of the DSDP for each district, and monitors state performance against SIG criteria. The national mission will work closely with state missions, provide technical support as needed, and, with the support from the PAB, will evaluate the SSDPs and decide on funds to be provided. Figure 1.3 in Annex 1 presents the implementation arrangement for the Operation.

B. Results Monitoring and Evaluation

65. At the national level, the MSDE, through its PMU, will lead M&E of the Operation. The responsibilities of the PMU, supported by an M&E Unit within the MSDE/NSDA, will include (a) periodic Program progress reviews; (b) consolidating and disseminating information on Program 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 according to the agreed verification protocols); and (d) commissioning surveys, studies, and assessments (including tracer studies) as necessary. At the subnational level, implementing agencies, including the SSDMs will be responsible for preparing and submitting semiannual reports on implementation progress. To support these reporting processes, the PMU will design standardized reporting templates to ensure that project reports provide clear and transparent progress updates on all relevant aspects of the Results Framework and DLIs.

66. Essential to the successful rollout of SIMO is the establishment of effective MISs that collect accurate data about the courses being offered, by whom they are offered, and the number of candidates successfully completing the courses. These systems need to facilitate effective monitoring and strategic decision making centrally, at the state level, and within key structures such as the NSDC and the SSCs. Significant work has been done on development and maintenance of MISs in various locations, but these do not yet cohere into a fully functional, streamlined data warehouse architecture that meets the operational/transactional, monitoring, reporting, and analytical requirements of the SD sector as a whole. Thus, the Operation will ensure that this countrywide MIS architecture, under the framework of the LMIS, collects all data required for effective Operation monitoring and that a special-purpose data analytics dashboard is established to enable regular Operation monitoring with periodic randomized audits and third-party validation to ensure its accuracy. As this will take some time to establish, data from central schemes and SSDMs will be manually aggregated and analyzed by the NSDA until the LMIS is fully operational. The proposed Skills Fund that will be jointly contributed by the MSDE (through World Bank funds) and the private sector (through their CSR funds) will be routed through the NSDF. The governance of the Skills Fund will be doubly strengthened through the existence of the micro prudential regulator for the NSDF, the State Bank of India Capital Markets that has been hired by the MSDE for scrutiny of all funds routed through the NSDF.

67. SMART (specific, measurable, actionable, realistic, and time bound) targets have been set for the PDO Indicators and DLIs, in consultation with the MSDE. These will be tracked annually through the commonly agreed Results Framework.

68. The Operation will also undertake a comprehensive SIMO impact evaluation to measure the impact that SIMO has had on improving key economic and development metrics in India. The Operation will undertake Program impact evaluation through primary data collection including tracer studies of labor market outcomes on a sample of beneficiaries and non-beneficiaries to arrive at evidence-based verifiable attribution of Program impact. This data will be cross validated with LMIS and SDMS information to achieve exactitude and accuracy in data. Because the data generated by such studies will form an empirical basis to measure progress of states and the World Bank's disbursements to support the Program, it must be robust. Hence, it is imperative that there is a systematic command-and-control structure in place to supervise the activities of research firms on a real-time basis, which the Operation will prepare.

69. The MSDE and the World Bank, along with the states, will undertake annual Joint Review Missions (JRM) to assess implementation progress, identify, and propose remedies for any inadequacies, as well as to identify and propose modalities for scaling up successes. The JRM will provide an opportunity for stakeholders to identify problems (for example, non-achievement of DLIs) affecting the attainment of expected results and to share information on SD approaches.

C. Independent Verification Protocols

70. The verification protocols for each DLI are detailed in annex 3. The DLIs will be verified by an IVA to be contracted by the MSDE. The annual reports of the IVA will serve as the data source for assessing progress toward achievement of DLI targets and form the basis for disbursement authorization by the World Bank. The LMIS and regular SD reporting arrangements will provide supplementary evidence for some of the Operation results. For results that are not part of regular sector-related reporting, specific reporting and verification protocols, to be implemented through the IVA, have been developed (see annex 3). The World Bank will further review the evidence base for all DLIs during implementation.

71. An IVA will be hired to review the results achieved each year under all Results Areas. The terms of reference (ToR) of the IVA should be satisfactory to the World Bank. The IVA will also conduct the State Performance Reviews under Results Areas 1 and 3 to assess progress toward DLI targets. The IVA report will also form the basis for the MSDE to release SIGs to states based on their performance.

D. Disbursement Arrangements

72. The Program will use DLIs for program management and disbursement. Annex 3 shows the agreed list of DLIs and the proposed annual financial allocations across DLIs (the amounts to be disbursed are indicative). Estimated amounts for each DLI are dependent on assumptions made for projected performance year on year. However, disbursement will be dependent on actual performance achieved. Most DLIs are scalable, with funds being disbursed in proportion to the achievement of the DLI. Where actions are not achieved in any particular year, the allocated amount will be carried over to the subsequent year. Conversely, if targets are reached before deadlines, disbursement may be made earlier after clearance from the World Bank. The objective of the SSDPs is to encourage the states to undertake demand-driven planning and increase their

capacity for SD, in alignment with the national strategy. The SSDPs will be aligned to the SIG criteria (appendix 3.1.) that will be the basis for funds release to the states.

73. From the second year onward, the grant amounts will depend on state performance against the SIG criteria, which are outlined in the DLI verification protocol for DLI 6. For the annual cycle of disbursements to take place on time and in a predictable manner, the MSDE will be encouraged to follow a standard annual cycle of disbursement. The assessment period will be the GoI's annual cycle from April 1 to March 31. The IVA exercise will start in April and end by September 30 every year. The computation of state scores will be completed by June 30 every year, while release of the grant amount will be made in July every year.

74. For the TA component, the World Bank funds will be used to pay for 'specific expenditures', such as consulting services, non-consulting services, goods procured, and training and operating costs of the PMU and MSDE, and other entities assisting in the implementation of the Program, following the World Bank's fiduciary rules and guidelines. Disbursements under the TA component will be made primarily as reimbursements on the basis of Interim Unaudited Financial Reports (IUFs) to be submitted on a quarterly basis.

IV. ASSESSMENT SUMMARY

A. Technical

75. **Strategic relevance.** The proposed Operation is strategically relevant as it addresses India's challenge of equipping a young workforce and large cohorts of new labor market entrants with knowledge and employable skills. The Operation is set in the context of India's overall development strategy that views SD as a way to foster structural changes, offer opportunities for better labor outcomes, and promote growth. The high priority given to SD is justified by international evidence that training can be a powerful instrument for increasing the human capital and livelihood opportunities of individuals and the observation that India has until now, only made very limited investments in this area. The priority given to SD in India is also consistent with a worldwide trend of giving more attention to SD as a consequence of globalization and the need for increased competitiveness. The GoI is fully aware that, in a process of modernization, work opportunities and skills in demand are constantly changing and there is a need for greater capacity to adjust rapidly to the changes in economic conditions.

76. **Technical soundness.** Short-term training has a mixed record worldwide. As shown by international evidence and research conducted in various parts of the world, including in India, there is a vast heterogeneity of training initiatives across the world, and Program success is highly dependent on Program design, participant characteristics, and labor market context. Taking into account lessons from international experience, the design of this Operation integrates factors, which have been shown as critical to improve efficiency and generate expected benefits. These include (a) maintaining close links with employers and labor market needs which will be achieved through the strengthening and increased reach of the SSCs; (b) fostering private financing for skilling interventions through an incentive mechanism and PPPs; (c) reducing uncertainty about the quality of training for potential employers by enforcing uniform standards and quality assurance procedures; (d) building strong M&E and a robust LMIS database to monitor and evaluate outcomes and allow corrective action whenever needed; (e) tailoring programs to the needs and characteristics of participants and promoting comprehensive interventions that develop both technical and soft skills and combine classroom training with on-the-job training and other

support services; (f) linking funding to outcomes through incentive mechanisms based on decentralized planning at the state levels; and (g) looking beyond initial placement through tracer studies and impact evaluation to assess the full impact of SD.

77. **Institutional arrangements and governance structure.** Institutional arrangements and the governance structure are designed to strengthen the existing institutions and the role of the MSDE as coordinator of all SD interventions across India. High-level leadership and political commitment will be ensured by setting up a Governing Council headed by the prime minister, and a Steering Committee and a Mission Directorate headed by the minister and Secretary of MSDE, respectively. This three-tier structure highlights the strategic importance given to SD by the Government and is meant to ensure that Program implementation is driven by policies and priorities set up by the Governing Council. The NSDA and NSDC, as well as a well-staffed PMU, will support the Mission Directorate, building on the experience acquired in previous years. The NSDA will be strengthened through the setup of strong monitoring and research units. The PMU will consist of professionals competitively hired from the market through the TA component.

78. The NSDC, which already has the experience of managing large-scale programs and working in partnership with the private sector, will be given the added responsibility of managing the CSR funds provided by the private sector with the support of a dedicated Skills Fund management team. To provide confidence to corporate investors that funds will be used for the intended purposes, the NSDF will be reinforced with robust and dedicated governance mechanism for the NSDF, including an oversight committee. This set of arrangements should ensure sufficient capacity for effective Program implementation. At the state level, where significant inadequacies have been identified, it is expected that, through capacity-building support and the provision of substantial financial incentives (almost half of the World Bank's loan), states will be incentivized to create functional SSDMs and align with national priorities.

79. **Expenditure framework.** SIMO is a six-year operation. The total estimated operation expenditure over the operation period is US\$3,188.875 million which will be financed by, (a) MSDE financing (national support) of US\$2,857 million; (b) states' contribution over the operation period of US\$45 million; (c) CSR contribution to the Skills Fund of US\$36.875 million; and (d) World Bank support of US\$ 250 million. The proposed World Bank financing will provide additional funds for implementing the GoI's strategy outlined in the 2015 National Policy for Skill Development and Entrepreneurship.

80. **Program Results Framework and M&E.** The Results Framework is comprehensive and will ensure tracking of all relevant results, leading to achievement of the overall PDO. Overall program monitoring at the national level will be led by the MSDE, assisted by the NSDA through its NSRD. In this work, it will receive support and inputs from the NSDC and the SSDMs, as well as from the PMU. Finally, an IVA will be appointed to independently verify the achievement of Operation indicators and targets on an annual basis.

81. Given that information on short-term training is currently dispersed across multiple databases, at both central and state levels, the establishment of the LMIS—able to aggregate data from across all of the relevant central- and state-level schemes, and the NSDC-related training programs through the SDMS using common data standards and protocols—is of critical importance. Effective monitoring will be severely compromised if the LMIS is not able to deliver accurate, standardized, and reliable data that reports on the various key metrics required to measure

progress. For this reason, heavy emphasis has been placed on the achievement of DLI 5 to ensure that the LMIS functions effectively and that all relevant parties contribute data as required. Most of the structures participating in SIMO are relatively new, while some—such as the NSRD—are yet to be established. Likewise, the LMIS is still in an embryonic state. Consequently, there is likely to be significant requirement for capacity building and support to ensure effective M&E at various levels. This will include support at the NSDA level to define common data standards and effective reporting dashboards; at the SSDMs level to support design of state-level MISs; and at the institutional level (through SSDMs), to implement student record keeping systems that conform to the requirements of the LMIS while meeting the various operational requirements of the TP. (Details on the LMIS are in Annex 11). Given the technical complexity of designing methodologically sound impact evaluations and tracer studies, it is also anticipated that the NSRD through the NSDA will require TA in designing these studies.

82. It is expected that the overall SIMO financing will support (a) share of state grants (including institutional strengthening, market orientation, community outreach, capacity building, pilots for disadvantaged sections, and so on); (b) SD training through TPs that will form the bulk of the financing; (c) institutional strengthening, capacity building, community outreach, support to TPs, and SSCs strengthening; (d) M&E quality assurance, regulatory frameworks, material development, ToT, and assessors M&E, PMU, and consultants; and (e) small works such as building refurbishments, upgradation, office equipment, and so on. Financing will go towards creation of institution framework for skill development which include hiring of district nodal officer and monitoring and evaluation coordinators, supporting State Skill Development Missions (SSDMs) and aggregating all skill development programs, synchronizing state Labor Market Information System (LMIS) with national LMIS with tracking of placements, undertaking district level micro planning exercise to create District Skill Development Plans, (DSDPs) annual labor market trend analysis and creation of State Skill Development Plans (SSDPs). This would include aligning all skill development programs to National Skill Qualification Framework (NSQF), outreach with MSMEs/local industry with special efforts to finance training of women and disadvantaged group.

83. Training providers at the national level will be supported through National Skill Development Corporation (NSDC) and Sector Skill Councils (SSCs) and Skills Fund will also finance innovative skill development programs of training providers in consultation with private sector. At the state level training providers affiliated with SSDMs will be financed by the state to roll out state specific training programs

84. **Economic analysis.** SIMO is expected to have significant impacts. A stronger quality assurance mechanism with uniform accreditation and certification procedures enforced across the country and an increased engagement of the private sector in the preparation and delivery of training materials should reduce uncertainty about the quality of training and ensure a supply of skills that are better aligned with industry demands. Better quality and less uncertainty are expected to induce greater interest of employers in hiring trainees and in collaborating with the Government not only for the design and delivery of programs, but also for its financing. Expectations of better livelihood opportunities, once widely known, should, in turn, raise the interest of youth in enrolling in training programs and help India meet its ambitious targets

85. By introducing an incentive mechanism linking funding to performance, the SIMO is also expected to induce responsiveness of states and districts, increase the reach of the national strategy,

and facilitate specific initiatives in favor of marginalized groups. In addition, large LMIS data systems providing real-time verifiable data and some research capacity should permit a more efficient use of resources down to state and district levels. Deep linkages with the private players will ensure relevance of skills training aligned with industry demands and address the shortage of skilled labor by encouraging businesses to assist in the skill training process through the Skills Fund.

86. Bringing all training programs in the country up to the desired quality standards, and scaling up their delivery will take time. Even today, while about 3.8 million people, mostly youth, are trained annually in major publicly funded programs, only about 2 million have access to programs aligned with the NSQF. The first contribution of the Program is an increase in the number of training seats meeting quality standards, available in the country. This number is expected to increase significantly. The second benefit attributable to the Program is the expected improvement in the placement rates for those receiving formal skills training. The Program's efforts toward improving the quality and content of training; toward planning provision in line with industrial demand; and toward engaging the industry as an active stakeholder are expected to result in improved placements. As of 2015–2016, the placement rates are noted to be as poor as 27 percent²⁶ and are expected to improve to up to 50 percent²⁷ by the end of the Program.

87. A distinct benefit of the Program will come in the form of higher earnings of trainees than those of non-trainees. The India study previously quoted²⁸ had already found a positive wage premium derived from participation in SD programs. With the Program's additional efforts toward enhanced quality of training, one can therefore expect that trainees finding employment will also benefit from improved earnings prospects. Further, the Program will positively affect business productivity by helping increase the percentage of the formally skilled labor in the workforce.

88. A cost-benefit analysis has been done, based on assumptions drawn from the Results Framework (on the number of expected beneficiaries of upgraded programs and expected increase in placement rates of those better trained). The differentials between the wages of formally skilled and unskilled workers and between the wages of the formally and informally trained have been used to monetize the benefits derived from higher number of beneficiaries and upgraded programs. It also takes into account the expected enhanced profitability of businesses hiring formally skilled employees. Taking into account, on the cost side, both government expenditures and expected private sector contributions and some estimate of the opportunity cost of training, yields an internal rate of return (IRR) estimated at 16.6 percent.

89. A sensitivity analysis shows that a key driver of economic return for the Program would be the placement rate achieved by trainees. A 5 percent decrease in the placement rate achieved at the end of the Program would reduce the IRR to 9.6 percent, while a 5 percent increase (to 55 percent by the end of 6 years) would raise it to 21.3 percent. Further, if the skills being imparted to the trainees were to stay relevant for the next 8 years (instead of the current assumption of 10 years) the IRR would drop to 12.7 percent. On the other hand, if the skills being imparted to them were to stay relevant for 12 years, the IRR would increase to 18.1 percent.

²⁶ Placement rates are determined by an internal World Bank study.

²⁷ Expectations established by the Government.

²⁸ World Bank. 2015. *Labor Market Impacts and Effectiveness of Five Skills Development Programs in India: Assam, Andhra Pradesh, Madhya Pradesh, Odisha, Rajasthan*.

B. Fiduciary

90. As part of Program preparation, in accordance with the World Bank Policy framework for PforR financing, an integrated fiduciary system assessment (IFSA) has been carried out to determine whether the fiduciary systems provide reasonable assurance that SIMO funds will be used for their intended purposes. Based on the assessment and agreement on actions required to enhance institutional capacities and internal controls to strengthen the system, as reflected in annex 5²⁹ and annex 8,³⁰ the overall fiduciary framework for the Program is considered adequate to support its effective management and achieve the desired results.

91. The inventory of 81 institutions that will comprise the implementation structure of the Program are at National level: the MSDE, NSDF, NSDC (including seven regional offices),³¹ the NSDA and NSCB (still to be set up); 40 SSCs;³² and 36 SSDMs (the number of SSDMs to be reviewed based on the Letters of Understanding signed).

92. The IFSA covers all the participating agencies at the national level, the MSDE, national institutions such as the NSDA, NSDF, and NSDC, a sample of three SSCs (of a total of 32 operational to date) and the SSDMs of four states, Assam, Rajasthan, Tamil Nadu, and Uttar Pradesh.

Financial Management

93. The financial management arrangements for the Operation are predicated on country systems that will be suitably reinforced to provide reasonable assurance on the use of Operation funds for intended purposes. Being a centrally sponsored scheme, the Operation is geographically dispersed across multiple agencies at the central level and across 36 states at the subnational level. The financial management systems at all levels are operational. The MSDE operates within the Country Public Financial Management System, while the NSDC and NSDA are set up as a not-for-profit company and society, respectively, and are run according to their memorandum and articles, and bylaws respectively. However, they are currently funded only by budgetary grants of the GoI. Similarly, the SSDMs, are set up as either societies or corporations, and are required to maintain separate books of accounts and prepare annual financial statements as laid down in their articles/bylaws. The SSDMs implement schemes run by budgetary grants of the state and Central Governments.

94. The report of the Comptroller and Auditor General (C&AG) on the NSDF and NSDC's operations for the period 2008–2009 to 2013–2014 reveals many governance and control inadequacies. The MSDE and the NSDC have subsequently undertaken several measures to mitigate the risks identified in the C&AG's report. These include formation of a committee of board members of the NSDC to reassess the legal status of the company (public limited versus private limited), implementing a three-tier evaluation of proposals of TPs at entry levels, performance monitoring of TPs and SSCs by an independent professional firm, deployment of an automated MIS and quarterly internal audit by a firm of chartered accountants, and appointment

²⁹ IFSA.

³⁰ Program Action Plan (PAP).

³¹ The NSDC has approved seven regional offices till date. This number may change over time.

³² Numbers approved till date, out of which 32 are operational.

of an independent firm to assess and develop a road map toward strengthening the governance structure, financial management framework, and supervisory role of the NSDF and the NSDC.

95. Because there are currently no fund transfers from the MSDE to the states for short-term SD activities under any scheme, consolidation of Program-level expenditures at the national level is not yet required. However, transfer of funds from the MSDE to the states is envisaged in the proposed Operation. Also going forward, 25 percent of the funds allocated under the PMKVY, the flagship program of the MSDE on short-term skilling, is proposed to be transferred to the SSDMs. Past experience with implementation of other centrally sponsored schemes in India suggests that there are risks of inadequacies and delays in financial reporting by the SSDMs or equivalent agencies at the state levels. These risks are largely attributable to the absence of accounting staff. There are also risks of delays in conduct of annual audits at the state level. In the absence of a structured, integrated LMIS, standalone MISs have evolved in various states, ranging from manual to automated systems that are inadequate to identify control weaknesses in payment of TPs. There is also no interface between state and central level databases, which creates a risk of duplicate payments to TPs. These factors considerably increase the financial management risk of the Program.

96. Key mitigation measures that have been considered in the design of the Program include minimum eligibility conditions that states must meet to access operation funds, including existence of adequately staffed SSDMs and an operational MIS with minimum standards agreed with the MSDE according to the common norms and cross-check facility to identify control lapses, as well as putting in place acceptable internal audit systems across implementing agencies. Other actions agreed to mitigate identified risks, include (a) development of detailed financial management guidelines and procedures, as required, including establishing benchmarks for internal controls and auditing arrangements at various levels of implementation; (b) implementation of Public Financial Management System (PFMS) developed by Controller General of Accounts under the Ministry of Finance to monitor and track the usage of central plan funds, during operation implementation; and (c) a performance audit of the Program by the Comptroller and Auditor General (C&AG) of India at midterm. This audit will cover the entire Program except the CSR Skills Fund contributed by the private sector as the private sector is outside the purview of the C&AG audit. However, the Skills Fund will be subject to audits by a private independent auditor that will carry out audits with ToR satisfactory to the World Bank.

97. The Right to Information (RTI) Act (2005) offers a valuable tool to enhance transparency of the Operation. Under this Act, access to information from a public agency has become a statutory right of every citizen. In the MSDE, there is a portal to file RTI applications/first appeals online along with a payment gateway. The state governments also have their own RTI system, where one person in the department is designated as the point person to answer any questions that come through RTI.

98. **Applicability of Anticorruption Guidelines of the World Bank for the Operation.** The GoI is fully committed to ensuring that the Operation's results are not affected by fraud or corruption. Through the Operation's legal documents, India (as the recipient of International Bank for Reconstruction and Development or IBRD loans) is formally committed to the obligations of the Anticorruption Guidelines for PforR operations. The 'Guidelines on Preventing and Combating Fraud and Corruption in Projects Financed by IBRD Loans and IDA Credits and Grants', dated

October 15, 2006 and revised in January 2011, and as of July 1, 2016, will apply to the TA component of the Operation.

Procurement

99. Procurements under the Program are rather small and are envisaged to include office equipment and supplies for the offices, works including new training centers and offices which will be performed in accordance with country systems, office refurbishing and upgrading, non-consulting services for office upkeep and housekeeping, and procurement of consultants. The extent of procurement varies widely from one agency to another, based on its role in the operation implementation. The TA component is envisaged to be centrally administered by the MSDE, and will involve large value procurements, mainly of consultants.

100. Assessment of existing procurement management system and arrangements has identified: (a) that the manner in which procurement is done by implementation agencies varies widely, depending on their legal status; (b) that many implementation agencies, being private sector entities, follow informal/private sector practices in their procurements, while some have not formalized their procurement procedures and related delegation of powers for procurement activities; (c) absence of relevant standard bidding/request for proposal (RFP) documents/templates; (d) procurement capacity constraints; (e) absence of formal procurement complaint handling and redressal mechanism in most of the assessed implementation agencies; (f) nondisclosure of award information on the websites of implementation agencies; (g) negotiations and post bidding discretions in case of the major spender NSDC (the C&AG noted a conflict of interest and use of restrictive qualification in selection of an agency for providing oversight on the NSDC); and (h) absence of procurement audit or oversight mechanism over procurement processes. Mitigation measures proposed under the operation include: (a) formalizing the procurement procedures and the related delegation of powers by the implementation agencies; (b) adopting standardized bidding/RFP documents/templates relevant to their activity by the implementing agencies; (c) providing enhanced procurement training to one or more identified officials in each implementing agency; (d) implementation of a complaint handling and redressal system by the implementing agencies through their websites and disclosure of contract award information on their respective websites (e) removal of post bidding discretions from bidding/RFP documents of NSDC; (f) include procurement audit in the auditor ToR; and (g) develop a road map toward improving corporate governance of the NSDC.

101. Based on the assessment, there are no large contracts valued at or above Operational Procurement Review Committee thresholds (US\$50 million for works; US\$30 million for goods and non-consulting services, and US\$15 million for consultant services) under the Operation.

102. The TA component will use the IPF instrument to finance specific TA activities. Procurement under the TA component will follow the World Bank's standard procurement procedures and process set out in the World Bank's Procurement Guidelines and Consultant Guidelines.

C. Environmental and Social Systems Assessment

103. In accordance with the World Bank policy and directive on PforR financing (July 2015), the World Bank team has conducted an Environmental and Social Systems Assessment (ESSA) of operations financed under the PforR. The assessment explored the degree to which the Program

systems align with the principles: promote environmental and social sustainability; avoid, minimize, or mitigate adverse impacts on natural habitats and physical cultural resources; protect public and worker safety; manage land acquisition; consider issues related to indigenous peoples and vulnerable groups; and avoid social conflict. Further, it identified required actions for enhancing the Program systems and mitigating environmental and social risks. Overall, it can be concluded that the Program systems are aligned with the core principles of the World Bank's PforR instrument, yet there is considerable scope for strengthening.

104. The ESSA drew information through extensive consultations with several stakeholders from 10 states, 4 of them under SIMO (Chhattisgarh, Tamil Nadu, Rajasthan, and Odisha), and the remainder under the World Bank-assisted STRIVE Operation (Maharashtra, Telangana, Bihar, Uttarakhand, and Jharkhand). Consultations were organized with all key stakeholders, including representatives from the MSDE, NSDC, SSCs, SSDMs, TPs, and so on, as well as with trainees, relevant regulatory agencies, and line departments. The World Bank and the MSDE have disclosed the draft ESSA on their websites, respectively on June 1, 2016 and September 7, 2016. The final ESSA has been disclosed after negotiations.

105. The ESSA indicates the following: (a) institutional capacity and coordination between the key institutions on environmental and social aspects is strong, barring a few gaps; (b) there exist clear procedures for selection of TPs, but there is great diversity in the capacity of TPs that also reflects in their performance on environmental and social aspects; (c) availability of TPs is not uniform across the states and they tend to be clustered in urban/ industrial areas; and (d) the existing policy, legal, and regulatory framework is adequate in its coverage of the aspects relevant to the program activities, but there are instances of inconsistent application of the provisions resulting from lack of awareness, infrastructure capacity, monitoring, and so on.

106. **Environmental assessment.** On the environmental aspects, key focal areas requiring attention will include (a) strengthened criteria for affiliation of training centres to ensure adherence to minimum EHS standards; (b) adoption of EHS guidelines for job/skill registration fairs; (c) adherence to environment, health, and safety (EHS) in building construction (through Green Building Certification); and (d) strengthening of NOS/QP with regard to EHS integration.

107. **Social systems assessment** has been carried out, deploying the approach of social analysis. This includes (a) diversity exploration; (b) stakeholder analysis; (c) impacts assessments; and (d) gap/risks analysis. The assessment brings to the fore that India is a country with great diversity not only of geography but also in economic endowments and social status. As a result, the project needs to address several dimensions of exclusion: geographic or spatial; economic; social; gender; cultural; ethnicity; physical disability; and religious practices. The enquiry concluded that the Program systems existing in the country have adequate provisions for consideration of cultural appropriateness of, and equitable access to, Program benefits giving special attention to rights and interests of indigenous peoples/tribals and to the needs or concerns of vulnerable groups. Inclusion and equity considerations are quite high on the agenda of both the national and state governments.

108. Most state governments have the provision for discriminatory targeting to ensure inclusion of persons belonging to the poor and vulnerable groups such as SCs, STs, women, religious minorities, PWD, and other backward castes. However, there are certain gaps/risks related to adherence to the policies and guidelines that is, translating the words into action. Areas of focal attention toward bridging this gap have been identified. Lastly, there are areas beset with conflicts

in India, commonly known as Left Wing Extremism (LWE) areas. However, the project will not result in exacerbating conflicts. Rather, the project has a unique opportunity to contribute toward harmonious socioeconomic development in these areas. Strategic management interventions for achieving the same have been drawn.

Safeguards for the TA Support:

109. This component relates to financing rather exclusively consulting services supporting the SD program implementation, capacity enhancement, policy development, and impact evaluation. The TA is planned to be financed through an IPF. Correspondingly, social and environmental safeguards have been addressed, separately. Given that there are no civil works and other related field-level activities, an environmental assessment for the TA component was not undertaken. On the social front, as the Program is likely to be spread across the country including the tribal areas, it warranted the preparation of a Tribal Peoples Planning Framework in accordance with the World Bank's Operational Policy on Indigenous Peoples (OP 4.10). The borrower has prepared a Tribal Peoples Planning Framework and the same has been disclosed on the ministry's websites and World Bank's InfoShop on October 7, 2016.

110. Communities and individuals who believe that they are adversely affected as a result of a Bank supported PforR Program, as defined by the applicable policy and procedures, may submit complaints to the existing program grievance redress mechanism or the World Bank's Grievance Redress Service (GRS). The GRS ensures that complaints received are promptly reviewed in order to address pertinent concerns. Affected communities and individuals may submit their complaint to the World Bank's independent Inspection Panel which determines whether harm occurred, or could occur, as a result of the World Bank 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 GRS, please visit <http://www.worldbank.org/GRS>. For information on how to submit complaints to the World Bank Inspection Panel, please visit www.inspectionpanel.org

D. Risk Assessment

111. The overall risk of the proposed Operation is rated as Substantial.

112. **Technical Design:** Key risks relating to technical design of the program include (a) the constraint to capture the complexity of a large program through the DLIs; and (b) the limited involvement of the private sector. The design of the Operation has benefited from lessons learned from previous World Bank-financed skills operations both in India and in other countries, the findings of the World Bank's SD study in five states, and global experience in SD programs. Key mitigation measures that have been developed to mitigate this risk include (a) the Operation's design, in particular, (i) strengthening private sector participation through support to the SSCs; and (ii) channeling of private financial resources into SD programs under Results Area 4; and (b) DLIs have been drafted in close discussion and coordination with the MSDE and key implementing agencies to ensure that disbursements reflect the key achievements.

113. **Institutional capacity and sustainability:** Key risks relating to institutional capacity and sustainability include (a) the adequacy of implementation capacity of both the MSDE and state governments to deliver a large-scale national Program; (b) inadequate human resource capacity

for M&E; and (c) financial sustainability and funding predictability at the level of the states. Key mitigation measures that have been developed to mitigate this risk include: (a) supporting the development of the LMIS (both at center and state); and (b) the TA component, which has been specifically designed to enhance the implementation and M&E capacity of both the MSDE and state mission. At this stage, while the financial sustainability and funding predictability at the level of the states remains unknown, as it lies in the domain of the state governments, the Operation is expected, through incentive grants, to induce states to increase their own funding allocations for SD by about US\$ 45 million over six years.

114. **Stakeholders risk.** Key risks relating to stakeholders include: (a) likely coordination challenges of the Program that will require close collaboration between a multitude of stakeholders, such as the MSDE, state governments, and a large number of public agencies, as well as the Government and the private sector; and (b) limited ownership of proposed reforms by some state governments, who are the key stakeholders to the success of the Program. Key mitigation measures that have been developed to mitigate the stakeholder risks include: (a) focusing on results and building incentives to drive change, including a robust design of SIG (between the GoI and state governments) that will be part of the Letter of Undertaking between the GoI and states; (b) ensuring high-level leadership and political commitment through establishing the Governing Council, Steering Committee, and Mission Directorate along with clear definitions of roles and responsibilities for implementation and coordination; and (c) frequent dialogue and consultation with stakeholders during implementation and M&E arrangements at the national and state levels.

115. **Fiduciary.** Key financial management and procurement risks include (a) lack of implementation capacity and laid down procedures in many states, including varied practices followed by informal/private TPs; (b) absence of standard bidding/RFP documents; (c) absence of complaint handling and redressal mechanism; (d) nondisclosure of contract awards; (e) internal control inadequacies; and (f) corporate governance issues with regard to the NSDC. Mitigation measures developed to mitigate these risks include (a) supporting finalization of common norms which standardizes the SD processes and systems such as input-outcomes, funding norms, third-party certifications, assessments, M&E, and NSQF alignment; (b) minimum eligibility conditions that states/entities should meet to access Program funds; (c) establishing internal audit systems across implementation agencies; (d) allowing for registration of complaints through the websites of the implementing agencies and setting up mechanisms for tracking, review, and disposal of complaints; (e) development of fiduciary guidelines and procedures, as required; (f) use of standardized bidding/RFP documents by implementation agencies; (g) provision for enhanced fiduciary training through Program funds; (h) a set of Program actions to address gaps identified by the technical, fiduciary, and safeguards assessments; and (i) a performance audit of the Program by the C&AG of India at midterm. In regard to the NSDC's corporate governance issues, several mitigation measures have already been put in place (the details are in Annex 5).

E. Program Action Plan

116. The PAP summarizes the most critical steps required for improving the Program implementation to increase the likelihood of achieving the results. These actions arise from the gaps identified from the various assessments (technical, fiduciary systems, environmental, and social systems) and the key risks management measures proposed. The PAP includes actions geared toward strengthening Program implementation and monitoring mechanisms, capacity building of the MSDE and its key agencies and the SSDMs, and strengthening financial

management and procurement capacities. Annex 8 provides the details of implementation responsibility, timing, and measurement of these actions.

Annex 1: Detailed Program Description

1. The PDOs of the Operation are to enhance institutional mechanisms for SD and increase access to quality and market-relevant training for the workforce.
2. Skill India Mission Operation, will support implementation of the Government's SD strategy, as outlined in the 2015 National Policy for Skill Development and Entrepreneurship, over six years (2017–2023). It aims at removing barriers that create a wedge between the demand and supply of skilled labor. Its main focus is to enhance institutional mechanisms at the national and state levels, including partnerships with industry and employers, to increase the market relevance of SD programs and scale up their delivery.
3. The main beneficiaries will initially be cohorts of youth wishing to acquire job-related skills before entering the labor market. It is estimated that, by the end of the project's life, some 17.75 million youth will have received some market-relevant training, offering opportunities for better employment outcomes.
4. The World Bank assistance will comprise of (a) a Program support component (estimated at about US\$237.5 million) and (b) a capacity-building (or TA) component (estimated at about US\$12.5 million). The first component will use the PforR instrument—which is called the 'Program' and the second will use an IPF instrument—which is called the 'Project.' The PforR component, the 'Program' and the IPF component, the 'Project,' together form the Skill India Mission 'Operation.' This annex describes the Program. Details of the Project component-TA, (mentioned in brief here) are presented in annex 9.
5. **The Program and its boundaries.** The focus of the proposed Operation will be on all SD programs, delivered at national and state levels with the exception of longer-term (2–3 years) training programs delivered by the ITIs under state control with programs regulated through DGT. The latter are already supported by the World Bank financed VTIP and the World Bank financed STRIVE Operation. Short-term SD programs are run by the MSDE, state governments through their SSDMs, and by other central ministries. Although financial support will only be provided to the MSDE and SSDMs, it is expected that the Program will have an impact on the quality of all programs, including those managed by other ministries because they are expected to be NSQF aligned.

Table 1.1. Scope of the Program

National Level	MSDE	Strengthening SD programs of the country through its subsidiaries (explained below)
	NSDA	Strengthening quality in skill training through the National Quality Assurance Framework (NQAF), establishing the Labor Market Information System (LMIS), and establishing the National Skill Research Division (NSRD), and so on.
	NSDC	Development of sector-specific occupational standards, including for MSME and informal sectors, implementation of the PMKVY, strengthening Skill Development Management System (SDMS), and enhanced state presence
	SSCs	Institutional strengthening; enhancing linkages with industry; training of trainers (ToTs) and assessors; development of translational standards.

	NSDF	Establishing the SIMO Skill Fund, skill-to-job platform, establishing trainer and assessor academies, corporate skilling centers, and overseas employment skill training centers in India
State Level	SSDMs	Support to SSDMs through State Skill Development Plans (SSDPs) based on State Incentive Grant (SIG) for SSDM strengthening; training implementation; pilots on direct benefit transfers (DBTs), skills vouchers, and so on, for enhancing participation of women and the disadvantaged segments; state management information system (MIS) linkages with the LMIS; and industry linkages especially with the MSME sector
Excluded from the Operation		
SD programs delivered by ITIs under the DGT, supported by the World Bank-financed STRIVE Operation		

PforR Component: Program Support

6. The proposed Program will focus on four Results Areas.

Results Area 1: Institutional Strengthening at the National and State levels for Planning, Delivery, and Monitoring High-quality Market Relevant Training

7. This Results Area aims at strengthening institutional capacity for planning, delivery, and monitoring of high-quality market-relevant training at both national and states/district levels. At the national level, the proposed Operation will enhance the capacities and functions of the national MSDE and of its agencies such as the NSDA and the NSDC. At the state level, the SIMO will seek alignment with the national strategy and quality improvements of SD programs through the SSDMs.

