



OFFICIAL USE ONLY

IDA/R2017-0300/1

September 12, 2017

**Closing Date: Friday, September 29, 2017
at 6:00 p.m.**

FROM: Vice President and Corporate Secretary

Nepal - Enhanced Vocational Education and Training Project II

Project Appraisal Document

Attached is the Project Appraisal Document regarding a proposed credit to Nepal for an Enhanced Vocational Education and Training Project II (IDA/R2017-0300), which is being processed on an absence-of-objection basis.

Distribution:

Executive Directors and Alternates
President
Bank Group Senior Management
Vice Presidents, Bank, IFC and MIGA
Directors and Department Heads, Bank, IFC and MIGA

This document has a restricted distribution and may be used by recipients only in the performance of their official duties. Its contents may not otherwise be disclosed without World Bank Group authorization.

Document of
The World Bank

FOR OFFICIAL USE ONLY

Report No: PAD2373

INTERNATIONAL DEVELOPMENT ASSOCIATION

PROJECT APPRAISAL DOCUMENT

ON A

PROPOSED CREDIT

IN THE AMOUNT OF SDR 42.7 MILLION

(US\$60 MILLION EQUIVALENT)

TO

NEPAL

FOR AN

ENHANCED VOCATIONAL EDUCATION AND TRAINING PROJECT II

September 8, 2017

Education Global Practice
South Asia Region

This document has a restricted distribution and may be used by recipients only in the performance of their official duties. Its contents may not otherwise be disclosed without World Bank authorization.

CURRENCY EQUIVALENTS
 (Exchange Rate Effective as of July 31, 2017)
 Currency Unit = Nepali Rupee (NPR)
 NPR 102.6 = US\$1
 US\$1.41 = SDR 1
 FISCAL YEAR
 July 16 – July 15

ABBREVIATIONS AND ACRONYMS

ADB	Asian Development Bank
CTEVT	Council of Technical Education and Vocational Training
CPS	Country Partnership Strategy
DACUM	Developing a Curriculum
DFID	U.K. Department for International Development
DLI	Disbursement-linked Indicator
DOFE	Department of Foreign Employment
DP	Development Partner
EEP	Eligible Expenditure Program
ESMF	Environmental and Social Management Framework
EU	European Union
EVENT	Enhanced Vocational Education and Training
FEPB	Foreign Employment Promotion Board
FMR	Financial Monitoring Report
GDP	Gross Domestic Product
GON	Government of Nepal
HR	Human Resource
IDP	Institutional Development Plan
IPF	Investment Project Financing
IPR	Implementation Progress Report
IRR	Internal Rate of Return
M&E	Monitoring and Evaluation
MOU	Memorandum of Understanding
MIS	Management Information System
MOE	Ministry of Education
NGO	Nongovernmental Organization
NOSS	National Occupational Skill Standards
NPC	National Planning Commission
NSTB	National Skill Testing Board
PD	Project Director
PDO	Project Development Objective
PIC	Project Implementation Committee
PIM	Project Implementation Manual
PMT	Proxy Means Testing
PPSD	Project Procurement Strategy for Development
PS	Project Secretariat
QA	Quality Assurance

RBF	Results-Based Financing
RMA	Rapid Market Appraisal
SDC	Swiss Agency for Development and Cooperation
TITI	Training Institute for Technical Instruction
TMIS	Training Management Information System
TSLC	Technical School Leaving Certificate
TVET	Technical and Vocational Education and Training
VCDF	Vulnerable Community Development Framework

Regional Vice President: Annette Dixon

Country Director: Qimiao Fan

Senior Global Practice Director: Jaime Saavedra Chanduvi

Country Manager: Takuya Kamata

Practice Manager: Keiko Miwa

Task Team Leader(s): Sangeeta Goyal and Maya Sherpa

**BASIC INFORMATION**

Is this a regionally tagged project?	Country(ies)	Financing Instrument
No	Nepal	Investment Project Financing

- ☐ Situations of Urgent Need of Assistance or Capacity Constraints
- ☐ Financial Intermediaries
- ☐ Series of Projects

Approval Date	Closing Date	Environmental Assessment Category
28-Sep-2017	15-Jul-2022	B - Partial Assessment

Bank/IFC Collaboration
No

Proposed Development Objective(s)

The Project Development Objectives are to improve equitable access to market relevant training programs and to strengthen the technical and vocational education and training (TVET) sector service delivery in Nepal.

Components

Component Name	Cost (US\$, millions)
Results-based Financing	54.00
Project Management, Monitoring and Evaluation	6.00

Organizations

Borrower :	Government of Nepal
Implementing Agency :	Ministry of Education

PROJECT FINANCING DATA (US\$, Millions)



<input type="checkbox"/> Counterpart Funding	<input type="checkbox"/> IBRD	<input checked="" type="checkbox"/> IDA Credit	<input type="checkbox"/> IDA Grant	<input type="checkbox"/> Trust Funds	<input type="checkbox"/> Parallel Financing
Total Project Cost: 60.00		Total Financing: 60.00 Of Which Bank Financing (IBRD/IDA): 60.00		Financing Gap: 0.00	

Financing (in US\$, millions)

Financing Source	Amount
International Development Association (IDA)	60.00
Total	60.00

Expected Disbursements (in US\$, millions)

Fiscal Year	2018	2019	2020	2021	2022	2023
Annual	5.50	12.50	14.50	14.00	13.00	0.50
Cumulative	5.50	18.00	32.50	46.50	59.50	60.00

INSTITUTIONAL DATA

Practice Area (Lead)

Education

Contributing Practice Areas

Social Protection & Labor

Climate Change and Disaster Screening

This operation has been screened for short and long-term climate change and disaster risks



Gender Tag

Does the project plan to undertake any of the following?

a. Analysis to identify Project-relevant gaps between males and females, especially in light of country gaps identified through SCD and CPF

Yes

b. Specific action(s) to address the gender gaps identified in (a) and/or to improve women or men's empowerment

Yes

c. Include Indicators in results framework to monitor outcomes from actions identified in (b)

Yes

SYSTEMATIC OPERATIONS RISK-RATING TOOL (SORT)

Risk Category	Rating
1. Political and Governance	● High
2. Macroeconomic	● Moderate
3. Sector Strategies and Policies	● Moderate
4. Technical Design of Project or Program	● Moderate
5. Institutional Capacity for Implementation and Sustainability	● Moderate
6. Fiduciary	● Moderate
7. Environment and Social	● Moderate
8. Stakeholders	● Moderate
9. Other	
10. Overall	● Moderate

COMPLIANCE

Policy

Does the project depart from the CPF in content or in other significant respects?

☐ Yes ☒ No



Does the project require any waivers of Bank policies?

[] Yes [✓] No

Safeguard Policies Triggered by the Project

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

Legal Covenants

Sections and Description

The Recipient shall maintain the Project Secretariat (“PS”), headed by a Project Director and staffed with professionals, all of whom shall have qualifications, experience, and terms of reference satisfactory to the Association, which PS shall be entrusted with the day-to-day implementation of the Project, including, inter-alia, the planning, budgeting, coordination, procurement, financial management, auditing, and monitoring and evaluation of Project activities.

Sections and Description

The Recipient shall maintain the Project Implementation Committee (“PIC”), chaired by the Secretary, MOE, consisting of, inter-alia, officers of the Ministry of Education, Council of Technical Education and Vocational Training, National Planning Commission and of other ministries and departments of the Recipient, responsible for guiding and overseeing Project implementation based on selected assignments set forth in detail in the Project Implementation Manual, including: (i) the review of Project annual work plans and budgets prepared by the PS; (ii) the coordination among the ministries and government agencies receiving support from the Project; and (iii) the monitoring of Project implementation progress and outcomes.

Sections and Description

The Recipient shall, not later than sixty (60) days after the Effectiveness Date, adopt a Project Implementation Manual (PIM) issued by the PS and endorsed by the PIC, in form and substance satisfactory to the Association.