Results Area 1a: Institutional Strengthening at the National Level

8. Under this Results Area, the following priorities have been identified:

9. **Strengthening the MSDE.** The Program will support the MSDE as the primary authority to govern the SD sector, coordinate SD activities across all ministries and states, and manage financing across the sector. Five closely related types of activities that will be supported under this Results Area are (a) reviewing and updating the common norms for SD schemes in India; (b) consolidating short-term skill training schemes of the MSDE (such as the Skill Development Initiative Scheme -Modular Employable Skills) and various courses under a single umbrella of the PMKVY; (c) governing the activities of its subsidiary agencies including the NSDA, NSDC, and NSCB; (d) encouraging entrepreneurship efforts through specific initiatives; and (e) strengthening the NSDF.

10. **Establishing the NSDA** as the primary quality assurance, M&E, and research arm of the MSDE. The following activities will be supported by the Program:

- (a) **Fostering the adoption and implementation of the NSQF across ministries and states** through (i) developing registration and accreditation norms for TPs and assessment bodies; (ii) ensuring that TPs in the country adhere to identified standards for training provision; (iii) strengthening the National Skills Qualification Committees (NSQCs) to review and

validate the occupational standards and QPs developed by the SSCs, in compliance with the NSQF; (iv) facilitating recognition of prior learning; (v) aligning Indian qualifications with international qualifications; and (vi) developing career progression pathways and establishing equivalence of certificates/diplomas/degrees through a credit accumulation and transfer framework.

- (b) **Establishing the NSRD** under the NSDA to function as an independent think tank to provide policy inputs to the MSDE, NSDA, NSDC, and related bodies in the skills domain. Its key function will be to (i) analyze the LMIS data for implementable policy action; (ii) undertake tracer studies and impact evaluation studies and inform policy makers; (iii) work with the NSCB to analyze performance of trainees over time and recommend changes in curriculum and/or master trainer programs to address any deficiencies; and (iv) assess systemic functioning based on independent commissioning of studies.
- (c) **Strengthening the LMIS** managed by the NSDA to serve as an effective data warehouse on SD that aggregates data from multiple systems, including, the SDMS of the NSDC, the SDIS MIS of the MSDE, the National Council for Vocational Training (NCVT) MIS, and all MISs managed at the state level by the SSDMs. The LMIS will focus on three core functions: (i) provision of data analytics and business intelligence to support strategic decision making at various levels throughout the SD sector; (ii) establishment and maintenance of a registry of TPs across the entire SD sector, as well as their empanelment status in terms of the NSDC, SSCs, SSDMs, and other relevant SD schemes; and (iii) a one-stop search facility to enable prospective candidates to search across all available programs and courses available in the SD sector in India. In developing this data warehouse, strong emphasis will be placed on ensuring that all MISs from which the LMIS draws data adhere to common data standards and protocols, to ensure accuracy of data submissions from across the SD sector.
- (d) **Strengthening the SSCs.** The SSCs are powerful intermediary institutions that align the quality assurance systems with industry demand and short-term training needs of the private sector. SSCs are employer-led organizations set up as autonomous bodies. There are 40 approved SSCs covering all the 20 priority sectors identified by the MSDE and 25 sectors under the Make in India campaign of the GoI.

Table 1.2. Sectors Catered by the SSCs

SSC Categorization	Sectors Catered by the SSCs
Priority sector	Auto, retail, information technology/information technology enabled services, media, health care, gems and jewelry, leather, food processing, banking financial services and insurance, logistics, construction, electronics, life sciences, hospitality, textiles and handlooms, apparels, handicraft, power, iron and steel, infrastructure equipment, chemical and Petro Chemicals, hydrocarbons, furniture and fittings, strategic manufacturing, green jobs, and PWD
Large workforce	Rubber, telecom, capital goods, agriculture, aviation, mines, management, paints and coatings, sports, and instrumentation
Large informal workforce	Security, plumbing, beauty and wellness, and domestic workers

11. The SSCs develop the QPs and NOSs for the identified sectors, undertake needs assessment, benchmark Indian standards with other countries, develop model curriculums and

content based on the national standards, carry out assessment and certification, undertake affiliation of training partners, and facilitate the execution of ToT.

12. The coming years will witness an increase in the percentage of semiskilled and skilled resources in the agriculture sector. SIMO will support the Agriculture Sector Skill Council of India in planning, designing, and rolling out formal short-term training packages that are in line with the aforementioned sector/industry requirements. Further, by 2022, the number of workforce participants engaged in the agriculture sector is expected to decrease by close to 25 million. This change is expected to be counterbalanced by an increase in the number of workforce participants in the MSME sector. The SIMO is expected to play an important role in helping these workforce participants in transitioning between sectors. The Program is expected to positively affect the entire agriculture value chain by supporting the food processing industry and the transportation and logistics industry with access to skilled resources. Development of these two industries should be expected to translate into farmers receiving higher value for their produce. SIMO will support the entire value chain associated with the agriculture sector.

13. The Program will support the SSCs for improved governance systems and financial sustainability of the SSCs. Two critical outcomes will be (a) improved accountability of the SSCs through need-based annual business plans; and (b) evidence of enhanced industry connect for better demand aggregation and improved placements. The Program will support the following activities:

- (a) Identification of SD needs - catalogue of types, range, and depth of skills
- (b) Preparation of Sector SD Plan
- (c) Development and streamlining/rationalization of competency standards and qualifications and working with the NSDA to ensure they are NSQF compliant
- (d) Development of QPs, including designing program-specific curricula, standards for training materials, consumables, and equipment, and teaching and learning materials to train master trainers, trainers, instructors, and provide career support to staff at the institutional level
- (e) Design, plan, and facilitate implementation of ToT
- (f) Certification and assessment of trainers and assessors³³
- (g) Special initiatives to ensure program offerings are available and tailored to meet the needs and context of disabled and minority populations
- (h) Facilitate placement of skilled and certified persons

³³ The NSDC mentioned that training center accreditation consists of (a) hardware infrastructure and (b) type of trainers available. Unless TPs have certified trainers, (b) cannot happen. This certification can be done by the SSCs directly or at least with their involvement. Hence, SSC involvement is necessary.

14. Setting up of the NSCB to help create an independent and credible skills assessment ecosystem in the country. The NSCB will undertake the following activities:

- (a) Work closely with the SSCs and set standards for examinations, assessment, and certifications based on the NSQF and NQAF
- (b) Empanel assessing bodies and conduct assessment and certification for all training courses under the MSDE's purview, including trainings under the NSDC ecosystem, SSCs, central ministries, or state governments
- (c) Manage a data warehouse that provides access to the repositories of skill certificates of each implementing entity
- (d) Facilitate horizontal and vertical mobility by operationalizing the NSQF

15. Streamlining functions of the NSDC to operate effectively as a nodal agency for promoting PPPs in SD and encouraging private investment in the sector. The Program will support the NSDC to accomplish the following objectives:

- (a) Strengthening the implementation of the GoI's program, the PMKVY, by ensuring that private providers delivering the training adhere to new accreditation standards, by introducing robust M&E systems, providing technical support to providers whose programs fail, or marginally meet QPs' standards, and aligning the training costs to common norms. Measurement of performance of training partners in achieving allocated targets and improving training capacity will be conducted through third-party validation of training provision and certification.
- (b) Promoting at least one trainers and assessors academy in each sector to cater to sector-specific training and infrastructure needs and potentially act as hub-and-spoke models for smaller regions/districts.
- (c) Rebuilding the SDMS with redefined business requirements and a candidate-centric data structure that enables it to function effectively as a core transactional system for the PMKVY and all the SSCs. This requires a scalable, efficient, and effective transaction processing system that can manage high volumes of short-term SD course data. Such a system could also be offered as a customizable open-source software solution that can be used by other implementing agencies—such as state governments—to manage their respective skilling programs with similar business processes.
- (d) Functioning effectively as the investee of the NSDF by (i) identifying and investing in scalable, high quality, training businesses through debt and/or equity support and (ii) conducting corporate reach-out activities to replenish the NSDF through direct contributions from corporations.
- (e) Developing and managing the S2J Portal to support end-to-end management and monitoring of corporate investments to the NSDF under CSR or otherwise. The S2J Portal will serve as a single-purpose transactional system that will be integrated into the overall

architecture of a SD data warehouse (LMIS) while functioning effectively as a stand-alone application.

- (f) Developing strategies for technology-enabled SD programs in India, including provisioning free and openly licensed digitized online and offline content, free online courses for students, and implementing distance learning programs for the ToT.

16. It is expected that the Program will be able to promote the setting up of a national governance, planning, quality assurance, financing, and evaluation mechanism that eliminates any perceived conflicts of interest in the system, particularly with respect to training delivery, assessments, and certifications.

Results Area 1b: Institutional Strengthening at the State and District Levels

17. One of the key objectives of the Program is to strengthen the SSDMs as nodal agencies for convergence of all skilling initiatives in the state/union territory, and reporting to the NSDA. Under this Results Area, the Program will support efforts to build capacity at the state and district levels to implement the national strategy on SD. The objective is to achieve a functional, high-quality skill training governance and execution system in all states that can reach the goals and deliver targets laid out by the national mission. The states and districts will have physical and virtual (IT platform) nodal points to ensure that the TPs have access to the latest information, guidelines, materials, and technical support services and that training programs financed by the Program are restructured (if/when needed) to meet new, high quality standards, and associated outcomes.

18. The Operation will support performance-linked financing of the SSDMs to undertake the following activities:

- (a) Fostering collaboration of the SSDMs with the NSDC and SSCs;
- (b) Ensuring all SD programs at the state level are aligned with the NSQF, the GoI's national skills strategy, state's goals, and relevant information platforms;
- (c) Coordinating all skill training activities in the state/union territory;
- (d) Managing skill training activities in the state/union territory using a state-level transaction processing system and/or MIS, and linking the same with the LMIS;
- (e) Coordinating with the SSCs to review and tailor curricula, training materials, and/or e-learning packages to ensure that the QPs are adjusted to meet unique local industry needs, norms, or context;
- (f) promoting the use of common affiliation and certification norms;
- (g) Achieving training targets stipulated under the national scheme, the PMKVY, which calls for the NSDC to allocate 25 percent of its funding to states to implement the scheme;

- (h) Monitoring and evaluating trends and outcomes of state-level training programs, including carrying out tracer studies, skills gap analyses, and other relevant performance analyses in close coordination and with technical support from the NSRD;
- (i) Conducting candidate mobilization activities, information campaigns, and corporate outreach events to communicate achievements and plans to ensure states are ‘workforce ready’ to leverage potential investments and increase business productivity;
- (j) Offering a menu of TA services to districts and TPs to improve their institutional and staffing capacity to plan, deliver, measure, and monitor the delivery of new, high-quality training programs.

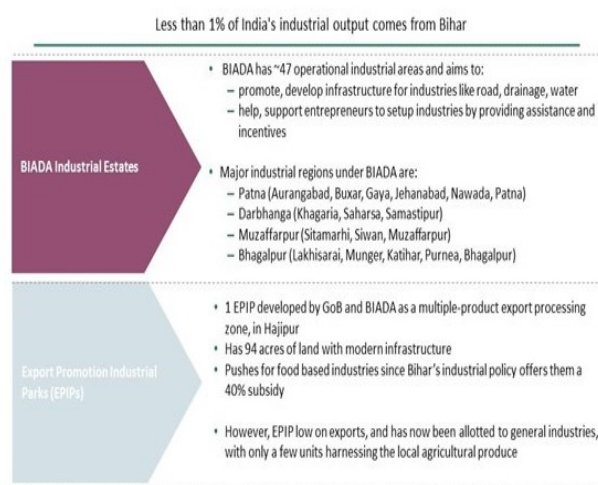
19. State support will be predicated on all states undertaking demand-driven decentralized planning of SD programs in consultation with all stakeholders; self-help groups, NGOs, industry representatives in each district, and the SSCs to arrive at the annual DSDPs that will be consolidated at the state level into the SSDPs. The objective of the state-level support is to encourage the SSDMs to increase their capacity for SD, in alignment with the national strategy and to incentivize innovations to enhance access for socially excluded groups. Under the Operation, financial support to states will be linked to performance (refer to DLI 6). The SSDPs based on DSDPs aligned to the SIG mechanisms will be assessed by the PAB of the MSDE for fund releases to the states.

20. The Operation through the SIGs will incentivize states to undertake analysis of the special economic zones and private sector presence to appropriately identify clusters of economic growth and job availability for focused vocationally relevant SD programs. This will be especially relevant for the low-income states to undertake a penetrative analysis of industrial clusters located in the states to identify labor opportunities. A World Bank study³⁴ undertook an assessment of four states including the low-income states of Bihar and Rajasthan. This in-depth analysis showed clearly brought out pockets of economic activities that will be used for the SSDP preparation and implementation. Figure 1.1 on the industry zone clusters from the states of Bihar and Rajasthan could be a useful reference templates for other states to follow.

³⁴ World Bank. 2015. *State Systems for Skill Development in India – A Study of Bihar, Gujarat, Rajasthan, and Maharashtra*.

Figure 1.1. Industry Zone Clusters: Bihar and Rajasthan

Bihar Industrial Zones



Source: <http://www.biharindustrial.com/resources/industrial-zones-bihar/>; <http://industries.bihar.gov.in/Portals/0/13-14-2011.pdf>

Rajasthan Industrial Zones

Industrial Zone	Description	Employment Numbers	Prominent Industries
Mahindra World City (MWC) SEZ, Jaipur	<ul style="list-style-type: none"> • Across 3000 acres, with modern infrastructure facilities, jointly promoted by the Mahindra Group and RICO • MWC also organizes skilling programs for school dropouts/unemployed youth in partnership with local NGOs 	Projected in full capacity: More than 1,00,000 persons	Multiproduct- separate SEZs for handicrafts, engineering, gems & jewellery, IT/ITES, logistics ¹ (Major players Genspac, Coca Cola, Infosys)
Sitapura Export Promotion Industrial Park (EPIP), Jaipur	<ul style="list-style-type: none"> • Spread over 365 acres • Considered the largest export park in Northern India 	NA	Multiproduct- Gems & Jewellery, Electronics, Garments, Handicrafts, Engineering, Leather, IT
Bhiwadi-Neemrana Industrial Area (including Japanese Zone at Neemrana)	<ul style="list-style-type: none"> • Part of Gurgaon Auto Cluster and DMIC • ~545 acres industrial land reserved for Japanese investment, for ~27 Japanese co.s • Total investment of Rs2500 Cr. by above co.s 	Projected in full capacity: ~5,000 persons	Automobile/ Auto Components (Major co.s Nissan Brakes, Toyota Gosei, Nippon Steel)
Agro Food Park, Kota/Jodhpur/ Srianganagar/ Alwar	<ul style="list-style-type: none"> • RICO has developed four Agro Food Parks with an investment of Rs. 614.1 million 		Agro Food Processing
DMIC Development Nodes	<ul style="list-style-type: none"> • In phase 1 of DMIC, RJ has laid out plans for Khushkhera-Bhiwadi-Neemrana Investment Region and the Jaipur-Dausa Industrial Area² 	NA	Auto; and Marble, Leather, Dairy and Textiles respectively

Results Area 2: Improved Quality and Market Relevance of Skill Development Programs

21. Under this Results Area, the Program will support efforts to strengthen on-the-ground implementation of quality and market-relevant training programs across all states and districts. The objective is to ensure that model curricula (including trainers' guides, teaching and learning materials, and online material) are developed by the SSCs for all QPs relevant for the labor market, and that, gradually, all the TPs will be able to access a package of openly licensed technical resources and materials that can help them improve the quality of their program offerings and employability of trainees.

22. The SSDMs will be responsible for coordinating with the NSDC and the SSCs and making teaching and learning materials developed by the SSCs available to the TPs, while the TPs will be responsible for the delivery of training activities, linking to third-party institutions, as required (for example, certification and assessment boards), and generating agreed outcomes. The Operation will support the following areas:

- Accreditation.** Guidelines and procedures needed to obtain (and maintain) state accreditation through the new qualification guidelines
- Training content.** Curricula content, material and consumables, reference guides, online material, and implementation procedures to standardize QP delivery and results measurement approaches (within and across sectors) and ensure overall alignment with the NSQF and the NOS
- Technical Resources and material.** Preparation by the SSCs of packages of technical resources and material available for TPs, including guidelines, toolkits, and online support

- (d) **Trainers.** Guidelines to identify, recruit, and retain effective master trainers and trainers and options available to grow a local, new cadre of master trainers and trainers, and training of qualified assessors
- (e) **Assessment.** Information and options available to access a credible and efficient assessment scheme that evaluates and certifies skill competency efficiently and in accordance with the NSQF
- (f) **Labor market transitions.** Guidelines, tools, and initiatives to help graduates transition successfully into the labor market upon the completion of training (wage or self-employment)
- (g) **Partnerships.** Guidelines and online support to carry out effective outreach events with SSCs, local industry, employers, community organizations, and relevant (feeder) primary and secondary schools
- (h) **M&E.** Data requirements and submission procedures to ensure the state-level MIS produces comprehensive, credible, and timely information to track system performance in real time
- (i) **Customized face-to-face and online TA support.** Help new or weaker TPs prepare submission forms and procedures to comply with SIMO standards, transactions, and data requirements.

Results Area 3: Improved Access to and Completion of Skills Training for Female Trainees and Other Disadvantaged Groups

23. Under this Results Area, the Program will seek to ensure that the design and delivery of SD programs are socially inclusive across all states and districts and improve access to employment opportunities for socially excluded groups. The objective is to identify innovative and replicable methods to (a) enhance access to high-quality training, through tailoring interventions, program offerings, service delivery for socially excluded groups (such as women, STs, SCs, and PWD) and (b) integrate constraints and needs of socially excluded groups into the planning, monitoring, and delivery of SD programs. Program support will be provided through the SIG, which will reward efforts made at the state level to increase access of those groups to training and to introduce innovative approaches (see detailed mechanism in Appendix 3.1).

Results Area 3a: Innovations to Enhance Access for Socially Excluded Groups

24. The Program will support targeted interventions to make training programs sensitive to the constraints faced by socially excluded groups. Within this set of targeted interventions, bolstering female participation and avoiding gender stereotyping is a key challenge. Analysis of data in India suggests that serious supply- and demand-side constraints, including discrimination and gender bias, prevent women from accessing training and taking up paid employment outside the home. Women, especially the poorest, also often face constraints related to time availability and mobility.

25. Interventions to strengthen women's training and employment outcomes are likely to be most effective by including elements addressing socio emotional/life skills within training

interventions. International experience suggests that multicomponent programs—which combine training with a set of complementary services (information, counselling, and capital)—often have larger impacts on women’s employment and earning outcomes.

26. To increase uptake of skilling programs among socially excluded groups, both demand-side and supply-side interventions will be supported. Demand-side interventions can focus on increasing access to information, ongoing social support, and financial assistance (be it cash or in-kind). The GoI’s DBT platform can enable Aadhaar-linked cash incentives to boost participation of women and other target groups. Different strategies will suit different states, and such experimentation and innovations can be tested as ‘proof of concept’ pilots through SSDMs and funding available to states through the PMKVY. The Program will support three more activities:

- (a) Developing modules, guidelines, and protocols for delivering counselling support and socio emotional/life skills training as complements to job-specific training content
- (b) Designing and evaluating pilots to test the cost-effectiveness and impact of financial incentives (DBT-enabled skills vouchers, transport support, cash transfers, and scholarships) to bolster participation and placement outcomes among women, tribal communities, and/or SC youth at the state level in partnership with the SSDM and the PMKVY
- (c) Designing and evaluating pilots to test cost-effective methods of offering counselling support (centers, peer groups, web-based platforms) as complements to training programs for socially excluded groups and those in remote locations

Results Area 3b: Support Integration of Socially Excluded Groups into Planning, Monitoring, and Program Delivery

27. The Project will support integration through fostering the creation of an SD ecosystem which links excluded groups (such as women, tribal populations, PWD, or SC youth) with high-growth sectors and locations in the economy, and incorporate identity-specific constraints (for example, due to gender or disability) into jobs diagnostics.

28. For PWD, the Program will support through the following:

- (a) Establishing model training centers for the disabled in select locations (with required trainers, infrastructure, equipment, curriculum design, and so forth) and sectors
- (b) Strengthening capacities of SSDMs and national research division to integrate disability into jobs diagnostics and skill gap analysis
- (c) Establishing referral and job placement programs for PWD to facilitate finding, obtaining, maintaining, and returning to work
- (d) Testing the effectiveness of using ICT-enabled training and information in remote locations/areas with high concentration of disadvantaged groups, as a means to create ‘hubs of excellence’ for relevant sectors (for example, handlooms, tourism, and nursing) and linking economically weaker locations to high-growth sectors or locations

Results Area 4: Expanding Skills Training through PPPs

29. The main objective of this Results Area is to mobilize CSR funds by establishing a funding mechanism in which the CSR funds provided by the private sector will be matched by government funds for joint public-private investment in key SD priorities. It is anticipated that up to US\$36.875 million of the Program funding will be channeled into this mechanism (the ‘CSR Skills Fund’). Initial identified priorities include

- (a) innovative models for enhancing SD efforts leading to direct jobs/placement;
- (b) training (reskilling/upskilling) for small businesses/entrepreneurs to upgrade their managerial capacity and support job creation;
- (c) leveraging both public and private vocational TPs to scale up training programs or create new ones in deficient geographies, especially targeting youth in rural and urban deprived communities;
- (d) innovative entrepreneurship models submitted by states and other partners; and
- (e) industry-owned state-of-the-art centers to be created at the district levels with corporate support to increase and meet youth aspirations.

30. A robust, transparent governance structure will be established around the CSR Skills Fund to ensure that funds are used exclusively for their intended purpose and investments lead to meaningful, measurable results. Both CSR funds and matched funding from the Government will be routed to the NSDF to manage and account for CSR contributions and the Government’s matched funding. The CSR Skills Fund will have a governance mechanism incorporating the following components:

- (a) An accounting mechanism for receiving, holding, and disbursing Skills Fund monies as they are required for Program implementation
- (b) A transparent process for identifying investment priorities and deciding on specific activities for investment through the CSR Skills Fund, through a representative oversight committee
- (c) An open and transparent process for reporting on use of CSR Skills Fund monies (S2J Portal)
- (d) An independent mechanism for verifying successful implementation of funded activities and achievement of all identified Program outputs

31. It is anticipated that these initial priorities will evolve over time and transparent processes will be put in place to review and update these priorities from time to time.

IPF Component: Technical Assistance (US\$12.5 million)

32. The Operation will provide TA to support a coordinated, coherent, and evidence-based approach to the critical activities that are expected to be change agents in SD. Specifically, the Operation will provide direct TA for implementation support of policy reforms and systems development and for improving M&E of these reforms. The MSDE will be responsible for the implementation of the TA component in consultation with states. Activities to be financed under the TA component will include (a) establishing the MSDE's program management unit (PMU) to strengthen existing capacities in financial management, planning, and Program coordination within the NSDM, NSDA, and NSDC; (b) hiring the IVA in charge of verifying all the Program's results and DLIs; (c) providing support to the SSDMs aiming to improve their SD program design and pilots; and (d) supporting M&E, impact evaluation, and third-party assessments/validation of implementation activities and Program outcomes.

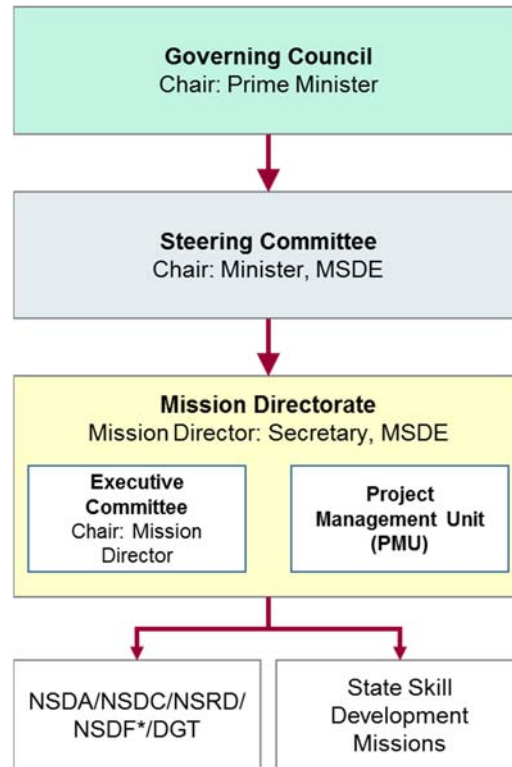
Implementation Arrangements

33. The MSDE is the nodal ministry for coordinating all short-term and long-term SD efforts across India. Within the MSDE, the DGT is responsible for providing apprenticeship training and long-term training within the ITIs/advanced training institutes, and the NSDC is the responsible agency for providing short-term training programs through its private TPs and promoting private investment in training. In addition, short- and long-term training programs are run by about 18 other central government ministries. At the state level, governments are also responsible for the delivery and financing of long-term and short-term training programs with institutional arrangements that vary across states. The MSDE through its coordinating role is expected to ensure that all ministries and state governments will adhere to the common norms of financing SD programs, track all training programs through its database, and provide the national picture of SD in India.

National-level Institutional Arrangements

34. The GoI has proposed a three-tier institutional mechanism for achieving the objectives of the NSDM. This structure consists of a Governing Council at the apex level, a Steering Committee, and a Mission Directorate (along with an Executive Committee) as the executive arm of the NSDM. The Mission Directorate will be supported by four other institutions: the NSDA, NSRD, NSDC, and the DGT—all of which will have linkages with the Mission Directorate to facilitate the smooth functioning of the national institutional mechanism. These three agencies will continue to lie under the umbrella of the MSDE. The NSDF, which was set up as a receptacle and custodian of funds, is managed by its board of trustees, but the Mission Directorate will have oversight over its functioning. At the state level, states will be incentivized to create functional SSDMs along the lines of the NSDM with a Steering Committee and Mission Directorate at the State level. The states, in turn, will be supported by District Committees at the functional tier. Figure 1.2 presents a graphical representation of the NSDM institutional mechanism.

Figure 1.2. NSDM Institutional Mechanism



*Note: *NSDF will continue to be managed by its board of trustees, but the Mission Directorate will have an oversight on its functioning.*

35. **The Governing Council**, headed by the prime minister, will provide overall guidance and policy direction for the NSDM. It will decide on the subcomponents of the NSDM in high-priority areas and review overall progress and development of the NSDM activities. It will also oversee the convergence of all SD initiatives/schemes across central ministries and departments with the NSDM objectives.

36. **The Steering Committee**, headed by the minister of MSDE, will be responsible for ensuring that the implementation of NSDM activities is done according to policies and decisions laid down by the Governing Council. The Steering Committee will also set targets, approve the annual plans for the NSDM, and review overall progress of NSDM activities on a quarterly basis.

37. **The Mission Directorate** will be headed by the secretary of the MSDE, who will function as the mission director. The directorate will consist of MSDE officials who will be assigned to work as part of the NSDM. In addition, the directorate will also hire external resources and establish a PMU to effectively discharge its functions of implementing and monitoring NSDM activities at the national level. The Mission Directorate will also be supported by the administrative and financial wing of the MSDE. Further, an Executive Committee will be established in the directorate, headed by the mission director, to resolve all inter-departmental execution issues and set annual targets for the subcomponents of the NSDM. The Executive Committee will have the responsibility to converge skilling activities across all sectors with the NSDM objectives and skill gap findings.

38. The Mission Directorate will coordinate the implementation of all decisions of the Governing Council and the Steering Committee. It will have powers to approve the plans of the entities within it such as the NSDA, NSDC, and so on. It will also be responsible for ensuring uniformity in quality, certification, norms of training, curriculum content, Aadhaar seeding, leveraging *Jan Dhan* accounts, and social security schemes, and so on across all SD programs being implemented by central ministries/departments. It will coordinate state efforts and monitor performance of the subcomponents of the NSDM.

39. The PMU of the Mission Directorate, functioning as the key implementing organ for the NSDM, will be responsible for all day-to-day activities of planning, coordination, financial management, and monitoring of the Program. Reporting to the Mission Director, the PMU will track the progress of all initiatives being implemented by various agencies and institutionalize regular review and reporting mechanisms and executive and initiative dashboards to assess and review the KPIs. It will also support the development and implementation of accountability and governance frameworks for more efficient and robust implementation.

40. According to one of the objectives of the Program, CSR investments will be mobilized for SD activities. The CSR funding will be channeled through the NSDF and managed by the NSDC. The CSR Skills Fund will have a strong governance mechanism to provide confidence to the corporate investors that the funds are used exclusively for their intended purpose and investments lead to meaningful, measurable results.

41. The disbursement of money from the CSR Skills Fund will be handled by the NSDC with a dedicated Skills Fund Project Management Team (SF PMT). The SF PMT will market the CSR Skills Fund to corporates, establish memoranda of agreement with CSR contributors, raise CSR funding commitments through the S2J Portal, and identify and select suitable initiatives for investment in consultation with the MSDE, private sector, states, and other key players. It will disburse funds to identified activities; negotiate Service Level Agreements and contracts with all the recipients of CSR Skills Fund monies; and ensure that initiatives targeted for the CSR Skills Fund investment are achieving their intended outputs. It will also receive and review Program reports from CSR Skills Fund beneficiaries and periodically prepare relevant progress and financial reports to go back to the MSDE, the World Bank, the NSDF board of trustees, and other key stakeholders.

42. In addition to the SF PMT, a Skills Fund Oversight Committee will be established to provide strategic guidance to the CSR Skills Fund and decide on fund allocation to deserving projects. The committee will define and revise overall investment priorities for the CSR Skills Fund, approve investment in all Program activities over a certain threshold, define and periodically review criteria for NSDC investment in initiatives below the identified threshold, and take regular reports from the NSDC on progress in implementing the work of the Skills Fund. The NSDC's SF PMT will be able to invest directly in smaller interventions based on a set of criteria determined by the committee, but all large investments will require the approval of the committee before they proceed.

43. To further ensure transparency in the utilization of CSR Skills Fund, the IVA that will undertake the DLI verification for SIMO will also be engaged in verifying the attainment of specific achievements and targets by recipients of CSR Skills Fund monies.

State-level Institutional Arrangements

44. The Program will provide incentives for the creation of functional SSDMs at the state level. Thirteen states have established functional SSDMs so far. The incentive to establish SSDMs in the remaining states will be in the form of financing through the SIGs that provide additional points for establishing institutional mechanisms like the SSDM structures. An indicative institutional mechanism for the SSDMs and their interaction with the district-level officials will be prepared and recommended to all states by the MSDE. However, states will establish their own institutional mechanisms according to applicable state government norms and best practices. Box 2 provides a brief description of the existing institutional mechanisms in selected states.

Box 2: Institutional Mechanism for SD in Selected States

Uttar Pradesh. Uttar Pradesh Skill Development Mission (UPSDM) is registered as a society under the Societies Registration Act, 1860. It closely mirrors the proposed NSDM structure with a Governing Council as the apex body supported by a Steering Committee and state- and district-level Executive Committees. The Governing Council is headed by the chief minister of the state while the State Steering Committee is headed by the chief secretary. The UPSDM is operating on a convergence model, where six major SD schemes are being implemented through the mission. Funds for scheme implementation are also routed through the UPSDM. It also has fairly advanced technology system for managing training batch cycles of beneficiaries and to monitor outcomes of various SD schemes.

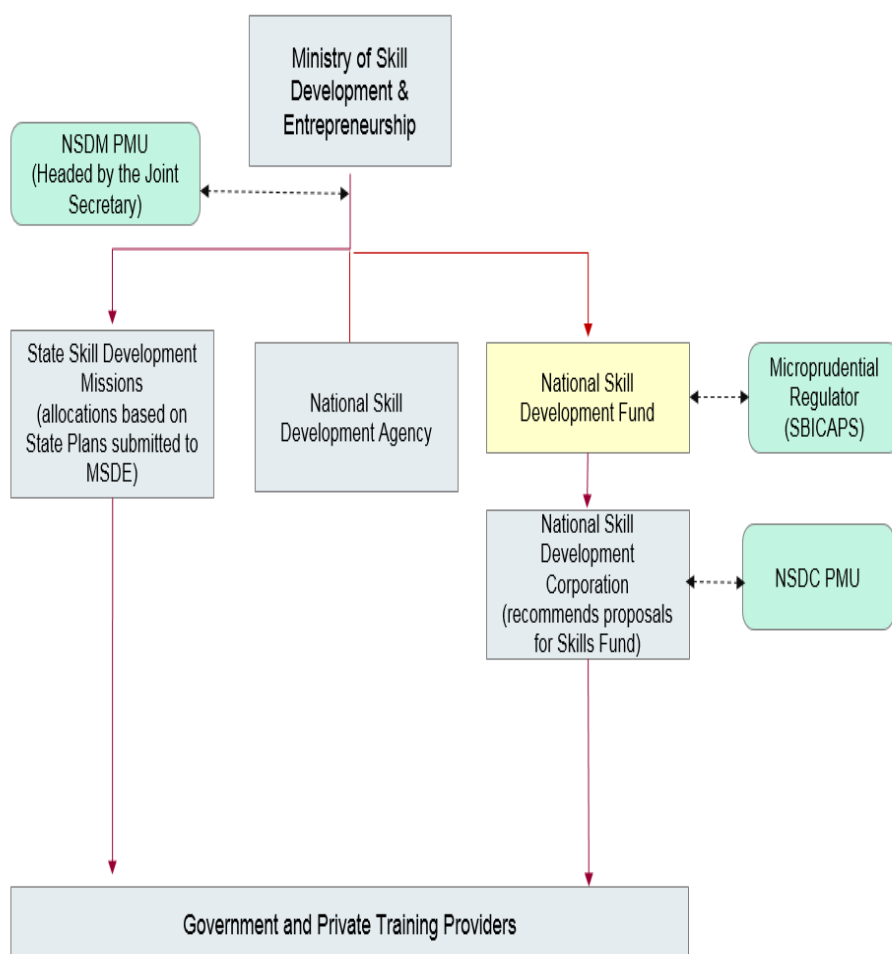
Rajasthan. Rajasthan Skill and Livelihoods Development Corporation (RSLDC) was incorporated as a Section 25 Company under the Indian Companies Act, 1956. The chief secretary of the state is designated as the chairman of the company. The RSLDC has merged all the trainings conducted by various departments of the state government under one umbrella. It implements four major skill training programs at the state level as the sole implementer of skilling activities in the state: Employment Linked Skill Training Program, DDU-GKY, Regular Skill Training Program, and Rajasthan Skill Development Initiative Society.

Tamil Nadu. The Tamil Nadu Skill Development Corporation (TNSDC) is registered as a public company. It is designated as the nodal organization for SD activities in the state and is headed by the finance minister of the state. The TNSDC works with major departments of the state government in identification of skill training, TPs, training content, and placement. The TNSDC is also responsible for the overall monitoring of all the training partners in the state. However, at the district level, monitoring is carried out by the regional joint director, employment and training together with the district employment officers and principals of government ITIs.

Chhattisgarh. Chhattisgarh State Skill Development Mission (CSSDM) is registered as a society under the Chhattisgarh Society Registration Act, 1973. It is chaired by the chief minister of the state and is advised by a state-level Steering Committee headed by the chief secretary. There are also district-level Steering Committees which are chaired by the minister in charge of the district. The district collectors in each district have the responsibility to implement and monitor CSSDM activities in districts. Each district also has an assistant director who reports to the chief executive officer of the CSSDM. The chief executive officer reports to the Executive Committee and the Board of Governors. Each department has a nodal officer which deals with training. The CSSDM works closely with the nodal officers in each department. There is an industry nodal officer at the CSSDM who is responsible for coordinating with the industries in the state standards and so on.