Sections and Description

Sections and Description

Conditions

Type

Description

Disbursement

PROJECT TEAM

Bank Staff

Name	Role	Specialization	Unit
Sangeeta Goyal	Team Leader (ADM Responsible)	Economist	GED06
Shambhu Prasad Uprety	Procurement Specialist (ADM Responsible)	Senior Procurement Specialist	GGO06
Chandra Kishor Mishra	Procurement Specialist	Procurement Specialist	GGO06
Yogesh Bom Malla	Financial Management Specialist	Financial Management Specialist	GGO24
Annu Rajbhandari	Safeguards Specialist	Environmental Specialist	GEN06
Jasmine Rajbhandary	Team Member	Senior Social Protection Specialist	GSP06
Jaya Karki	Team Member	Program Assistant	SACNP
Jun Zeng	Safeguards Specialist	Senior Social Development	GSU06
Karthika Radhakrishnan	Team Member	Operations Officer	GED06
Manjula M. Luthria	Team Member	Senior Economist	GPSJB
Maya Sherpa	Team Member	Economist	GED06
Mohan Prasad Aryal	Team Member	Senior Operations Officer	GED06
Pujan Mani Rai	Team Member	Consultant	GED06
Rekha Shreesh	Safeguards Specialist	Social Development Specialist	GSU06
Uddhav Kumar Bhandari	Team Member	Consultant	GED06
Pradeep Kumar Shrestha	Financial Management	Consultant	GGO24



Extended Team

Name	Title	Organization	Location
------	-------	--------------	----------



Nepal
Enhanced Vocational Education and Training Project II

TABLE OF CONTENTS

I.	STRATEGIC CONTEXT	1
	A. Country Context	1
	B. Sectoral and Institutional Context	2
	C. Higher Level Objectives to which the Project Contributes	5
II.	PROJECT DEVELOPMENT OBJECTIVES	6
	A. PDO	6
	B. Project Beneficiaries	6
	C. PDO-Level Results Indicators	6
III.	PROJECT DESCRIPTION	7
	A. Project Components	7
	B. Project Cost and Financing	12
	C. Lessons Learned and Reflected in the Project Design	13
IV.	IMPLEMENTATION	14
	A. Institutional and Implementation Arrangements	14
	B. Results Monitoring and Evaluation	14
	C. Sustainability	15
	D. Role of Partners	16
V.	KEY RISKS	16
	A. Overall Risk Rating and Explanation of Key Risks	16
VI.	APPRAISAL SUMMARY	17
	A. Economic and Financial (if applicable) Analysis	17
	B. Technical	17
	C. Financial Management	18
	D. Procurement	19
	E. Social (including Safeguards)	19
	F. Environment (including Safeguards)	20
	G. Other Safeguard Policies (if applicable)	20
	H. World Bank Grievance Redress	20



VII. RESULTS FRAMEWORK AND MONITORING.....	22
ANNEX 1. DISBURSEMENT LINKED INDICATORS MATRIX	34



I. STRATEGIC CONTEXT

A. Country Context

1. **Over the past decade, Nepal's economy has performed reasonably well.** Growth averaged 4.3 percent (at market prices) over 2005-15. Although declining as a share in the economy, agriculture continues to play a large role, contributing one third of value-added. The service sector has grown in importance, accounting for more than half of value-added in recent years. Industry in general, and manufacturing in particular, has grown more slowly and its relative share in the economy is falling. Similarly, exports continue to struggle, while imports are fueled by remittances that exceed 30 percent of GDP. Inflation was in single digits for most of the past decade, with the peg of the Nepali rupee to the Indian rupee providing a nominal anchor. Fiscal balances remained sustainable owing to strong revenue growth and modest spending. The incidence of poverty measured against the national poverty line fell by 19 percentage points from 2003/04 to 2010/11, and in 2010/11¹, 25 percent of the population was counted as poor. Most multidimensional indicators of poverty also showed improvements across regions in Nepal. However, these gains remain vulnerable to shocks and setbacks, like the 2015 earthquakes which were followed by trade disruptions resulting in the lowest economic growth in 14 years in 2016.

2. **Economic activity is rebounding strongly following the shocks, but risks are mounting.** This rebound stems partly from a base effect, as well as a favorable monsoon boosting agricultural output and earthquake reconstruction gathering speed to raise investment. High inflation in the past two years has moderated sharply and has decelerated to 3.4 percent (y/y)² in May 2017. Government revenue continues to perform well, and spending has also picked up compared to previous years. Nevertheless, ambitious expenditure targets envisioned in the budget have not been met, leaving previously accumulated government deposits largely intact at NPR147 billion in May 2017. Meanwhile, rapid credit growth over the past year and slowing deposits are diminishing the availability of loanable funds. This has pushed up banks' credit to core capital plus deposit (CCD) ratios to 78 percent in January 2017 (the regulatory limit is 80 percent). Meanwhile, the cumulative effect of a sharp trade balance deterioration and a slow growth of remittances, has put the pressure on current account.

3. **A new constitution that defined Nepal as a federal democratic republic was promulgated in September 2015.** With the formulation of the new Constitution, Nepal is now migrating to a federal state structure with autonomous sub-national governments to be run by elected authorities. One major impact of the transition is the redundancy of the district offices and their sub offices to be replaced by Municipalities. The country will now have 7 States and 753 local-levels. Funds, functions and functionaries hitherto managed through the 75 District Development Committees will move to new local governments. While the proposed 753 local-levels are expected to provide better outreach and services, they will likely take significant time to become fully operational.

4. **Nepal, though a lower-income economy, is an economy in transition.** The country is experiencing increasing urbanization, the growing importance of services in its economic structure, and a demographic transition with rising shares of the workforce and the youth populations over the next two decades. The urban population in Nepal is growing at a fast pace, increasing by almost 20 percent between 2010 and 2015. Urbanization has been fueled by the migration of rural population to more central districts for jobs. Nepal is still a largely agrarian economy with low labor productivity—agriculture employs four-fifth of Nepal's workforce while contributing only 33 percent to its gross

¹ Recent data not available

² Year on year



domestic product (GDP). Albeit, the share of services and industry in the labor force in 2015 were 15 percent, and 3 percent, respectively.³ Service, which is nearly 51 percent of Nepal's GDP, is the fastest growing sector with a growth rate of 4 percent per year, followed by manufacturing (2.6 percent) and agriculture (1.3 percent). Of the total population of Nepal of 26.5 million (in 2011), nearly 21 percent was between 16 and 25 years, and 41 percent between 16 and 40 years, providing the country with an ongoing opportunity to benefit from the first demographic dividend (Census, 2011, Global Monitoring Report 2015/16).

5. **While there is substantial underemployment and informal employment dominates, increased focus on skills and employability will help Nepal benefit from its potential youth dividend.** The National Labor Force Survey (2008–09) estimated overall underemployment to be as high as 43 percent, and close to 90 percent of all jobs fall in the informal sector. Most new labor market entrants get absorbed in low-income jobs in the informal sector or in unskilled jobs abroad. Rural migrant youth are at a disadvantage in competitive urban economic environments due to their lower levels of education and skills. While, there is considerable wage premium from completing higher levels of education, large shares of the 16–40 years' age group have never attended school (Nepal Education Sector Strategy, 2016).

B. Sectoral and Institutional Context

6. **The TVET sector in Nepal is an important intermediary between youth and the labor market through the provision of pre-employment skills.** The TVET sector in Nepal has grown in size over time and is provided by a variety of entities located in the government and non-state sectors using formal and informal modalities. Formal TVET in Nepal includes the Council for Technical Education and Vocational Training (CTEVT) certified Technical School Leaving Certificate (TSLC) programs of 18 months, 3-year Diploma programs, and a variety of short-term training courses accredited by the CTEVT and other agencies. The minimum eligibility requirement for enrolling in TSLC/Diploma programs is successful completion of Grade 10. Short-term training is open to any person in principle, but depending on the type of training, there may be minimum eligibility requirements such as having a Grade 8 pass or lower-level certification for a higher level of training. TSLC/Diploma training is offered by the CTEVT's technical institutions, private institutions, technical institutions of the universities, and vocational education streams in secondary schools including annex schools. Short-term training is largely provided by private training providers but also through public training centers of various Ministries such as Education, Industry, Labor and Transport Management, Agriculture, and other nongovernmental organizations (NGOs) and international NGOs that support training programs. The National Skill Testing Board (NSTB) of the CTEVT provides opportunities for testing and certification of formerly acquired skills, that is, testing and certification of skills whether formally or informally acquired. These certificates are valuable in that they provide an identity to the bearers and also facilitate their vertical mobility in the TVET system. Additionally, the share of informal and non-formal training is likely to be quite high but tracking participation in such training is difficult due to lack of sufficient data. There seems to be a high incidence of on-the-job training by formal firms in Nepal (Nepal Enterprise Survey 2013), though the share of the formal sector in the economy is miniscule.

7. **Since 2006, Nepal has taken several steps with respect to increasing the scale and, to some extent, the quality of the TVET sector.** Two national TVET policies were approved by the Cabinet in 2007 and 2012. With the Government's own initiatives combined with donor support such as the World Bank, Asian Development Bank (ADB), Swiss Agency for Development and Cooperation (SDC), the U.K. Department for International Development (DFID), and others, between 2000 and 2010, the

³ Data in this paragraph has been taken from the World Development Indicators, 2016, unless otherwise noted.



number of TVET graduates increased from 15,000 to 80,000 per year, the number of technical schools offering TSLC/Diploma programs increased from 150 to over 400, areas in which short-term training programs were offered increased from 45 to over 225, and the average number of certifications by the NSTB increased multifold per year.

8. **Nonetheless, the country continues to face the challenges of providing better quality training relevant for domestic and foreign labor markets, more inclusive provision, and sector cohesion.** Despite Cabinet approval, the national TVET policies have been put into action in a piecemeal way. Achieving the GON's objective of a skilled workforce will require (a) more investment and stronger incentives for improved service delivery at the institution level for better quality and market relevance of programs offered; (b) making access to long-term and short-term training more inclusive, including bringing aspiring and return migrants into the TVET system fold; and (c) improved sector-wide governance through sufficient regulation and coordination, monitoring and evaluation (M&E), incentivized finance, and information. Skill development will need to be considered as an ongoing strategy to benefit from the country's demographic dividend.