45. Figure 1.3 presents the proposed implementation arrangements for the Operation.

Figure 1.3: Implementation Arrangements



46. Table 1.1 shows the actors responsible for the implementation of activities at different levels. The implementing organizations are responsible for the prudent implementation of planned activities and adherence to environmental and social standards as laid down in the GoI's Program document.

Table 1.1. Implementation Arrangements by Results Area

Implementation Responsibilities for Major Activities	Central Level	State Level
Results Area 1: Institutional Strengthening Mechanisms at the National and State Levels for Planning, Delivering, and Monitoring High-quality Market Relevant Training		
Setting up project management Unit and the NSCB	MSDE	—
Operationalizing NSQF; establishment of quality assurance framework and credit framework; setting up of the NSRD	NSDA	—
Developing LMIS as an effective SD data warehouse	NSDA	—
Strengthening SSCs to improve accountability and industry-connect	NSDA, NSDC	—
Streamlining NSDC functions; strengthening PMKVY; and building SDMS and S2J Portal	MSDE, NSDC	—

Implementation Responsibilities for Major Activities	Central Level	State Level
Performance-linked financing of the SSDMs	MSDE	SSDMs
Aligning SSDPs with national strategy	—	SSDMs
Results Area 2: Improved Quality and Market Relevance of Skill Development Programs		
Strengthening TPs with a package of technical resources and materials	SSCs	SSDMs with SSCs
Alignment of all skill training programs with NSQF	NSDA	SSDMs
Results Area 3: Improved Access to and Completion of Skills Training for Female Trainees and Other Disadvantaged Groups		
Developing modules, guidelines, and protocols for delivering counselling support and socio emotional/life skills training	MSDE, NSDC	
Design and evaluation of pilots to test financial incentives (vouchers/stipend programs) for participation of women and disadvantaged groups	MSDE, NSDA	SSDMs
Building model training centers for the disabled people	MSDE	SSDMs
Testing effectiveness of using ICT-enabled training and information in remote locations/areas	MSDE, NSDC	SSDMs
Results Area 4: Expanding Skills Training through PPPs		
Restructuring the NSDF and setting up a governance mechanism	MSDE	
Establishment of a program management Unit to manage downstream investments from the NSDF	MSDE	
Creation of Overseas Alignment Centers	MSDE, NSDC	
Encouraging and mobilizing youth to undertake entrepreneurship through network of industry leaders	NSDA	
Piloting training packages and open distance learning materials with incubation centers and social entrepreneurship hubs	NSDA	

Program Monitoring

47. Overall Program monitoring will be led by the NSDA, with support from the NSRD, which will be established as a dedicated unit within the NSDA and will lead overall M&E arrangements at the national level. It will receive support and inputs from the NSDC and the SSDMs, which will be responsible for preparing and submitting semiannual reports on implementation. In addition, the CSR Skills Fund Oversight Committee will prepare a semiannual report on the operations, disbursements, and achievements of the fund. Additional support will be provided by the PMU in implementing its M&E leadership function. Monitoring reports will be presented by the NSDA to the annual JRMs established for the Program. Based on these reports and additional review work, each JRM will prepare detailed recommendations for Program improvement. At each JRM, the NSDA will be expected to provide clear reports outlining how the recommendations made by the previous JRM have been implemented. Finally, an IVA will be appointed to independently verify the achievement of Program indicators and targets on an annual basis.

Reporting Requirements

48. The semiannual monitoring reports prepared by the NSDA will also present analysis of key data drawn from the LMIS. It is expected that reports will go beyond simply reporting progress into summary analysis of achievements, challenges, and Program risks, with accompanying recommendations for consideration by the MSDE. In addition to this monitoring, a series of

evaluation studies will be commissioned by the NSRD. This will include a comprehensive impact evaluation of the Program (including a proper baseline conducted in year one), regular tracer studies as defined in the Program design, and one-off evaluations of the specific aspects of the Program (for example, detailed evaluations of the operations of the SSDMs, studies of individual projects funded by the CSR Skills Fund, and case studies documenting emerging best practices in short-term training in India). The IVA will be responsible for preparing a midterm process evaluation report, based on a suitable evaluation methodology and a final summative evaluation report of the Program as a whole.

Data Sources

49. The NSDA has already commenced with the establishment of the LMIS—initially collecting data from four centrally managed databases—to aggregate data from across all of the relevant central- and state-level schemes, using common data standards and protocols (which conform to the requirements of the Open Data Policy of India). Of particular importance will be the need to ensure that these common data standards incorporate all of the relevant metrics necessary for Program monitoring purposes, as defined in the Results Framework Matrix. Given the scale of the Program, effective monitoring will be severely compromised if the LMIS is not able to deliver accurate, standardized, and reliable data that reports on the various key metrics required to measure progress. For this reason, heavy emphasis has been placed on the achievement of the DLIs associated with the LMIS to ensure that it functions effectively and that all relevant parties contribute data as required. Linked to this, a key prerequisite for the SSDMs to benefit from the incentive grants will be accurate and timely provision of data from their state-level MISs to the LMIS, which will constitute the main data source for Program monitoring. This will be supplemented by various evaluation reports, tracer studies, and other research exercises, which will also provide valuable data for Program monitoring purposes.

Expenditure Made by the SSDMs

50. States are the most important stakeholders in the success of the Operation and will contribute to the achievement of Program results. Accurate data on current expenditures made by the state governments for SD programs and on the total number of beneficiaries therein is not available currently at the central level. However, it is expected that the LMIS will mitigate this information gap.

Overall Expenditure Summary

51. The total estimated operation expenditure over the operation period is US\$ 3,188.875 million which will be financed by (a) MSDE financing (national support) of US\$ 2,857 million; (b) states' contribution over the operation period of US\$ 45 million; (c) CSR contribution of US\$36.875 million to the Skills Fund; and (d) World Bank financing of US\$ 250 million. The World Bank financing of US\$250 million to the MSDE will be over a period of six years comprising a US\$237.5 million assistance to the Program using the PforR instrument and a US\$12.5 million TA component ("Project") using the IPF instrument. The World Bank's contribution through the PforR instrument will thus account for about 7.4 percent of the total Program expenditures (Refer table 4.1. Operation Expenditure Framework)

State-level Support

52. The objective of the state-level support is to encourage Indian states to increase their capacity for SD in alignment with the national strategy and to incentivize innovations to enhance access for socially excluded groups. Given that the operation is a PforR, release of World Bank finances to the MSDE for state support will be predicated on DLI 6 requirements being met. The MSDE would formulate its strategies for financing states based on the SSDPs. In Year 1, World Bank funds will be released to the MSDE on the DLI 6 requirement for the year—that is, of undertaking a baseline study on the SIG scorecard for arriving at a baseline for each state. From Year 2 onward, support will be provided to the MSDE to allocate funds to the states as per improvements in the SIG scorecard. The SIGs include a component on inclusion: for enhancing inclusion of marginalized communities including women, the SCs, STs, and the PWD.

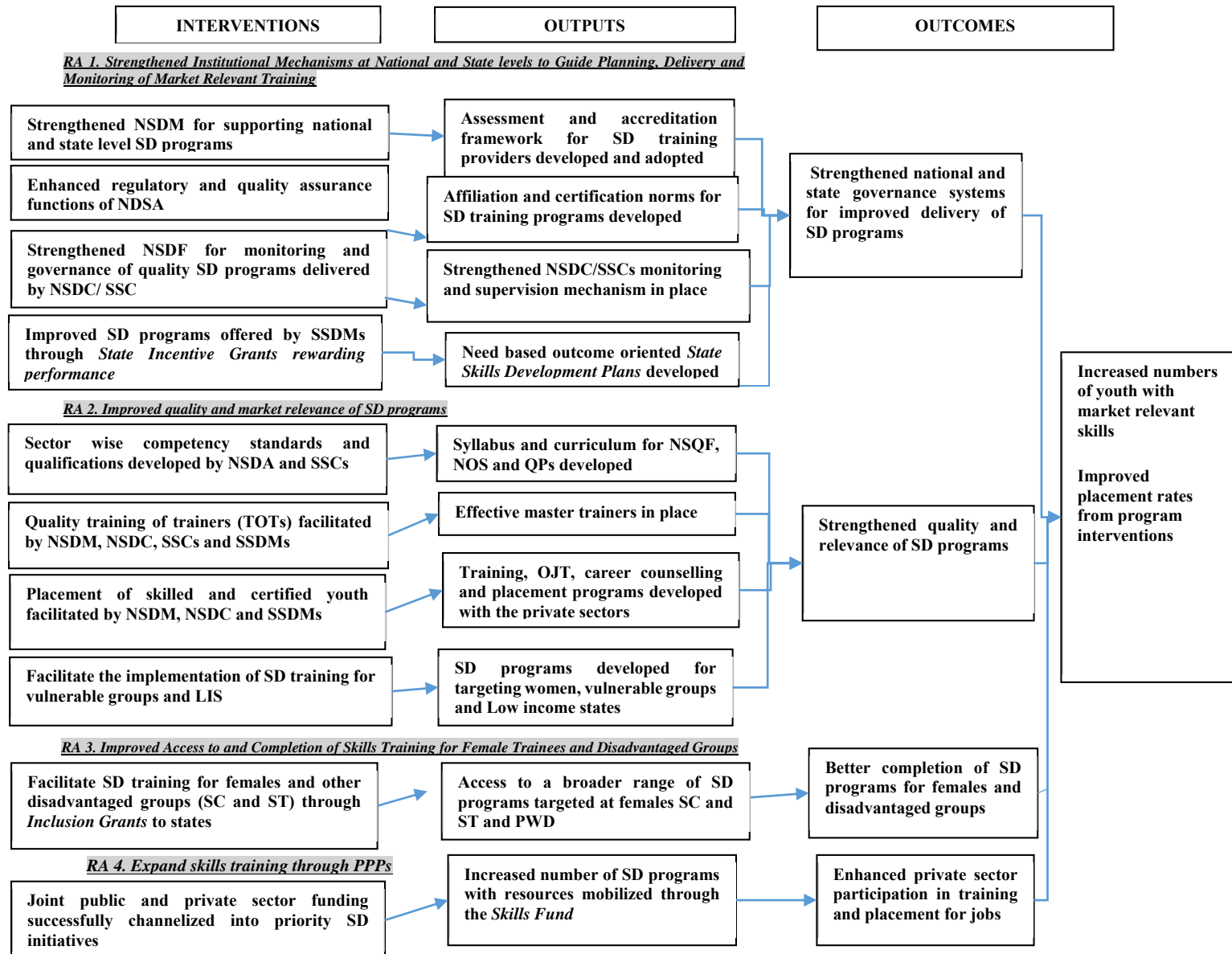
53. The states will be required to furnish a Letter of Undertaking to the MSDE confirming that the states will:

- (a) participate in SIMO with an agreement to commit 40 percent of state share³⁵ (10 percent in the case of northeastern states and other special category states) against 60 percent allocation from the Central Government (90 percent from the GoI for northeastern and special category states); this would apply to the overall GOI financing of \$112.5 million that would be allocated for support to the states. The counterpart funding from states would be around \$ 45 million (which is 40% of the GOI financing of \$112.5 million).
- (b) commit to provide state share within a month of release of the national component.

54. The MSDE will issue guidelines/operational instructions for receiving incentive grants and for using the proceeds at the start of the project in Year 1.

³⁵ State share is included in the Program Expenditure Framework

Figure 1.4: SIMO Results Chain



Annex 2: Results Framework Matrix

Table 2.1. Results Framework Matrix

Table 2.1: Results Framework Matrix									
Results Indicators	DLI #	Unit of Measure	Baseline	Target Values (Cumulative)					
				Year 1 (2017–2018)	Year 2 (2018–2019)	Year 3 (2019–2020)	Year 4 (2020–2021)	Year 5 (2021–2022)	Year 6 (2022–2023)
PDO: To enhance institutional mechanisms for skill development and increase access to quality and market-relevant training for the workforce.									
PDO Indicator 1: Trainees who have successfully completed the NSQF aligned market-relevant short-term SD programs and were certified (disaggregated by women and disadvantaged sections)	1 and 7	Number and Percentage	2 million trainees successfully completing market-relevant short-term SD programs; current female labor force participation is 31%; participation of SCs and STs is 18%; participation of PWD in training programs is negligible	Target: 2.76 million cumulative trainees over baseline successfully completing market-relevant short-term SD programs	Target: 3.78 million trainees cumulative over baseline successfully completing market-relevant short-term SD programs: women - 32%; SCs and STs - 19%; and PWD - 0.5%	Target: 5.06 million trainees cumulative over baseline successfully completing market-relevant short-term SD programs	Target: 6.33 million trainees cumulative over baseline successfully completing market-relevant short-term SD programs: women - 33%; SCs and STs - 21%; and PWD - 0.8%	Target: 7.60 million trainees cumulative over baseline successfully completing market-relevant short-term SD programs	Target: 8.87 million trainees cumulative over baseline successfully completing market-relevant short-term SD programs: women - 34%; SCs and STs - 22%; and PWD - 1%
PDO Indicator 2: Percentage of graduates who are wage employed or self-employed within six	2	Percentage	27% of graduates are wage employed or self-employed within six months of	n.a.	30% of graduates placed/ self-employed within six months of completing	35% of graduates are placed/ self-employed from Year 2 within six months of	40% of graduates are placed/ self-employed within six months of completing training from Year 3	45% of graduates are placed/ self-employed within six months of completing	50% of graduates are placed/ self-employed within six months of completing

Results Indicators	DLI #	Unit of Measure	Baseline	Target Values (Cumulative)					
				Year 1 (2017–2018)	Year 2 (2018–2019)	Year 3 (2019–2020)	Year 4 (2020–2021)	Year 5 (2021–2022)	Year 6 (2022–2023)
months of completion of short-term SD programs			completion of short-term SD programs		training from Year 1	completing training from Year 2		training from Year 4	training from Year 5
PDO Indicator 3: Improved performance of states on institutional strengthening, market relevance of SD programs, and access to and completion of training by marginalized populations	6	Text	n.a.	The baseline for SIG Scorecard has been calculated for each state	Participating states have improved their SIG scores by 15 points over the baseline with at least 3 points in each component of the scorecard	Participating states have improved their SIG scores by 15 points over the previous year with at least 3 points in each component of the scorecard.	Participating states have improved their SIG scores by 15 points over the previous year with at least 3 points in each component of the scorecard	Participating states have improved their SIG scores by 15 points over the previous year with at least 3 points in each component of the scorecard	Participating states have improved their SIG scores by 15 points over the previous year with at least 3 points in each component of the scorecard
PDO Indicator 4: NSQF-aligned QPs translated into model curriculum, trainers guide, and teaching learning resource packs.	3	Text	The NSDA set up as regulatory arm of the MSDE. The NQAF overview manual notified in 2015.	At least 200 NSQC approved QPs made into model curriculum and 100 job roles for transnational standards developed according to	NQAF accreditation standards applied to all TPs delivering NSQF qualifications affiliated with the NSDC and the SSCs	Teaching learning resource packs developed under Creative Commons license for 80% job roles at	QPs and teaching learning packs based on the model curriculum developed and approved for the MSMEs for at least 100 job roles in 25 sectors	At least 1,000 NSQC approved QPs or 100% of the existing QPs (current or revised) cumulatively from year 1 are covered by the model curriculum,	Accreditation, assessment, and certification conducted according to the NQAF for all central and state level short-term training

Results Indicators	DLI #	Unit of Measure	Baseline	Target Values (Cumulative)					
				Year 1 (2017–2018)	Year 2 (2018–2019)	Year 3 (2019–2020)	Year 4 (2020–2021)	Year 5 (2021–2022)	Year 6 (2022–2023)
			40 SSCs have been approved out of which 32 are operational: [1,426] QPs approved by the NSQC with limited impact on SD programs	the approved NQAF manuals		levels 5–7 of the NSQF		trainers guide, and teaching learning resource packs and disclosed on the NSDC website	programs under the Program
Intermediate Results Area 1: Institutional Strengthening at the National and State Levels for Planning, Delivering, and Monitoring High-quality Market Relevant Training									
Intermediate Result Indicator 1: A system in place to undertake the M&E of SD programs at the national and state level	5	Text	Several MIS blocks in place nationally and at the state level, but design is fragmented and reliability of data questionable Research on SD sporadic and based on limited data.	(a) The NSRD has been formally established and (b) NSRD has completed a baseline report for SIMO's impact evaluation	At least five central MIS schemes (including SDMS) have been put in place and at least 10 SSDMs in participating states submitted data to the LMIS	The first tracer study (including for the PMKVY) report has been disclosed by the NSRD	At least 16 SSDMs in total have submitted data to the LMIS	The second tracer study (including for the PMKVY) report have been disclosed by the NSRD	(a) At least 25 participating states have submitted data to the LMIS; (b) All data incorporated in final SIMO impact evaluation report
Intermediate Results Area 2: Improved Quality and Market Relevance of Skill Development Programs									

Results Indicators	DLI #	Unit of Measure	Baseline	Target Values (Cumulative)					
				Year 1 (2017–2018)	Year 2 (2018–2019)	Year 3 (2019–2020)	Year 4 (2020–2021)	Year 5 (2021–2022)	Year 6 (2022–2023)
Intermediate Result Indicator 2: Number of trainers and assessors trained/retrained with the new CPD modules	4	Number	Insufficiently skilled trainers; lack of qualified assessors; and assessment practices questionable	ToT and assessors plan for existing and potential trainers and assessors created and approved, including curriculum design and materials for new modules	All faculty of the current TPs delivering NSQF compliant qualifications; 4,750 trainers and 750 assessors have been trained with new modules	ToT programs executed in compliance with NSQF for 7,500 trainers and 1,500 assessors cumulatively from Year 2	ToT programs conducted in compliance with NSQF for 10,000 trainers and 2,000 assessors cumulatively from Year 2	ToT programs conducted in compliance with NSQF for 12,500 trainers and 2,500 assessors cumulatively from Year 2	ToT programs conducted in compliance with NSQF for 15,000 trainers and 3,000 assessors cumulatively from Year 2
Intermediate Results Area 3: Improved Access to and Completion of Skills Training for Female Trainees and Other Disadvantaged Groups									
Intermediate Result Indicator 3: Number of completed pilot projects targeting socially excluded groups to improve access to skills training programs	--	Number	n.a.	0	10	25	45	70	—
Intermediate Results Area 4: Expanding Skills Training through PPPs									

Results Indicators	DLI #	Unit of Measure	Baseline	Target Values (Cumulative)					
				Year 1 (2017–2018)	Year 2 (2018–2019)	Year 3 (2019–2020)	Year 4 (2020–2021)	Year 5 (2021–2022)	Year 6 (2022–2023)
Intermediate Results Indicator 4: Joint public and private sector funding successfully channeled into and utilized in priority SD initiatives	8	Text	CSR provides an option for firms to contribute 2% of their profits to community development, including SD. No transparent and reliable mechanism exists to mobilize CSR funds for SD.	S2J Portal developed and operational. At least US\$ 2 million CSR funds have been credited to the Skills Fund	At least US\$ 2 million additional CSR funds to Year 1 have been credited to the CSR Skills Fund	At least US\$ 2 million additional to Year 2 CSR funds credited to the CSR Skills Fund. At least 50% of CSR funds contributed by the end of Year 1 have been successfully utilized.	-	-	-

Note: CPD = Continuous Professional Development.

Table 2.2. Indicator Description

Indicator Name (#)	Description (Clear Definition, and so on)	Frequency	Data Source	Methodology for Data Collection	Responsibility for Data Collection	DLIs	
						Responsibility for Data Verification	Scalability of Disbursement (Yes/No)
PDO Indicator 1: Trainees who have successfully completed the NSQF aligned market-relevant short-term SD programs and were certified (disaggregated by women and disadvantaged sections)	<p>Market-relevant upgraded SD programs are short-term SD programs approved by the NSQC, or programs that result in a certification by an SSC or the NSCB. This will include the trainees trained through central and state level short-term SD programs as reported in the LMIS. Trainees will be counted in the year in which the certificate was awarded. Short term SD programs have a duration of 3-12 months or 600 hours.</p> <p>Disadvantaged groups imply persons from demographic groups who face the risk of social exclusion from accessing high-quality SD programs. These are defined as SCs, STs, and PWD. The disaggregated percentage measures the increased share of female trainees and trainees belonging to the PWD, SC, and ST who have successfully completed a NSQF aligned short-term SD program and were certified by an SSC/NSCB as a result of adoption of innovative approaches to improve inclusion of socially excluded groups</p>	Annual	MISs of central and state level SD programs	LMIS	NSDA, NSDC, and SSDMs	IVA	<p>(i) Yes for number of trainees completing NSQF aligned market-relevant short-term SD program.</p> <p>(ii) No for percentage of women and disadvantaged sections</p>

Indicator Name (#)	Description (Clear Definition, and so on)	Frequency	Data Source	Methodology for Data Collection	Responsibility for Data Collection	DLIs	
						Responsibility for Data Verification	Scalability of Disbursement (Yes/No)
	within states. (see SIG Appendix 3.1).						
PDO Indicator 2: Percentage of graduates who are wage employed or self-employed within six months of completion of short-term SD programs	<p>Indicator measures the percentage of trainees who are wage employed or self-employed within six months of completion of short-term SD program, as reported in the LMIS.</p> <p>In case of self-employment, graduates should have been employed gainfully in livelihood enhancement occupations which are evidenced in terms of trade license or setting up of an enterprise or becoming a member of a producer group or proof of additional earnings (bank statement) or any other suitable and verifiable document as prescribed by the MSDE.</p> <p>The target will be met when the percentage of graduates employed (wage or self-employed) within six months of completion of short-term SD programs reach the identified targets by September in each year</p>	Annual	MISs of central and state level SD programs	Data tracked through the NSDC, SDMS, LMIS, and the SSDM MISs	NSDC and SSDMs	IVA	Yes
PDO Indicator 3: Improved performance of states on institutional strengthening, market	<p>Ensuring implementation of SIMO at the state level includes the following:</p> <p><i>Strengthening state-level systems:</i> converging management of skills programs under the</p>	Annual	State SD plan with achievement figures from the previous year	State SD plan with achievement figures from previous year	MSDE	MSDE	Yes, for all years except Year 1

Indicator Name (#)	Description (Clear Definition, and so on)	Frequency	Data Source	Methodology for Data Collection	Responsibility for Data Collection	DLIs	
						Responsibility for Data Verification	Scalability of Disbursement (Yes/No)
relevance of SD programs, and access to and completion of training by marginalized populations	<p>SSDM, implementing MIS according to national standards; and submission of data to the national LMIS</p> <p><i>Improving quality and relevance of short-term SD programs:</i> increasing alignment with the NSQF; proportion of TPs accredited with NQAF norms; and integration with local MSME, industry demands</p> <p><i>Expanding skills provision through PPPs:</i> increasing industry partnerships for provision of training</p> <p>The target will be met when</p> <p>(a) by Year 1, the baseline SIG Scorecard is calculated for each state;</p> <p>(b) by Years 2 to 6, states from Year 2 onward improve their SIG scores by 15 points with at least 3 points in each component over the previous year's SIG score.. (Refer appendix 3.1 table for detailed SIG Scorecard)</p> <p>A PAB at the MSDE will score according to the SIG scoring criteria and the PAB will give final approval to the scores</p>		<p>MIS data submitted by the states</p> <p>Pilot project completion and evaluation reports</p>	MIS data submitted by states			
PDO Indicator 4: NSQF-aligned QPs	<p>Year 1:</p> <p>The NOSs specify the standard of performance an individual must</p>	Annual	NSDA, NSDC, SSC,	NSDC	NSDC	IVA	No

Indicator Name (#)	Description (Clear Definition, and so on)	Frequency	Data Source	Methodology for Data Collection	Responsibility for Data Collection	DLIs	
						Responsibility for Data Verification	Scalability of Disbursement (Yes/No)
translated into model curriculum, trainers guide, and teaching learning resource packs	<p>achieve when carrying out a function in the workplace, together with the knowledge and understanding they need to meet that standard consistently. A set of NOSs, aligned to a job role forms a QP.</p> <p>The transnational standards highlight the gaps between Indian standards against the standards specified by other foreign countries and provide a workable document to create bridge courses on the identified gaps between the standards of the two countries.</p> <p>The NSQF is anchored at the NSDA and is being implemented through the NSQC, which comprises all key stakeholders. The NSQC's functions, among others, include approving NOSs/QPs, approving accreditation norms, prescribing guidelines to address the needs of disadvantaged sections, reviewing inter-agency disputes, and alignment of the NSQF with international qualification frameworks.</p> <p>The target will be met when the following conditions are fulfilled: By Year 1: At least 200 QPs approved by the NSQC are covered by model curriculum,</p>		NSCB, SSDMs				

Indicator Name (#)	Description (Clear Definition, and so on)	Frequency	Data Source	Methodology for Data Collection	Responsibility for Data Collection	DLIs	
						Responsibility for Data Verification	Scalability of Disbursement (Yes/No)
	<p>(including trainers guide and teaching learning resource guide), transnational benchmarking standards established in QPs for at least 100 job roles across sectors and in conformity with recommendations of eight approved manuals prescribed under the NQAF. All eight manuals defining the NQAF will be developed and approved by the NSQC.</p> <p>Year 2: Accreditation standards as prescribed under the NQAF, approved by the NSQC and the MSDE, applied to all the TPs delivering NSQF qualifications affiliated with the NSDC and the SSCs.</p> <p>Year 3: Teaching learning resource packs developed under Creative Commons (CC) license for 80% job roles at levels 5–7. Identification and the development of teaching learning resources for such job roles will be done by the NSDC and the SSC.</p> <p>A CC license is one of several public copyright licenses that enable the free distribution of an otherwise copyrighted work. A</p>						

Indicator Name (#)	Description (Clear Definition, and so on)	Frequency	Data Source	Methodology for Data Collection	Responsibility for Data Collection	DLIs	
						Responsibility for Data Verification	Scalability of Disbursement (Yes/No)
	<p>CC license is used when an author wants to give people the right to share, use, and build upon a work that they have created.</p> <p>Year 4: QPs and teaching learning packs based on the model curriculum developed and approved for the MSMEs and informal sector for at least 100 job roles in 25 sectors will be developed by the NSDC and the SSC.</p> <p>Year 5: At least 1,000 NSQC approved QPs or 100% of the existing QPs (current or revised) (current or revised) covered by model curriculum (including teaching learning packs) disclosed and made accessible through Creative Commons license on the NSDC website.</p> <p>Year 6: Accreditation, assessment, and certification conducted according to the NQAF for all central and state level short-term training programs under the Program.</p>						
Intermediate Result Indicator 1: A system in place to	The LMIS is a data warehouse aggregating data from central scheme MISs and the MISs of the SSDMs using a common data standard that enables	Annual	NSDA Standards and Protocols Report	Desk review of LMIS and SSDM MIS portals	NSDA	MSDE	Yes, for Year 2 and Year 4.

Indicator Name (#)	Description (Clear Definition, and so on)	Frequency	Data Source	Methodology for Data Collection	Responsibility for Data Collection	DLIs	
						Responsibility for Data Verification	Scalability of Disbursement (Yes/No)
undertake the M&E of SD programs at the national and state level	<p>standardized reporting on the key metrics of performance in SD across the country and that has online reporting systems that enable members of the public to access data analytics on SD. Each year has a different target to be achieved, as outlined below:</p> <p>Year 1: Evidence that the NSRD has been established as a unit within the NSDA, has a clearly defined three-year strategy, a dedicated operational budget, and an organogram, with evidence of personnel being in place to staff the unit according to the organogram. Baseline for SIMO's impact evaluation and annual monitoring report analyzing core data metrics for SIMO and highlighting key issues should be completed.</p> <p>Year 2: Top five large-scale national short-term SD programs' MIS systems (including SDMS) and at least five SSDMs submitting data to the LMIS conform to approved protocols/standards. There should be evidence that data from central scheme MIS systems and the MISs of at least five SSDMs is included in the LMIS and</p>		<p>(produced by NSDA)</p> <p>NSDA website (managed by NSDA)</p> <p>Annual program monitoring report (produced by NSDA)</p> <p>LMIS (managed by NSDA)</p> <p>NSDA website (managed by NSDA)</p> <p>SDMS (managed by NSDC)</p> <p>NSDC website (managed by NSDC)</p> <p>Annual program monitoring</p>				

Indicator Name (#)	Description (Clear Definition, and so on)	Frequency	Data Source	Methodology for Data Collection	Responsibility for Data Collection	DLIs	
						Responsibility for Data Verification	Scalability of Disbursement (Yes/No)
	<p>forms part of aggregated reports available in the LMIS online dashboards. The SDMS should be accurately capturing all relevant data of schemes run by the NSDC, especially the PMKVY.</p> <p>Years 3–6: The target is achieved in alternate years when: at least 16 states in Year 4 and at least 25 SSDMs with MIS systems by Year 6 conform to approved standards/protocols and submit data. There should be evidence that data from the MISs of at least five new SSDMs every year are included in the LMIS and forms part of aggregated reports available in the LMIS online dashboards.</p> <p>Completion of various research reports: Tracer Study reports x 2 Final impact evaluation of SIMO</p>		<p>report (produced by NSDA)</p> <p>LMIS Data Audit Report (produced by NSRD)</p>				
Intermediate Result Indicator 2: Number of trainers and assessors trained/retrained with the new CPD modules	Trainers employed with training partners and assessors affiliated with the NSDC and the SSCs will be trained/retrained with the new CPD modules developed, according to an implementation plan defined by the NSDA. CPD modules shall be prepared in accordance with the NSQF. New modules will facilitate/improve	Annual	NSCB, NSDA, NSDC	Submission of training plan and monitoring report desk review	MSDE/NSDA/NSDC	IVA	Yes, for all years except Year 1

Indicator Name (#)	Description (Clear Definition, and so on)	Frequency	Data Source	Methodology for Data Collection	Responsibility for Data Collection	DLIs	
						Responsibility for Data Verification	Scalability of Disbursement (Yes/No)
	<p>the training delivery according to the model curriculum. Trainers and assessors will be certified by the NSCB. The NSDC and the SSCs together with states will create a pool of trainers and assessors for facilitation of training and assessment carried out in the states. Each year has a different target to be achieved, as outlined below:</p> <p>Year 1: ToT plan prepared and approved by the NSDA</p> <p>Year 2: All faculty of the current TPs delivering NSQF compliant qualifications; 4,750 faculty affiliated with the NSDC and the SSC and 750 certified assessors trained with new modules</p> <p>Year 3: ToT (and training of assessors) programs executed in compliance with NSQF for 7,500 trainers and 1,500 assessors cumulatively from Year 2</p> <p>Year 4: ToT programs conducted in compliance with NSQF for 10,000 trainers and 2,000 assessors cumulatively from Year 2</p> <p>Year 5: ToT programs conducted in compliance with</p>						

Indicator Name (#)	Description (Clear Definition, and so on)	Frequency	Data Source	Methodology for Data Collection	Responsibility for Data Collection	DLIs	
						Responsibility for Data Verification	Scalability of Disbursement (Yes/No)
	NSQF for 12,500 trainers and 2,500 assessors cumulatively from Year 2 Year 6: ToT programs conducted in compliance with NSQF for 15,000 additional trainers and 3,000 assessors cumulatively from Year 2.						
Intermediate Result Indicator 3: Number of completed pilot projects targeting socially excluded groups to improve access to skills training programs	Pilot project will be designed on the broad theme of improving access to training for women, SCs, STs, and PWD. Pilots will focus theme including skills vouchers, soft skills/counselling, mobile skills training, flexi timing, and linkages with the MSME to join high- productivity value chains, apprenticeships, or other state-specific innovations.	Annual	SSDMs, SSDP	LMIS Tracer studies	SSDMs	—	—
Intermediate Result Indicator 4: Joint public and private sector funding successfully channeled into and utilized in priority SD initiatives	Each year has a different target to be achieved, as outlined below: Year 1: The S2J Portal is operational, that is, the portal is fully functional to receive and manage CSR funds and the MSDE has the ownership of, and approval to use the portal for CSR funds management. At least US\$ 2 million has been contributed to the CSR Skills Fund by corporate partners, that is, commitments have been	Annual	Year 1: SD CSR Manual (initial version and revised version) S2J Portal midterm review report; minutes of meetings of CSR Skills	Submission of reports by NSDC	NSDC	IVA with CSR Skills Fund auditors	Yes

Indicator Name (#)	Description (Clear Definition, and so on)	Frequency	Data Source	Methodology for Data Collection	Responsibility for Data Collection	DLIs	
						Responsibility for Data Verification	Scalability of Disbursement (Yes/No)
	<p>lodged online through the portal and it can be verified through the portal that they have been transferred to the bank account of the CSR Skills Fund. The target will only be met when actual funds have been transferred into the CSR Skills Fund bank account.</p> <p>Year 2: At least US\$2 million has been contributed to the CSR Skills Fund by corporate partners in Year 2, that is, commitments have been lodged online through the portal and it can be verified through the portal that they have transferred to the bank account of the CSR Skills Fund. CSR funding contributions will only be met when actual funds have been transferred into the CSR Skills Fund bank account.</p> <p>Years 3: The DLI target is achieved when at least US\$2 million has been contributed to the CSR Skills Fund by corporate partners in each of the years, that is, commitments have been lodged online through the portal and it can be verified through the portal that they have transferred to the bank account of the CSR Skills Fund. CSR funding contributions will only be met</p>		<p>Fund Oversight Committee; CSR Skills Fund bank account statements; audited accounts of CSR Skills Fund (produced by the NSDC auditors)</p> <p>Year 2: S2J Portal minutes of meetings of CSR Skills Fund Oversight Committee; CSR Skills Fund bank account statements audited accounts of CSR Skills Fund (produced by NSDC auditors)</p>				

Indicator Name (#)	Description (Clear Definition, and so on)	Frequency	Data Source	Methodology for Data Collection	Responsibility for Data Collection	DLIs	
						Responsibility for Data Verification	Scalability of Disbursement (Yes/No)
	<p>when actual funds have been transferred into the CSR Skills Fund bank account.</p> <p>At least 50% of the net CSR funds balance at the end of two years preceding the consideration year have been successfully utilized. Utilization of the CSR funds will be tracked through the S2J Portal. Funds will be considered as successfully utilized when the corporate partner signs off its approval of project reports delivered to it by the NSDC on financial expenditure (either progress reports if only a portion of total money has been spent or a final project report if the money has all been successfully spent). When a corporate partner signs off on such a report through the S2J Portal, the money spent will count toward the target.</p>		<p>Years 3: SD CSR Manual (initial version and revised version) S2J Portal midterm review report; minutes of meetings of CSR Skills Fund Oversight Committee; CSR Skills Fund bank account statements; audited accounts of CSR Skills Fund (produced by the NSDC auditors)</p>				

Annex 3: Disbursement Linked Indicators,³⁶ Disbursement Arrangements, and Verification Protocols

Table 3.1. Disbursement Linked Indicators, Disbursement Linked Results and Allocated Amounts Applicable to the Program

Disbursement -Linked Indicators	DISBURSEMENT-LINKED RESULTS (DLR)								
	Total Financing Allocated to DLI	As % of Total Financin g Amount	DLI Baseline	Targets to be Achieved in FY18, April 2017–March 2018 (Year 1)	Targets to be Achieved in FY19, April 2018–March 2019 (Year 2)	Targets to be Achieved in FY20, April 2019–March 2020 (Year 3)	Targets to be Achieved in FY21, April 2020– March 2021 (Year 4)	Targets to be Achieved in FY22, April 2021– March 2022 (Year 5)	Targets to be Achieved in FY23, April 2022– March 2023 (Year 6)
DLI 1: Trainees who have successfully completed the NSQF-aligned market- relevant short- term SD programs and were certified			2 million	2.76 million ³⁷ cumulative over baseline	3.78 million ³⁷ cumulative over baseline	5.06 million ³⁷ cumulative over baseline	6.33 million ³⁷ cumulative over baseline	7.60 million ³⁷ cumulative over baseline	8.87 million ³⁷ cumulative over baseline
Allocated Amount:	US\$27,500,000	11.6%	—	Upon achievement of at least 50% of the target mentioned in each respective year: US\$ 514,286 for every 100,000 trainees trained in the year 1 to 3. US\$308,571 for every 100,000 trainees trained in the year 4 to 6					

³⁶ All the DLIs presented in this Annex are not time-bound, except for results to be achieved in Year 1 for DLIs 4, 5 and 6, which need to be achieved by March 31, 2018. For all other results, the Fiscal Years in which they are expected to be achieved are strictly for indicative purposes as they can be met at any time up to the Closing Date.

³⁷ These are estimated projections of achievements. The minimum targets to trigger disbursements for each Year are 50% of these projections, i.e. 1,381,937; 1,891,186; 2,527,747; 3,164,308; 3,800,870; 4,437,444 for Years 1, 2, 3, 4, 5, and 6, respectively.

Disbursement-Linked Indicators	DISBURSEMENT-LINKED RESULTS (DLR)								
	Total Financing Allocated to DLI	As % of Total Financing Amount	DLI Baseline	Targets to be Achieved in FY18, April 2017–March 2018 (Year 1)	Targets to be Achieved in FY19, April 2018–March 2019 (Year 2)	Targets to be Achieved in FY20, April 2019–March 2020 (Year 3)	Targets to be Achieved in FY21, April 2020–March 2021 (Year 4)	Targets to be Achieved in FY22, April 2021–March 2022 (Year 5)	Targets to be Achieved in FY23, April 2022–March 2023 (Year 6)
DLI 2: Percentage of graduates who are wage employed or self-employed within six months of completion of short-term SD programs			27% of graduates are wage employed or self-employed within six months of completion of SD programs	No DLR	30% of graduates ³⁸ placed/self-employed within six months of completion of SD program training in Year 1	35% of graduates ³⁸ placed/self-employed within six months of completion of SD program training in Year 2	40% of graduates ³⁸ placed/self-employed within six months of completion of SD program training in Year 3	45% of graduates ³⁸ placed/self-employed within six months of completion of SD program training in Year 4	50% of graduates ³⁸ placed/self-employed within six months of completion of SD program training in Year 5
Allocated Amount:	US\$20,000,000	8.4	—	—	Upon achievement of target mentioned in each respective year: US\$ 271,903 for every 100,000 trainees placed/self-employed within six months of completion of short-term SD program training in Year 1 to 3 and. US\$163,142 for every 100,000 trainees placed/self-employed within six months of completion of short-term SD program training in Year 4 to 6				
DLI 3: NSQF aligned QPs translated into model curriculum,			i) The NSDA set up as the regulatory	At least 200 NSQC approved QPs made into model	NQAF accreditation standards have been applied to all TPs	Teaching learning resource packs have been developed	QPs and teaching learning packs based on the	At least 1,000 NSQC approved QPs or 100% of the	Accreditation, assessment, and certification conducted

³⁸ In this case, these percentages represent the minimum real targets to be achieved based on the actual numbers of trainees successfully trained

Disbursement-Linked Indicators	DISBURSEMENT-LINKED RESULTS (DLR)								
	Total Financing Allocated to DLI	As % of Total Financing Amount	DLI Baseline	Targets to be Achieved in FY18, April 2017–March 2018 (Year 1)	Targets to be Achieved in FY19, April 2018–March 2019 (Year 2)	Targets to be Achieved in FY20, April 2019–March 2020 (Year 3)	Targets to be Achieved in FY21, April 2020–March 2021 (Year 4)	Targets to be Achieved in FY22, April 2021–March 2022 (Year 5)	Targets to be Achieved in FY23, April 2022–March 2023 (Year 6)
trainers guide, and teaching learning resource packs			<p>arm of the MSDE;</p> <p>ii) The NQAF overview manual notified in 2015;</p> <p>iii) 40 SSCs have been approved, out of which 32 are operational: [1,426] QPs approved by the NSQC with limited impact on</p>	curriculum and 100 job roles for transnational standards developed according to the NQAF manuals	delivering NSQF qualifications affiliated with the NSDC and the SSCs	under Creative Commons license for 80% job roles at levels 5–7 of the NSQF	model curriculum developed and approved by the NSQF for MSMEs for at least 100 job roles in 25 sectors	existing QPs (current or revised) cumulatively from Year 1 are covered by the model curriculum, trainers guide, and teaching learning resource packs, and disclosed on the NSDC website	according to the NQAF for all central and state level short-term training programs under the Program

Disbursement-Linked Indicators	DISBURSEMENT-LINKED RESULTS (DLR)								
	Total Financing Allocated to DLI	As % of Total Financing Amount	DLI Baseline	Targets to be Achieved in FY18, April 2017–March 2018 (Year 1)	Targets to be Achieved in FY19, April 2018–March 2019 (Year 2)	Targets to be Achieved in FY20, April 2019–March 2020 (Year 3)	Targets to be Achieved in FY21, April 2020–March 2021 (Year 4)	Targets to be Achieved in FY22, April 2021–March 2022 (Year 5)	Targets to be Achieved in FY23, April 2022–March 2023 (Year 6)
			SD programs						
Amount Allocated:	US\$16,250,000	6.9	—	US\$6,500,000	US\$6,500,000	US\$2,000,000	US\$500,000	US\$500,000	US\$250,000
DLI 4: Number of trainers and assessors trained/retrained with the new CPD modules			Insufficiently skilled trainers; lack of qualified assessors; assessment practices questionable	ToT and assessors plan for existing and potential trainers created and approved, including curriculum design, and materials for new modules	All faculty of the current TPs delivering NSQF compliant qualifications; 4,750 trainers and 750 assessors have been trained with new modules	ToT programs executed in compliance with NSQF for at least 7,500 trainers and 1,500 assessors cumulatively from Year 2	ToT programs conducted in compliance with NSQF for at least 10,000 trainers and 2,000 assessors cumulatively from Year 2	ToT programs conducted in compliance with NSQF for at least 12,500 trainers and 2,500 assessors cumulatively from Year 2	ToT programs conducted in compliance with NSQF for at least 15,000 trainers and 3,000 assessors cumulatively from Year 2
Allocated Amount:	US\$8,750,000	3.7	—	US\$1,250,000	US\$30,000 for every 100 trainers and US\$100,000 for every 100 assessors trained upon the achievement of the abovementioned target in the respective year				

Disbursement-Linked Indicators	DISBURSEMENT-LINKED RESULTS (DLR)								
	Total Financing Allocated to DLI	As % of Total Financing Amount	DLI Baseline	Targets to be Achieved in FY18, April 2017–March 2018 (Year 1)	Targets to be Achieved in FY19, April 2018–March 2019 (Year 2)	Targets to be Achieved in FY20, April 2019–March 2020 (Year 3)	Targets to be Achieved in FY21, April 2020–March 2021 (Year 4)	Targets to be Achieved in FY22, April 2021–March 2022 (Year 5)	Targets to be Achieved in FY23, April 2022–March 2023 (Year 6)
DLI 5: A system in place to undertake M&E of SD programs at the national and state level			Several MIS blocks are in place nationally and at state level, but design is fragmented and reliability of data questionable	(i) The National Skills Research Division (NSRD) has been formally established; and (ii) The NSRD has completed a baseline report for SIMO's impact evaluation	At least five central schemes (including SDMS) have an MIS put in place and at least 10 SSDMs in Participating States submitted data to the LMIS	The first tracer study (including the PMKVY) report has been disclosed by the NSRD	At least 16 SSDMs in total have contributed data to the LMIS	The second tracer study (including the PMKVY) report has been disclosed by the NSRD	(i) At least 25 Participating States have submitted data to the LMIS; (ii) All data incorporated in final SIMO impact evaluation report
Allocated Amount:	US\$15,000,000	6.3	—	(i) US\$2,500,000 (ii) US\$2,000,000	US\$4,125,000 (US\$275,000 per central MIS scheme and per SSDM)	US\$2,375,000	US\$1,500,000 (US\$250,000 per SSDM)	US\$500,000	(i) US\$1,500,000 (ii) US\$500,000

Disbursement-Linked Indicators	DISBURSEMENT-LINKED RESULTS (DLR)								
	Total Financing Allocated to DLI	As % of Total Financing Amount	DLI Baseline	Targets to be Achieved in FY18, April 2017–March 2018 (Year 1)	Targets to be Achieved in FY19, April 2018–March 2019 (Year 2)	Targets to be Achieved in FY20, April 2019–March 2020 (Year 3)	Targets to be Achieved in FY21, April 2020–March 2021 (Year 4)	Targets to be Achieved in FY22, April 2021–March 2022 (Year 5)	Targets to be Achieved in FY23, April 2022–March 2023 (Year 6)
DLI 6: Improved performance of states on institutional strengthening, market relevance of SD programs, and access to and completion of training by marginalized populations			—	The baseline for the SIG ⁷ Scorecard has been calculated for each state	Participating states have improved their SIG scores by 15 points over the baseline, with at least 3 points in each component of the scorecard	Participating states have improved their SIG scores by 15 points over the previous year, with at least 3 points in each component of the scorecard	Participating states have improved their SIG scores by 15 points over the previous year, with at least 3 points in each component of the scorecard	Participating states have improved their SIG scores by 15 points over the previous year, with at least 3 points in each component of the scorecard	Participating states have improved their SIG scores by 15 points over the previous year, with at least 3 points in each component of the scorecard
Allocated Amount:	US\$100,000,000	42.2	—	US\$10,000,000	US\$10,000,000 for each low-income participating state and US\$5,000,000 for every other participating state that meets the abovementioned target in the respective year				
DLI 7: Increase in percentage of women, SCs and STs, and			Current Participation of women in SD	No DLR	Participation of women and disadvantaged groups	No DLR	Participation of women and disadvantaged groups in	No DLR	Participation of women and disadvantaged groups in

Disbursement-Linked Indicators	DISBURSEMENT-LINKED RESULTS (DLR)								
	Total Financing Allocated to DLI	As % of Total Financing Amount	DLI Baseline	Targets to be Achieved in FY18, April 2017–March 2018 (Year 1)	Targets to be Achieved in FY19, April 2018–March 2019 (Year 2)	Targets to be Achieved in FY20, April 2019–March 2020 (Year 3)	Targets to be Achieved in FY21, April 2020–March 2021 (Year 4)	Targets to be Achieved in FY22, April 2021–March 2022 (Year 5)	Targets to be Achieved in FY23, April 2022–March 2023 (Year 6)
PWD participating in SD programs			<p>programs is 31%</p> <p>Participation of SCs and STs in SD programs is 18%</p> <p>participation of PWD in SD programs is negligible</p>		in SD programs has increased to: women - 32%; SCs and STs - 19%; and PWD - 0.5%		SD programs has increased to: women - 33%; SCs and STs - 21%; and PWD – 0.8%		SD programs has increased to: women - 34%; SCs and STs - 22%; and PWD - 1%
Allocated Amount:	US\$12,500,000	5.3	—	—	US\$10,000,000	—	US\$1,500,000	—	US\$1,000,000
DLI 8: Joint public and private sector funding successfully channelized			CSR provides an option for firms to contribute 2% of their	(i) S2J Platform has been developed and	At least US\$ 2,000,000 additional CSR funds to Year 1 have been credited to the	(i) At least US\$ 2,000,000 in CSR funds additional to Year 2 have been credited			

Disbursement-Linked Indicators	DISBURSEMENT-LINKED RESULTS (DLR)								
	Total Financing Allocated to DLI	As % of Total Financing Amount	DLI Baseline	Targets to be Achieved in FY18, April 2017–March 2018 (Year 1)	Targets to be Achieved in FY19, April 2018–March 2019 (Year 2)	Targets to be Achieved in FY20, April 2019–March 2020 (Year 3)	Targets to be Achieved in FY21, April 2020–March 2021 (Year 4)	Targets to be Achieved in FY22, April 2021–March 2022 (Year 5)	Targets to be Achieved in FY23, April 2022–March 2023 (Year 6)
and utilized into priority SD initiatives			profits to community development , including SD. No transparent and reliable mechanism exists to mobilize CSR funds for SD.	made operational (ii) At least US\$ 2,000,000CSR funds have been credited to the CSR Skills Fund	CSR Skills Fund	to the CSR Skills Fund (ii) At least 50% of CSR Funds contributed by the end of Year 1 have been successfully utilized			
Allocated Amount:	US\$36,875,000	15.6	—	Upon achievement of target above mentioned, US\$1 for every US\$1 of private funds credited to the CSR Skills Fund	Upon achievement of targets (i) and (ii) above mentioned in each Year, US\$ 1 for every US\$1 of private funds credited to the CSR Skills Fund				

Disbursement-Linked Indicators	DISBURSEMENT-LINKED RESULTS (DLR)								
	Total Financing Allocated to DLI	As % of Total Financing Amount	DLI Baseline	Targets to be Achieved in FY18, April 2017–March 2018 (Year 1)	Targets to be Achieved in FY19, April 2018–March 2019 (Year 2)	Targets to be Achieved in FY20, April 2019–March 2020 (Year 3)	Targets to be Achieved in FY21, April 2020–March 2021 (Year 4)	Targets to be Achieved in FY22, April 2021–March 2022 (Year 5)	Targets to be Achieved in FY23, April 2022–March 2023 (Year 6)
						contingent on successful use of the funds			

Table 3.2. DLI Verification Protocol Table

DLI	Definition/Description of Achievement	Scalability of Disbursements (Yes/No)	Protocol to Evaluate Achievement of the DLI and Data/Result Verification		
			Data Source/Agency	Verification Entity	Procedure
DLI 1: Trainees who have successfully completed the NSQF aligned market-relevant short-term SD programs and were certified	<p>Market-relevant upgraded SD programs are short-term SD programs approved by the NSQC, or programs that result in a certification by an SSC or the NSCB. This will include the trainees trained through the central and state level short-term SD programs as reported in the LMIS. Trainees will be counted in the year in which certificate was awarded. The DLI will be satisfied when the number of trainees certified reaches the identified targets indicated in the DLI matrix.</p> <p>Short term SD programs have a duration of 3-12 months or 600 hours.</p>	Yes	MISs of central and state level SD programs	IVA	<p>The MSDE will submit the proof of achievement of the DLI target based on LMIS data together with the verification report. In Years 1 and 2, until the LMIS is fully established, aggregation and analysis of data from short-term SD programs under central schemes and the SSDMs will be completed manually by the NSDA, using data files submitted from the relevant MISs and/or implementing agencies. The report will include graduation and placement numbers for each market-relevant program by gender, the socioeconomic status (SES) category, training scheme, and the TP. The verification report will be prepared by the IVA.</p> <p>Aggregation of data will come only from MISs for central schemes and the SSDMs that already conform to the required data standards of the LMIS. These data standards will include a number of mechanisms to assure accuracy, including using the unique Aadhaar number to verify student identity and eliminate duplicate counting of records. Until the LMIS is functional, the manual process of</p>

DLI	Definition/Description of Achievement	Scalability of Disbursements (Yes/No)	Protocol to Evaluate Achievement of the DLI and Data/Result Verification		
			Data Source/Agency	Verification Entity	Procedure
					aggregation/analysis will include inspection of submitted data to verify accuracy, while the IVA will also conduct random checks to ensure that data submitted is valid.
DLI 2: Percentage of graduates who are wage employed or self-employed within six months of completion of short-term SD programs	<p>The indicator measures the percentage of trainees who are wage employed or self-employed within six months of program completion, as reported in the LMIS.</p> <p>In case of self-employment, graduates should have been employed gainfully in livelihood enhancement occupations which are evidenced in terms of trade license or setting up of an enterprise or becoming a member of a producer group or proof of additional earnings (bank statement) or any other suitable and verifiable document as prescribed by the MSDE.</p> <p>The DLI will be satisfied when the percentage of graduates employed (wage or self-employed) within six months of completion of short-term SD programs reach the identified targets by September in each year.</p>	Yes	MISs of central and state level SD programs	IVA	<p>The MSDE will submit the proof of the achievement of the DLI target based on the LMIS data together with the verification report. The report will include graduation and placement numbers for each market-relevant program by gender, SES category, training scheme, and the TP. The verification report will be prepared by the IVA.</p> <p>As above, aggregation of data will come only from the MISs for central schemes and the SSDMs that already conform to the required data standards of the LMIS. These data standards will include a number of mechanisms to assure accuracy, including using the unique Aadhaar number to verify student identity and eliminate duplicate counting of records. Until the LMIS is functional, the manual process of aggregation/analysis will include inspection of submitted data to verify accuracy, while the IVA will also conduct random checks</p>

DLI	Definition/Description of Achievement	Scalability of Disbursements (Yes/No)	Protocol to Evaluate Achievement of the DLI and Data/Result Verification		
			Data Source/Agency	Verification Entity	Procedure
					to ensure that data submitted is valid.
DLI 3: NSQF aligned QPs translated into model curriculum, trainers guide, and teaching learning resource packs	<p>NOSs specify the standard of performance an individual must achieve when carrying out a function in the workplace, together with the knowledge and understanding they need to meet that standard consistently. A set of NOSs, aligned to a job role forms a QP.</p> <p>The transnational standards highlight the gaps between Indian standards against the standards specified by other foreign countries and provide a workable document to create bridge courses on the identified gaps between the standards of the two countries.</p> <p>The NSQF is anchored at the NSDA and is implemented through the NSQC which comprises all key stakeholders. The NSQC's functions among others include approving the NOSs/QPs, approving accreditation norms, prescribing guidelines to address the needs of disadvantaged sections, reviewing inter-agency disputes, and alignment of the NSQF with international qualification frameworks.</p> <p>The DLI will be satisfied when</p>				
	Year 1: (a) At least 200 QPs approved by the NSQC are covered by model curriculum, (including trainers guide and	No	NSDA, NSDC, SSCs	IVA	The NSDC to submit a report summarizing the achievements of development of model curriculum

DLI	Definition/Description of Achievement	Scalability of Disbursements (Yes/No)	Protocol to Evaluate Achievement of the DLI and Data/Result Verification		
			Data Source/Agency	Verification Entity	Procedure
	<p>teaching learning resource guide), transnational benchmarking standards established in QPs for at least 100 job roles across sectors and in conformity with recommendations of 8 approved manuals prescribed under the NQAF</p> <p>(b) All 8 manuals defining the NQAF will be developed and approved by the NSQC</p>				<p>for 200 QPs and transnational standards for 100 job roles across sectors.</p> <p>The NSDA to submit the NSQC minutes indicating the approval of the 8 manuals to the IVA. Verification to be conducted by the IVA.</p>
	<p>Year 2: Accreditation standards as prescribed under NQAF, approved by the NSQC and the MSDE, applied to all the TPs delivering NSQF qualifications affiliated with the NSDC and the SSCs.</p>	No	NSDA, NSDC, SSCs	IVA	<p>The PMU to provide evidence that the NSDC has reexamined affiliation of all the TP partners and applied new accreditation standards with the SSCs support. List of newly accredited TPs to be provided by the NSDC and the SSCs and verified by the IVA.</p>
	<p>Year 3: Teaching learning resource packs developed under Creative Commons (CC) license for 80% job roles at levels 5–7. Identification and the development of teaching learning resources for such job roles will be done by the NSDC and the SSC.</p> <p>A CC license is one of several public copyright licenses that enable the free distribution of an otherwise copyrighted work. A CC license is used when an author wants to give people the right to share, use, and build upon a work that they have created.</p>	No	NSDA, NSDC, SSCs	IVA	<p>The NSDC to submit a report summarizing the achievement of development of teaching learning resource pack for 80% job roles at levels 5–7. Verification to be conducted by the IVA, including sample review with sample size of at least 5%, of quality of resource packs to be undertaken by SD experts.</p>
	<p>Year 4: QPs and teaching learning packs based on the model curriculum developed and approved for MSMEs and informal sector for at least 100 job roles in 25</p>	No	SSCs, NSDC, NSDA	IVA	<p>The NSDC shall provide evidence to the IVA for the development of QPs for least 100 job roles in 25 sectors for the MSMEs and QPs</p>

DLI	Definition/Description of Achievement	Scalability of Disbursements (Yes/No)	Protocol to Evaluate Achievement of the DLI and Data/Result Verification		
			Data Source/Agency	Verification Entity	Procedure
	sectors will be developed by the NSDC and the SSC				approval granted by the NSQC. Verification to be done by the IVA.
	Year 5: At least 1,000 NSQC approved QPs or 100% of the existing QPs (current or revised) (current or revised) covered by model curriculum (including teaching learning packs) disclosed and made accessible through Creative Commons license on the NSDC website	No	NSDA, NSDC, SSCs	IVA	The NSDC shall also submit progress report on the achievement of teaching learning packs for at least 1,400 NSQC approved QPs or 100% of the existing QPs. Verification to be conducted by the IVA, including sample review with sample size of at least 5%, of the quality of QPs and resource packs to be undertaken by the SD expert/s.
	Year 6: Accreditation, assessment, and certification conducted according to the NQAF for all central and state level short-term training programs under the Program	No	NSCB, SSDMs, SSCs, NSDA	IVA	The MSDE to provide evidence that all central and state level short-term training programs under the Program have applied NQAF accreditation norms and are using empaneled assessment bodies. (verification by IVA)
DLI 4: Number of trainers and assessors trained/retrained with the new CPD modules	Trainers employed with training partners and assessors affiliated with the NSDC and the SSCs will be trained/retrained with the new CPD modules developed, according to an implementation plan defined by the NSDA. The CPD modules shall be prepared in accordance with the NSQF. New modules will facilitate/improve the training delivery according to the model curriculum. Trainers and assessors will be certified by the NSCB. The NSDC and the SSCs together with states will create a pool of trainers and assessors for facilitation of		NSCB, NSDA, NSDC	IVA	The MSDE to provide evidence that the NSCB has been established with its charter approved by the secretary, MSDE, and that 80 % of its positions have been filled according to the approved organizational structure. The MSDE shall submit the training plan for the trainers and assessors approved by the NSDA. The PMU shall submit progress against the training plan on an annual basis.

DLI	Definition/Description of Achievement	Scalability of Disbursements (Yes/No)	Protocol to Evaluate Achievement of the DLI and Data/Result Verification		
			Data Source/Agency	Verification Entity	Procedure
	<p>training and assessment carried out in the states.</p> <p>The DLI is achieved when the following happen:</p> <p>Year 1: ToT plan prepared and approved by the NSDA</p> <p>Year 2: All faculty of the current TPs delivering NSQF compliant qualifications; 4,750 faculty affiliated with the NSDC and the SSC and 750 certified assessors trained with new modules</p> <p>Year 3: ToT (and Training of assessors) programs executed in compliance with NSQF for 7,500 trainers and 1,500 cumulatively from Year 2</p> <p>Year 4: ToT programs conducted in compliance with NSQF for 10,000 trainers and 2,000 assessors cumulatively from Year 2</p> <p>Year 5: ToT programs conducted in compliance with NSQF for 12,500 trainers and 2,500 assessors cumulatively from Year 2</p> <p>Year 6: ToT programs conducted in compliance with NSQF for 15,000 additional trainers and 3,000 assessors cumulatively from Year 2</p>	<p>No</p> <p>Yes</p> <p>Yes</p> <p>Yes</p> <p>Yes</p> <p>Yes</p>			The verification report will be prepared by the IVA.
DLI 5: A system in place to undertake M&E of SD programs at the national and state level.	The LMIS is a data warehouse aggregating data from central scheme MISs and the MISs of the SSDMs using a common data standard that enables standardized reporting on key metrics of performance in SD across the country and that has online reporting systems that enable members of the public to access				

DLI	Definition/Description of Achievement	Scalability of Disbursements (Yes/No)	Protocol to Evaluate Achievement of the DLI and Data/Result Verification		
			Data Source/Agency	Verification Entity	Procedure
	data analytics on SD. The NSRD housed within the NSDA will function as an independent think tank and research agency to provide policy inputs to the MSDE, NSDA, NSDC, and related bodies in the skills domain. Each year has a different target to achieve the DLI, as outlined below:				
	<p>Year 1: The DLI target is achieved when there is evidence that the NSRD has been established as a unit within the NSDA, has a clearly defined three-year strategy, a dedicated operational budget, and an organogram, with evidence of personnel being in place to staff the unit according to the organogram.</p> <p>Baseline for SIMO's impact evaluation and annual monitoring report analyzing core data metrics for SIMO and highlighting key issues should be completed.</p>	No	<p>NSDA standards and protocols report (produced by the NSDA)</p> <p>NSDA website (managed by the NSDA)</p> <p>Annual program monitoring report (produced by the NSDA)</p>	IVA	<p>The IVA should be able to locate the report through the NSDA website and verify in a desktop review that it provides the necessary technical guidance to all the SD MISs regarding data structures and protocols for sharing data with the LMIS on an annual basis. The IVA should also be able to validate an official notification issued by the GoI that mandates the use of standards and protocols by all SD MISs. The NSDA records will be verified by the IVA for the successful establishment and staffing of the NSRD with appropriate personnel.</p> <p>Baseline for SIMO's impact evaluation and annual monitoring report will be approved and submitted to the World Bank by the MSDE.</p>
	Year 2: The DLI target is achieved when (a) top five large-scale national short-term SD programs' MIS systems (including the SDMS) and at least 10 SSDMs contributing data to the LMIS conform to	Yes	LMIS (managed by the NSDA)	IVA Appointed research agency	The IVA will conduct a desktop review of the LMIS, through the NSDA website, and of the SDMS through the NSDC website, to verify that data and reports are

DLI	Definition/Description of Achievement	Scalability of Disbursements (Yes/No)	Protocol to Evaluate Achievement of the DLI and Data/Result Verification		
			Data Source/Agency	Verification Entity	Procedure
	approved protocols/standards. There should be evidence that data from the central scheme MIS systems and the MISs of at least 10 SSDMs is included in the LMIS and forms part of aggregated reports available in the LMIS online dashboards. The SDMS should be accurately capturing all relevant data of schemes run by the NSDC, especially the PMKVY.		NSDA website (managed by the NSDA) SDMS (managed by the NSDC) NSDC website (managed by the NSDC) Annual program monitoring report (produced by the NSDA) LMIS data audit report (produced by the NSRD)		being correctly generated and conform to the LMIS data standards requirements. If necessary, this online review might be supplemented by a technical review of the systems undertaken at the hosting premises of the LMIS and the SDMS. As above, aggregation of data will come only from the MISs for central schemes and SSDMs that already conform to the required data standards of the LMIS. These data standards will include a number of mechanisms to assure accuracy, including using the unique Aadhaar number to verify student identity and eliminate duplicate counting of records. Until the LMIS is functional, the manual process of aggregation/analysis will include inspection of submitted data to verify accuracy, while the IVA will also conduct random checks to ensure that data submitted is valid. A research agency will also be appointed to conduct an audit undertaking a random verification of the accuracy of data aggregated in the LMIS from the SDMS, other central schemes, and the SSDMs, to ensure that data collected is both accurate and comprehensive.

DLI	Definition/Description of Achievement	Scalability of Disbursements (Yes/No)	Protocol to Evaluate Achievement of the DLI and Data/Result Verification		
			Data Source/Agency	Verification Entity	Procedure
					Verification of data will comprise a combination of methods intended to ensure both that the LMIS datasets are accurate compared to their MIS source datasets and that LMIS tools are correctly generating analytical reports. This will include checking that all datasets are using controlled vocabularies as prescribed by the NSDA, running a series of standard data checks to check for completeness of data, manually checking data outliers to assess whether or not data errors might be the cause of such outliers and checking samples of data received from the MISs against the source data (by requesting a sample with sample size of at least 5% of original records from the TPs).
	<p>Years 3–6: The DLI target is achieved in alternate years when</p> <p>(a) at least 16 SSDMs in total in Year 4 and at least 25 SSDMs with MIS systems by Year 6 conform to approved standards/protocols and submit data. There should be evidence that data from the MISs are included in the LMIS and forms part of aggregated reports available in the LMIS online dashboards.</p>	Yes	<p>LMIS (managed by the NSDA)</p> <p>NSDA website (managed by the NSDA)</p> <p>Annual program monitoring report</p>	<p>IVA</p> <p>Appointed research agency</p>	The IVA will conduct a desktop review of the LMIS, through the NSDA website, to verify that LMIS data reports include information from SSDMs and that this is pulling through accurately into program monitoring reports. Where necessary, follow-up investigation may be necessary to confirm that data supplied by the SSDM MISs is both accurate and comprehensive, according to

DLI	Definition/Description of Achievement	Scalability of Disbursements (Yes/No)	Protocol to Evaluate Achievement of the DLI and Data/Result Verification		
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	(b) completion of various research reports: <ul style="list-style-type: none"> • Tracer Study reports x 2 • Final impact evaluation of SIMO 	No	(produced by the NSRD) LMIS data audit report (produced by research agency/NSRD)		<p>description provided in Year 2 above.</p> <p>In at least one of these years of the project, a research agency will be appointed to conduct an audit undertaking a random verification of the accuracy of data aggregated in the LMIS from the SDMS, other central schemes, and the SSDMs, both to ensure that data collected is accurate and comprehensive.</p> <p>The IVA will conduct a desktop review of completed research reports to verify that</p> <p>(a) research is underpinned by an academically sound research methodology;</p> <p>(b) there is evidence that the research methodology was rigorously applied in conducting primary research;</p> <p>(c) the research findings present information and analyses in a way that is consistent with the methodology and draws defensible conclusions;</p> <p>(d) reports include suitable recommendations based on the findings to guide future program implementation.</p> <p>Where concerns are raised about the quality of research through the verification process, the NSRD</p>

DLI	Definition/Description of Achievement	Scalability of Disbursements (Yes/No)	Protocol to Evaluate Achievement of the DLI and Data/Result Verification		
			Data Source/Agency	Verification Entity	Procedure
					will be given an opportunity to respond to the criticisms in an effort to improve and finalize the research reports.
DLI 6: Improved performance of states on institutional strengthening, market relevance of SD programs, and access to and completion of training by marginalized populations	<p>Ensuring implementation of SIMO at state level includes the following:</p> <p>(a) <i>Strengthening state-level systems:</i> converging management of skills programs under the SSDM, implementing MIS according to national standards, and submission of data to the national LMIS;</p> <p>(b) <i>Improving quality and relevance of short-term SD programs:</i> increasing alignment with the NSQF; proportion of TPs accredited with the NQAF norms; and integration with local MSME, industry demands;</p> <p>(c) <i>Expanding skills provision through PPPs:</i> increasing industry partnerships for the provision of training.</p> <p>The DLI will be satisfied when</p> <p>(a) by Year 1, baseline SIG Scorecard is calculated for each state;</p> <p>(b) by Years 2 to 6, states from Year 2 onward improve their SIG scores by 15 points with at least 3 points in each component over the previous year's SIG score.</p> <p>Refer Appendix 3.1. table for detailed SIG Scorecard.</p>	<p>No</p> <p>Yes</p> <p>Yes</p>	<p>State SD plan with achievement figures from the previous year. MIS data submitted by states.</p> <p>Pilot project completion and evaluation reports.</p>	IVA	<p>The MSDE (through states) will submit details and evidence of achievements from the previous year, along with corroborative evidence from the SSDM MISs and the NSDC/NQAF accreditation data submitted on number of people trained through accredited providers; the Memoranda of Understanding with industry partners for training provision; and the copies of MSME/industry consultation minutes and labor market studies conducted, pilot proposals, completion reports, and impact assessment reports will also be submitted by states as appropriate.</p> <p>A PAB at the MSDE will score according to the SIG scoring criteria and the PAB will give final approval to the scores and linked disbursement figures for the SIG grant for the year.</p>
DLI 7:	'Disadvantaged groups' imply persons from demographic groups who face the		State SD plan with	IVA	The MSDE will submit proof of the achievement of the DLI target

DLI	Definition/Description of Achievement	Scalability of Disbursements (Yes/No)	Protocol to Evaluate Achievement of the DLI and Data/Result Verification		
			Data Source/Agency	Verification Entity	Procedure
Increase in percentage of women, SC and ST, and PWD participating in SD programs	<p>risk of social exclusion from accessing high-quality SD programs. These are defined as SCs, STs, and PWD.</p> <p>The DLI measures the increased share of female trainees and trainees belonging to the PWD, SC, and ST who have successfully completed a NSQF aligned short-term SD program and were certified by an SSC/NSCB as a result of adoption of innovative approaches to improve inclusion of socially excluded groups within states. (see SIG Appendix 3.1).</p> <p>The DLI will be satisfied when</p> <p>(a) by Year 2: Participation of women and disadvantaged groups increased to: Women - 30%, SCs and STs - 19%, PWD - 0.5%;</p> <p>(b) by Year 4: Participation of women and disadvantaged groups increased to Women - 33%, SCs and STs - 21%, PWD -0.8%;</p> <p>(c) by Year 6: Participation of women and disadvantaged groups increased to Women - 34%, SCs and STs - 22%, PWD - 1%</p>	<p>No</p> <p>No</p> <p>No</p>	<p>achievement figures from previous year.</p> <p>LMIS data submitted by states.</p> <p>Pilot project completion and evaluation reports.</p>		<p>based on the SDMS and MIS data together with the verification report. The report will include graduation and placement numbers for each short-term SD program by gender, disability and SES category, and TP.</p> <p>The verification report will be prepared by IVA.</p>
DLI 8: Joint public and private sector funding successfully channelized and utilized into priority SD initiatives	<p>Year 1: The DLI target is achieved when</p> <p>(a) the S2J Portal is operational, that is, the portal is fully functional to receive and manage CSR funds and the MSDE has the ownership of and approval to use the portal for CSR funds management;</p> <p>(b) at least US\$2 million has been contributed to the CSR Skills Fund by corporate partners, that is, commitments have been lodged online through the portal and it can be verified through the</p>	Yes	<p>SD CSR Manual (initial version and revised version)</p> <p>S2J Portal midterm review report, minutes of meetings of CSR Skills Fund Oversight Committee</p>	MSDE IVA with CSR Skills Fund auditors	<p>The MSDE will confirm the ownership and operation of the CSR Skills Fund.</p> <p>The IVA will conduct a detailed desktop review of the various data sources to verify that achievements documented by the NSDC pertaining to the CSR Skills Fund are backed up by evidence of funds received from</p>

DLI	Definition/Description of Achievement	Scalability of Disbursements (Yes/No)	Protocol to Evaluate Achievement of the DLI and Data/Result Verification		
			Data Source/Agency	Verification Entity	Procedure
	portal that they have transferred to the bank account of the CSR Skills Fund. The CSR funding contributions will only count toward achievement of the DLI when actual funds have been transferred into the CSR Skills Fund bank account.		CSR Skills Fund Bank account statements audited accounts of CSR Skills Fund (produced by the NSDC auditors)		corporate partners. Where necessary, the IVA may wish to scrutinize the bank accounts and financial accounts of the fund to cross-check fundraising claims. The IVA will also scrutinize minutes of CSR Skills Fund Oversight Committee meetings to verify that this oversight function has been fulfilled. It will also complete an independent desktop review of the various data sources to verify their existence, their availability online, and their suitability as governance/operational documents of the CSR Skills Fund.
	Year 2: The DLI target is achieved when at least US\$2 million has been contributed to the CSR Skills Fund by corporate partners in Year 2, that is, commitments have been lodged online through the portal and it can be verified through the portal that they have transferred to the Bank account of the CSR Skills Fund. The CSR funding contributions will only count toward achievement of the DLI when actual funds have been transferred into the CSR Skills Fund bank account.	Yes	S2J Portal minutes of meetings of CSR Skills Fund Oversight Committee, CSR Skills Fund bank account statements audited accounts of CSR Skills Fund (produced by the NSDC auditors)	IVA with CSR Skills Fund Auditors	The IVA will conduct a detailed desktop review of the various data sources to verify that achievements documented by the NSDC pertaining to the CSR Skills Fund are backed up by evidence of funds received from corporate partners. Where necessary, the IVA may wish to scrutinize the bank accounts and financial accounts of the fund to cross-check fundraising claims.