Weaknesses in Service Delivery in the TVET Sector Undermines its Effectiveness, Quality, and Relevance

9. The quality and effectiveness of the training programs in Nepal are compromised due to several factors.

- **Inadequate quality assurance.** Lack of adequate and transparent quality assurance guidance and implementation in the TVET sector has led to a greater focus on numbers and less on the quality of graduates being produced by the technical schools and training providers. There is scant understanding of a stable set of standards, criteria, and indicators that help policy makers and providers determine financial needs, performance planning and budgeting, and steps to take for quality improvement. Learners, parents, and communities also do not have standardized information needed to assess the quality of institutions, programs, and courses on offer by various providers.
- **Variable facility quality.** The quality of TVET facilities in Nepal is variable, with a small pool of excellence followed by a long tail of lower-quality institutions with insufficient infrastructure and outdated or non-available machinery and equipment and teaching-learning materials.
- **Underdeveloped leadership and management quality in TVET institutions.** The centralized and top-down approach to decision making in public sector institutions constrains the quality and effectiveness of training. In mature TVET systems, administrators, especially of public training institutions, are able to orient their institutions to deliver training programs that have market relevance. Administrators need to be capable of executing a complex set of skills such as forging links between training institutions and industry for curricular design; skills standards setting and following through with QA requirements, apprenticeships, and placement of students; use of training outcomes data for evidence-based management, use of research and innovation to improve training delivery; and human resource management.
- **Outdated instructor competencies.** Instructor competencies, acquired a long time ago, are in general out of alignment with current occupational requirements. The TVET sector in Nepal does not have a policy of regular upgrading of subject-content knowledge of instructors in consonance with changing skills, occupational, and product standards. Credentials may have been acquired by instructors at the time of first-hiring, and there is no requirement for upgrading their pedagogical or substantive knowledge and skills.
- **Ad hoc employer engagement in curricula development.** Quality Assurance activities associated with revisions to and development of curricula such as setting of standards, testing



and certification, or pedagogical methods and material are slow to change and do not benefit from employers' inputs and feedback in a systematic manner. This exacerbates the problem of skill gaps and mismatches in the labor market.

Restricted Access and Equity in the TVET Sector

10. The provision of TVET in Nepal is limited in relation to training needs of new labor market entrants and workers, and access for disadvantaged communities remains constrained. Between 450,000 and 500,000 youth come of working age every year in Nepal, most of whom will enter either the domestic or the foreign labor market with limited education and skills. On the other hand, annual intake capacity in short-term and long-term TVET programs in the country was between 100,000 and 120,000 in 2016.

- **Inequitable access in rural areas and for socially disadvantaged groups and female youth.** Rural and remote communities face disadvantages due to the high costs of service delivery to these areas. Regional inequality of skill development opportunities is likely to get emphasized with the move to a federal structure and may become a political pressure point.
- **Social inequity.** While female participation in TVET programs has grown over time, they tend to be concentrated in certain trades (for example, beautician, tailoring), a pattern reinforced by lack of appropriate employment opportunities in other sectors. Skills testing service offered by the NSTB is also concentrated in the more advanced regions, with only 20 percent of test-takers belonging to the Mid- and Far-West.
- **Low skilled international migration.** International migration is an important employment strategy in the Nepal context, with at least 50 percent⁴ of Nepali households receiving remittance income. An average of 400,000 migrants have obtained labor permits every year in the last decade, nearly three-fourths of whom are deemed unskilled and face higher economic costs and risks of migration compared to semiskilled and high-skilled labor migrants. The average monthly earnings of semiskilled and high-skilled migrants are as much as 40 percent and 188 percent higher compared to that of an unskilled migrant worker (CTEVT, 2014)⁵. Among key factors responsible for difference in earnings are migrants' skill and educational qualifications. Additionally, there is national concern over the integration of return and repeat migrants in the domestic economy in productive ways. Testing and certification of skills acquired abroad can enable repeat and return migrants to signal their higher skills to employers and facilitate further formal upgrading of their skills in the future. Financial literacy and business-related training can allow return migrants to invest their savings in domestic businesses and financial assets.

Difficulties in Making the Transition from Training to the Workplace

11. Youth in Nepal face many difficulties in making the transition to the world of productive work. This could be due to low school education attainment, absence of workplace skills required by the labor market, lack of information on job availability, and of access to systems and mechanisms that structure the transition to work.

- **Workplace-based learning is at a negligible scale.** Even though employers frequently voice dissatisfaction with the outputs of the TVET system in Nepal, there is no tradition or investment in pre-employment enterprise-based TVET. Manufacturing firms offer formal in-service training to half their workers on average (Nepal Enterprise Survey 2013), but a very small share of the

⁴ National Living Standard Survey 2010-11

⁵ Dynamics and Dimensions of Labor Migration from Nepal, CTEVT 2014.



labor force works in this sector. Informal apprenticeships likely exist but they are hard to track or regulate. Despite the endorsements from the TVET Policies of 2007 and 2012, there is no formal apprenticeship framework in Nepal wherein trainees or graduates are embedded within industries to learn valuable trade-related practical and behavioral skills that enhance their employability in specific industries.

- **Lack of systematic job placement assistance reduces for a given distribution of skills.** Job search methods can positively influence labor market outcomes such as time taken to find first job, job characteristics, earnings, and worker satisfaction. As search is a costly activity, most TVET students are biased toward using informal channels when looking for jobs, reducing labor market returns to given level of skills.

System-level Issues Affecting Quantity and Quality of TVET

12. **Improved sector governance is important for sectoral outcomes.** Though two national TVET policies have been prepared, they have fallen short of laying the ground for establishing a strategic framework for skill development in Nepal aligned with national priorities or mechanisms for system-level oversight. The policies list desirable forms of TVET activities but these recommendations are not based on any manner of current and future diagnostic of skill needs (and associated fiscal costs) of the economy or linked to economic growth policies. The 17 ministries active in TVET provision in Nepal do not adhere to common norms, standards, or practices, undermining efficiency.

13. **There is undersupply of information on skills, leading to inefficient decision making regarding TVET by individuals and a wasteful use of public and private resources.** Potential candidates have limited information on their own skill needs, types of training available, quality of skill providers, and the economic returns to skills. Trained individuals are unable to signal their availability to potential employers because of lack of access to channels on job availability. Different parts of the TVET system (various Government departments providing TVET, for example) do not consolidate training data in one place, which leads to the risk of duplication of efforts and wastage of scarce resources.

14. **Public financing for TVET is miniscule.** Though public financing of TVET has increased over time, it is (a) largely subsumed under the education budget and reflects residual importance and (b) very small in size. In 2016–17, the GON's allocated budget for TVET was 1.87 percent of the total Ministry of Education (MOE) budget. Other government department expenditures on TVET were miniscule. The allocation rules in use further reduce the effectiveness of scarce public resources as transfer of public funds is based on inputs and expenditures, which do not guarantee either the attainment of objectives or cost-effectiveness. Publicly provided training is further constrained by lack of developmental investment that can be programmed for performance as much of the current budget is absorbed by salaries and operating expenses.

C. Higher Level Objectives to which the Project Contributes

15. The project supports the GON's national goals of increased productivity, income, and employment in domestic and foreign labor markets and reduction in poverty through links with two priority areas, namely education and service delivery (Budget Speech 2016–17 and the 14th Three-Year Plan, July 2016–July 2019). The project design, building on the successes and lessons learned from Enhanced Vocational Education and Training Project I (EVENT I), includes key activities endorsed in the National TVET policies of 2007 and 2012 for improving the employability and skill development opportunities for the youthful workforce in Nepal in a socially inclusive manner. The proposed project contributes to the World Bank's twin goals of eliminating extreme poverty and boosting shared prosperity by improving equitable access to market relevant training programs and improving service



delivery in the TVET sector in Nepal with the ultimate goal of improving youth employability. EVENT II also directly contributes to the ongoing Country Partnership Strategy (CPS) for Nepal (2014–18). One of the areas through which Pillar 2 of the CPS (2014–18) aims to support the country in increasing growth and opportunities for shared prosperity is equalizing access to skills development.⁶

16. EVENT II will contribute to the Nepal Jobs Platform, that is being developed under the Support to Developing and Inclusive Jobs Strategy (through non-lending Technical Assistance (TA)⁷). The Jobs Platform is expected to help the World Bank integrate and monitor Bank supported lending and analytical activities relevant to the jobs agenda, under the aegis of the new Country Partnership Framework. EVENT II will also complement World Bank support to the GON on the jobs agenda through Project for Accelerating Inclusive Job Growth in Nepal (lending under preparation⁸), which is led by the Social Protection and Jobs (SPJ) and Trade and Competitiveness (T&C) Global Practices. While the TA contributes to World Bank and GON's development of job strategies, and the lending under preparation focuses on creation of quality jobs and enhancement of labor market outcomes for youth, EVENT II complements these through its focus on TVET. Where relevant, during implementation, linkages between EVENT II and these and other Bank projects focusing on jobs and entrepreneurship will be facilitated.