DLI	Definition/Description of Achievement	Scalability of Disbursements (Yes/No)	Protocol to Evaluate Achievement of the DLI and Data/Result Verification		
			Data Source/Agency	Verification Entity	Procedure
	<p>Years 3: The DLI target is achieved when</p> <p>(a) at least US\$2 million has been contributed to the CSR Skills Fund by corporate partners in each of the years, that is, commitments have been lodged online through the portal and it can be verified through the portal that they have transferred to the bank account of the CSR Skills Fund. CSR funding contributions will only count toward achievement of the DLI when actual funds have been transferred into the CSR Skills Fund bank account.</p> <p>(b) at least 50% of the net CSR funds balance at the end of two years preceding the consideration year have been successfully utilized. Utilization of CSR funds will be tracked through the S2J Portal. Funds will be considered as successfully utilized when the corporate partner signs off its approval of project reports delivered to it by the NSDC on financial expenditure (either progress reports if only a portion of total money has been spent or a final project report if the money has all been successfully spent). When a corporate partner signs off on such a report through the S2J Portal, the money spent will count toward the DLI target.</p>	Yes	SD CSR Manual (initial version and revised version) S2J Portal midterm review report, minutes of meetings of CSR Skills Fund Oversight Committee, CSR Skills Fund bank account statements, audited accounts of CSR Skills Fund (produced by the NSDC auditors)	IVA with CSR Skills Fund Auditors	The IVA will conduct a detailed desktop review of the various data sources to verify that achievements documented by the NSDC pertaining to the CSR Skills Fund are backed up by evidence of funds received from corporate partners and evidence of sign-off by those partners of funds successfully utilized. Where necessary, the IVA may wish to scrutinize the bank accounts and financial accounts of the fund to cross-check fundraising and spending claims. Where necessary and/or on a limited random basis, the IVA may also wish to conduct spot checks by contacting CSR Skills Fund beneficiaries to verify that achievements recorded are confirmed by project beneficiaries. The CSR Skills Fund will also be subjected to an annual financial audit by an independent auditor.

Table 3.3. Bank Disbursement Table

#	DLI	World Bank Financing Allocated to the DLI	DLR	Of which Financing Available for Prior Results	Deadline for DLR Achievement	Minimum DLR Value to be Achieved to Trigger Disbursements of World Bank Financing	Maximum DLR Value(s) Expected to be Achieved for World Bank Disbursements Purposes	Determination of Financing Amount to be Disbursed Against Achieved and Verified DLR Value(s)
1	Trainees who have successfully completed the NSQF aligned short-term SD programs and were certified	US\$27.5 million	2.76 million cumulative over baseline	-	March 31, 2023	1.381 million cumulative over baseline	8.87 million cumulative over baseline	US\$514,286 for every 100,000 trainees trained in the year 1 to 3. US\$308,571 for every 100,000 trainees trained in the year 4 to 6
			3.78 million cumulative over baseline	-	March 31, 2023	1.891 million cumulative over baseline		
			5.06 million cumulative over baseline	-	March 31, 2023	2.527 million cumulative over baseline		
			6.33 million cumulative over baseline	-	March 31, 2023	3.164 million cumulative over baseline		
			7.60 million cumulative over baseline	-	March 31, 2023	3.800 million cumulative over baseline		
			8.87 million cumulative over baseline	-	March 31, 2023	4.437 million cumulative over baseline		

#	DLI	World Bank Financing Allocated to the DLI	DLR	Of which Financing Available for Prior Results	Deadline for DLR Achievement	Minimum DLR Value to be Achieved to Trigger Disbursements of World Bank Financing	Maximum DLR Value(s) Expected to be Achieved for World Bank Disbursements Purposes	Determination of Financing Amount to be Disbursed Against Achieved and Verified DLR Value(s)
2	Percentage of graduates who are wage employed or self-employed within six months of completion of short-term SD programs	US\$20 million	30% of graduates placed/self-employed within six months of completion of SD program training in Year 1	-	March 31, 2023	Based on number of trainees placed/self-employed within six months of completion of short-term SD program training and contingent upon achievement of at least 100,000 trainees placed/self-employed within six months of completion of short-term SD program training in each Year	4.437 million trainees placed/self-employed within six months of completion of short-term SD program training	US\$271,903 for every 100,000 trainees placed/self-employed within six months of completion of short-term SD program training in Year 1 to 3 and. US\$163,142 for every 100,000 trainees placed/self-employed within six months of completion of short-term SD program training in Year 4 to 6
			35% of graduates placed/self-employed within six months of completion of SD program training in Year 2		March 31, 2023			
			40% of graduates placed/self-employed within six months of completion of SD program training in Year 3		March 31, 2023			
			45% of graduates placed/self-employed within six months of completion of SD program training in Year 4		March 31, 2023			

#	DLI	World Bank Financing Allocated to the DLI	DLR	Of which Financing Available for Prior Results	Deadline for DLR Achievement	Minimum DLR Value to be Achieved to Trigger Disbursements of World Bank Financing	Maximum DLR Value(s) Expected to be Achieved for World Bank Disbursements Purposes	Determination of Financing Amount to be Disbursed Against Achieved and Verified DLR Value(s)
			50% of graduates placed/self-employed within six months of completion of SD program training in Year 5		March 31, 2023			
3	NSQF aligned QPs translated into model curriculum, trainers guide, and teaching learning resource packs	US\$16.25 million	At least 200 NSQC approved QPs made into model curriculum and 100 job roles for transnational standards developed according to the NQAF manuals	0.00	March 31, 2023	At least 200 NSQC approved QPs made into model curriculum and 100 job roles for transnational standards developed according to the NQAF manuals	At least 200 NSQC approved QPs made into model curriculum and 100 job roles for transnational standards developed according to the NQAF manuals	US\$6,500,000
			NQAF accreditation standards have been applied to all TPs affiliated with the NSDC and the SSCs		March 31, 2023	NQAF accreditation standards have been applied to all TPs affiliated with the NSDC and the SSCs	NQAF accreditation standards have been applied to all TPs affiliated with the NSDC and the SSCs	US\$6,500,000

#	DLI	World Bank Financing Allocated to the DLI	DLR	Of which Financing Available for Prior Results	Deadline for DLR Achievement	Minimum DLR Value to be Achieved to Trigger Disbursements of World Bank Financing	Maximum DLR Value(s) Expected to be Achieved for World Bank Disbursements Purposes	Determination of Financing Amount to be Disbursed Against Achieved and Verified DLR Value(s)
			Teaching learning resource packs have been developed under Creative Commons license for 80% job roles at levels 5–7 of the NSQF		March 31, 2023	Teaching learning resource packs have been developed under Creative Commons license for 80% job roles at levels 5–7 of the NSQF	Teaching learning resource packs have been developed under Creative Commons license for 80% job roles at levels 5–7 of the NSQF	US\$2,000,000
			QPs and teaching learning packs based on the model curriculum developed and approved by the NSQF for MSMEs for at least 100 job roles in 25 sectors		March 31, 2023	QPs and teaching learning packs based on the model curriculum developed and approved by the NSQF for MSMEs for at least 100 job roles in 25 sectors	QPs and teaching learning packs based on the model curriculum developed and approved by the NSQF for MSMEs for at least 100 job roles in 25 sectors	US\$500,000
			At least 1,400 NSQC approved QPs or 100% of the existing QPs (current or revised) cumulatively from Year 1 are covered by the		March 31, 2023	At least 1,000 NSQC approved QPs or 100% of the existing QPs	At least 1,000 NSQC approved QPs or 100% of the existing QPs	US\$500,000

#	DLI	World Bank Financing Allocated to the DLI	DLR	Of which Financing Available for Prior Results	Deadline for DLR Achievement	Minimum DLR Value to be Achieved to Trigger Disbursements of World Bank Financing	Maximum DLR Value(s) Expected to be Achieved for World Bank Disbursements Purposes	Determination of Financing Amount to be Disbursed Against Achieved and Verified DLR Value(s)
			model curriculum, trainers guide, and teaching learning resource packs, and disclosed on the NSDC website			(current or revised) cumulatively from Year 1 are covered by the model curriculum, trainers guide, and teaching learning resource packs, and disclosed on the NSDC website	(current or revised) cumulatively from Year 1 are covered by the model curriculum, trainers guide, and teaching learning resource packs, and disclosed on the NSDC website	

#	DLI	World Bank Financing Allocated to the DLI	DLR	Of which Financing Available for Prior Results	Deadline for DLR Achievement	Minimum DLR Value to be Achieved to Trigger Disbursements of World Bank Financing	Maximum DLR Value(s) Expected to be Achieved for World Bank Disbursements Purposes	Determination of Financing Amount to be Disbursed Against Achieved and Verified DLR Value(s)
			Accreditation, assessment, and certification conducted according to the NQAF for all central and state level short-term training programs under the Program	-	March 31, 2023	Accreditation, assessment, and certification conducted according to the NQAF for all central and state level short-term training programs under the Program	Accreditation, assessment, and certification conducted according to the NQAF for all central and state level short-term training programs under the Program	US\$250,000
4	Number of trainers and assessors trained/retrained with the new CPD modules	US\$8.75 million	ToT and assessors plan for existing and potential trainers created and approved, including curriculum design, and materials for new modules		March 31, 2018	ToT and assessors plan for existing and potential trainers created and approved, including curriculum design, and materials for new modules	ToT and assessors plan for existing and potential trainers created and approved, including curriculum design, and materials for new modules	US\$1,250,000

#	DLI	World Bank Financing Allocated to the DLI	DLR	Of which Financing Available for Prior Results	Deadline for DLR Achievement	Minimum DLR Value to be Achieved to Trigger Disbursements of World Bank Financing	Maximum DLR Value(s) Expected to be Achieved for World Bank Disbursements Purposes	Determination of Financing Amount to be Disbursed Against Achieved and Verified DLR Value(s)
			All faculty of the current TPs affiliated with the NSDC and the SSC; 4,750 trainers and 750 assessors have been trained with new modules		March 31, 2023	All faculty of the current TPs affiliated with the NSDC and the SSC; 4,750 trainers and 750 assessors have been trained with new modules	All faculty of the current TPs affiliated with the NSDC and the SSC; 4,750 trainers and 750 assessors have been trained with new modules	US\$30,000 for every 100 trainers and US\$100,000 for every 100 assessors trained
			ToT programs executed along with the NSDC/SSCs and participating states for at least 7,500 trainers and 1,500 assessors cumulative over year 2		March 31, 2023	ToT programs executed along with the NSDC/SSCs and participating states for at least 7,500 trainers and 1,500 assessors cumulative over year 2	ToT programs executed along with the NSDC/SSCs and participating states for at least 7,500 trainers and 1,500 assessors cumulative over year 2	US\$30,000 for every 100 trainers and US\$100,000 for every 100 assessors trained
			ToT programs conducted with the NSDC/SSCs and participating states for at least 10,000 trainers and		March 31, 2023	ToT programs conducted with the NSDC/SSCs and participating	ToT programs conducted with the NSDC/SSCs and participating	US\$30,000 for every 100 trainers and US\$100,000 for

#	DLI	World Bank Financing Allocated to the DLI	DLR	Of which Financing Available for Prior Results	Deadline for DLR Achievement	Minimum DLR Value to be Achieved to Trigger Disbursements of World Bank Financing	Maximum DLR Value(s) Expected to be Achieved for World Bank Disbursements Purposes	Determination of Financing Amount to be Disbursed Against Achieved and Verified DLR Value(s)
			2,000 assessors cumulative over year 2			states for at least 10,000 trainers and 2,000 assessors cumulative over year 2	states for at least 10,000 trainers and 2,000 assessors cumulative over year 2	every 100 assessors trained
			ToT programs conducted with the NSDC/SSCs and participating states for at least 12,500 trainers and 2,500 assessors cumulative over year 2		March 31, 2023	ToT programs conducted with the NSDC/SSCs and participating states for at least 12,500 trainers and 2,500 assessors cumulative over year 2	ToT programs conducted with the NSDC/SSCs and participating states for at least 12,500 trainers and 2,500 assessors cumulative over year 2	US\$30,000 for every 100 trainers and US\$100,000 for every 100 assessors trained
			ToT programs conducted with the NSDC/SSCs and participating states for at least 15,000 trainers and 3,000 assessors cumulative over year 2		March 31, 2023	ToT programs conducted with the NSDC/SSCs and participating states for at least 15,000 trainers and 3,000 assessors	ToT programs conducted with the NSDC/SSCs and participating states for at least 15,000 trainers and 3,000 assessors	US\$30,000 for every 100 trainers and US\$100,000 for every 100 assessors trained

#	DLI	World Bank Financing Allocated to the DLI	DLR	Of which Financing Available for Prior Results	Deadline for DLR Achievement	Minimum DLR Value to be Achieved to Trigger Disbursements of World Bank Financing	Maximum DLR Value(s) Expected to be Achieved for World Bank Disbursements Purposes	Determination of Financing Amount to be Disbursed Against Achieved and Verified DLR Value(s)
						cumulative over year 2	cumulative over year 2	
5	A system in place to undertake M&E of SD programs at the national and state level	US\$15 million	a) The NSRD has been formally established and (b) NSRD has completed a baseline report for SIMO's impact evaluation		March 31, 2018	a) The NSRD has been formally established and (b) NSRD has completed a baseline report for SIMO's impact evaluation	a) The NSRD has been formally established and (b) NSRD has completed a baseline report for SIMO's impact evaluation	(a) US\$2,500,000 (b) US\$2,000,000
			At least five central MIS schemes (including SDMS) have been put in place and at least 10 SSDMs in participating states submitted data to the LMIS		March 31, 2023	At least five central MIS schemes (including SDMS) have been put in place and at least 10 SSDMs in participating states submitted data to the LMIS	At least five central MIS schemes (including SDMS) have been put in place and at least 10 SSDMs in participating states submitted data to the LMIS	US\$4,125,000 (US\$275,000 per central MIS scheme and per SSDM)
			The first tracer study (including the PMKVY)		March 31, 2023	The first tracer study (including the	The first tracer study (including the	US\$2,375,000

#	DLI	World Bank Financing Allocated to the DLI	DLR	Of which Financing Available for Prior Results	Deadline for DLR Achievement	Minimum DLR Value to be Achieved to Trigger Disbursements of World Bank Financing	Maximum DLR Value(s) Expected to be Achieved for World Bank Disbursements Purposes	Determination of Financing Amount to be Disbursed Against Achieved and Verified DLR Value(s)
			report has been disclosed by the NSRD			PMKVY) report has been disclosed by the NSRD	PMKVY) report has been disclosed by the NSRD	
			At least 16 SSDMs in total have contributed data to the LMIS		March 31, 2023	At least 16 SSDMs in total have contributed data to the LMIS	At least 16 SSDMs in total have contributed data to the LMIS	US\$1,500,000 (US\$250,000 per SSDM)
			The second tracer study (including the PMKVY) report has been disclosed by the NSRD		March 31, 2023	The second tracer study (including the PMKVY) report has been disclosed by the NSRD	The second tracer study (including the PMKVY) report has been disclosed by the NSRD	US\$500,000
			(a)at least 25 participating states have submitted data to the LMIS; (b) All data incorporated in final SIMO impact evaluation report		March 31, 2023	(a)All current participating states have submitted data to the LMIS; and (b) All data	(a)All current participating states have submitted data to the LMIS; and (b) All data	(a) US\$1,500,000 (b) US\$500,000

#	DLI	World Bank Financing Allocated to the DLI	DLR	Of which Financing Available for Prior Results	Deadline for DLR Achievement	Minimum DLR Value to be Achieved to Trigger Disbursements of World Bank Financing	Maximum DLR Value(s) Expected to be Achieved for World Bank Disbursements Purposes	Determination of Financing Amount to be Disbursed Against Achieved and Verified DLR Value(s)
						incorporated in final SIMO impact evaluation report	incorporated in final SIMO impact evaluation report	
6	Improved performance of states on institutional strengthening, market relevance of SD programs and access to and completion of training by marginalized populations	US\$100 million	The baseline for the SIG' Scorecard has been calculated for each state		March 31, 2018	The baseline for the SIG' Scorecard has been calculated for each state	The baseline for the SIG' Scorecard has been calculated for each state	US\$10,000,000
			Participating states have improved their SIG scores by 15 points over the baseline, with at least 3 points in each component of the scorecard		March 31, 2023	One low-income state and one other participating state meets the target in the respective Year	Five low-income states and eight other participating states meet the target in the respective Year	US\$10,000,000 for each low-income participating state and US\$5,000,000 for every other participating state that meets the target in the respective year
			Participating states have improved their SIG scores by 15 points over the previous year, with at least 3 points in each component of the scorecard		March 31, 2023			
			Participating states have improved their SIG scores by 15 points over the previous year, with at least 3 points in each component of the scorecard		March 31, 2023			

#	DLI	World Bank Financing Allocated to the DLI	DLR	Of which Financing Available for Prior Results	Deadline for DLR Achievement	Minimum DLR Value to be Achieved to Trigger Disbursements of World Bank Financing	Maximum DLR Value(s) Expected to be Achieved for World Bank Disbursements Purposes	Determination of Financing Amount to be Disbursed Against Achieved and Verified DLR Value(s)
			Participating states have improved their SIG scores by 15 points over the previous year, with at least 3 points in each component of the scorecard		March 31, 2023			
			Participating states have improved their SIG scores by 15 points over the previous year, with at least 3 points in each component of the scorecard		March 31, 2023			
7	Increase in percentage of women, SCs and STs, and PWD participating in SD programs	US\$12.5 million	Participation of women and disadvantaged groups in SD programs has increased to: women - 32%; SCs and STs - 19%; and PWD - 0.5%		March 31, 2023	Participation of women and disadvantaged groups in SD programs has increased to: women - 32%; SCs and STs - 19%; and PWD - 0.5%	Participation of women and disadvantaged groups in SD programs has increased to: women - 32%; SCs and STs - 19%; and PWD - 0.5%	US\$10,000,000
			Participation of women and disadvantaged groups in SD programs has increased to: women - 33%; SCs and STs - 21%; and PWD - 0.8%		March 31, 2023	Participation of women and disadvantaged groups in SD programs has increased to:	Participation of women and disadvantaged groups in SD programs has increased to: women - 33%;	US\$1,500,000

#	DLI	World Bank Financing Allocated to the DLI	DLR	Of which Financing Available for Prior Results	Deadline for DLR Achievement	Minimum DLR Value to be Achieved to Trigger Disbursements of World Bank Financing	Maximum DLR Value(s) Expected to be Achieved for World Bank Disbursements Purposes	Determination of Financing Amount to be Disbursed Against Achieved and Verified DLR Value(s)
						women - 33%; SCs and STs - 21%; and PWD - .8%	SCs and STs - 21%; and PWD - .8%	
			Participation of women and disadvantaged groups in SD programs has increased to: women - 34%; SCs and STs - 22%; and PWD - 1%		March 31, 2023	Participation of women and disadvantaged groups in SD programs has increased to: women - 34%; SCs and STs - 22%; and PWD - 1%	Participation of women and disadvantaged groups in SD programs has increased to: women - 34%; SCs and STs - 22%; and PWD - 1%	US\$1,000,000
8	Joint public and private sector funding successfully channelized and utilized into priority SD initiatives	US\$36.875 million	<p>S2J Portal has been developed and made operational</p> <p>At least US\$2,000,000 CSR funds have been credited to the CSR Skills Fund</p>		March 31, 2023	S2J Portal has been developed and made operational and at least US\$2,000,000 CSR funds have been credited to the CSR Skills Fund	S2J Portal has been developed and made operational; US\$36,875,000 CSR funds have been credited to the CSR Skills Fund; and 50% of CSR funds contributed by the end of Year 1 has been	<p>Upon achievement of target, US\$1 for every US\$1 of private funds credited to the CSR Skills Fund</p> <p>Upon achievement of target, US\$1 for</p>
			At least US\$2,000,000 additional CSR funds to		March 31, 2023	At least US\$2,000,000 additional CSR		

#	DLI	World Bank Financing Allocated to the DLI	DLR	Of which Financing Available for Prior Results	Deadline for DLR Achievement	Minimum DLR Value to be Achieved to Trigger Disbursements of World Bank Financing	Maximum DLR Value(s) Expected to be Achieved for World Bank Disbursements Purposes	Determination of Financing Amount to be Disbursed Against Achieved and Verified DLR Value(s)
			Year 1 have been credited to the CSR Skills Fund			funds to Year 1 have been credited to the CSR Skills Fund	successfully utilized	every US\$1 of private funds credited to the CSR Skills Fund
			(a) At least US\$2,000,000 in CSR funds additional to Year 2 have been credited to the CSR Skills Fund (b) At least 50% of CSR funds contributed by the end of Year 1 have been successfully utilized		March 31, 2023	(a) At least US\$2,000,000 in CSR funds additional to Year 2 have been credited to the CSR Skills Fund and (b) At least 50% of CSR funds contributed by the end of Year 1 have been successfully utilized		Upon achievement of targets (a) and (b) mentioned, US\$1 for every US\$1 of private funds credited to the CSR Skills Fund contingent on successful use of the funds

Appendix 3.1- DLI 6: Verification Protocol

State Incentive Grant – SIGs Scoring Template: (Total Score – 100)

S. No	Indicator	Suggested Score
Component 1: Institutional Strengthening at the National and State Levels for Planning, Delivering, and Monitoring High-quality Market Relevant Training (Total Score - 30)		
1.	State government has established an institutional framework for implementation and monitoring (district nodal officer and district M&E committee for SD programs) in all districts	5
2.	All SD state programs and GoI-funded programs aggregated and monitored under SSDM	5
3.	MIS implemented with capacity to produce data according to standards/protocols defined for national LMIS (including tracking of training and placements according to the LMIS requirements by TPs).	5
4.	Required data on all state SD programs and GoI-funded programs operating in the state submitted electronically on time to the national LMIS according to national protocols	5
5.	Monitoring report produced annually: providing evidence of achievement of skilling targets and placement record and analysis of key challenges experienced in implementation	5
6.	Annual analysis of labor market trends and skills requirements reported in the SSDP	2
7.	Tracer studies or skill gap analysis completed in the annual year with results reported in the SSDP.	3
Component 2: Improved Quality and Market Relevance of Skill Development Programs (Total score - 35)		
1.	Percent share of SD programs that are NSQF aligned and follow model curriculum <ul style="list-style-type: none"> - Less than 15%: 1 - 15–40%: 2 - 40–60%: 3 - 60–80%: 4 - 80–100%: 5 	0–5
2.	Percent share of total TPs accredited with NQAF norms <ul style="list-style-type: none"> - Less than 15%: 1 - 15–40%: 2 - 40–60%: 3 - 60–80%: 4 - 80–100%: 5 	0–5
3.	Percentage of youth cohort (aged 16–25) completing market- relevant quality SD programs <ul style="list-style-type: none"> - Less than 15%: 1 - 15–40%: 2 - 40–60%: 3 - 60–80%: 4 - 80–100%: 5^a 	0–5
4.	Percentage of trainees placed/self-employed after completing market-relevant quality SD programs <ul style="list-style-type: none"> • 20–35%: 3 • 35–50%: 5 • 50–60%: 7 60% and above: 10 	0–10
5.	Percentage of short-term SD programs translating into apprenticeships among local industries <ul style="list-style-type: none"> - Less than 5%: 1 	0–5

S. No	Indicator	Suggested Score
	<ul style="list-style-type: none"> - 5–10%: 2 - 10–15%: 3 - 15–20%: 4 - 20–25%: 5 	
6.	Evidence of MSME/local industry outreach efforts and summary information from consultations submitted as district level M&E committee report	0–5
Component 3: Improved Access and Completion of Skill Training for Female Trainees and Other Disadvantaged Groups (Total score - 35)		
1.	Completed and submitted Pilot Project Evaluation Report to the NSDA which reports placement and coverage outcomes as a result of innovations ^b to improve skills training program access/completion for any or all of the following socially excluded groups: <ul style="list-style-type: none"> (a) Women (4) (b) PWD (3) (c) SC/ST populations (3) 	0–10
2.	Share of PWD in the total number of trainees: ^c <ul style="list-style-type: none"> (a) Up to 1%: 2 (b) 1–3 (%): 4 (c) More than 3%: 5 	0–5
3.	Share of SC and ST in SD programs as a percentage of their share (x) in the population: <ul style="list-style-type: none"> (a) 10–25% of x%: 2 (b) 25–40% of x%: 4 (c) 40–60% of x%: 6 (d) 60–80 % of x%: 8 (e) 80–100% of x%: 10 	0–10
4.	Increase in female trainees as a percentage of total trainees trained and placed <ul style="list-style-type: none"> - 10–20%: 5 - 20–30%: 7 - 30–35%: 9 - 35–40%: 10 	10

Note: ^a The scoring system will be adjusted to reflect baseline figures for trainees in Year 1.

^b Innovations for enhancing participation shall be informed by SSDPs: These can include skills vouchers, soft skills/counselling, mobile skills training, flexi timing, linkages with MSME to join high productivity value chains, apprenticeships or other state specific innovations.

^c According to the 2011 Census, PWD constitute 2 percent of India's population, 48 percent of the population is female, 8.2 percent is ST, and 16.2 percent are SC.

Annex 4: Technical Assessment

Program Description

1. Building on past achievements in economic growth and poverty reduction, the GoI has an ambitious plan to transform the country into a competitive, middle-income country. Among its top priorities to achieve this objective are major reforms in education and SD. Aware of the need to increase labor productivity and provide job opportunities to youth, the Government wishes to increase human capital investments, targeting in particular, cohorts of new labor market entrants.
2. To give impetus to the Skill India Agenda, the MSDE has been set up and an ambitious strategy outlined in the National Policy for Skill Development and Entrepreneurship (2015) developed. Within the MSDE, the NSDM has been established as an implementation body. Its mission statement is ‘to rapidly scale up skill development efforts in India, by creating an outcome-focused implementation framework, which aligns demands of the employers for a well-trained skilled workforce with aspirations of Indian citizens for sustainable livelihoods’. The mission is designed to create an end-to-end implementation framework that provides opportunities for quality short- and long-term training opportunities, leading to gainful employment and career progression that meet the aspirations of trainees. The NSDM will ensure convergence and coordination between SD efforts of all central ministries/departments and states/implementing agencies.
3. SIMO is a six-year operation that will support implementation of the Government’s strategy by the NSDM and its various national and state agencies, with focus on all SD programs, delivered at national and state levels, with the exception of longer-term 2–3-year training programs delivered by ITIs, under the Directorate General of Employment and Training. The latter are being supported through the World Bank-financed STRIVE Operation.
4. While supporting rapid expansion of training delivery, SIMO also aims to tackle key challenges: a still fragile institutional setup, an inadequate regulatory and quality assurance framework, inadequate M&E, lack of coordination between national and state programs, low quality and relevance of many SD programs, access challenges to training for certain population groups, and insufficient linkages with employers and the private sector both with regard to training design/delivery and financing.
5. The Operation will initially target cohorts of labor market entrants and focus its support on four areas:
 - (a) The strengthening of institutional mechanisms. This includes (i) the design of a quality assurance framework, and its gradual application to national and state programs; (ii) the progressive buildup of an LMIS that will aggregate data on SD activities across the country; (iii) the creation of research capacity to inform policy decisions; and (iv) the fostering of greater collaboration with state governments and their adherence to the national strategy through capacity-building support and financial incentives.
 - (b) Improvements in the quality and relevance of SD programs by fostering increased participation of the private sector and improved partnerships between the public and private sector for the design and delivery of training. This includes (i) strengthening the existing 32 SSCs; (ii) ensuring periodic updating of QPs by the SSCs in accordance with the most

recent technology; (iii) developing, with industry participation, curricula and teaching and learning resource packs for the most relevant QPs and fostering free and open access to these materials for all private and public TPs; (iv) ensuring that trainers and assessors are apt at delivering (or assessing) quality training through effective recruitment and ToTs; (v) fostering outreach events to facilitate apprenticeships and placement; and (vi) encouraging public funding linked to outcomes.

- (c) To address equity issues and improve access to and completion of training by women and disadvantaged groups, the Operation will support focused interventions aimed at providing enhanced opportunities to women and vulnerable and neglected population groups. Financial incentives will be provided to state governments to encourage special attention to these population groups through the design and implementation of tailored programs or pilots. These could combine supply-side (for example, flextime, offerings close to the community, entrepreneurship modules) and demand-side interventions (cash or in-kind transfers).
- (d) In addition to relying on industry and employers for the design of SD programs (through the SSCs) and the delivery (through private TPs), the GoI intends to attract private financing for skilling interventions. This will increase the total resource envelope available to achieve the skill agenda target and close skills gaps in areas of particular interest for the private sector. To encourage private companies to dedicate CSR funds for skilling activities, the Operation will support the Government in setting up a PPP arrangement (CSR Skills Fund). Under this arrangement, companies willing to provide CSR funds will benefit from matching grants and support in identifying TPs and relevant programs or in setting up training centers.

6. Program support will be provided through a PforR instrument which links World Bank funding to the achievement of specific results rather than inputs and allows a strong focus on the critical elements that will enhance India's SD system. The bulk of funding will be provided through the PforR instrument, to be complemented by a small amount of funding set aside for TA. The objective of this TA component (using IPF) is to ensure a coordinated, coherent, and evidence-based approach to the critical activities that are expected to function as change agents in SD. Activities to be financed under the TA component will include, among others, (a) establishing the MSDE's PMU to strengthen existing capacities in financial management, planning, and Program coordination within the NSDM, NSDA, and NSDC, (b) hiring the IVA in charge of verifying all of the Program's results and DLIs; (c) providing support to SSDMs aiming to improve their SD program design and pilots; and (d) supporting M&E, impact evaluation, and third-party assessments/validation of implementation activities and Program outcomes.

Description and Assessment of Program Strategic Relevance and Technical Soundness

Strategic Relevance

7. The design of the proposed Operation is closely aligned with the GoI's strategy, as articulated in its National Policy for Skill Development and Entrepreneurship (2015). This strategy identifies SD as one of India's key development priorities, envisages major investments, and outlines a series of reforms to implement it. Given that India is one of the youngest nations in the

world, with more than 62 percent of its population in the working age bracket (15–59 years) and about 54 percent below 25 years of age, and that approximately 12 million youth will enter the labor force every year for the next 20 years, the Government views this demographic dividend as both a challenge and an opportunity. The challenge is to equip the workforce with knowledge and employable skills so that youth can contribute to making India a developed economy.

8. The country has already made significant progress in expanding access to general education over the past decade and is now focusing its efforts on improving quality. However, opportunities at the end of secondary education are limited, except for a small proportion of youth who access high-quality tertiary education, so the country faces the challenge of large cohorts of new labor force entrants who possess few or no job skills and cannot access decent jobs. SD is thus viewed by the GoI as a way to facilitate shifts from low-skilled toward higher-skilled occupations and shifts from agriculture to other economic sectors, thus providing a way to create better labor outcomes. SD is viewed not in isolation, but as an integral part of employment and economic growth strategies.

9. The high priority given to SD in India is fully justified by evidence that training, defined as the provision of knowledge and job-related skills that complement those provided through general education, can be a powerful instrument to increase the human capital of individuals, facilitate their integration into the labor market, improve their earnings and livelihood opportunities, and foster growth. Numerous studies worldwide following the pioneering work of Jacob Mincer (1974) have shown the high economic return that can be expected from investments in training. In India, workers with vocational education and training benefit from a positive wage premium,³⁹ which has been increasing over the last decade. However, only a small proportion of the population benefit from such investments: about 2 percent to 3 percent of those of ages 15–59 years according to the 66th National Sample Survey (NSS) (2009–2010) and 68th rounds (2011–2012).

10. The priority given to SD is also consistent with the observation that, in recent years, there has been, worldwide, a clear trend toward more attention given to SD as a result of globalization and the need for increased competitiveness. India, as other countries, is increasingly integrated in a global world and aiming at high and sustained growth rates. The GoI is fully aware that India will be successful in its aspirations only with high levels of human capital and a greater capacity to respond to constant changes in economic conditions. In a process of modernization, work opportunities and skills in demand are constantly changing and there is increasing need for rapid adjustment. The proposed Operation will support this goal and the related reform agenda.

Technical Soundness

11. The Program focuses on training programs which are, for the most part, of short duration (3–12 months) and are run by central ministries and state governments. The goal is ambitious as

³⁹ In wage regressions with natural log (ln) wage as the dependent variable, and controlling for education, experience, gender, rural versus urban, SC/ST/other backward castes, the coefficient for vocational education and training is positive and statistically significant (in all NSS 61st round, 66th round, and 68th round) suggesting a wage premium that has increased from about 7.5 percent (2004–2005) to around 18 percent (2011–2012 data). NSS data, however, do not permit distinguishing short-term from long-term training but some further evidence can be drawn from an evaluation of five large-scale SD programs (World Bank 2015) which showed that, comparing trainees and non-trainees who have found employment, participation in a SD program provides a positive wage premium of the order of 21 percent.

the target is first to reach large cohorts of labor market entrants and then gradually benefit workers already in the labor force.

12. As shown by international evidence and research conducted in various parts of the world, short-term training has a mixed record worldwide. Several reviews of hundreds of programs run in different settings (Betcherman et al. 2007, Card et al. 2015, Kluve et al. 2016, Valerio et al. 2016) have found that only 30 percent to 40 percent of programs have had a positive impact. In India, a recent analysis of five large SD programs found that only three out of five programs had a positive impact on employment and wages (World Bank 2015). These studies have shown that Program design is critical for success. They have identified a number of factors that are critical to ensuring that investments in SD bring the expected benefits. These lessons from experience are considered in the Operation design and planned implementation. They are discussed below.

13. **First, close links with employers and a good knowledge of labor market conditions are critical to ensure quality and responsiveness of training programs to the needs of the labor market.** India, in this respect, is already more advanced than other countries in the region. A partnership with industry is already in place, with the establishment of the NSDC in 2009, a PPP with equity of 51 percent owned by the private sector. Thirty-two SSCs have been established and are involved in defining relevant QPs for a large number of occupations. The NSDC is managing several training programs (the largest being the PMKVY) delivered by private TPs with support from the SSCs. The Operation will strengthen the SSCs, as well as support the periodic revision of QPs and the development of curriculum content and other teaching and learning materials for relevant QPs. Most importantly, it will increase the reach of SSCs' interventions by fostering wider access to relevant QPs and learning materials by TPs and facilitating links with state governments and state SD programs.

14. The Operation will not only seek expansion of the private sector's involvement in design of SD programs (through the SSCs) and their delivery (through private TPs), it will also support a mechanism for attracting private financing for skilling interventions. The Government is aware that the ambitious target it has set cannot be reached with only public financing and will require joint efforts by the Government, employers, and individual workers. It is also conscious that firms may be reluctant to invest in training, because they may forego the returns to their investment with the possible departure of trained workers. To encourage private companies to dedicate funds for skilling activities, the Operation will support the Government in setting up a PPP arrangement called the CSR Skills Fund, taking advantage of the legal obligation imposed on firms to dedicate 2 percent of their net benefits for CSR programs. Under this arrangement, companies willing to provide CSR funds for skilling activities will benefit from matching grants. They will also get support to undertake programs in areas of interest, help in identifying adequate TPs or for setting up training centers, and the ability to follow closely the use of their funds and outcomes. It is expected that, through these incentives, employers' reluctance to invest in training will be reduced and productivity of workers increased.

15. **Second, effective mechanisms to ensure high quality of training need to be in place to encourage employers to provide inputs and hire trainees at the end of programs.** Uncertainty about the quality of training reduces the interest of potential employers for hiring trainees. Currently, programs run by different central ministries do not use uniform standards for trainers and a large proportion of courses offered at the central or state levels are not aligned with the

NSQF and QPs developed by SSCs. The Operation will tackle this issue by (a) setting up a quality assurance framework and standardizing registration and accreditation procedures across the country; (b) operationalizing and implementing the NSQF across all states; (c) improving the quality of training services, including through preparation of technical packages and materials for TPs; (d) setting up centers of excellence and ‘train the trainer’ centers close to industry; and (e) encouraging state governments to align with national priorities and quality standards through financial incentives.