II. PROJECT DEVELOPMENT OBJECTIVES

A. PDO

17. The Project Development Objectives (PDO) are to improve equitable access to market relevant training programs and to strengthen the technical and vocational education and training (TVET) sector service delivery in Nepal.

B. Project Beneficiaries

18. The project's direct beneficiaries are Nepali youth in the age group 16–40 years, technical schools and their leaders, instructors, assessors and students, short-term training providers, and employers. Nepali youth, including women, migrants, and the disadvantaged, will benefit from skill development training and certification of prior existing competencies. Students in technical schools will benefit from better-quality training due to grant-supported upgraded facilities, improved human resource in service delivery, and financial support for attending long-duration TVET courses. Instructors, assessors and heads of institutions will benefit from upgrading of their competencies. The project's indirect beneficiaries include families of students and trainees who will benefit from higher household income streams. Employers will benefit from systematic reduction in skill gaps and mismatches in the workforce, curricula reflecting their skill needs, and future cohorts of students and youth from improved service delivery in the TVET sector. Society overall will benefit from greater availability of skilled human resources, especially in priority areas of national development. Enhanced capacities in implementing agencies and participating institutions will also have a lasting effect on the overall management of the skills sector in Nepal.

C. PDO-Level Results Indicators

19. The project will track the following key results to measure progress toward achieving its Project Development Objective (PDO):

⁶ Report No. 83148-NP, May 1, 2014.

⁷ P163141

⁸ P160696



- Percentage of trainees employed/self-employed within 6 months of completion of short-term training (market relevance)
- Number of TSLC/Diploma program offering institutions that have received performance-based quality improvement grants (market relevance; service delivery)
- Number of TVET instructors and/ or assessors with enhanced professional competencies (service delivery)
- Share of females and disadvantaged youth completing market relevant short-term training programs (equitable access)

III. PROJECT DESCRIPTION

A. Project Components

20. The project, through its first component, is designed to support the TVET sector in Nepal at different levels—the system, the institution, and the individual. Activities supported under the project include upgrading the quality of TVET facilities, supporting key human resources that are critical for the quality of service delivery, improving access for disadvantaged groups, supporting missing links between training and placement to help youth find work, improving the availability of information linking skills supply and demand, and improving governance through performance-based funding of training providers. The project will also support migrants through training and skill testing and certification. The project will use a Disbursement-linked Indicator (DLI) modality for reimbursement, and a subset of outputs and outcomes supporting the achievement of the PDO have been identified as disbursement triggers. A second component will focus on project management, M&E, and sector-wide initiatives such as preparation of a skill development framework, strengthening of information systems, innovative activities, skill competitions, and communications and outreach.

Component 1. Support to Results-based Financing (IDA: US\$54 million)

Component 1 will finance results in the TVET sector that are related to the achievement of the PDO. These include results related to strengthening service delivery in technical schools offering TSLC/Diploma programs, widening access to TVET programs through short-term training leading to employment, testing of prior skills of potential labor market entrant or workers, whether formally or informally acquired, and scholarships that will permit eligible students to attend TSLC/Diploma programs, and introduction of new TVET programs such as apprenticeships and job placement services on a small scale for generating evidence on their effectiveness.

Results Area 1: Strengthening Service Delivery in Technical Education

21. This results area aims to (a) promote a culture of quality improvement at the technical school level, (b) increase the transparency of the quality of training, and (c) improve the quality and relevance of technical education and training in TSLC/Diploma programs through strengthening multiple service delivery dimensions of technical schools such that they reinforce each other. Under this results area, performance-based quality improvement grants will be provided to selected technical schools offering TSLC/Diploma courses for improving facility quality. It will also support improved management and leadership capacity of heads of the technical schools, support the upgrading of occupational and instructional skills of TVET instructors, and curricula upgrading in collaboration with employers.

22. **Sub-results Area 1.1 Quality Improvement Grants for Technical Education.** Under this sub-results area, the project will provide performance-based quality improvement grants to select public and private sector institutions offering TSLC and Diploma courses. A Quality Assurance manual for TVET institutions will be prepared under the leadership of the CTEVT, to establish minimum quality



standards, criteria, indicators, and internal and external assessment processes and use of assessment findings by institutions for improving quality. QA indicators that will trigger performance payments to institutions will likely be linked to processes, outputs, and outcomes indicating greater access to these programs by females and disadvantaged youth, better quality training offered by the institutions, including updated and new TSLC/Diploma courses identified by employers as an emerging need (and prepared through project support under sub-results area 1.3 described in the following sections) but which are currently not being offered on a sufficient scale by TVET institutions, increased youth employability, improvement in management capacity of the institutions, and greater institutional accountability. Each selected institution will prepare an institutional development plan (IDP) showing year-wise activities to be funded by the performance grants with annual and overall targets for achievement. Such activities can include minor civil works for classrooms, workshops, laboratories, and so on, curricula-related machinery and equipment, furniture, teaching-learning materials, teacher training, student and teacher industry visits, guest lectures, tracer studies, job placement and career counseling cell establishment, and soft-skills training, among others. The IDPs and QA indicators that will trigger funds flow will be made part of the agreements signed between the PS and the selected institutions.

23. **Eligibility and selection criteria.** TSLC/Diploma program offering technical institutions in the public and private sector will be selected for participation in the project on the basis of a set of eligibility and selection criteria. Those institutions that have been in operation for a minimum period so that the institution has stable management and institutional capacity and institutions not supported during the first phase of EVENT will be given preference. However, up to 20 percent of EVENT II-supported TSLC/Diploma program offering institutions can be from this earlier pool, with priority given to those that performed well, both financially and with respect to results, under the first project. Eligible institutions will complete a baseline QA assessment that will be rated on a point-based system. An evaluation committee comprising Government officials, experts, technical school and industry representatives will be constituted for identification of eligible and selected institutions who meet minimum QA requirements. Detailed eligibility and selection criteria and processes, baseline QA assessment and institutional plan formats, and performance indicators and performance assessment methods will be described in full in the Project Implementation Manual (PIM).

24. **Assessing achievement of quality standards.** The PS will constitute a panel of quality assurance experts who may be TVET experts, professors from national universities, and other relevant technical institutions. The panel members will review quality standards achieved by the supported TSLC/Diploma program offering institutions as per the Quality Assurance manual through a combination of visits and documentary evidence. The details regarding the identification and selection process of the panel and their terms of reference will be provided in the PIM.

25. **Sub-results Area 1.2. Improving Management, Instructor and Assessor Quality.** This sub-results area will support (a) leadership and management training of heads of institutions of public and private TSLC/Diploma program offering institutions that will provide them with skills necessary to orient the institutions they manage for delivering training programs with market relevance and for internal QA; (b) occupational and instructional training of instructors, especially in trades with high demand to upgrade their subject content knowledge and bring them in line with currently in demand standards; and (c) refresher and new training of skill test assessors to upgrade their competencies and ensure that assessors are available in new trade areas. The training framework and modules will be prepared and delivered by the Training Institute for Technical Instruction (TITI) as per the Memorandum of Understanding (MOU), which is the premier advanced training institute in Nepal. A training needs analysis, whereby employers and instructors will be canvassed for their views on in-demand occupations, will be carried out before initiation of occupational training of instructors.



Similarly, NSTB will identify refresher and new training needs of assessors prior to initiating this activity.

26. **Sub-results Area 1.3. Modernizing Technical Education Curricula.** The project will support the CTEVT in the revision of existing and development of new curricula for TSLC/Diploma programs to improve their quality, relevance, and practical content. Priority will be given to those skills with the greatest demand from employers and those from emerging/growth sectors such as agro-processing, tourism, construction, retail, pharmaceutical, and information technology. The CTEVT will use the Developing a Curriculum (DACUM) process, which, as a model, includes the systematic engagement of employers in determining curricula content and associated skill standards. The implementation of the DACUM process and the relationship with employers, in relation to terms of engagement, identification of parties to the engagement, and roles and responsibilities of the various parties, will be further strengthened, as necessary, based on implementation experience.

Results Area 2. Widening Access to TVET Programs

27. The objectives of this results area are to widen access to formal long- and short-term TVET programs for youth, especially females; migrants; and youth belonging to disadvantaged groups. Support will be in the form of scholarships and subsidization of the cost of training and skills test.

28. **Sub-results Area 2.1. Pro-poor Scholarships for TSLC/Diploma Students.** This sub-results area will provide scholarships to (a) poor but meritorious students to enable them to attend TSLC/Diploma programs and (b) students with low academic attainment who are eligible for TSLC programs. Youth who are no longer in the system due to financial constraints and youth located in rural areas will be given preference as beneficiaries of this sub-results area. The scholarships will be paid directly into the bank accounts of selected students in two instalments. The second instalment will be released conditional on students maintaining sufficient attendance in their programs.

29. **Sub-results Area 2.2. Performance-based Funding of Short-term Vocational Training Programs.** The project will support widening access to CTEVT recognized short-term vocational training programs (of at least 390 hours' duration) with special focus on disadvantaged and rural youth in the age group 16–40 years with at least functional literacy, women, and migrants (potential, repeat, and return migrants) and hard-to-reach youth such as former bonded labor. Training providers, largely located in the private sector, will be competitively selected and reimbursed, either directly or through vouchers given to trainees, on the basis of milestones achieved and verified. Milestones selected for reimbursement will include number of participants and their socioeconomic characteristics, training completion, testing and certification, and labor market outcomes post training. Reimbursement will be structured to provide greater incentives to training providers to select trainees from disadvantaged groups. Labor market outcomes-related milestones for reimbursement to training providers will measure gainful employment/self-employment status of trainees within three months and gainful employment/self-employment status and monthly earnings within six months of training completion. Preference will be given for training on in-demand skills determined through rapid market appraisal (RMA) conducted by training providers and validated by employers and chambers of commerce, and will be aligned to trainee needs (such as entrepreneurship and financial literacy training for return migrants). Special focus will be given to the training of women in non-traditional trades and of migrants. Training packages for migrants will be developed after consultations with the Department of Foreign Employment (DOFE), the Foreign Employment Promotion Board (FEPB), NGOs, civil society organizations, and development partners (DPs) who have experience of working with migrants, and focus group discussions with aspirant, repeat, and return migrants.



30. **Selection criteria.** The training providers will be selected according to a set of eligibility and selection criteria that will include the quality and provenance of their RMA report that identifies training needs in a particular location and endorsed by employers in that area, technical proposal on the training process proposed to be followed, capacity including quality and quantity of infrastructure and facilities, instructors' quality, transparency in its financial management (FM) system including regular audits, and adequate working capital for pre-financing, among others. The training providers will also be selected on the basis of their target locations, willingness to provide greater access to disadvantaged groups, and willingness to place graduates into employment after training completion.

31. **Monitoring of training quality and output.** Monitoring of all short-term training quality and milestones will be carried out through a combination of Management Information System (MIS) and physical inspection-based monitoring. A joint monitoring team, consisting of members from within and outside the MOE/GON, will visit the training and employment locations for each batch of supported trainees, multiple times during the relevant period to assess their training quantity, quality, and employment and earnings status.

32. **Sub-results Area 2.3. Testing of prior skills (TOPS).** EVENT II will support NSTB testing and certification of youth for formerly acquired skill levels 1 (basic), 2 (semiskilled; equivalent to TSLC), and 3 (high skilled; equivalent to Diploma). The project will also extend the testing and certification facility to repeat and return migrants who will have acquired new skills through on-the-job experience in foreign countries. Four to five skill test centers in rural locations, or in districts with high concentration of potential international migrants, will be upgraded to make skill test services available closer to the home locations of youth in these areas. Based on the National Vocational Qualifications Framework under development through SDC support, National Occupational Skill Standards (NOSS) and assessment tools in new and emerging trade areas will be prepared if necessary. The project will also carry out tracer studies of those who have undertaken the skill test to understand how youth and workers use the certificate (whether to signal skills to employers, move from self-employment to wage employment, and for vertical mobility within the TVET system), including the measurement of the value of the certificate and to identify skill gaps and mismatches.

Results Area 3. Pilots in Enabling Youth Transition to Work

33. This results area will pilot programs/initiatives to provide youth with mechanisms to bridge the worlds of pre-employment training and work through workplace-based learning in the form of apprenticeships and job placement services. The pilot programs will be rigorously evaluated for generating evidence on these new activities being supported through public financing for consideration for continuation and scaling up.

34. **Sub-results Area 3.1. Apprenticeship Programs.** Under this sub-results area, training programs that combine workplace-based learning with institution-based learning will be offered to a pool of students who fulfil the minimum eligibility criteria for enrolling in Level 2 training as prescribed by the CTEVT and the NSTB. The training program will be jointly managed by a technical institution and a suitable industry partner, and the PIM will specify the arrangements for transfer of the funds between the PS, technical institution and industry partner. The design of the training program will be aligned with similar programs being supported by other DPs (of which 80 percent will be workplace-based; and 20% class-room based) and training will be offered in commonly identified industrial growth sectors, including hospitality, tourism, retail, construction, and agro-processing. To estimate labor market returns to behavioral/soft skills such as teamwork and discipline, a second arm of the apprenticeship program will include an additional module for enhancing the soft skills of the apprentices. The labor market outcomes of this second group who receive both the apprenticeship training and soft skills training will be measured against those trainees who receive only the



apprenticeship training to assess the differences in labor market returns that can be attributed to behavioral skills.

35. **Sub-results Area 3.2. Placement Services.** The main objective of this sub-results area is to pilot and evaluate the effectiveness of providing search and matching assistance to youth to increase their chances of employment directly (through filling vacancies) and indirectly (by reducing costs of hiring for employers so that they create more vacancies). It will support the provision of job placement assistance services to youth through partnerships with private sector organizations such as job portals, job placement firms, and referral services and through the provision of career development activities within training institutions. Services provided are expected to include locating appropriate jobs, preparing curriculum vitae, helping with job applications, and preparing for interviews, among others. Youth supported through this pilot activity will not be the same group that receive employment assistance from training providers under sub-results area 2.2.

Component 2. Project Management, Monitoring and Evaluation (US\$6 million)

36. The objective of this component is to aid project management and implementation and to support selected sector-wide initiatives for improved coordination, governance, and outreach.

Sub-component 2.1. Project Management, Monitoring and Evaluation

37. This subcomponent will support project management and M&E through the Project Secretariat (PS) established to implement EVENT I. It will finance salaries and honoraria of staff and consultants; the operating costs needed for a functional and fully staffed PS and associated committees; for PS and field-based monitoring including the use of a joint monitoring mechanism with the MOE, other DPs, and experts; for making the results-based financing (RBF) nature of the project successful; and for communications and outreach, including holding skills competitions, and engaging citizens' effectively. It will also support technical assistance, including the hiring and use of consultants for the smooth implementation of project activities, surveys and studies, data collection and report preparation for verification purposes, and the expansion of the MIS. The PS can also hire a technical team under this subcomponent for support in the areas of FM, procurement, monitoring, and evaluation including field-based monitoring, and so on, that may be needed for the smooth implementation of project activities.

38. **Joint monitoring and Quality Assurance Assessment.** A key factor contributing to the success of EVENT I was the use of a joint monitoring mechanism for the short-term training process at four different stages⁹—enrollment of trainees, training delivery, testing, and post training employment and income of trainees. Reimbursement to the training providers was done based on the verified results at these four stages. The joint monitoring teams largely consisted of members from the District Education Office, CTEVT and HELVETAS Regional Offices. This tripartite arrangement provided credible checks-and-balances, without which training quality could have been lower with the possibility of rent-seeking by training providers. Going forward, a similar mechanism will be used in EVENT II to ensure that the same or higher level of scrutiny of training quality and labor market results. The SDC may support the GON in facilitating participation of third-party members in this joint monitoring mechanism. Additionally, a panel of experts will be constituted by the PS to provide a similar arrangement for assessment of quality standards achieved by the TSLC/Diploma program offering institutions who receive performance grants under EVENT II.

⁹ Comprises of six cycles of joint monitoring – venue verification and trainee selections; training period; skills test; three months employment verification; and six months employment/ income verification.



Sub-component 2.2. Sector-wide initiatives

39. This subcomponent will support initiatives aimed at filling certain sector-level institutional gaps. Activities supported by this sub-component will be aligned with and complement GON sector-wide initiatives (for e.g. a sector fund, management and information systems etc.). These include the following:

- (a) **Preparation of a national skill strategy for Nepal that is aligned with the new political structure and will provide the framework for coordinating all TVET activities in the country.** The strategic framework will be developed through collaboration between the MOE, CTEVT, the Ministry of Finance, other relevant ministries and departments, the National Planning Commission (NPC), DPs active in the TVET sector, employer representatives, and national and international experts. The GON should be able to use the framework as the basis for a National Skills Development Program. The framework will be based on skill requirements projections for Nepal in the next 5–10 years, associated fiscal costs, and a proposed implementation plan considering the new federal structure of Nepal's polity.
- (b) **Operationalizing and expanding the scope of the Training Management Information System (TMIS) which is a web-based modular information system linking all technical education institutions in Nepal that offer TSLC/Diploma and other TVET programs.** Under the proposed project, further support will be provided to the CTEVT to expand the scope of the TMIS to include new modules, such as for the NSTB, and for ministries that are currently doing skills training to upload their information. The objective will be to make the TMIS a rich repository of formal skills being produced by the TVET sector in Nepal. The TMIS will also introduce a QA scorecard for each technical education institution, which will be available in the public domain for use by prospective students and employers. The strengthened TMIS will be established as a separate unit within the CTEVT during project implementation with adequate staff (permanent and consultants) for sustainability beyond the project period.

B. Project Cost and Financing

40. **Lending instrument.** The project will use an Investment Project Financing (IPF) instrument based on an RBF modality with DLIs that will trigger funds flow. Component 1 will be results based and project funds will be reimbursed against an Eligible Expenditure Program (EEP) up to a capped amount and against achievement of agreed DLIs. Component 2 will use a traditional investment project approach with direct reimbursement of project expenditures.