16. **Third, there is a need for strong M&E to monitor outcomes and identify suitable corrective actions when needed.** International experience and evidence from India have shown that trainees constitute a very heterogeneous group and that the impact of training depends on labor market conditions, the characteristics of the trainees, and the type of training. Given the large sums that will be invested, it is important to ensure the most efficient use of public resources. It is thus critical for large SD investments to be accompanied by a strong M&E system that monitors outcomes and modifies program design and implementation when needed. As the present stage of development of M&E in India varies greatly across states and programs, the Operation will place a high priority on M&E by supporting (a) the redesign of existing M&E system in place at the MSDE, NSDA, and NSDC; (b) development and aggregation of databases on SD activities into an LMIS; and (c) setup of a research division that can conduct tracer studies and finance independent impact evaluations. The goal is to achieve greater efficiency and ability to inform policy decisions.

17. **Fourth, programs informed by the unique characteristics and needs of participants and comprehensive interventions that develop both technical and soft skills, combine classroom with on-the-job training, and provide other support services are more successful than those that do not.** The Operation will support the development of such initiatives, and, in particular, of tailored programs for women and disadvantaged groups. For those groups, it will support not only the design of programs adapted to the local situation but also demand-side interventions to overcome social and financial barriers that can limit access to training.

18. **Fifth, linking funding to desired outcomes has also been shown to improve efficiency, provided incentives are well designed.** The Operation will make use of incentives to encourage state governments to endorse the national strategy and its objectives. Financial support to state governments and SSDMs will be conditional on performance across various parameters, including alignment with national standards, establishment of M&E systems, collaboration with the private sector and SSCs, and implementation of tailored programs for disadvantaged population groups.

19. The GoI has placed a high priority on raising the probability of employment at the end of training. It is already using placement targets as a condition for funding in a number of programs. This practice is obliging TPs to shift focus from inputs toward outcomes and induces them to offer courses that match labor market demand and establish links with potential employers. It also brings some competition into the sector. The possibility to extend this practice to all programs and states and to avoid false reporting may still be limited. It will largely depend on the capacity of TPs to establish links with employers and on the strength and reliability of the M&E system. This possibility will be increased and enhanced through the Operation’s support.

20. **Sixth, there is a need to look beyond initial placement to have a more accurate measure of the impact of training.** Placement, whenever monitored, is currently only measured right at the end of the training period. However, there is some evidence that significant labor market churning occurs even after successful placement. A review of about 400 SD programs worldwide (Valerio, Sanchez, Gutierrez. 2016) concluded that the impact on employment seemed, in most programs, larger when measured one or two years after program completion. A recent analysis of five Indian SD programs (World Bank 2015) also showed that, one year after training, many trainees initially placed had left their jobs, while others had entered the labor market. Improving the monitoring of employment outcomes over longer periods will be important to assess the full benefits of training. The proposed Operation will provide such opportunities through the establishment of a research division within the NSDA that will conduct tracer studies and the provision of post-placement support (information about job openings, counseling, and help for migration related issues).

Institutional Arrangements

21. The Program is backed by strong political commitment and leadership. The MSDE which is now the nodal ministry for overseeing both long-term and short-term training programs across the country, was established in response to the need and urgency for coordinating the efforts of all stakeholders in the field of SD across India. An institutional structure within the Ministry is also already in place. The DGT is responsible for apprenticeship training and long-term training. Three other institutions have also been set up under the umbrella of the MSDE in recent years: (a) the NSDA, an autonomous body mandated to harmonize SD activities and provide quality control; (b) the NSDC, a not-for profit company with 51 percent equity held by the private sector, responsible for running short-term training programs through affiliated private TPs with support of SSCs and/or providing debt and equity support to private TPs; and (c) the NSDF, which acts as a receptacle and custodian of funds from the Government and private sources. In addition, several short- and long-term training programs are run by about 18 other Central Government ministries. At the state level, state governments are responsible for the delivery and financing of long-term and short-term training programs with institutional arrangements that currently widely vary across states.

22. Subsequent to development of the National Policy for Skill Development and Entrepreneurship, the NSDM was set up to implement the strategy. For this purpose, the existing institutional structure will be maintained, but strongly strengthened as explained below.

National-level Institutional Arrangements

23. At the national level, the GoI intends to strengthen the institutional setup by establishing a three-tier mechanism. This structure consists of a Governing Council at the apex level, a Steering Committee, and a Mission Directorate (along with an Executive Committee) as the executive arm of the NSDM. The Mission Directorate will be supported by the NSDA, NSDC, and DGT, all of which will have linkages with the Mission Directorate to facilitate smooth functioning of the national institutional mechanism. These three agencies will continue to operate under the umbrella of the MSDE.

24. The Governing Council, headed by the prime minister, will provide overall guidance and policy direction for the NSDM. The Steering Committee, headed by the Minister of the MSDE, will ensure that implementation of NSDM activities is done according to the policies and decisions laid down by the Governing Council. The Mission Directorate, headed by the secretary of the MSDE, will coordinate implementation of all decisions of the Governing Council and Steering Committee and monitor performance of the subcomponents of the NSDM. The directorate will consist of the MSDE officials. In addition, the directorate will establish a PMU to effectively discharge its functions of implementing and monitoring NSDM activities at the national level with staff competitively hired. Further, an Executive Committee will be established in the directorate, headed by the mission director, to resolve all interdepartmental execution issues and set annual targets for subcomponents of the NSDM. The Executive Committee will be responsible for converging skilling activities across all sectors with NSDM objectives and skill gap findings.

State-level Institutional Arrangements

25. The Program will incentivize the creation of functional and empowered SSDMs at the state level. Thirteen states have established SSDMs so far. The incentive to establish SSDMs at the remaining states will be in the form of an initial grant and eligibility for getting additional financial support (SIG) over six years to implement the national strategy. However, states will be free to establish their own institutional mechanisms according to applicable state government norms and best practices.

26. The CSR investments will be mobilized for SD activities. The CSR and matching GoI funds will pass through the NSDF and the NSDC will manage their use. The CSR Skills Fund will have a strong governance and auditing mechanism to provide confidence to corporate investors that funds will be used exclusively for their intended purpose and investments lead to meaningful, measurable results.

27. Disbursement of money from the CSR Skills Fund will be implemented by the NSDC through a dedicated SF PMT. The SF PMT will market the CSR Skills Fund to corporates, establish memoranda of agreement with CSR contributors, raise CSR funding commitments through the S2J Portal, and identify and select suitable initiatives for investment in consultation with the MSDE, private sector, states, and other key players. It will disburse project funds to identified projects, negotiate Service Level Agreements and contracts with all recipients of CSR Skills Fund monies, and ensure that initiatives targeted for CSR Skills Fund investment achieve their intended outputs. It will also receive and review project reports from CSR Skills Fund beneficiaries and periodically prepare relevant progress and financial reports to go back to the MSDE, the World Bank, the NSDF board of trustees, and other key stakeholders.

28. In addition, a CSR Skills Fund Oversight Committee will be established to provide strategic guidance to the CSR Skills Fund and decide on fund allocation to deserving projects. The committee will define and revise overall investment priorities for the fund, approve investment in all projects over a certain threshold, define and periodically review criteria for NSDC investment in initiatives below the identified threshold, and receive regular reports from the NSDC on progress in implementing the work of the CSR Skills Fund. The NSDC's SF PMT will be able to invest directly in smaller projects, based on a set of criteria determined by the committee, but all large project investments will require the approval of the committee before they proceed.

29. To further ensure transparency in use of CSR Skills Fund, an IVA appointed to undertake DLI verification for SIMO will also verify attainment of specific project achievements and targets by recipients of CSR Skills Fund monies.

30. The proposed institutional arrangements described above reflect the high priority given by the GoI to SD, a priority which has been highlighted by the prime minister through several key decisions, including the creation of the MSDE in 2014 and significant funds allocation to the ministry year-on-year. The fact that the NSDM, conceptualized by the ministry, proposes the prime minister as the chair of the Governing Council, highlights the strategic importance of skilling as a top government agenda and the relevance of the Skill India program.

31. Although the NSDM is relatively newly established, it builds on the experience acquired over the past few years and assessment of inadequacies, and is designed to strengthen existing institutions. The Governing Council, Steering Committee, and Executive Committee at the national level will be constituted to ensure high-level leadership. They will be staffed with government officials. Considering that current manpower availability at the MSDE and other agencies is significantly constrained, the capacity of the Mission Directorate will be suitably augmented with the required strength of PMU resources to drive Program implementation and provide for better transparency and fairness and more effective Program management. A well-staffed PMU consisting of top-notch market professionals will be competitively hired under the Program and financed through the TA component. This should ensure sufficient capacity and capability augmentation to the existing cadre of government officials for effective Program implementation.

32. The NSDC already has experience of operating several large-scale government programs and working in partnership with the private sector, in particular with the SSCs. The agency implemented a National Skill Certification and Monetary Reward Scheme known as STAR (Standard Training Assessment and Reward), which trained approximately 1.4 million people between August 2013 and September 2014. It is also implementing the PMKVY, the flagship scheme of the MSDE, which will be operational until 2020 and has trained about 2.0 million in 2015–2016 through private providers. The NSDC, being a nonprofit company registered under the Companies Act, 1956 and licensed under section 25 of the Companies Act, 1956, has resources hired outside of the government cadres and has built significant implementation and monitoring capabilities in the sector. It will continue to function as the implementation arm of the MSDE.

33. While the NSDC is already a strong organization, its functioning and governance structure will be strengthened with improvements in M&E as well as in accounting, audit, and reporting procedures. The GoI has appointed the State Bank of India Capital Markets as an independent agency to monitor and perform micro-prudential oversight of the NSDC and NSDF. Given that the latter will be the channel through which the CSR Skills Fund will be operationalized, it has been agreed that the World Bank will also support a comprehensive evaluation of the NSDF and NSDC governance structure through the TA component (a chartered accountant firm has already been hired). The MSDE will consider the recommendations made after this evaluation to further improve the execution capacity.

34. The NSDA already has, to a large extent, designed the quality assurance framework but its capacity for implementation of the framework and providing policy advice has been constrained

by limited manpower. The financial and technical support provided by SIMO (through both the Operation component and the TA component) for the setup of a research department and for the development of strong M&E will enable the NSDA to perform its role more effectively.

35. At the state level, there is an urgent need to motivate state governments to align with the national strategy and strengthen implementation capacity for all the tiers. Preliminary assessments conducted in six states (Chhattisgarh, Gujarat, Jharkhand, Kerala, Rajasthan, and Tamil Nadu) during the identification mission have shown wide differences across states and identified some inadequacies (see table 4.3 for a summary of findings). The most significant are limited capacity to plan and monitor at the district levels, high workloads of the Government due to insufficient filled positions, limited financial resources, and insufficient coordination with the central ministries and SSCs. The Operation will provide substantial financial incentives (almost half of the World Bank's loan) and capacity-building support for states to align with national priorities and build monitoring and implementation capacity.

Description and Assessment of Program Expenditure Framework

36. Resources for SD in India arise from different sources (central and state government budgets and private sources). The MSDE, as the nodal ministry for coordinating all SD efforts across India and main counterpart for SIMO, has an annual budget (plan and non-plan) of INR 1,804.28 crore (approximately US\$270 million) for FY16–17, with a plan allocation of INR 1,700 crore (approximately US\$250 million).

37. This plan allocation includes INR 230 crore (approximately US\$34 million) allocated toward long-term training programs and apprenticeships, which are out of scope for this Operation. The remaining budget for FY16–17 consists of funds allocated for the PMKVY, *Pradhan Mantri Kaushal Kendras* (PMKK) in each district, programs for entrepreneurship (*Udyamita*), and the National Board for Skill Certification, and allocations for the NSDA. In addition, a budget line has been created by the MSDE specifically for initiating activities under SIMO. Beyond FY16–17, the PMKVY, *Udyamita*, and PMKK also have tentative allocations for future years. However, the operating and capital spending is part of the scheme-level budget. Table 4.1 identifies the relevant line items of the MSDE budget that are within the scope of the Program, as well as projected expenditures for the next six years.

38. The Program covers the entire SD program of the MSDE excluding the ITI segment under the Director General of Training, covered by the World Bank-supported STRIVE Operation. The total estimated expenditure of SIMO over the operation period is US\$3,188.875 million which will be financed by (a) MSDE financing (national support) of US\$2,857 million; (b) state governments' contribution over the Operation period of US\$45 million⁴⁰; (c) CSR contribution to the CSR Skills Fund of US\$36.875 million; and (d) World Bank financing of US\$250 million. The overall SD Program of the Government is around US\$3,175 million and covers (a) short-term training programs covered under SIMO (US\$ 2,857 million) and (b) institutional training under the World Bank-supported STRIVE Operation (US\$318 million). Table 4.1 provides the Expenditure Framework of the Operation.

⁴⁰ Representing a 40% contribution against GoI financing of the state level support to the Program

Table 4.1. Operation Expenditure Framework

S. No.	Broad Program Components	Description of Schemes/Activities	Amount In US\$, millions ^a
Estimated Program Expenditure Areas			
1.	Short Term Skills Training	PMKVY and other interventions of the Operation including supporting trainers and training providers in delivering national and state level short term SD programs	2,736.50
2.	Institutional Strengthening & Reforms	Includes PMKK, Operationalizing NSCB, NSDA Interventions, Training of Trainers and Assessors, LMIS, etc.	133.00
3.	Institutional Strengthening and Quality Initiatives at State Level (Bank financing and State share)		157.50
4.	Innovation and Initiatives for Inclusion	Includes Udyamita and other interventions for Inclusion under the Operation	75.00
5.	Expanding Skills Training through Public Private Partnership		73.75
6.	Front end fees		.625
A	Total Program Expenditure		3,176.375
B	IPF TA		12.50
C (A+B)	Total Operation Expenditure*		3,188.875
Sources of Finance			
Govt. of India and Private Sector			
1.	Contribution from GoI		2,857.00
2.	Contribution from State Governments		45.00
3.	Private sector Contribution (Skills Fund)		36.875
IBRD			250.00
	Total Financing		3,188.875

Note: ^a Converted at exchange rate as on August 22, 2016 of INR 66.93 = US\$1.

39. The allocation for the current fiscal year seems sufficient to initiate the Operation. Based on consultations with the GoI, resource mobilization and use at the estimated levels through budgetary allocation in the future are not expected to pose significant challenges to implementation. Planned expenditures for the PMKVY and the entrepreneurship program are expected to increase substantially, in line with the ambitious skilling targets. Further, the per-trainee costs for all these activities will follow the common norms defined by the MSDE and, hence, production costs for incurred expenditure are reasonable. The MSDE also has sufficient autonomy in budget execution. However, the institutional capacity from an implementation

perspective is yet to be strengthened according to the defined implementation mechanism for the NSDM.

40. State governments are another source of financing of SD programs. They are important stakeholders in the implementation of SIMO and will be critical to ensure success. However, accurate data on current expenditures made by state governments through their SSDMs for SD programs and the total number of beneficiaries is not available at the central level. The deviations between aggregate expenditure out-turns and approved amounts in the budget are also unknown.

41. SIMO is expected to incentivize state governments to setup efficient SSDM organization structures where they do not exist to instill better fiscal discipline and efficiency and scale up training delivery. At this stage, while the financial sustainability and funding predictability at the level of the states remains unknown, as it lies in the domain of the state governments, the Operation is expected, through incentive grants, to induce states to increase their own funding allocations for SD by about US\$45 million over six years.

42. Overall, about US\$2,857 million will be allocated by the Central Government to the MSDE over six years. With the financial contribution of state governments and expected mobilization of private funds (CSR funds), and the IBRD assistance to GoI, the financial envelope for short-term training programs in India will be approximately US\$3,188.875 million for six years.

43. Given the high priority accorded to the Program by the Government and the public announcements, it is unlikely that it will be subject to budget cuts in following years. The use of loan proceeds will be closely related to the intended priorities and expected Program results.

Description and Assessment of Program Results Framework and M&E

44. The Results Framework is comprehensive and ensures tracking of all relevant results combined leading to the achievement of the overall Program's objective. A set of indicators has been carefully chosen, to not only measure achievement of the PDO, but also measure and track intermediate results or intervening steps toward the PDO. Two types of results indicators have been defined: (a) those that are linked to disbursements, referred to as DLIs and (b) those that are not linked to disbursements, referred to as 'other results indicators'. Achievement of DLIs triggers World Bank disbursements to the Operation.

45. The Operation sets out a number of mechanisms to ensure effective M&E, which provide a comprehensive approach. The proposed approach to reporting seems sufficient for effective monitoring, while the approach also calls for a detailed impact evaluation to be commissioned, which seems appropriate given the scale and focus of the Program. Inclusion of additional evaluative methods such as midterm evaluations, tracer studies, and so on will help ensure that a quantitative approach to evaluation is balanced by various qualitative research activities, thus ensuring a comprehensive and effective approach to the Program M&E.

46. However, most of the structures participating in SIMO are relatively new, while some—such as the NSRD and the CSR Skills Fund Oversight Committee—are yet to be established. Likewise, the LMIS, which is a critical mechanism for effective Program monitoring is still in an embryonic state. Consequently, there is a significant requirement for capacity building and support to ensure effective M&E. The PMU within the NSDA will need to include dedicated program

monitoring capacity to ensure that regular analysis is done from the various data sources and included as required in relevant Operation monitoring reports. Capacity-building support is likely also to be required at the level of SSDMs, to help them fulfil their Program monitoring responsibilities. Given the centrality of the LMIS to Program monitoring, it is expected that capacity-building support and TA will be needed at various levels. This will include support at the NSDA level to define common data standards and effective reporting dashboards; at the SSDMs level to support design of state-level MISs; and at the institutional level (through SSDMs), to implement student record keeping systems that conform to the requirements of the LMIS while meeting the various operational requirements of the TP. Given the technical complexity of designing methodologically sound impact evaluations and tracer studies, it is also anticipated that the NSRD will require TA in designing these studies.

5 Program Economic Evaluation

47. SIMO seeks to provide knowledge and job-related skills that complement those provided through general education and hence remove barriers that are creating a wedge between the demand and supply of skilled labor through focused interventions. It is expected that these interventions will offer opportunities for better employment and earnings outcomes to beneficiaries and increase their productivity in the labor market. While, eventually, beneficiaries are expected to be any worker in the labor force, the initial focus of the Operation is on the large youth cohorts entering the labor market every year.

48. An economic analysis of SIMO has been conducted. It indicates that the Operation is expected to generate an IRR of 16.6 percent. This calculation is based on assumptions related to benefits and costs that are derived from the targets agreed with the Government and reflected in the results framework.

49. It is assumed that four different streams of benefits will be generated by this Operation:

- A first benefit stream is attributable to the increase in market-relevant training programs available in the country. Over the next six years, the number of youth completing such training is expected to increase significantly. This is expected to be a result of the Government's efforts to increase the availability of seats in centrally managed programs and state programs that meet quality standards.
- The second benefit stream attributable to the Operation is expected improvement in the placement rates of those receiving market-relevant training. The Operation's efforts to establish uniformity in the quality and content of training being provided across the country, plan training provision in line with industrial demand, and engage industry as an active stakeholder are expected to result in improved placements. As of 2015–2016, placement rates are noted to be 27.0 percent⁴¹ on average and are expected to improve to up to 50 percent by the end of the Operation. Herein, the placement rates also factor in unemployment and workforce dropouts.

⁴¹ The baseline placement rate is based on findings from an evaluation of five large-scale SD programs in India (World Bank 2015)

- The third benefit stream is the benefits that trainees derive from the enhanced quality of skills training programs. The Operation's focus on industry's inputs into curriculum and establishing quality norms for assessment and certification will help in enhancing the quality of skills being provided to the trainees.
- The fourth benefit stream is the higher business productivity that would result from there being more formally skilled resources in the workforce. Market relevant skills imparted while adhering to basic quality standards will help in ensuring that trainees joining the workforce help in enhancing the value being generated by businesses in the country.

50. The aforementioned benefit streams have been monetized on the basis of wage differentials between the skilled and unskilled in the workforce. Further, the benefit from enhanced quality of skills training has been monetized on the basis of the wage differential between those skilled through formal channels in relation to those trained through cooperatives and not for profit programs (relatively informal sources). Wage differentials have been estimated separately for men and women.

51. As mentioned above, these assumptions yield an internal rate of return (IRR) of 16.6 percent. A key driver of economic return will be the placement rate of trainees. A sensitivity analysis of the IRR shows that a decrease in the placement rate reached after 6 years to 45 percent would reduce the IRR to 9.6 percent. Conversely, an increase to the placement rate to 55 percent would improve the IRR to 21.3 percent. The Operation's success will thus rest heavily on the employment outcomes achieved through the planned interventions. Further, if the skills being imparted to the trainees were to stay relevant for the next 8 years (instead of the current assumption of 10 years) the IRR would drop to 12.7 percent. On the other hand, if the skills being imparted to them were to stay relevant for 12 years, the IRR would increase to 18.1 percent. This clearly highlights the need to ensure that the skills trainings being provided to trainees are in line with industry requirements; are developed around quality, up to date curriculum; and carry a component of hands on, practical learning.

6 Inputs to the Program Action Plan

52. The PAP has been developed (see annex 8) and agreed upon during appraisal. It addresses critical inadequacies identified during preparation and attempts to mitigate risks that will negatively affect Program implementation and achievement of expected outcomes.

7 Technical Risk Rating

53. The overall risk rating for the Program is 'Substantial' for the reasons summarized in table 4.2.

Table 4.2. Risk Assessment and Ratings

Risk	Description	Rating
Institutional capacity at the central level	Planning, budgeting, administration, fiduciary management, and monitoring capacity will all be critical to the success of the Operation. Manpower constraints will only be lifted gradually. Besides, because the MSDE has not yet participated in a World Bank-financed project,	Moderate

Risk	Description	Rating
	implementation of new activities and institutional setup may take time.	
Institutional capacity and ownership at the state level	The institutional capacity of the SSDMs varies by state. In some states, it may be insufficient to ensure absorption of SIMO funds and fast implementation of the Operation. Strong capacity-building support may be required to permit an adequate functioning of the SIG mechanism. Implementation of the Government's Program, supported by the proposed Operation, requires strong commitment and support from stakeholders in the process. There may be a lack of a direct ownership of reforms by the state governments who are key stakeholders to the success of the Operation. Fiscal constraints could also prevent states from providing their matching contribution to the grants received from the Central Government	Substantial
Governance	A complex and fragmented SD sector lacks accountability and incentives for good performance.	Moderate
Institutional coordination challenges	There may be coordination challenges because the design of the proposed Program entails a variety of stakeholders at the central and state levels. Currently, no adequate mechanisms are in place to ensure coordination between the MSDE, other central ministries, and state governments.	Substantial
Private sector training capacity	The current capacity of the private sector TPs is insufficient to meet the training target envisioned in the Operation.	Moderate
Private sector involvement	Involvement of industry and private sector representatives has been increasing, but is still insufficient. Active participation of the private sector in the design and delivery of SD programs (through SSCs) will be essential to ensure that the skills acquired are those needed in the labor market. There is still some uncertainty about the willingness of the private sector to directly finance SD activities with CSR funds and their potential response to the proposed incentive mechanism designed under the project.	Moderate
M&E	The current capacity of both central and state governments to implement nationwide, state-, and district-level monitoring, evaluate the impact of SD programs, and inform policy makers is limited.	Moderate

54. These risks will be mitigated through the Operation's design, in particular, by (a) enhancing implementation, coordination and M&E capacity at the central and state levels through the TA component; (b) strengthening accountability and designing incentive mechanisms to drive change at state levels; (c) using existing government systems for financial management, procurement, and M&E, while addressing inadequacies and strengthening the capacity for oversight functions and M&E through the Operation; and (d) extensively engaging the private sector through increased support to the SSCs, financial incentives, and partnership agreements.

8 Inputs to the Program Implementation Support Plan

55. The strategy for implementation support has been developed based on the nature of the Operation 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.

56. The World Bank's approach to implementation support strongly emphasizes open and regular communication with all actors directly involved in the Operation, constant information exchange, and adequate flexibility to accommodate Program specificities and needs for adjustment. Implementation support thus comprises (a) JRMs; (b) regular technical meetings and field visits by the World Bank between the formal JRMs; (c) PMU reporting based on the performance agreements, which will include the State Annual Implementation Plans; and (d) internal audit and financial management reporting.

57. In addition to JRMs, field visits will assess reform outcomes and help to recommend corrective actions for national and institutional improvements. The World Bank team will also participate in MSDE consultations with stakeholders. To ensure high quality, supervision, the World Bank team will not only comprise education specialists (with SD background) and M&E specialists, but also specialists in financial management, procurement, safeguards, and governance and anticorruption, with the team composition for each mission determined according to supervision requirements at that time. Implementation support and field visits will focus on technical inputs (including international experience), fiduciary requirements and inputs, and safeguards.

Table 4.3. Summary of Findings from State Visits

State	Chhattisgarh	Gujarat	Jharkhand	Kerala	Rajasthan	Tamil Nadu
General	Strong focus and commitment by the state. First state with a 'Right of Youth to Skill Development Act.'	Significant inroads made in organizing and rationalizing the training landscape in the state.	Good leadership commitment at the state level to take up reforms and expansion.	SD institutional mechanisms under-developed.	Committed state leadership with liberalized labor market regulations, and strong focus on skills.	Strong focus of state strategy on SD. Vision 2023 aims at training 20 million people with focus on employability.
Implementation structure	Chhattisgarh State Skill Development Authority (CSSDA) registered as a corporation in 2013. District SD authorities also established.	Gujarat Skill Development Mission (GSDM) registered as a society since 2012, works in close coordination with about 15 departments. Specific government order requires departments to work in convergence to support the GSDM in meeting skilling targets through seven priority programs.	Jharkhand Skill Development Mission (JSDM) established in October 2013 and is registered as a society. It has members drawn from various existing departments in the Government of Jharkhand without a full time executive body or a secretariat.	Kerala Academy for Skills Excellence (KASE) nominated as the SSDM and is established as a Section 25 company. It functions as an implementer of its own programs with no coordination with other State departments.	The RSLDC was incorporated as a Section 25 company in 2012. It is the nodal agencies for all skill programs in the State.	TNSDC is a non-profit company since 2013 and is the nodal agency for all SD programs in the state (except NSDC) Lean structure (15 staff)
Fund flow mechanism	Funds from all state departments pooled into the CSSDA budget. Essentially, the CSSDA converges existing budgetary allocations for skills training to different state departments into a <i>Mukhya Mantri Kaushal Vikas Yojana</i>	Fund flows to each scheme that is related to SD flows through its own financial structures. Financial allocations continue to be made to the relevant line departments and the GSDM acts as a convergence body.	The JSDM receives its own budget and has its own set of activities. Currently, its coordination/convergence role with other programs is limited.	KASE is a Section 25 company with very little engagement with other departments which run SD programs, either over policy, programming, or financing.	The RSLDC is responsible for all the schemes that run in the state (including centrally sponsored schemes) and the funds flow through the RSLDC. NSDC funding is not included.	Funds for all state programs and state share of the GoI programs are pulled together in one budget account of the TNSDC.
Quality and standards	All trainings follow SDIS-Modular Employable Skills	Different government programs tend to	Most of the programs delivered by private sector TPs either	TPs are aware of and often use the NSQF. However, KASE has	The RSLDC has mandated that all the trainees under Employment Linked Skilled	Adoption and gradual implementation of

State	Chhattisgarh	Gujarat	Jharkhand	Kerala	Rajasthan	Tamil Nadu
	guidelines to ensure standardization. Online portal (www.cssda.cg.in) for tracking and managing of programs available.	follow different quality assurance frameworks, different service delivery standards, and different funding norms. The NSQF is largely not implemented for programs. An MIS does not exist.	empaneled by one of the government bodies or the SSCs follow the NSQF-aligned curriculum. An online portal (<i>Hunar</i>) exists to track all skilling activities in the state.	its own accreditation process for training institutions. The Additional Skill Acquisition Program of another department also empanel TPs.	Training Program, DDU-GKY, SDIS, and under special skill training projects are assessed and certified by a recognized third-party assessing bodies through the NCVT, SSCs, or other recognized bodies. Well-functioning MIS exists.	the NSQF, NOS, and QPs Strong emphasis on placement: 70% 18 priority sectors identified; analysis of human resource availability and requirements by sectors and districts. Unskilled/semiskilled targeted. Skill registry online within two to three months.
Community interface	Outreach events conducted at the panchayat and district levels by TPs, and by district administration.	The state has successfully implemented an effective outreach model of establishing at least one <i>Kaushalya Vardhan Kendra</i> in 15 km cluster area of villages.	Mobilization of trainees is done largely by the private sector TPs. Limited government interventions in organizing outreach.		Most recruitment of youth and trainees comes through periodic recruitment camps and online applications.	Community mobilization with help from self-help groups, slum board, and municipal administration
Private interface	State Livelihood College Society supports setting up Livelihood Colleges in each district. Livelihood Colleges are PPP skill training centers in unutilized government infrastructure.	The Industrial <i>Kaushalya Vardhan Kendra</i> model functions very well. However, the state utilizes capabilities of the SSCs to a limited extent.	Limited opportunity for industry to have a voice at the JSMD level. Several NSDC training partners also operate in the state but the JSMD is not involved with the training provision happening through this window.	There are some good examples of private sector interface. However, additional study is required to understand the structural mechanisms.	The RSLDC does not coordinate the programs or TPs funded by NSDC. Concerted effort by the Government to engage private sector in skills training, often in short-term courses.	Close contact with local industry-adoption of QPs but criticism of the role of the SSCs for certification and assessment. Certification of private TPs under way (to date mainly public TPs)

State	Chhattisgarh	Gujarat	Jharkhand	Kerala	Rajasthan	Tamil Nadu
Main issues discussed	Lack of standardization in mobilization and counselling. Assessments and certifications not through the SSCs.	State will set up a district-based Skills Registry and its own sector-specific LMIS. An effective linking with national MIS is needed.	Limited coordination role and manpower of the JSMD. Inadequate labor market analysis, supply-driven system, and inadequate M&E.	Limited coordination role of KASE. Strong voice from the state that state missions should have authority over all departments' SD programs, including receiving funds from the GoI to distribute to the departments.	Stronger collaboration in the NSDC is needed. Capacity can be built in the state to assess industry demand. There is a shortage of instructors and assessors. Focus can be built on out-of-state worker migration and overseas employment.	Parallel operation of the NSDC training. Lack of trainers and assessors

Annex 5: Integrated Fiduciary Systems Assessment

Introduction

1. As part of the Program preparation, in accordance with the World Bank Policy framework for ‘Program-for-Results Financing’, the World Bank carried out an IFSA of the Program to determine whether the fiduciary systems provide reasonable assurance that the Program expenditures will be used appropriately to achieve the intended purposes. The IFSA is broadly based on work done by the World Bank staff assisted by World Bank consultants working on procurement and financial management.

Fiduciary Assessment

Financial Management

Planning and Budgeting Arrangements

2. The annual budgeting exercise, as prescribed in Chapter 3 (that is, Rules 42 to 51) of General Financial Rules 2005, deals primarily with provisions that govern the budget formulation exercise at the Central Government level. The MSDE is a relatively new ministry with FY15–16 being its first budget year. The total budget of the ministry in FY15–16 was INR 15,000 million. Nearly 50 percent of the planned revised budget of the ministry was actually expended in FY15–16. The total plan budget approved for the ministry in FY16–17 is INR 17,000 million (approximately US\$250 million). Out of this, around US\$210 million pertains to programs/activities related to short-term SD programs. The process of annual budgeting of the Program at the MSDE essentially follows a bottom-up approach for involving components such as the current fund position, financial progress, current position of unspent balances, requirements based on current need, and future expansion plans at the various constituent agencies (for example, NSDF, NSDC, and NSDA), which prepare their annual budgetary requirements approved by their respective competent authorities and submit their budget proposals to the MSDE in the month of September/October. The MSDE further consolidates the requirements of these agencies with its own to arrive at a consolidated budgetary requirement called ‘demand for grants’, which is submitted to the Ministry of Finance (with several discussions happening between both ministries).

3. The preparation of budget and its approval in the parliament, provisions for which are enshrined in the Constitution of India, go through legislative scrutiny and the parliament exercises full control over the annual budgetary system through this mechanism. Funds can only be allocated after such approval. The process of preparing the budget, discussing it in parliament and its subsequent approval is considered as an effective instrument of financial control of government activities. The approved budgets are uploaded on to the government website, which serves as adequate communication to all ministries/departments of their respective allocations. Fund releases occur through budget release orders from the Ministry of Finance, copies of which go to the concerned department and to the pay accounts officer. This sets the tone for withdrawal and disbursements to meet the plan and non-plan expenditures. The planning and budgeting systems at the state level are by and large, similar and driven by the state financial codes/budget manuals. The annual budget calendar at both central and state levels are from April to March.

4. Other than the current Five-Year Plan, which will end in 2017, the PMKVY, the flagship SD program of the MSDE, does have a four-year plan from 2016 to 2020 with a tentative budget of INR 120,000 million. Similarly, other schemes like the PMKK and *Udyamita* also have tentative allocations announced for two years and four years, respectively. These tentative allocations are expected to guide the annual budgeting process. However, this assessment shows that this multi-year budget is more of a top-down plan announcement rather than linked to a detailed bottom-up planning of the scheme.

5. Currently the MSDE does not allocate any budget to the states for short-term SD. Hence, there is no track record with regard to the process and timeliness of budget allotment. However, the budget is proposed to be allocated to the states under the proposed Program. The MSDE does allocate budget to central agencies such as the NSDC and NSDA. None of these agencies has any issues with timeliness of budget allocation and release of funds by the MSDE.

6. Under SIMO, the Program annual budget will be prepared at the central- and state-level agencies based on a bottom-up approach in line with the annual work plan and Procurement Plan. The budget of the implementing agencies after being approved by the respective competent authorities will be consolidated at the scheme and program levels and approved by the ministry.

7. Risk perceived. The low spending in previous years, coupled with the rapid scale-up in investment envisaged under the Program, poses a significant absorptive capacity risk to the Program.

Program Funds Flow Arrangement

8. Figure 5.1 presents the flow of funds under the proposed Program. As mentioned earlier, currently no funds are flowing to the states from the MSDE for short-term SD programs. Under the proposed Operation, funds will flow to the states under the standard fund sharing ratio between the GoI and the state governments for centrally sponsored schemes which is currently 60:40. In the case of the Northeastern states and the Himalayan States, the sharing pattern between the center and the state is 90:10. For union territories 100 percent is funded by the GoI. According to the country system, centrally sponsored schemes funds will be released by the GoI to the state governments which in turn will release funds along with its own contribution to the SSDM.