41. **EEP.** The EEP for the project is being defined as the expenditures¹⁰ under Component 1 of the project, as detailed in the PIM. These EEPs are relevant for achieving the outputs in the DLI matrix and for achieving the PDO. Categories of expenditures in the EEP include grants to TSLC/Diploma program offering institutions, contracts to short-term training providers and scholarships; expenditures made for memoranda of understanding (MOUs) signed with the CTEVT, NSTB, TITI, and other public implementing agencies for heads of institutions, TVET instructors and assessors training, skill testing and certification, manual development, and curriculum revision; and expenditures made for apprenticeships and job placement services.

¹⁰ Expenditure codes 22512 (short-term training, training through NSTB and TITI, recognition of prior learning, apprenticeships training and job placement services), 26422 (TSLC/Diploma program offering institutions performance grants) and 27211 (scholarships)



42. **DLIs.** The DLIs for the project are a subset of input/process, output, and outcome indicators from the Results Framework for the project as a whole. These DLIs are aimed at two main results areas targeted by the PDO, that is, improving access to market relevant TVET opportunities to youth in Nepal and strengthening service delivery. There are seven DLIs which are described in detail in Annex 1. The DLIs are independent in the sense that reimbursement conditions for each are independent of all the others.

43. **Project cost and financing.** The total IDA support to the GON under the project will be US\$60 million. Funding for Component 1 is results based and funds will be disbursed against an agreed EEP and on achievement of agreed and verifiable DLI targets. The PS will submit implementation performance reports (IPRs) and interim unaudited financial reports clearly documenting EEPs, when seeking reimbursement for achievement of DLRs. Component 2 will be directly reimbursed against project expenditures. There will be a provision for retroactive financing of up to 5 percent of the credit proceeds for expenditures incurred by the PS using the FM arrangements since July 16, 2017 under the project.

C. Lessons Learned and Reflected in the Project Design

44. The project design reflects lessons from ongoing education and training operations in the TVET sector in Nepal supported by the World Bank and other DPs (such as the ADB, SDC, and European Union [EU]); World Bank-financed TVET projects in other countries; and international good practices. More critically, where relevant and applicable, the design of EVENT II has been informed by experiences from the EVENT I project. Key lessons reflected in the project design include the following:

- Sustained political commitment is key for making skill development an integral part of the Government's economic development goals. Strong political ownership is equally critical for project success especially when several agencies, ministries, and autonomous bodies have to work collaboratively to achieve results.
- Institutionalization of Quality Assurance is a critical key step in the long-term development of the TVET sector. There are clear gaps in available guidance and practice in the TVET sector, unlike the higher education and school sectors. The project will support the development of a Quality Assurance manual for training institutions; the use of this manual will be integrated in different project components as applicable.
- The project design reflects a whole institution development concept wherein capacity development in all critical dimensions of technical schools will be taken forward through performance-based quality improvement grants, upgrading of instructor skills, and management and leadership competencies development of heads of institutions.
- Links between the demand and supply sides of skills are important for ensuring that the right skills get produced in the right quantity. The project supports the development and strengthening of these links in several ways. The project will support close links between the CTEVT, training providers, and industry in training design, delivery, and feedback on skill demand. Employers' bodies and associations will help in the identification of skills needs and validation of RMA findings done by short-term training providers.
- Interventions have been designed to incentivize training providers to provide good quality training as well as for being accountable for results. Based on the experience of EVENT I, incentives will be aligned to training quality, trainee characteristics, and milestones in the skill development and job placement cycle.
- Supporting educational and training institutions with grants is a commonly used instrument in developmental aid in the education sector. EVENT I provided matching grants (for only public) and performance grants (for both public and private) to TSLC/Diploma program offering institutions. Given the limited capacity of these schools to generate own funds required for



- matching, and to ensure that the focus on outcomes continue, EVENT II will support a more strengthened performance grants modality only.
- EVENT II will support the availability of information to stakeholders on both the demand and supply sides in several ways such as expanding the TMIS and using job placement services to act as conduits between the supply and demand sides of the skill market to reduce skills gaps and mismatches arising from information failures.
- The project has benefited from the experience of other DPs and organizations. Lessons learned in this regard are reflected in the design of several project activities such as short-term training, apprenticeships, and support to migrants.
- A robust M&E system is necessary for the success of an outcomes-focused project for measuring performance and to generate evidence-based feedback for improved implementation. The project will build on the MIS developed for EVENT I and expand and adapt it to cover activities that will be supported under EVENT II. The modality of using field-based teams with diverse representation from within and outside the Government to ensure objectivity used successfully by EVENT I will also be carried forward.

45. EVENT II, like EVENT I, will be a learning project. The design of activities such as RBF of training providers for which there is continued need and where past experience has generated sufficient knowledge has been informed by this experience. Relatively new activities, such as apprenticeships and job placement services, for which evidence is patchy will be rigorously evaluated during the project period to generate the knowledge needed for future scaling up.

IV. IMPLEMENTATION

A. Institutional and Implementation Arrangements

46. The EVENT PS of the MOE was established for the management of the day-to-day implementation of EVENT I. The PS will also be the main implementing agency for EVENT II. It will be headed by a Project Director (PD) who will be a Joint Secretary of the GON, and it will be sufficiently staffed for smooth project implementation. The PS staff will include both government officers on deputation and temporary staff/consultants who may be hired to provide special skills and expertise to the project for a duration, as deemed necessary. The PS may hire a technical team for support on project management and technical functions, including financial functions. A Project Implementation Committee (PIC) chaired by the Secretary of Education (MOE) will be established. The PIC will include, as members, officers of the MOE, CTEVT, NPC, and other ministries and departments of the GON. The PIC will be responsible for (a) reviewing the annual work plan and budget submitted by the PS, (b) coordinating among the ministries and government agencies receiving support from the project, (c) monitoring project implementation progress, and (d) monitoring project outcomes. The PIC will meet on a quarterly basis and has the option of convening special meetings as and when required. The implementation arrangements are likely to continue under the new federal structure given the large private sector provision of TVET programs in Nepal, and the nature of project activities. If required and to the extent the new structure has any bearing on these arrangements, they may be suitably modified in the future.

B. Results Monitoring and Evaluation

47. **Overall review, monitoring, and reporting.** The EVENT PS will have primary responsibility for all monitoring and reporting activities required for the project. As project financing is tied to the achievement of Disbursement Linked Results (DLRs), the existing M&E capacity of the PS and other implementing agencies will be enhanced to enable timely achievement of results and reporting. Under the project, the PS can take necessary action for strengthening their existing mechanisms for data



collection, processing, and reporting and conduct regular monitoring by expanding hardware, software, HR, and communication capacities. The PS will have at least one monitoring officer. Under Component 2, project funds can be used for technical assistance and training for the implementing agencies to strengthen their capacity for project management, results monitoring, data collection, processing, and reporting. Achievement of each DLR will be assessed according to the protocol described in annex 1. The PS will prepare a Project Implementation Manual (PIM) that provides detailed and rigorous operational and monitoring guidelines for all project activities. The PIM will include a detailed monitoring plan for each indicator, including the DLIs. The Swiss Development Agency (SDC) is considering providing support to the GON on the joint monitoring mechanism which will allow external members to participate as part of the monitoring team in target and quality monitoring of short-term training activities. The PS will also constitute a panel of quality assurance experts for TSLC/ Diploma program offering institutions.

48. Implementation support missions will be carried out twice each year during the project's implementation period. These missions will be the basis of carrying out periodic reviews of project implementation progress and will be done jointly by the GON/PS and the World Bank teams. Progress reporting will be done on a regular basis through IPRs and Financial Monitoring Reports (FMRs) documenting progress, challenges, and next steps. A Midterm Review of the project will be held in 2020. It is expected that most data collection and processing will be done using the MIS at the EVENT PS, with data fed by training providers, supported TSLC/Diploma program offering institutions, and the PS itself as well as other implementing agencies. The project will support the strengthening and enhancement of the TMIS at the CTEVT. Coordination with other agencies for integration of data on trainees and other graduates from similar programs into the CTEVT TMIS will be explored.

49. **Evaluations, impact studies, and other surveys.** The pilot programs in apprenticeships and placement services will be evaluated for assessment of impacts on outcomes of interest such as employment and earnings across groups that receive and do not receive the training and various placement services packages. The evaluation of the apprenticeship program will also estimate the impact of the additional effect of non-cognitive skills training on trainees' employment and earnings and whether the effects of the apprenticeship program are heterogeneous, especially for women and marginalized ethnic groups. The baseline survey for the apprenticeship evaluation will be conducted before the applicants know whether they will be receiving the training or not. A follow-up survey will take place after two years. Similarly, for placement services, labor market outcomes will be compared for youth who receive different placement services packages. The baseline survey will be conducted at the time of induction of youth in service programs. A follow-up survey will be done at a suitable later period. Tracer studies of the graduates of various training programs as well as of youth receiving the NSTB certificate will also be carried out, to estimate labor market outcomes over a longer period. Other studies may be carried out by the PS on the basis of needs identified during implementation.

C. Sustainability

50. While specific project activities are unlikely to continue 'as is' in the period after project implementation is over, the common strategic framework developed through project support will take forward the GON's TVET sector goals with which the PDO of EVENT II is also aligned. The project, through technical assistance under Component 2, can support the GON in preparing an implementation plan associated with the strategic framework, estimating financing requirements, as well as any due diligence needed to develop an implementation modality (for example, a TVET fund). Additionally, EVENT II is designed as a learning project, and is expected to generate rigorous evidence that will help inform the future design of current interventions considered for continuation by the GON, whether through its own resources and/or support from other sources including the private



sector, corporate social responsibility, and external aid. Capacity building of TVET leaders and managers and institutional strengthening will also have impacts beyond the project period.

D. Role of Partners

51. The World Bank is a key member of the consortium of DPs in the TVET sector in Nepal. The consortium includes major DPs such as the A DB, the EU, DFID, SDC, and others. The World Bank team will participate actively in the discussions and meetings organized by the consortium on TVET issues on a regular basis, especially with respect to developing a common strategic framework for the TVET sector in the country. The consortium will support the GON's efforts in trying to bring all donors together to harmonize support to the TVET sector and minimize possible overlaps and duplication of activities. With respect to specific project activities—for example, support to migrants and apprenticeships programs—consultations will be held with relevant partner agencies who have knowledge and experience in these areas. Training packages for migrants will be developed after consultations with the DOFE, the FEPB, NGOs, civil society organizations and DPs who have experience of working with migrants, and focus group discussions with aspirant, repeat, and return migrants. The PS will coordinate a joint monitoring team at the local level, consisting of members likely from GON ministries/departments including PS officers and consultants, DPs, international NGOs and NGOs, and others, for monitoring project activities and results. This will help in the reduction of duplication of efforts, for example, trainees attending multiple trainings and crowding out other potential or needy trainees.

V. KEY RISKS

A. Overall Risk Rating and Explanation of Key Risks

52. The overall risk is assessed as Moderate. This is the second phase of support to the TVET sector following on from the first EVENT project, lowering most risks. **Macro-economic risk continues to be moderate.** Economic growth is expected to remain strong but is expected to ease towards potential. Inflation is likely to pick up, but will remain relatively low compared to the rates seen in previous years. The fiscal deficit could widen during the next fiscal year, but given the large cash balances on hand, financing will be adequate. The debt sustainability analysis conducted by the World Bank and IMF in 2016 maintains a 'low' risk of debt distress. The current account surplus is expected to narrow and swing into deficit as imports continue to grow, while remittances remain sluggish. Fiduciary risk is mitigated by the project's use of a results based funding modality.

53. **Political and Governance risks are rated as High.** Nepal's transition has been characterized by frequent government changes. The country has constitutionally adopted a federal government system; however, it is currently facing the challenging task of managing a smooth transition from the old system to the new one. The new system in principle provides the opportunity to decentralize development benefits and make service delivery more effective. But the risks of jurisdictional overlap between the national and sub-national government systems, lack of clarity and coherence between policies and devolved powers, and duplication of efforts will remain high in the coming few years. Key aspects of the new system require further definition and may continue to be contested by different population groups. Project implementation, however will be guided by a detailed Project Implementation Manual developed in consultation with all stakeholders, assigning clear roles and responsibilities, reducing the risks of overlaps and duplication.

54. The risks relating to institutional capacity for implementation and sustainability and fiduciary aspects are assessed as Moderate in view of the satisfactory performance of the PS under the first EVENT project, which will continue to be the main implementing agency for EVENT II. Sustainability of



interventions will be further supported through the development of a strategic framework for skill development in Nepal aligned with national priorities for system-level coordination, quality assurance, and oversight. On environmental aspects, the infrastructure upgrading and construction under EVENT II are envisaged to be small in scale. On social aspects, planned project interventions are expected to result in substantial social benefits to society at large, especially to the poor and vulnerable sections. Adverse impacts that are sensitive, diverse, and unprecedented on the environment and/or people are therefore not foreseen. Mitigation of unforeseen impacts will be enhanced through grievance redressal and citizen engagement mechanisms. Project stakeholder risks are assessed as Moderate. The project will build on the experience from EVENT I and will coordinate closely during implementation with relevant ministries and departments of the GON; DPs active in the TVET sector; key implementation partners such as the CTEVT, NSTB, TITI, technical schools, and training providers in the public and private sectors; and employers, youth, and community representatives, to ensure a coherent and collaborative approach to TVET policy making and practice.

VI. APPRAISAL SUMMARY

A. Economic and Financial (if applicable) Analysis

55. The economic analysis presents a prospective assessment of the cost-benefit analysis of EVENT II project. The internal rate of return (IRR) is estimated using a cost-benefit analysis of the major results area (results area 2) of the project, and compares the benefits and costs of the project to a 'without project' counterfactual. As part of the sub-results area 2.2, the GON will finance the training of about 115,000 youth in the age group 16–40 years in CTEVT-recognized short-term vocational training programs with special focus on disadvantaged and rural youth, women, and migrants (potential, repeat, and return migrants). Assumptions used for the cost-benefit analysis include the following: (a) direct costs of the training financed by the project are approximately US\$41.1 million (70% of credit proceeds) and indirect costs such as foregone wages are around US\$207 million; (b) project benefit comes from incremental higher wages accruing as a result of the training, which are US\$1,000 annually per worker; (c) the benefit stream accruing from higher earnings for the trainees (beneficiaries) is 30 years; and (d) the discount rate is 12 percent. Based on the discount rate and benefit and costs assumptions detailed above, the cost-benefit analysis results in IRR of 12.84 percent and NPV of US\$4.25 million. The base scenario assumes an employment rate of 65 percent for the first three years and 70 percent thereafter and annual wage differential of US\$1,000. A sensitivity analysis shows that economic returns are positive in most scenarios except where the employment rate falls below 50 percent.

B. Technical

56. The strategic relevance of the project is derived from the GON's economic goals of the 14th Periodic Plan (2016/17–2018/19) and the TVET policies of 2007 and 2012 which broadly aim to establish an inclusive and equitable approach to widely extend the opportunities of technical education and vocational training to interested citizens to prepare capable, efficient, competitive, and productive human resources for the economic development of the country. The design of the project has been aligned to its three-pronged focus: equity for wider access to TVET programs, quality for skills acquisition and relevance by meeting standards and labor market demands, and efficiency with RBF and strengthened service delivery, including QA at the institutional and system levels. The project is forward looking beyond the period of its implementation and will support the development of a national strategic framework as a common platform for the numerous TVET activities in the country. Multiple sources of information have been used as inputs in developing the design of project activities. These include country economic reports and economic sector reports (World Bank 2017; Asian



Development Bank 2015; CTEVT, 2014)¹¹; tracer studies of trained youth including those who received NSTB certificate through support for prior skill testing under EVENT I; administrative data from EVENT I; TMIS data with the CTEVT on TSLC and Diploma programs; and research studies. Focused discussions with DPs active in the TVET sector in Nepal, employers and training institutions, and international research on effective TVET policies, strategies, and interventions have also been used to inform project design. EVENT II will complement World Bank support to the GON on the emerging jobs agenda provided through the Social Protection and Labor and Trade and Competitiveness (T&C) Global Practices. While the latter's strong focus will be contributing to the development of the GON's jobs strategies including supporting access to finance for entrepreneurship, EVENT II will focus on youth employability so that the two projects can build on each other's focus for a wider impact. Where relevant, linkages between EVENT II and other Bank projects focusing on jobs and entrepreneurship will be facilitated.

C. Financial Management

57. The Government's Financial Management Administration Regulations will be used as the basis for exercising appropriate controls over project transactions. The regulations will be supplemented by the PIM for EVENT II, which will include a detailed description of project components, funds flow and operations procedures based on results, implementation arrangements and agreed guidelines for different project components, project costs as applicable, a procurement plan, FM guidelines, M&E arrangements, reporting arrangements and risk mitigation measures. The roles and responsibilities of the PIC and the PS will be segregated to ensure that work programs and financial transactions are initiated, approved, and executed at different levels. Given the MOE's experience with sector-wide programs and report-based disbursements, the disbursements of the proposed project will also be report based. There are no current outstanding audit reports under the MOE.

58. The PS will be responsible for all project-related FM activities as under EVENT II. This includes planning, programming, budgeting, accounting, funds flow, reporting, internal control/audit, and external audit. Disbursements will be also handled by the PS. The Nepal country systems will be used for internal control/audit and external audit. Additional fiduciary mitigation measures may be incorporated in the advance stage of implementation. The PS, as under EVENT I, will have qualified technical and FM specialists as part of the staff. Having the core project team in place and continuity of staff constitute major risks to project implementation and will need to be addressed. The project also includes additional assurance arrangements such as the provision of a technical team to support the PS, independent monitoring of performance, and financial audits to measure success or timely identification of areas of improvements.