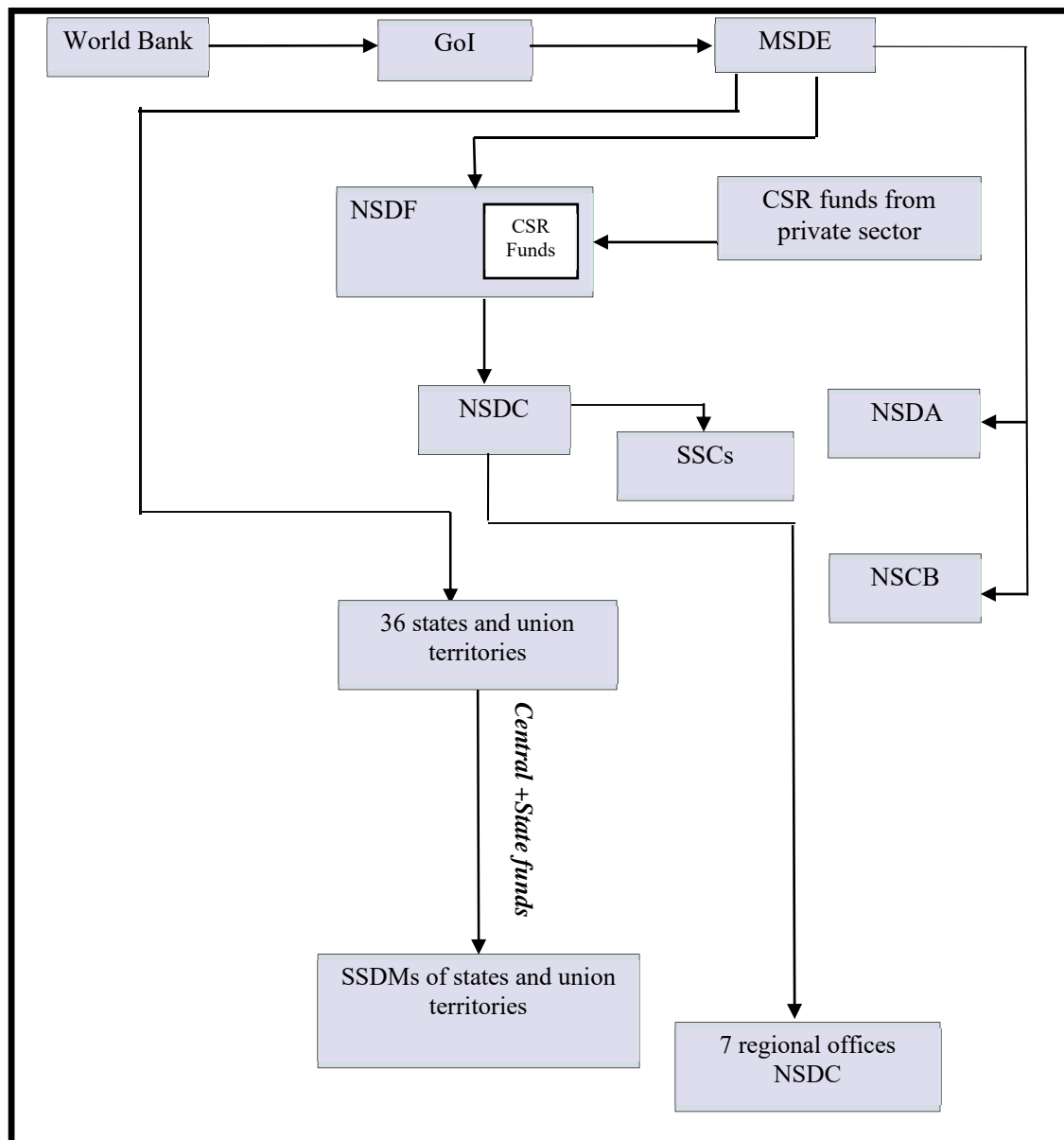
9. Under the state grant scheme, minimum eligibility conditions that states must meet to access to funds under the Operation and standard criteria for release of funds to the SSDMs have been developed under SIMO (For details refer appendix 3.1 - SIGs Performance Indicators).

10. **Risk perceived.** Under all centrally sponsored schemes, funds generally flow to the state agencies through the state treasury. There is a risk of delay in release of funds by the state treasury to the SSDMs.

11. Based on the annual budget approved, the MSDE transfers budgetary grants to the NSDF. The NSDC submits an annual action plan together with estimated quarterly fund requirements to the NSDF. The NSDF then releases funds to the NSDC based on its requirements. For the last two years, the NSDF released funds when at least 70 percent of the cumulative earlier releases have been utilized by the NSDC. The NSDC disburses to the TPs according to the terms of the contract. Budgetary grants to the NSDA are released directly by the MSDE. The release of funds to the

NSDC and NSDA have been timely. The CSR funds that the Program leverages from the private sector will also be parked with the NSDF but in a separate bank account.

Figure 5.1. Flow of Funds under the Program



Accounting Financial Reporting and Audit

12. The accounts of the MSDE are maintained by the C&AG according to the country's generally accepted accounting practices. Audit of the MSDE, like any other ministry, is conducted by the C&AG of India. The NSDC, a not-for-profit company, follows accrual-based double entry accounting. It uses the Enterprise Resource Planning version of a standard software for accounting. The NSDA, a society, follows cash-based double entry accounting maintained on a standard

accounting software. While annual audits of the NSDC are conducted by a C&AG-empaneled private chartered accounting, those of the NSDA have been entrusted to the C&AG.

13. Accounts of the NSDF are also audited by a chartered accountant for every financial year. The sample SSCs visited maintain double entry accounting systems and have annual audits by a firm of chartered accountants. Similarly, the SSDMs visited in the four states (except Assam where the state agency is not yet functional) follow double entry accrual-based accounting system and have the annual audit by a private firm of chartered accountants.

14. Based on the team's assessment, all implementing agencies have adequate systems of accounting and financial reporting for reporting receipts and expenditures incurred under SIMO. The NSDC, NSDA, SSCs, and SSDMs assessed have conducted annual audits on time. However, there is an absence of disclosure of annual audit reports at both the central- (for example, the NSDC, NSDF, and NSDA) and state-level agencies.

15. **Risk perceived.** Considering that the Program will be implemented across all states and based on experience in other centrally sponsored projects there may be delays in financial reporting and submission of annual external audit reports to the MSDE by some states.

16. **Mitigation measures.** To mitigate the risk, the Program design incorporates the following three measures: (a) submission of half-yearly IUFs to the MSDE in the agreed formats. Submission of the IUFs for past years should be an eligibility criterion for the release of subsequent grants; (b) submission of audit report of the earlier financial years to the MSDE (except immediate previous years) will be an eligibility criterion for release of funds for the next fiscal year; and (c) public disclosure of audit reports of all implementing agencies of the Program in their respective websites.

Program Audit Arrangements

Table 5.1. Auditing Arrangements for the Operation

Entity	Responsibility	Due Date
MSDE	C&AG	December 31
NSDC and NSDF	Chartered accounting firm empaneled with the C&AG	December 31
NSDA	C&AG	December 31
NSCB	C&AG	December 31
All SSDMs	Chartered accounting firm empaneled with the C&AG	December 31

17. The first four audit reports shown in table 5.1 will be tracked in the World Bank system. Because the SSDMs will receive performance-based grants under the Program, audit reports of the SSDMs will not be tracked in the World Bank system. However, these will be reviewed by the internal auditors of the Program and by the World Bank as part of supervision missions.

18. A performance audit of the Program will be undertaken at midterm by the C&AG. This audit will cover the entire Program except the CSR Skills Fund contributed by the private sector, as the private sector is outside the purview of a C&AG audit. However, the CSR Skills Fund will

be subject to audits by a private independent auditor who will carry out audits in accordance with ToR satisfactory to the World Bank.

Internal Controls and Internal Audit Arrangements

19. The findings of the assessment indicate significant internal control inadequacies in the MISs, which form the backbone for paying trainees/training partners for short-term skilling. Although the MIS in the NSDC does Aadhaar validation of trainees for making payments to TPs, most states are not geared up for such validation. Lack of interface between the central and state MIS for tracking trainees and training partners is another weakness in the system.

20. **Risk.** Duplication of payments between central and state schemes. The same trainee being counted more than once during the same period under the same scheme or different schemes for making payments to training partners.

21. **Mitigation measure.** The common norm notification of the MSDE dated May 20, 2016 requires student and trainer enrollment linked to Aadhaar. This will enable a system-driven duplication check run for state- and central-level databases. Under SIMO, disbursements are linked to implementation of the MIS by SSDMs using common data standards and protocols prescribed by the center. An operational MIS with minimum agreed standards is one of the criteria for assigning scores to the states under the SIG mechanism.

22. **Risk.** Lack of uniformity in financial management processes across agencies

23. **Mitigation measures.** To mitigate the risk, the Program design incorporates the following two measures: (a) development of financial management guidelines and procedures for the Program before effectiveness and (b) implementation of the PFMS developed by the Controller General of Accounts under the Ministry of Finance to monitor and track the usage of central funds.

24. **Internal audits.** Not all implementing agencies have a system of internal audit. The NSDC and the NSDA have internal audit systems. Of the states visited, only Tamil Nadu has a system of internal audit, managed by a firm of chartered accountants.

25. **Mitigation measure.** The Program design includes an internal audit system commensurate to the nature and size of the Program covering all implementing agencies. The audits will be conducted according to the ToRs agreed with the World Bank.

C&AG Audit Report on NSDC and NSDF

26. The report of the C&AG of India on the NSDC's operations for the period 2008–2009 to 2013–2014 reveals many governance and control inadequacies. The NSDC is currently registered as a private limited company with the private sector holding 51 percent of the share capital distributed equally among 10 entities and the balance 49 percent held by the GoI through the MSDE, the controlling ministry. By virtue of being a 'private limited company' with minority shareholding by the GoI, the NSDC falls outside the purview of the Corporate Governance Code, which is mandatory for central public sector enterprises (and various other sections of the Companies Act 2013, including statutory audit by the C&AG).

27. However, the NSDC has been working almost solely with the Government's budgetary grants since its inception in 2008. According to the C&AG's report for FY08–09 to FY13–14, the GoI's financial stake in the NSDC was 99.78 percent with only 49 percent equity ownership. Thus, the Government's ownership rights are not commensurate with the Government's financial exposure. The NSDC has also been kept out of the parliamentary oversight.

28. Given the large-scale deployment of public funds and the lack of proper oversight and governance mechanisms applicable to other institutions and agencies where public funds are used, the C&AG has recommended that the GoI reexamine the design and operation of the NSDF and NSDC. A committee of board members has been formed by the NSDC to look into the findings and recommendations of the C&AG on the abovementioned aspects. The final recommendation of the committee is awaited.

29. Although the NSDC provides assistance to various SD programs through equity participation, loans, and grants, it is exempted from prudential oversight of the Reserve Bank of India. It was envisaged that the NSDF will perform the oversight role. Though the cabinet approval and the trust deed of the NSDF prescribed a supervisory role of the NSDF over NSDC, the detailed contours and modalities of exercising this role is not clearly defined. There is a need to actualize the NSDF's role to supervise the financial health and prudential functioning of the NSDC.

30. A board of trustees consisting of three members (secretary, Department of Economic Affairs, secretary, Planning Commission, and chairman, NSDC) was managing the NSDF. With the NSDC chairman being a member of the board of trustee, the C&AG report has observed that there is absence of arms' length relationship between the entity supervised and supervisor.

31. An independent agency has been appointed to assess gaps and develop a road map toward improving the governance structure, financial management framework, and supervisory role of the NSDF. The same agency has been assigned the task of developing an action plan to strengthen the corporate governance framework of the NSDC.

32. Besides, the NSDC has already undertaken a few mitigation measures to strengthen internal controls such as implementing a robust due diligence process evaluation and approval of proposals to identify potential TPs. This is done by the NSDC with external due diligence partners on technical financial and legal aspects. The NSDC has also put in place a system of periodic supervision of the activities of TPs by an independent agency, quarterly internal audits by a firm of chartered accountants, and an annual external audit by a firm of chartered accountants empaneled with the C&AG.

Disbursements

33. **PforR Component.** Disbursements for the PforR component are conditional on the achievement of reform actions or results measured by the DLIs. Against this component, the World Bank will reimburse the GoI upon achievement of the agreed results. However, GoI may, upon fulfilment of the conditions precedent to disbursements set forth in the legal agreement, withdraw the proceeds of the Loan not exceeding twenty-five percent (25%) of the amounts allocated to the PforR component, as advance.

34. The cumulative amount of the PforR financing should be equal to or less than the total Program expenditures. If by the end of the Program, the amount of PforR financing disbursed exceeds the total amount of expenditures under the Program, taking into account contributions from other financing sources, the borrower (GoI) is required to refund the difference to the World Bank.

35. **IPF Component.** Disbursements under the TA component will be made against eligible expenditures for activities under the component upon submission of quarterly IUFRs. Eligible expenditures will comprise (a) consulting and non-consulting services, (b) goods, (c) workshops and training, and (d) incremental operating costs.

Procurement and Contract Management

Procuring Entities

36. The major entities involved in this Program from a procurement perspective are (a) the MSDE as the primary authority to govern the SD sector; (b) the NSDA as the primary quality assurance, M&E, and research arm of the MSDE; (c) the SSCs as powerful intermediary institutions to improve the quality and labor market relevance of SD programs; (d) the NSDC as a nodal agency for implementing private-sector led short-term training programs in India; (e) the NSDF as a receptacle for financial contributions by the GoI, state governments, and others; it also regulates the utilization of the funds and supervises the activities of the NSDC to oversee the employment of the funds; and (f) the SSDMs as nodal bodies for convergence of all skilling initiatives in the states/union territories.

37. The IFSA accordingly covered the central entities, MSDE, and its agencies (NSDA, NSDC, NSDF, and SSCs) and the SSDMs. Four states and three SSCs were selected as a representative sample for assessment of the SSDMs and the SSCs.

38. Apart from the usual complexities of a pan-India program, SIMO from a procurement perspective, has another dimension added to it. This is arising out of the manner in which the implementing entities are constituted. The Program is different from others in the sense that even though the Program is largely funded from government funds, many of the implementation agencies that also procure for the Program are private sector entities (for example, SSCs) or with industry having a majority stake and the Government having a minority stake. The C&AG report, for example, in its compliance audit of the MSDE for the period between 2008 and 2014, observed that during this period, the GoI contribution to the NSDC of INR 2,368 crore⁴² (approximately US\$350 million) amounted to 99.78 percent of the resources with the NSDC, with private sector contribution at only INR 5.1 crore (approximately US\$0.75 million).

39. The SSDMs are constituted differently in different states as government departments, corporations, societies, an ‘authority’ of the Government, or as an ‘institute’ of the Government. Similarly, the central agencies are constituted differently as follows: the NSDC as a company; the NSDF as a public trust; and the NSDA as a society, the SSCs as companies/societies. As many of them are private sector entities or with the Government having a minority stake, some of them follow informal/private sector practices in their procurements. It thus involves varied frameworks,

⁴² INR 1 crore = INR 10 million or approximately US\$147,000.

and such agencies have therefore been assessed keeping in view the volume of purchases, and the basic considerations of economy, efficiency, equal opportunity, and transparency.

Agency Related Issues

40. The differing constitution of the agencies involved in the implementation, has also led to the situation that the action points suggested in the IFSA may not apply to all agencies uniformly. Therefore, recommendations and action points specific to certain agencies have also been identified. Implementation agencies that have not been assessed in this IFSA will be required to similarly comply (or show that they are already compliant) with the action points applicable to all implementing agencies. Action plans specific to the identified agencies will be required to be complied with by them.

Procurement Profile

41. Procurements under the Program are envisaged to include (a) office equipment and supplies for the offices, (b) works, including new training centers and offices which will be performed in accordance with country systems, (c) non-consulting services for office upkeep and housekeeping, and (d) procurement of consultants.

42. Based on the assessment, there are no large contracts valued at or above Operational Procurement Review Committee thresholds (US\$50 million for works; US\$30 million for goods and non-consulting services, and US\$15 million for consultant services) under the Program.

Affiliation and Empanelment

43. Two major items of expenditure are (a) payments to the trainees and TPs for successful completion of training and placement according to specified norms and (b) payments to the assessment agencies and assessors. These two activities involve affiliation/accreditation of TPs,⁴³ and empanelment of assessment agencies and assessors, subject to their meeting the pre-specified technical norms. Further, as the amounts payable to TPs and to the assessment agencies/assessors are pre-fixed, affiliation/accreditation of TPs and empanelment of assessment agencies/assessors are essentially technical assessments. However, because large amounts are paid under the skilling programs to these affiliated/empaneled agencies, it is necessary that the process of selection of training partners and approval of assessors/assessment agencies are transparent and offers equal opportunity to all applicants. The process of selection/affiliation/accreditation becomes still more important, if it is not subject to formal laid down procedures.

44. As mentioned earlier, many implementing agencies are private entities or with the Government having a minority stake, and some of them follow informal/private sector practices. As a mitigation measure, it has been suggested that implementation agencies formalize their affiliation/empanelment/accreditation procedures.

Procurement Procedures

⁴³ Affiliation of TPs by the NSDC also involves financial support in the form of loan/grant/equity. The IFSA did not come across such financial support in affiliation/accreditation of TPs by the SSDMs.

45. Procurements under the Program include (a) office maintenance and upkeep, which includes procurement of office requirements like computers, photocopiers, furniture, telephones, general office supplies, (b) works including: (i) new training centers and offices which will be performed in accordance with country systems, and (ii) office refurbishing and upgrading; (c) non-consulting services for office upkeep and housekeeping; and (d) procurement of consultants. The extent of procurement under each of these categories varies widely from one agency to another based on its role in Program implementation. Procurement of consultants is specific to each implementing agency, and is still rather limited with the exception of the NSDC (INR 14–15 crore or approximately US\$2.2 million per year), and the MSDE, whose current procurements are small but will in future engage in procurements for the TA component.

46. The IFSA observed that in many implementing agencies, procurement procedures have not been formalized, and there is no related delegation of powers. As a mitigation measure, it has been suggested that implementing agencies formalize their procurement procedures and the related delegation of powers. This will also help address issues like methods of procurement and their applicability, disclosure of information, record keeping, dealing with firms and individuals debarred/temporarily suspended by the World Bank, and so on.

47. The IFSA noted that Procurement Plans are not prepared in its typical sense of a formal Procurement Plan, but procurements are all related to budget and availability of funds, and typically after approval of an activity wise budget linked to available funds. No mitigation measure has been recommended, as procurements are clearly linked to internal approvals and availability of funds.

48. Under the Program, some implementing agencies have substantial procurement of consultants. The IFSA also observed that in many cases of procurement of consultants, RFP documents used are quite large and complex. A review of two RFPs of the NSDC⁴⁴ revealed that the evaluation conditions allowed discretion in evaluation and award. For example, in the case of selection of the PMU, the RFP included the condition that (a) the Evaluation Committee reserves the right to tweak and change the process and also to get into a final round of commercial negotiations with the best three short-listed bidders. In the other case, the RFP included conditions that (a) the NSDC may choose to reopen the RFP or to enter into further negotiations with one or more of the providers, if the situation warrants; (b) the NSDC may short-list one or more bidder for contract negotiations on the basis of the strength, viability, technical, and financial terms of their proposals and presentations, their known track records for similar functions, and the credentials and experience presented in their proposals; (c) the Evaluation Committee reserves the right to tweak and change the process and also to get into a final round of commercial negotiations with the short-listed bidders; (d) the NSDC will seek to enter into contracts with one or more providers that the NSDC deems, in its sole discretion, to represent the best value combination of performance and cost, not necessarily the lowest bidder; and (e) the NSDC reserves the right to solicit a best and final offer from each remaining bidder, and so forth.

49. Exercise of such discretions in evaluation is detrimental to transparency and is fraught with danger of fraud and corruption. As a mitigation measure, it has been suggested that implementing

⁴⁴ Two RFPs reviewed by IFSA were (a) RFP for selection of a firm to provide 'Legal Due Diligence Service for Proposals and Other Legal Services'; and RFP for selection of 'PMU under the PMKVY'.

agencies standardize their bidding/RFP documents/templates relevant to their activity or adopt them from others such as the government/NSDC. In the specific recommendation for the NSDC, it has been suggested that the NSDC review its documents to remove post-bidding discretions. This together with formalized procurement procedures mentioned earlier is intended to help standardize the procurement process, curb discretion, and address issues such as dispute resolution.

50. The IFSA observed that some implementation agencies do not have any trained/experienced officials in public procurement, and the procurement process is ascertained through informal consultations with others. Similarly, RFP documents are also borrowed and used in complex consultant selections, which causes delays and has the potential of leading to faulty decisions. It is also noted that during FY15–16, only 50 percent of the planned revised budget of the MSDE was utilized. While there will obviously be many reasons for this low utilization of available funds, the role of the capacity of the implementing agencies, including procurement capacity, is a contributory factor. The procurement capacity issue needs to be seriously considered across the implementing agencies. This will also address issues related to bidding, evaluation, award, and contract administration.

51. It has therefore been suggested that the in-house capacity be built as necessary, by preferably providing procurement training to one or more identified officials in each implementing agency. For example, procurement staff of the MSDE and its implementing agencies could attend a five-day public procurement training program offered by the National Institute of Financial Management. The programs are sponsored by the Ministry of Finance, and in the case of government officials, even the training cost is borne by the Ministry of Finance.

52. The IFSA noted that most implementing agencies that were assessed have not established a complaint handling and redressal system that is known and easily accessible to the stakeholders. The system has to be supported with an internal mechanism for unbiased review and redressal of the complaints. Such a system is the backbone of a transparent public procurement system applicable to both government and non-government implementing agencies. The system becomes more effective when information on contract awards is also publically disclosed. The formalized procurement procedures shall provide information on method, content, and timing of such disclosures. It has accordingly been suggested that all implementing agencies implement a complaint handling and redressal system through their websites and disclose contract award information on their respective websites.

Implementing Agency Specific Key Action Points

53. The NSDC, a not-for-profit company, with majority private sector stake plays a crucial role in the Program and has been tasked with the target of skilling/upskilling 40 percent of the total GoI target. The corporation has received INR 2838 crore (approximately US\$419 million) until December 2015, and the MSDE has allocated INR 1,350 crore (approximately US\$199 million) in the 2016–2017 central budget. The corporation is the main driving agency of the Program and its largest spender. The C&AG had carried out a compliance audit of the NSDC and NSDF covering the years from 2008–2009 to 2013–2014, and has pointed out that in the selection of an agency to do micro prudential regulation of the NSDC there was (a) a conflict of interest situation in the process of selection of a prudential regulator by the NSDF where a nominee of the NSDC was a member of the Technical Evaluation Committee; (b) a conflict of interest situation in the

award of contract to another company of the same group that had been sanctioned funding by the NSDC; and (c) there were issues with the qualification criteria and with the technical evaluation. As mentioned earlier, the IFSA noted in the review of two RFPs⁴⁵ of the NSDC that those two cases allowed substantial post bidding discretion with the evaluation team.

54. The IFSA also noted during the assessment that, even with procurement of INR 14–15 crore (approximately US\$2.2 million) per year in addition to funding and affiliation of TPs and so on, the NSDC does not have (a) any rules and guidelines on procurement procedures, thresholds, advertising, related delegation of procurement powers and so on and (b) has not standardized bidding/RFP documents.

55. It has accordingly been suggested that the NSDC (a) prepare a procurement manual, (b) standardize the bidding/RFP documents/templates for its own use and for use by other units such as the SSCs; (c) remove post bidding discretions from bidding/RFP documents; and (d) include procurement audit in the auditor ToR.

56. The MSDE has very little procurement at this point of time, but will be the main implementing agency for execution of the TA component. This will obviously require staffing and procurement capacity building, and a PMU is planned to be hired for the purpose. It has been accordingly suggested that the ToR for the PMU also include procurement support to the MSDE, need-based procurement support to other implementing agencies, and collection of procurement management information for use of the MSDE's top management.

Key Fiduciary Risks and Mitigation Measures

57. Table 5.2 provides the key fiduciary risks identified during the assessment and proposed mitigation measures.

Table 5.2. Key Fiduciary Risks and Mitigation Measures

Key Risk	Potential Impact on the Program	Key Mitigation Measures
Duplication of payments between central and state schemes. Same trainee being counted more than once during the same period under the same scheme or different schemes for making payments to training partners.	Risk of Program funds being misused	The common norm notification of the MSDE dated May 20, 2016 requires student and trainer enrollment linked to Aadhaar. This will enable system-check against duplication.
Scattered implementation of the Program poses risk of inadequate oversight. Inadequate supervision by the NSDF over the NSDC.	Inadequate Program oversight	A study by an independent agency initiated to strengthen the NSDFs supervisory role. The Program design includes a comprehensive midterm performance review of the Program, including fiduciary aspects. Periodic Internal audits included in Program design.
Considering that the Program will be implemented in 36 states and several agencies at the central level there may be delay in financial reporting and submission of audit reports.	Risk of inadequate Program governance and oversight due to lack of information	Submission of periodic financial reports and annual audit reports built in as prerequisites for release of SIGs. Guidelines on financial reporting and auditing arrangements to be developed by the MSDE to ensure consistency at all levels of implementation.

⁴⁵ Selection of a firm to provide 'Legal Due Diligence Service' and selection of a 'PMU under the PMKVY'.

Key Risk	Potential Impact on the Program	Key Mitigation Measures
The low spending in previous years, coupled with the rapid scale-up in investment, poses a significant absorptive capacity risk to the Program	Slow financial and physical progress	SIMO is designed to build the institutional capacity of the Program to help it gain momentum. However, this risk may not be fully mitigated particularly in the early years of implementation.
Absence of applicable procurement procedures and related delegation of powers	Inconsistent handling of procurement cases that could lead to delays and affect integrity of the process.	Each implementing agency to formalize its procurement procedures relevant to its activities, related delegation of powers including procedures for affiliation/empanelment/accreditation, disclosure of information, record keeping, and for ensuring no dealings with firms and individuals debarred/temporarily suspended by the World Bank.
Absence of relevant standard bidding/RFP documents/templates with the implementing agencies.	Inconsistent bidding and evaluation conditions that could lead to lengthy and opaque process and could affect integrity of the process.	Implementing agencies to standardize their bidding/RFP documents/templates relevant to their activities or adopt these from others such as the Government/NSDC, and so on.
Procurement capacity constraint	Capacity constraints to execute and oversee procurement process effectively could lead to delays and could affect integrity of the process.	Each implementing agency to preferably have one or more officials trained in public procurement processes and procedures relevant to its operation.
With respect to the NSDC: Absence of applicable procurement procedures, related delegation of powers, and standard bidding/RFP documents/templates.	Inconsistent handling of procurement cases that could lead to delays and affect integrity of the process. As the largest spender of funds and the nodal agency for implementing private sector-led short-term training programs, activities of the NSDC also affect many other implementing agencies.	The NSDC to (a) prepare a procurement manual; (b) standardize the bidding/RFP documents/ templates for its own use and for use by other units such as the SSCs; (c) remove post bidding discretions from bidding/RFP documents; (d) formalize procurement-related delegation of powers; and (e) include procurement audit in the auditor ToR.
Nondisclosure of award information on the websites of implementation agencies	Risk of Program funds being misappropriated/misused.	The MSDE/implementing agencies to ensure that contract award information is disclosed by all implementing agencies on their websites and is kept updated.
Absence of formal procurement complaint handling and redressal mechanism.	Risk of Program funds being misappropriated/misused and risk of contract being awarded to an unqualified bidder.	Allow registration of complaints through the websites of the implementing agencies. Set up mechanism for tracking, review, and disposal of complaints.

Key Risk	Potential Impact on the Program	Key Mitigation Measures
Corporate governance issues raised by C&AG need to be considered and addressed	Risk of inadequate Program governance and oversight considering that the NSDC will be one of the major Program players.	Decision of Committee of Directors looking into this issue needs to be finalized and implemented. An independent agency has been appointed to assess gaps and develop a road map toward improving corporate governance of the NSDC.

Annex 6: Summary Environmental and Social Systems Assessment

Background and Scope

1. The proposed SIMO is a hybrid operation with the bulk of the World Bank loan provided as a PforR and including a small TA component funded through IPF. The World Bank policy and directive on PforR financing (July 2015) requires an ESSA of operations financed under the PforR instrument.
2. The World Bank team carried out an ESSA as part of Program preparation to gauge the adequacy of environmental and social systems at the national and state levels. The broad scope of the ESSA was to assess the extent to which the Program systems promote environmental and social sustainability, avoid, minimize, or mitigate adverse impacts on natural habitats and physical cultural resources, protect public and worker safety, manage land acquisition, consider issues related to indigenous peoples and vulnerable groups, and avoid social conflict.
3. The specific objectives of the ESSA included the following: identify potential environmental and social benefits, risks, and impacts applicable to the Program interventions; review the policy and legal framework related to management of environmental and social impacts of the Program interventions; assess institutional capacity for environmental and social management systems within the Program system; assess Program system performance with respect to the core principles of the PforR instrument and identify gaps, if any; and describe actions to be taken to fill the gaps that will be used as input/s to the PAP.

Methodology

4. The ESSA relied primarily on existing data sources (published and unpublished), complemented by primary data collection and assessment through site visits, interviews, and discussions with key stakeholders.
5. The desk review covered available documents, reports, notes, websites, and so on. It focused on understanding the existing policy, operational procedures, institutional capacity, and implementation effectiveness relevant to the activities under the Operation. It also covered legal and regulatory requirements, including those on pollution control, occupational health and public safety, and building construction codes. It covered a sample of the NOSs and QPs developed by the SSCs.
6. The ESSA drew information through extensive consultations with several stakeholders from 10 states, 4 of them under SIMO (Chhattisgarh, Tamil Nadu, Rajasthan, and Odisha) and the remainder under the World Bank-assisted STRIVE Operation (Maharashtra, Telangana, Bihar, Uttarakhand, and Jharkhand).
7. The states were representative of the geography and socioeconomic-cultural development. Overall, the selection met the following criteria: representation from five zones of India (north, south, east, west, and northeast); service providers from urban and rural areas, as well as a mix of sectors; a variety of terrain and access, such as remote and centrally located, and, hills and coastal areas; women centered programs; low-income states; tribal areas (Fifth Schedule and Sixth Schedule Areas); and conflict areas/LWE areas.

8. TPs/centers were representative of the geography (urban, rural, and tribal areas), sectors (about 15 sectors covering manufacturing and service), affiliation (to the SSDMs and to the NSDC), and institutional profile (government, corporate, and NGO). Information from the SSCs was also sought through a questionnaire.

Consultations and Disclosure

9. In conducting the ESSA, meetings and discussions were organized with all key stakeholders including representatives from the MSDE, NSDC, SSCs, SSDMs, and TPs, as well as with trainees. Consultations were also organized with the relevant regulatory agencies and line departments, including the State Pollution Control Boards and Public Works Departments.

10. The World Bank and the MSDE have disclosed the draft ESSA in the InfoShop and on their website, respectively on June 1, 2016 and September 7, 2016. The final ESSA has been disclosed after negotiations.

Coordination and Capacity

11. **Inter-institutional coordination on environment aspects.** Apart from institutions directly involved in the implementation of SD programs (MSDE and its affiliate institutions at the national level and SSDMs at the state level), the key institutions that can provide capacity for environmental management in the Operation are Public Works Departments, which are responsible for the construction of government buildings and Pollution Control Boards. Coordination between these institutions on environmental aspects is strong barring a few critical gaps. While there is effective coordination with industry through the SSCs, there is no involvement of the Central Pollution Control Board in identification of SD needs, development of NOS on environmental management, development of curricula, and so on. There is also no coordination between the SSDMs and State Pollution Control Boards for confirming regulatory compliance of training centers located on industry premises. Across states, there is strong coordination between the district agencies for organization of job fairs. Another area of strong inter-institutional coordination between the SSDMs, district administration, and the Public Works Departments is in the proper identification of land for creation of new training infrastructure.

12. **Inter-institutional coordination on social aspects.** Arrangements for coordination among various departments and institutions are evidenced at different levels on parameters such as outreach, incentives to women, STs and SCs, PWD, and other vulnerable groups, including youth in LWE-affected districts, and enrollment and placement of youth that integrate social aspects and inclusiveness into SIMO. However, inconsistencies in coordination exist, such as inadequate coordination with the NSDC/SSCs.

Key Findings of Institutional Assessment on Environment and Social Aspects

13. A clear and definite mandate exists both at the national and state levels to ensure the social inclusiveness and capacity building of various agencies to address the social and environmental issues. It is well recognized that TPs hold the key to the success of the Operation. There exist clear procedures for selection of TPs, and these include criteria relevant to environmental aspects such as adequacy of infrastructure, equipment, and so on. Compliance with these should ensure

adherence to international good practices on social and environmental management and occupational health and safety.

14. However, the following emerge as issues of significance: (a) there is no uniformity in respect of the institutional setup across states; (b) plurality of institutions with duplication is quite evident; (c) private and nongovernmental agencies play a larger role in low-income states and tribal areas; (d) substantial scope exists for improving coordination and information-sharing between state and central agencies; and (e) success of the Operation will depend upon the service providers, and most successful agencies draw financial support from different sources, and their reliance on the SSDMs is limited. Further, TPs that have a strategic tie-up with a ‘knowledge partner’, thus enabling adequate infrastructure and training of the trainers, excel in delivery. Finally, industry-led training is likely to be a success, as training relates directly to job requirements. Thus, the challenge for the Operation lies in ensuring minimum standards with regard to infrastructure, safety, in-service refresher training for faculty, and so on, across all TPs.

Legal and Regulatory Framework

15. **On environmental management.** The existing policy framework has a clear emphasis on SD for enhancing environmental management and occupation health and safety at the workplace. The existing national and state laws and regulations provide a strong framework for environmental management in the Operation. They cover a wide range of relevant aspects: construction of educational institutions, generation of construction waste, construction in proximity of natural habitats and cultural heritage sites, regulations on establishment and operation of industries (which may also serve as training centers), occupational health and safety of workers, and so on. There are also guidelines/codes on environmental management in building design and construction, managing crowds at large public events (such as job fairs), and so on. Thus, the existing policy, legal, and regulatory framework is adequate in its coverage of environmental aspects pertaining to the relevant Program activities: construction of training centers, operation of training centers, organizing of job fairs, and development of NOS/QP and training curriculum. However, there are instances of inconsistent application of the legal and regulatory provisions resulting from the lack of awareness, infrastructure capacity, monitoring, and so on.

16. **On social management.** There are framework guidelines that integrate social inclusiveness in the SD program. Existing legislation and policies stipulate equitable access and social inclusion of women, SCs/STs, minorities, PWD, and poor and other vulnerable groups, including those in LWE-affected districts. Legislation also safeguards people from any adverse impact because of Program activities. However, there are instances of inconsistent application of legislations, policies, and framework guidelines. The incentives provided in the tribal and LWE-affected districts either remain insufficient or have not resulted in the expected enrollment of youth, because of the inaccessibility of training centers, ineffective mobilization, and inadequate monitoring, among others. The existing legislation and guidelines are not effective in ensuring sustainable employment to all the trained youth.

Assessment of Environmental and Social Management Systems

17. **Existence of systems and processes for environmental management.** The relevant laws, regulations, and guidelines/codes have been integrated into works manuals and bid documents of Public Works Departments for construction of training infrastructure. Systems for ensuring adequate infrastructure and facilities at training centers include the due diligence processes of the NSDC and SSDMs before affiliation of training partners, as well as post-affiliation validation and monitoring systems.

18. **Potential environmental benefits and opportunities.** Potential environmental benefits from the Operation interventions include integration of EHS aspects into the skill set of skilled workers across sectors, use of SD to enhance natural resource management through programs for the primary sector (agriculture), and, promoting alternative livelihoods to reduce dependence on sensitive natural resources (forests) through SD. The potential environmental opportunities from the Program interventions include the strong policy and legislative framework, the integration of EHS aspects into bid documents, the emphasis of Public Works Departments on green buildings, integration of environmental aspects into TP affiliation, and the integration of EHS aspects into the NOS/QP.

19. **Potential environmental impacts and risks.** Potential negative environmental impacts from the Operation interventions primarily stem from poor adherence to existing regulations, codes, and guidelines, including impacts related to construction activities (improper siting, poor drainage and water logging, inadequate ventilation, insufficient sanitation facilities, high energy costs during operation, risk to public and worker health and safety, and so on); impacts related to the operation of training centers (handling and disposal of hazardous materials, use of personal protective equipment, electrical and fire safety, and so on); and impacts related to organizing large public events (safety risk from poor electrical and fire safety, pollution from poor sanitation and waste disposal, and so on). Gaps and risks in the environmental system of the Program that need to be addressed are inconsistency in implementation of existing EHS provisions in creation of new training infrastructure (for example, high energy costs for lighting and ventilation, wastage of large volumes of water, and so on); risk of inadequate implementation of EHS aspects due to inclusion of training partners with poor infrastructure, weak emphasis on occupational health and safety, and limited opportunities for continued capacity building of trainers; lack of procedure for confirming compliance of industrial units, that function as training centers, with the regulatory requirements of the State Pollution Control Boards; and public safety risks associated with job/skill registration fairs.

Social Impact Assessment

20. SD will create employability and employment to unemployed youth. Wage employment and self-employment will be created in different sectors. It is likely that SD and employment will result in women's participation in work. Economic independence and empowerment will prevent gender discrimination at all stages of life within and outside family. On the PPP modalities, industries and the private sector have initiated channelizing their CSR funds for skill programs and activities and started working as partners with the State Designated Agency (SDAs)/ Skill Development Centre (SDC) SDAs/SDCs. The additional CSR funds should help deliver high-quality training and employment to youth. The Program is unlikely to result in any negative

impacts. No person/group will be affected adversely. However, there are two major gaps/risks, as related to (a) exclusion and (b) inadequate performance.

21. The Operation is likely to ensure better inter-institutional coordination, which will result in efficient working systems among the relevant departments at the national, state, and district level. Construction of buildings, improved infrastructure facilities, creation of centers of excellence and training centers will facilitate the upgrading of infrastructure thereby enhancing the quality of training programs. The Operation focuses on ensuring inclusion, thus, enabling enhancing access to all, especially to women, STs/SCs, PWD, religious minorities, and other poor and vulnerable sections. The Operation interventions will contribute toward creating peaceful environment and harmonious development and will not result in exacerbating conflicts.

22. The Operation envisages civil construction works, but **does not need to resort to involuntary land acquisition** of private lands as most state governments do own sufficient lands on the campuses of the Department of Employment and Training and/or of other departments even in the urban and semi urban areas. Yet, in a few cases, lands may be secured either through purchase of lands on willing buyer-willing seller on a negotiated price or through voluntary donations. Therefore, the Program may secure lands adopting one of these three measures: (a) transfer of public/government lands; (b) sale purchase on a negotiated price; and (c) voluntary donations. Rules governing such securing of lands have been detailed out in the main ESSA text. These rules ensure that the process is not only voluntary but also that no one is affected adversely. They include

- The land in question must be free of squatters, encroachers, share cropping, or other claims or encumbrances.
- The facilities requiring land should not be site specific.
- This should not result in any physical relocation.
- This should not result in restrictions on accesses and transit.
- Voluntariness shall be ascertained by the SSDM and duly documented. Under any circumstances, the land user will not be subjected to any pressure, directly or indirectly, to part with the land.
- The department shall ensure that there shall be no significant adverse impacts on the livelihood of the household donating/selling the land. Land transfers in donations/purchases will be complete and land title will be vested in the government department/agencies.
- Provision will be made for redressal of grievances if any.

23. **The processes and instruments are as follows:**

- (a) Voluntariness in the case of donations/purchases:

- The department shall conduct enquiries as deemed necessary, to understand the land user's 'interest'/'motive' behind the offer to donate land for the scheme.
- The department shall also assess adverse impacts (if any) on the household of the donor/vendor as a result of parting with the land.
- A certificate to this effect that they are satisfied of the 'voluntariness' and that it will have no impact on the livelihood will be prepared and signed by the director, SSDM.

(b) Certification in the case of government-owned lands:

- The director, SSDM shall certify that the land is free of encroachers and squatters and no negative impacts, including, accesses, are envisaged.

24. The MSDE will issue a formal directive on how to secure lands to all the relevant stakeholders. Each participating state will identify an authority to ascertain that transactions comply with the stipulations and land and buildings will also form a part of the overall progress monitoring.

Alignment of the Operation Systems with the Core Principles of the PforR Instrument

25. The Operation systems have existing provisions that contribute to environmental sustainability, manage adverse impacts, and promote informed decision making. There are also adequate provisions in place to avoid, minimize, and mitigate against impacts on natural habitats and physical cultural resources during construction of training centers. The systems also have adequate provisions in place to protect public and worker safety during construction of training centers and for trainee safety during the operation of the trainee centers. However, there is scope for strengthening the implementation of these provisions.

Recommendations on Environmental and Social Aspects

Environmental Aspects

26. **Exclusion of high-risk activities.** The following activities will be excluded from the Operation in view of the high environmental risk: construction of buildings (training centers, SD centers, and so on) in ecologically sensitive locations including protected areas, forest areas, coastal regulation zone, notified wetlands, and so on; and construction of buildings (training centers, SD centers, and so on) in proximity (within a 300 m radius) of protected monuments.

27. **Strengthening of affiliation criteria for training centres (TCs).** A set of minimum criteria for affiliation of training centers with clear, objective specifications on infrastructure requirements (such as space ratio, sanitation ratio, water quality, ventilation, certification of structural safety, certification of fire safety, compliance with consent requirements of State Pollution Control Boards, and so on) is to be adopted.

28. **Strengthening adoption of crowd management guidelines.** A set of standard guidelines for public safety at job/employment/skill registration fairs is to be adopted (crowd management, fire safety, water and sanitation facilities, waste disposal, and so on).
29. In addition to the above actions that have been included in the Program Action Plan, the following recommendations are made to strengthen the environmental management of the Program:
30. **Green Building Certification for construction of new training centers.** It is recommended that all new training centers/SD centers and associated workshop and hostel facilities that are to be constructed will be certified green buildings to ensure adherence to environmental management in all aspects of building construction including site selection, energy efficiency, water efficiency, waste management, worker safety, accessibility for PWD, and so on.
31. **Strengthening of NOS/QP with regard to integration of EHS.** There is scope for further strengthening of the QP/NOS to make the coverage of EHS aspects up-to-date and specific to the sector and job role. Twenty SSCs have identified scope for strengthening of QP/NOS either by creation of QP for new job roles relevant to EHS in the sector or by enhancing the coverage of EHS aspects in the existing QP/NOS.

Social Aspects

32. **Inclusion.** Sensitization of TPs to effect inclusion of vulnerable groups in accordance with the policies and guidelines existing in the country through a strategy/directive backed up by appropriate incentives and disincentives.
33. **Training centers.** There are limited numbers of training centers in rural, tribal, and LWE-affected areas, which are not sufficient to cater to needs entirely. So, alternative and innovative approaches to reach these areas are recommended.
34. **Choice of the programs.** There is a need to revisit and remodel, as appropriate, trades offered, especially in rural, tribal, and LWE areas, to ensure that they are market oriented.
35. **Women participation.** Market driven and/or entrepreneurial development oriented programs need to be designed and offered.
36. **Mobilization and counseling.** There is a need to adopt innovative, alternative methods of reaching out to the youth in the remote, rural, tribal, and LWE areas.
37. **Incentives.** Providing or continuing incentives such as stipend, travel cost, boarding, and lodging facilities will be necessary to motivate women and vulnerable sections.
38. **Training materials and trainers.** Ensuring availability of teaching and learning material in local languages.
39. **Migrant labor.** Allowing migrant labor to register and undergo the training course in any state in the country.

40. **MIS.** Strengthening existing systems for tracking enrollment, retention, and placement of youth from the vulnerable groups.

41. **Institutional coordination.** Ensuring effective inter-institutional coordination, especially between central and state agencies, as well as among government departments, industry, private sector, corporate, TPs, NGOs, and other stakeholders at various levels.

Table 6.1. Action Plan on Environmental and Social Aspects

Action	Who will do	Time line	Completion Measurement
Environmental aspects			
Strengthening of affiliation criteria and monitoring of training centres (TCs) on environmental aspects Prepare and share 'model' criteria and formats for affiliation and monitoring of TCs.	MSDE, NSDC	Within three months of effectiveness	'Model' criteria and formats developed and shared with SSCs and SSDMs
Strengthening adoption of crowd management guidelines Standard guidelines for public safety at job/employment/skill registration fairs are to be adopted	MSDE	Within three months of effectiveness	Standard guidelines developed and shared with the SSDMs
Social aspects			
Lands Prepare and share with all the implementing agencies approach and methodology for securing lands for civil works	MSDE SSDMs	Before effectiveness	Note on rules governing securing lands for civil construction prepared, adopted, and shared with all the relevant stakeholders
Inclusion A precise strategy prepared and effected for sensitizing TPs in respect of 'inclusion' A directive to be sent to all the states and TPs, backed up by appropriate incentives and disincentives, for effecting 'inclusion' Encourage innovative mobilization and counselling programs with appropriate financial support	MSDE SSDMs	Within six months of effectiveness Continuous	Sensitization programs are conducted with participation by TPs in all the states Documenting and sharing of innovative practices done
Conflict LWE Market Scoping Study. Conduct a scoping study by an independent agency and draw recommendations for incorporation Encourage innovative proposals from private/corporate sectors with adequate financial support	MSDE SSDMs	Within one year of effectiveness	Study completed and list of trades in LWE areas identified and SD program planned Proposals received, vetted, and some effected
Migrant labor Draw a strategy to enable migrant laborers to participate in the programs	MSDE SSDMs	Within three months of effectiveness	Strategy prepared and implemented
MIS and coordination Set up and compile with continuous updating of disaggregated data pertaining to SCs, STs, other backward castes, women, minorities, and PWD	MSDE NSDC SSCs SSDMs	Within six months of effectiveness	Disaggregated data on enrollment, drop out, placement and apprentice are available online and biannual reports are prepared and disclosed

42. **Disclosure.** The World Bank and the MSDE have disclosed the draft ESSA on their websites, respectively on June 1, 2016 and September 7, 2016. The final ESSA has been disclosed after negotiations.

43. **Environmental and social risk rating.** Given the scope of the Operation, its types and scale of investment, geographic focus, and previous experience with World Bank projects of the Central Government, the risk rating is 'Moderate' from the environmental and social safeguard perspective.

44. **Conclusion.** Overall, the ESSA shows that both the Central Government's and state government's environmental and social systems are adequate for implementation, with implementation of the identified actions to address the gaps and enhance performance during implementation.

Annex 7: Systematic Operations Risk Rating (SORT)

Risk Category	Rating (H, S, M, L)
1. Political and Governance	L
2. Macroeconomic	L
3. Sector Strategies and Policies	M
4. Technical Design of Program	S
5. Institutional Capacity for Implementation and Sustainability	S
6. Fiduciary	S
7. Environment and Social	M
8. Stakeholders	S
9. Disbursement Linked Indicator (Other)	M
OVERALL	S

Note: L = Low; M = Moderate; S = Substantial; H = High.

Annex 8: Program Action Plan

Action Description	DLI	Covenant	Due Date	Responsible Party	Completion Measurement
Program related					
The NSCB made functional with minimal 60% staff in position	--	--	September 2017	MSDE	NSCB charter and hiring documents shared
The LMIS data standards and protocols document completed and approved and the SDMS business requirements and functional specifications completed	--	--	April 2017	NSDA, GoI	Guidelines report submitted to the World Bank
Audit of the SD MISs for central schemes and states completed	--	--	October 2017	NSDA, GoI	Research report submitted to the World Bank
Procurement management					
Implementing agencies to (a) formalize their procurement procedures and related delegation of powers, and bidding/RFP documents; (b) have one or more officials trained in public procurement; and (c) incorporate a complaint handling and redressal system	--	--	Within three months of effectiveness and continued all through the Program	MSDE, NSDA, NSDC	Guidelines on procurement procedures prepared and complaints handling mechanism established by the implementing agencies
The NSDC to (a) prepare a procurement manual; (b) standardize the bidding/RFP documents/templates for its own use and for use by other units such as the SSCs; (c) remove post bidding discretions from bidding/RFP documents; (d) formalize procurement-related delegation of powers; and (e) include procurement audit in the auditor ToR	--	--	Within six months of effectiveness and continued all through the Program	NSDC	Manual, guidelines, and standard documents prepared by the NSDC
Financial management					
Develop financial management guidelines on financial planning, fund flow, reporting, and auditing arrangements at various levels of implementation of the Program	--	--	July 2017	MSDE, GoI	
Put in place an internal audit system commensurate to the nature and size of the Program	--	--	Within three months of effectiveness	MSDE GoI	
Safeguard arrangements					
Strengthening of affiliation criteria and monitoring of Training Centres (TCs) on environmental aspects	--	--	Within three months of effectiveness	MSDE, NSDC	'Model' criteria and formats developed and shared with the SSCs and the SSDMs

Action Description	DLI	Covenant	Due Date	Responsible Party	Completion Measurement
Prepare and share 'model' criteria and formats for affiliation and monitoring of TCs.					
Strengthening adoption of crowd management guidelines Standard guidelines for public safety at job/employment/skill registration fairs are to be adopted	--	--	Within three months of effectiveness	MSDE	Standard guidelines developed and shared with the SSDMs
Migrant labor Draw a strategy to enable migrant laborers to participate in the Program	--	--	Within three months of effectiveness	MSDE	Strategy prepared and implemented

Annex 9: Technical Assistance Component

1. The TA component will be an IPF loan for an amount of US\$12.5 million. The main objective of the TA component is to complement the PforR by supporting the MSDE to develop and implement monitoring and assessment tools required to ensure a well-targeted and robust Program. The TA component will also support the MSDE in developing and documenting best practices.

TA Areas for Implementation

2. The Operation will provide TA to support a coordinated, coherent, and evidence-based approach to the critical activities that are expected to be change agents in SD. Specifically, the Operation will provide direct TA for implementation support of policy reforms and systems development and for improving M&E of long-term SD reforms. Activities to be financed under the TA component will aim to provide TA for capacity building through, among others, (a) establishing the MSDE's PMU to strengthen existing capacities in financial management, planning, and Program coordination within the NSDM, NSDA, and NSDC; (b) hiring the IVA in charge of verifying all of the Program's results and DLIs; (c) providing support to the SSDMs aiming to improve their SD program design and pilots; and (d) supporting M&E, impact evaluation, and third-party assessments/validation of implementation activities and Program outcomes.

	Areas	Estimated Funds Requirement	Outline ToRs
	PMU support		
1	A PMU will be established by the MSDE centrally that will support the MSDE and its subsidiaries such as the NSDC, the NSDA, and the NSDF. The MSDE may also wish to use the TA funds to provide PMU support to states, provided the procurement is undertaken centrally by the MSDE. The hiring of the PMU and its allocation to the NSDA and NSDC will be undertaken by a committee that will be headed by the secretary with representation of the joint secretary, (MSDE), director general, NSDA, and the chief executive officer, NSDC	PMU up to US\$2.5 million; resource persons up to US\$1.25 million	<p>Besides the PMU, the MSDE may hire the following:</p> <p>MSDE</p> <ul style="list-style-type: none"> • Program manager: Central coordinator of the SIMO PMU at the MSDE • Finance manager: Tracking and consolidating fund flow under SIMO • Specialists: Specialists in media and communication • Policy research analyst • Program analyst: Program-specific tracking • Technology analyst: Technology-specific toolkits, data management, and analysis • Data entry operator: Ensuring updates of data/information • Program assistant: Administrative support <p>NSDA</p> <ul style="list-style-type: none"> • Program manager: To work on three specific aspects (NQAF, LMIS, and NSRD)

	Areas	Estimated Funds Requirement	Outline ToRs
			<ul style="list-style-type: none"> • Project coordinator: Assist project managers in all aspects of the job including coordination, research, and so on • Finance manager: Tracking and consolidating fund flow under SIMO • Specialists: Specialists in media and communication • Policy research analyst • Program analyst: Program-specific tracking • Technology analyst: Technology-specific toolkits, data management, and analysis • Data entry operator: Ensuring updates of data/information • Institutional development specialist. Operationalization of the NSCB • Program assistant: Administrative support Program assistant. Assist with all matters pertaining to the NSCB <p>NSDC</p> <ul style="list-style-type: none"> • Central unit: Head/program leader, specialists, analysts, project coordinator • <u>Sector Skill Council (SSC)/ Standards and Quality Assurance (SQA) unit</u>: Head/program leader, program manager/team leader, analysts, project coordinator • SF PMT: Head/program leader, program manager/team leader, analysts, project coordinators, program assistants, technology lead/team leader and project coordinator
Subject matter experts			
2	<ul style="list-style-type: none"> • NSDA • NSDC 	US\$2.5 million approximately	<p>Subject matter specialists will be hired for following purposes-</p> <p>NSDC</p> <ul style="list-style-type: none"> • Preparation of RFP for the SDMS; will require both national and international consultants/expertise • Support in initial phase of defining the strategic scoping for the project, a midterm review, and while finalizing the specifications <p>NSDA</p> <ul style="list-style-type: none"> • Establishing NQAF • Competency-based assessments

	Areas	Estimated Funds Requirement	Outline ToRs
			<ul style="list-style-type: none"> • Competency-based curriculum • Credit accumulation and transfer system • ToTs • Strengthening of the LMIS • Establishing the NSRD and support in the research areas
	Firm contracting		
3	<ul style="list-style-type: none"> • MSDE • NSDC • NSDA 	Up to US\$1.25 million approximately	<p>Agency-based support is sought for the following purposes:</p> <p>MSDE</p> <p>a) PMU</p> <ul style="list-style-type: none"> • Development of guidelines, processes, and work flows for various project activities • Coordinate with various national agencies, states, and other stakeholders in supporting program management and execution • Develop a central information system to gather, capture, track, and report project progress on a real-time basis • Develop an M&E framework and processes to provide 360⁰ oversight of the Program • Overall management of procurement and finance, including fund disbursement processes • Knowledge management and documentation at the national and state levels. • Support day-to-day Program management • Establishment of governance and accountability, and grievance redress systems practices both at the MSDE and in the implementation institutions in the states • Undertake internal audits (including process audits) on a periodic basis <p>NSDC</p> <p>b) Audit firm</p> <ul style="list-style-type: none"> • Assess the lacunas in the existing governance structures, financial management, and monitoring framework • Suggest improvements in policies and procedures for better governance structures, financial management, and monitoring

	Areas	Estimated Funds Requirement	Outline ToRs
			<ul style="list-style-type: none"> • Prepare a road map for implementation of suggestions and establish milestones which could be utilized as DLIs • Prepare or modify few key policy documents including process manuals, accounting policies, MIS statements, audit programs, and so on • Monitor the disbursed assets within the suggested monitoring framework c) Information technology vendor • Augmentation and strengthening of the SDMS
4	International exposure visits for capacity building for core project team and academic implementers/trainers/assessors/educators	US\$.5 million	<p>An agency with track record of organizing international exposure visits to relevant education projects in the region or beyond to</p> <ul style="list-style-type: none"> a) identify relevant and best practices on assessment practices, ToT in SD programs b) make travel and visa arrangements, ensuring safety and minor disruption of ongoing project c) document the exposure visit and periodically obtaining feedback of participants to be included in subsequent visits
	Pilot studies	US\$.75 million	
5	DBT programs, voucher programs, and other innovations	US\$.75 million	<p>An agency/consultants could be hired by the MSDE to support the SSDMs especially of low-income states in devising successful pilots for addressing needs of the disadvantaged sections and improve implementation capacity especially of low-income states.</p> <p><i>Note:</i> The implementation of the said pilot is covered under the PforR component of the Operation under the SIG Scorecard</p>
6	Video documentation of good practices, third-party assessments, etc.	US\$.5 million	
7	IVA	US\$2.5 million	An independent agency will be hired to verify the achievement of DLRs in accordance with the DLI verification protocols
	Total	US\$12.5 million	

Financial Management

3. **Budget and flow of funds.** The Program will be budgeted on the expenditure side at the union level under an identifiable budget head item (separate from the PforR Component) under SIMO for the MSDE. At the detailed head level, the budget coding system followed by the GoI

will allow for Operation-specific activities to be incorporated in a manner that will facilitate the accounting and reporting of expenditures from the principal accounts office's consolidated 'monthly accounts' itself. This will facilitate monitoring of actual expenditures against the project allocations.

4. **Internal controls.** The internal processes for obtaining technical and financial sanctions and making individual payments require multiple levels of approvals and follow several steps—these are, however, well-established and time-tested procedures. All primary supporting documentation will be appropriately maintained to facilitate ex post reviews and the annual external audits. The GoI's General Financial Rules 2005 provides the required control framework for procedural transaction control over individual items of expenditure and receipts. The General Financial Rules also provides detailed guidance on internal controls including safeguarding of cash, control over inventories, segregation of duties and delegation of authority for approvals, and operating the bank accounts. The same will apply to the Project. Internal audit is conducted by the internal audit unit, headed by the chief controller of accounts on a biannual basis.

5. **Accounting and reporting.** The MSDE has the overall responsibility for implementation of the TA. The hiring of the PMU and its allocation to the NSDA and NSDC will be undertaken by a committee that will be headed by the secretary with representation of the joint secretary, (MSDE), director general, NSDA, and the chief executive officer, NSDC. Because the MSDE will be the main spending unit, accounts will be maintained by the MSDE for the TA component.

6. **Interim and annual reporting.** The PMU, MSDE will be responsible for the submission of quarterly IUFRs for the purpose of reimbursement of expenditure incurred under the TA component. These will contain information by component and activity. Reports will be prepared on a cash accounting basis and will be submitted to the World Bank no later than 45 days after the end of each quarter.

7. **Disbursement procedures.** Disbursements by the World Bank for the TA component will be based on expenditures reported in the quarterly IUFRs.

8. The annual audit of the MSDE is conducted by the C&AG. The audit report will be submitted to the World Bank within nine months of the close of the financial year. The MSDE audit report for the Operation will also cover the TA (IPF) component with separate schedules and disclosures for the component. The audit will be conducted according to the ToR agreed with the World Bank.

Procurement Arrangements for the TA Component

9. Procurement for the TA component will be carried out at the national level by the MSDE. A PMU is proposed to be hired by the MSDE, to enhance its capacity, and for undertaking various functions including procurement. The MSDE will ensure that all the procurement under the component is carried out according to the following agreed procedures and processes.

10. Procurement for the TA component 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', dated January 2011 and revised July 2014 (Procurement Guidelines); 'Guidelines: Selection and Employment of Consultants

under IBRD Loans and IDA Credits and Grants by World Bank Borrowers’, dated January 2011 and revised July 2014’ (Consultant Guidelines); and the provisions stipulated in the Financing Agreement.

11. **Procurement risk assessment.** The Procurement Risk Assessment and Management System has been carried out at the MSDE. Based on the assessment, the procurement risk is rated as ‘Substantial’. In order to mitigate this risk, it is proposed that the PMU at the MSDE shall include procurement specialists to undertake procurement activities.

12. **Procurement Plan.** For contracts to be financed by the World Bank, different procurement methods or consultant selection methods, the need for prequalification, estimated costs, prior review requirements, and time frame are agreed between the borrower and the World Bank in the Procurement Plan. The MSDE will prepare a Procurement Plan for 18 months’ requirements and will submit it to the World Bank for review and ‘no objection’ before negotiation. The Procurement Plan will be updated at least annually or as required to reflect the actual project needs during implementation.

Procurement Activities

13. **Consultancies.** Most of the procurement activities envisaged will be limited to consultancy services such as hiring of PMU, supporting M&E, impact evaluation, and third-party assessment/validation of implementation activities and Program outcomes, and so on. Consulting firms will be selected through Quality- and Cost-Based Selection (QCBS), Quality-Based Selection (QBS), and Selection based on Consultants’ Qualification (CQS), Least-Cost Selection (LCS), Selection under a Fixed Budget (FBS), Single-Source Selection (SSS), and Individual Consultants. Short lists of consultants for services estimated to cost less than US\$800,000 per contract may be composed entirely of national consultants in accordance with the provisions of paragraph 2.7 of the Consultant Guidelines. All contracts estimated to cost more than US\$500,000 will be subject to prior review by the World Bank. The World Bank’s Standard Request for Proposal and Evaluation Reports will be used for consulting contracts above US\$300,000.

14. **Goods.** Goods procured under the project may include information technology equipment (for example, computers, printers, and servers), software, office equipment, furniture and fittings, and so on. The MSDE shall use model documents as agreed with the World Bank for all procurement under the TA component.

15. **Procurement staff.** The PMU at the MSDE shall include procurement specialists to facilitate procurements under the TA component, need-based procurement support to other implementation agencies, and collection of procurement management information for use of MSDE’s top management.

16. **Disclosure of procurement information.** Disclosure of the Procurement Plan and all procurements shall be made in accordance with the provision of the abovementioned World Bank guidelines.

17. **Complaint handling mechanism.** On receipt of complaints, the MSDE will take immediate action to acknowledge the complaint and redress it within a reasonable time frame. All complaints will be addressed at levels higher than that of the level at which the procurement

process was undertaken. Any complaint received will be forwarded to the World Bank for information and the World Bank will be kept informed after the complaint is redressed.

18. The following details shall be sent to the World Bank for publishing in the United Nations Development Business and the World Bank's external website: (a) request for expression of interest for consulting services with estimated cost more than US\$300,000, (b) contract award details of all consultancy services with estimated cost more than US\$300,000, and (c) list of contracts/purchase orders placed following SSS or CQS procedures on a quarterly basis.

19. **Post review.** According to the agreed thresholds specified in the Procurement Plan, the procurements shall be prior reviewed by World Bank. Contracts not covered under prior review will be subject to post review during implementation support missions and/or special post review missions including missions by consultants hired by the World Bank.

20. **Use of Systematic Tracking of Exchanges in Procurement (STEP).** The World Bank's procurement planning and tracking tool, STEP, will be used to prepare and submit for the World Bank's review and 'no objection' procurement plans/updates and to conduct all procurement transactions. The World Bank team will provide training and hands-on support to the MSDE for use of STEP.

Table 9.1. Procurement Methods

Category	Method of Procurement	Threshold (US\$ Equivalent)
Goods and non-consulting services (excluding information technology contracts)	International Competitive Bidding	≥ 3 million
	National Competitive Bidding (NCB) ⁴⁶	Up to 3,000,000 (with NCB conditions)
	Shopping	Up to 100,000
	Direct Contracting	According to paragraph 3.7 of the Procurement Guidelines
Consultant services	CQS	Up to 300,000
	SSS	According to paragraph 3.8–3.11 of the Consultant Guidelines
	Individuals	According to Section V of the Guidelines
	QCBS/QBS/FBS/LCS	For all other cases
	For contracts less than US\$800,000 the short-list may comprise of national consultants only	

⁴⁶ Subject to additional provisions agreed from time-to-time as listed in the Procurement Plan.

Annex 10: Implementation Support Plan

Strategy and Approach for Implementation Support

1. The strategy for implementation support has been developed based on the nature of the Program 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 Program, constant information exchange, and adequate flexibility to accommodate the specificities of the Program.
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) JRMs; (b) regular technical meetings and field visits by the World Bank between the formal JRMs; (c) PMU reporting based on the performance agreements, which will include the State Annual Implementation Plans; and (d) internal audit and financial management reporting.

Implementation Support Plan

4. The World Bank will provide timely implementation support to the Program's Results Areas, 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 the following:
 - (a) **Technical inputs.** The World Bank will solicit inputs from two international experts in SD to support the Results Areas under the Program.
 - (b) **Fiduciary requirements and inputs.** The PMU within the MSDE will be responsible for the implementation of the Operation. Given that the MSDE is not familiar with Program implementation, financial management and procurement arrangements, and M&E in line with both PforR and IPF requirements, the ministry will receive training from World Bank staff before the Program's effectiveness in the area of procurement and project management. This will allow building capacity among implementing agencies especially in matters of financial management and procurement in a PforR Program. Supervision of financial management arrangements will be carried out as required as part of the Program supervision plan and support will be provided on time to respond to Program needs. Procurement supervision will be carried out on time as required by the country.
 - (c) **Safeguards.** The World 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 in table 10.1.

Table 10.1. Implementation Support

Time	Focus	Skills Needed	Resource Estimate
First twelve months	Technical review/support Procurement training and supervision Financial management training and supervision Environmental and social monitoring and reporting Institutional arrangement and Program supervision coordination	Technical, M&E, procurement, financial management, institutional, environmental, and social	TVET specialist: 10 weeks ICT specialist: 5 weeks MIS specialist: 4 weeks Operations specialist: 10 weeks M&E specialist: 5 weeks Procurement specialist: 4 weeks Financial management specialist: 4 weeks Environmental specialist: 2 weeks Social specialist: 2 weeks Co-Task Team Leaders: 16 weeks
12–60 months	Technical review/support Procurement management Financial management and disbursement Environmental and social monitoring and reporting Institutional arrangement and Program supervision coordination and team leadership	Technical, M&E, procurement, financial management, institutional, environmental, and social	TVET specialist: 4 weeks ICT specialist: 3 weeks M&E specialist: 2 weeks Operations specialist: 4 weeks Procurement specialist: 4 weeks Financial management specialist: 4 weeks Environmental specialist: 1 week Social specialist: 1 week Co-task team leaders: 12 weeks

Note: TVET = Technical and Vocational Education and Training.

6. The task team skills mix requirements for implementation support are given in table 10.2.

Table 10.2. Skills Mix Requirements

Skills Needed	Number of Staff Weeks	Number of Trips	Comments
TVET specialist	10 weeks first year, then 4 weeks annually in the following years	Two	Externally based
ICT specialist	5 weeks in the first year, then 3 weeks annually in the following years	Two	Externally based
MIS specialist	4 weeks in the first year	Two	Country office based
Operations specialist	10 weeks in the first year, then 4 weeks annually in the following years	Field trips as required	Country office based
M&E specialist	2 weeks annually starting Year 2	Field trips as required	Country office based
Procurement specialist	4 weeks in the first year and 4 weeks annually in the following years	Field trips as required	Country office based
Social specialist	2 weeks in the first year, then 1 week annually in the following years	Field trips as required	Country office based
Environment specialist	2 weeks in the first year, then 1 week annually in the following years	Field trips as required	Country office based
Financial management specialist	4 weeks in the first year and 4 weeks annually in the following years	Field trips as required	Country office based
Co-task team leaders	16 weeks first year, then 12 weeks annually in the following years	Field trips as required	Country office based

Annex 11: Skills India Mission LMIS Concept Note

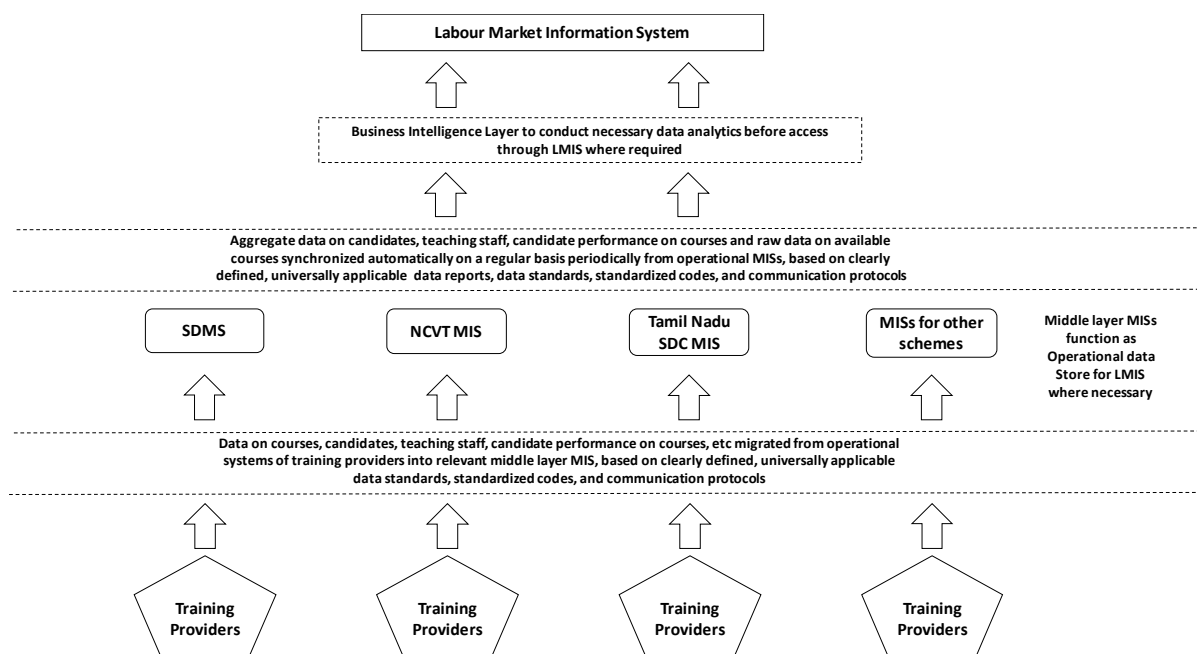
1. Essential to the successful rollout of short courses on SD in India is the establishment of effective MISs that collect accurate data about the courses being offered, by whom the courses are offered, and the number of candidates successfully completing the courses of different kinds. These systems need to facilitate effective monitoring and strategic decision making centrally, at the state level, and within key structures such as the NSDC and the SSCs. Significant work has been done on development and maintenance of MISs in various locations, but these do not yet cohere into a fully functional, streamlined data warehouse architecture that meets the operational/transactional, monitoring, reporting, and analytical requirements of the SD sector as a whole.

2. Currently there are several existing building blocks that could form the basis of an effective SD data warehouse for India. These include the following:

- (a) The SDMS was originally designed as a transaction processing system to support the core mandate of the NSDC of investing in scalable, high quality, for-profit vocational training initiatives. Hence, the SDMS' architecture, was developed as a highly TP-centric solution to manage and monitor the NSDC investments that were limited to a few hundred TPs. With the broadening of the NSDC's mandate to implement the PMKVY through its own TPs, as well as the TPs of the SSCs, the SDMS was expanded in scope to work with candidate-level information of millions of candidates and a strong emphasis on certification of the training experience. The system architecture was not initially designed to function or to operate on this scale. The TP-centric design of the system also renders it less useful to its largest client base, the candidates themselves. Mitigating these challenges will require a complete redesign of the system with redefined business requirements and a candidate-centric data structure that enables it to function effectively as a core transactional system for the PMKVY and all SSCs. This requires a scalable, efficient, and effective transaction processing system that can manage high volumes of short-term SD course data. Such a system could also be offered as a customizable open-source software solution that can be used by other implementing agencies—such as state governments—to manage their respective skilling programs with similar business processes.
- (b) Several implementing agencies already have functional transaction processing systems such as the Ministry of Rural Development's DDU-GKY MIS and the TNS DC MIS. These are intended to not only fulfil some similar functions to those of the SDMS, but also meet the unique requirements of those schemes. A robust data warehousing architecture for SD needs to allow the incorporation of multiple transactional/operational systems that meet the unique requirements of those schemes, rather than trying to expand the SDMS for use by multiple schemes.
- (c) The LMIS is currently under development by the NSDA. It aggregates data from multiple systems, including, for example, the SDMS, the SDIS of the MSDE, and the NCVT MIS (which collects data from the ITIs. The LMIS focuses on two core functions:

- (i) Provision of data analytics and business intelligence to support strategic decision making at various levels throughout the SD sector
 - (ii) A one-stop search facility to enable prospective candidates to search across all available programs and courses available in the SD sector in India, combined with a facility to enable candidates to convert those searches automatically into registration enquiries that can be directed to the responsible TPs.
 - (d) The S2J Portal is a separate transaction processing system procured by the NSDC as a third-party solution to manage financing of SD programs by corporates. The S2J Portal is expected to support end-to-end management and monitoring of corporate investments under CSR or otherwise. The S2J Portal is a good example of a single-purpose transactional system that needs to be integrated into the overall architecture of a SD data warehouse while functioning effectively as a stand-alone application.
3. This data warehouse architecture can be represented graphically as in figure 11.1.

Figure 11.1. SD Data Warehouse Architecture



4. Given the above requirement, the following investments are proposed:
- (a) Ensure that investments in development of the LMIS and all of the related middle layer MISs (SDMS, SDIS, state-level MISs, and MISs for SD schemes of other ministries) adhere to best practice in systems design and development. This will include the following:
 - (i) Documenting in detail the key planning, management, and reporting requirements of the LMIS and associated systems. Among other issues, this document should clearly define the strategic intent behind collecting identified

datasets, as well as what strategic policy decisions this is expected to inform, both at central and state levels.

- (ii) Preparing all of the documents typically expected in completing development of a large-scale MIS, including functional specifications, data architectures, and technical specifications, so that all of this information can be made available to states and ministries, and agencies such as the NSDC as they develop their own systems.
 - (iii) Developing common data and technical standards and communication protocols to underpin the development of the SDMS, SDIS, state-level MISs, and MISs for SD schemes of other ministries to ensure that all systems align to a common standard to facilitate sharing, aggregation, and analysis of data in the LMIS.
 - (iv) Encouraging those initiatives that are advanced in the development of their own MIS to share the source code of these systems so that it can be used by other initiatives that lack the capacity or finances to build their own systems.
- (b) Redesign the SDMS so that its design is driven by a candidate-centric data structure and is built on a technological platform that enables it to manage data, allows its concurrent usage, and perform data transactions on the scale demanded for it to effectively support the PMKVY and the work of the SSCs.