59. **Disbursement arrangements:** The disbursement under Component 1 of the project will be 100 percent on a reimbursement basis. On Component 1, once the DLR targets are met and verified, the project will initiate claims for reimbursement after approval of the WB. However, the claim will be restricted to the cumulative expenditures under the EEP. The expenditures to be included in the EEP has been defined in Para 41 and will be described in detail in the PIM. The disbursement amount will be based on the lower of the (a) incurred expenditures for the EEP; and (b) the amount assigned to the DLRs achieved and validated. In any period, the unutilized amounts from the two aspects can be rolled over for disbursement in subsequent reporting periods. The disbursements under Component 1 will be made twice a year (May and September) based on achievement of DLRs. The format in the Disbursement letter will be designed to track both these separately to prevent excess claims. On Component 2, the disbursement will be based on report against agreed activities. The PS can seek an advance for expenditure forecast for two trimesters under Component 2. The PS will open a

¹¹Climbing Higher: Towards a Middle-Income Nepal, World Bank, 2017; *ibid*.



designated account in USD currency in the Central Bank. Reporting to the Bank will be through agreed formats in the form of Interim Unaudited Financial Reports (IUFRs) and it will be submitted to IDA within 45 days of the end of the fiscal trimester. Students' scholarships will be paid directly to their accounts through the commercial banks appointed for this arrangement. There will be reporting of expenditures by the institutions to the PS before the PS submits withdrawal applications to the World Bank for reimbursement. All transfer of funds will be through bank accounts. Audit reports of the TSLC/Diploma program offering institutions receiving grants will reflect the amount of funds received separately in the financial statements within the period specified in the MOU. The PS will submit the annual project audit report issued by the Office of the Auditor General (OAG) within six months after the end of the fiscal year.

D. Procurement

60. In general, World Bank Procurement Regulations for IPF Borrowers apply for procurement activities using World Bank funds. Given that IDA disbursements under Component 1 are made against agreed EEPs and achievement of the DLIs, the Procurement Regulations for IPF Borrowers, July 2016 will apply to this component to the extent that the EEPs are procurable, and the provision stipulated in the Financing Agreement. However, selection of training providing agencies and other service providers under the relevant component shall be based on the process mentioned in the PIM agreed with the World Bank. Component 2 will provide support for capacity building, project management, and M&E that may include consulting services; non-consulting services (training, capacity development, and so on); and procurement of goods. Procurement under this component will be carried out in accordance with Procurement Regulations for IPF Borrowers, July 2016, and the provisions stipulated in the Financing Agreement. Procurement of goods, as agreed in the Project Procurement Strategy for Development (PPSD) and Procurement Plan¹², may be carried out using national procurement procedures, that is, in accordance with the National Competitive Bidding as per Nepal's Public Procurement Act, 2007, and regulations made thereunder, along with any additional IDA-prescribed caveats. The PPCS and the Procurement Plan for the first 18 months have been prepared. The PS will prepare a procurement manual as a part of the PIM, and arrange and provide, from time to time, training and orientation to staff involved in procurement initiation, review, and decision-making processes.

E. Social (including Safeguards)

61. The project is expected to generate positive social impacts through its efforts to improve access to market-relevant TVET programs by females and disadvantaged youth through direct (proxy means test [PMT]) and indirect (provider incentives) targeting and more inclusive processes. This project, like EVENT I, will pay special attention to lagging regions, poor youth, women, Dalits disadvantaged Janajatis, and other marginalized communities. The project pays attention to both demand-side and supply-side issues with respect to social equity. An Environmental and Social Management Framework (ESMF) has been developed for the project. This framework will ensure compliance with key safeguards issues that are triggered by the project. The project will be implemented across the country and at this point in time, the specific locations where the project will be implemented are not fully known. However, the implementation of the project in parts of the country with large proportions of indigenous people will trigger OP/BP 4.10 (Indigenous Peoples). Similarly, the project does not envision the acquisition of new land and thus it will not trigger OP/BP 4.12 (Involuntary Resettlement.) Because of the complex population composition of Nepal where

¹² The Project Procurement Strategy for Development (PPSD) document comprises of the summary of PPCS to inform the Bank's preparation of PAD in a tabulated form.



difficulties arise in separating the indigenous population with vulnerable groups, a Vulnerable Community Development Framework (VCDF) has been prepared as part of the ESMF. The VCDF seeks to ensure that the project components are made accessible to vulnerable communities and that these communities are able to maximize project benefits.

F. Environment (including Safeguards)

62. The project is classified as Category B according to World Bank OP/BP 4.01 (Environmental Assessment). Most of the activities funded by the GON under the project do not have any civil works and therefore minimal adverse environmental impacts can be expected. The project will finance moderate civil works; refurbishment of existing structures; and construction of additional classrooms, workshops, and laboratories for skills training on land that is already acquired. The project's infrastructure/civil works trigger OP/BP 4.01, and if new education blocks are located in the land owned by the forest authority, the environmental screening and subsequent Environmental Management Plan will include appropriate mitigation measures.

G. Other Safeguard Policies (if applicable)

63. Not applicable.

64. **Climate Screening and Disaster Screening:** The project was screened for climate and disaster risk. Nepal is exposed to wide range of hazards, including earthquakes, floods, landslides, droughts and Glacial Lake Outburst Floods. The project supports only minor civil works. Ministry of Education has adopted the Post Disaster Recovery Framework which aims to develop the human resources required to ensure overall recovery from long-term disaster impacts, for example through prioritizing the recovery of technical education facilities for training skilled masons and carpenters. Hence the overall risk to the intended project outcome is low to moderate.

65. **Gender:** Participation of female youth in TVET programs has improved over time, though females are still under-represented overall, and also tend to be concentrated in certain trades. The project has been designed to provide positive incentives to providers to increase female participation in TVET programs, including in non-traditional trade areas. The project's MIS system will collect and report gender-disaggregated data every year.

66. **Citizen engagement and Grievance Redress Mechanism:** Citizen engagement will form an integral part of project implementation to enable two-way feedback mechanisms between beneficiaries' and governmental officials. The project will have an effective complaints-handling system through a help-line at the Project Secretariat (PS) office and usage of group SMS facility. The PS will periodically share with the Bank, a sample set of record of the complaints received and processed. The project uses an IO indicator to track satisfaction levels of trainees, instructors and employers.

H. World Bank Grievance Redress

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



information on how to submit complaints to the World Bank's corporate Grievance Redress Service (GRS), please visit <http://www.worldbank.org/en/projects-operations/products-and-services/grievance-redress-service>. For information on how to submit complaints to the World Bank Inspection Panel, please visit www.inspectionpanel.org.



VII. RESULTS FRAMEWORK AND MONITORING

Results Framework

COUNTRY : Nepal

Enhanced Vocational Education and Training Project II

Project Development Objectives

The Project Development Objectives are to improve equitable access to market relevant training programs and to strengthen the technical and vocational education and training (TVET) sector service delivery in Nepal.

Project Development Objective Indicators

Indicator Name	Core	Unit of Measure	Baseline	End Target	Frequency	Data Source/Methodology	Responsibility for Data Collection
Name: Percentage of trainees employed/self-employed within 6 months of completion of short-term training		Percentage	60.00	70.00	Annual	Source: PMIS, tracer studies	PS
Description: Employment includes both wage and self-employment. Supported trainees refer to youth in short-term training programs (at least 390 hours) supported with GON funds under the project using a results based financing approach, whether through direct reimbursement of training providers or through voucher based reimbursement. Employment rate refers to the ratio of employed trainees to trainees who pass the NSTB skills test that they take after training completion (for the same batch of trainees). Employment rate will be estimated at 6 months after the skills test is completed by supported trainees.							
Name: Number of TSLC/Diploma program offering institutions that		Text	0	100	Annual	PMIS; Administrative Data from the supported institutions	PS; supported institutions; CTEVT



Indicator Name	Core	Unit of Measure	Baseline	End Target	Frequency	Data Source/Methodology	Responsibility for Data Collection
have received performance based quality improvement grants							
<p>Description: TSLC/Diploma program offering institutions refer to those institutions that are either constituent of or affiliated to the CTEVT technical schools. Performance based quality improvement grants are results based grants given to these technical schools by the GON under the project for improving institutional quality using the quality assurance manual developed for the purpose as guidance.</p>							
Name: Number of TVET instructors and/ or assessors with enhanced professional competencies		Number	0.00	1660.00	Annual	PMIS; Administrative data submitted by TITI and NSTB	PS, TITI, CTEVT, NSTB
<p>Description: TSLC/Diploma instructors for this DLI are those instructors who are currently in service as instructors for TSLC and Diploma courses in public and private TSLC/Diploma program offering institutions. These institutions can be both those that are or not supported through performance-based quality improvement grants under the project.</p> <p>The content of occupational training will be as described in the PIM and will include both up-to-date theory, and practical and pedagogical requirements of the particular occupation. Those who successfully complete the training programs will receive a nationally recognized certificate. Assessors refer to those who are currently NSTB certified skill test assessors or those who get NSTB skill test assessor certificate in a new trade through project support.</p> <p>The annual targets for supported TSLC/Diploma instructors are 100,260,260,140 and 120 in years 1,2,3,4 and 5, respectively.</p> <p>The annual targets for supported assessors are 180,200,200,200in years 2,3,4 and 5, respectively</p>							
Name: Share of female and disadvantaged youth completing market relevant short-term training programs		Percentage	50.00	65.00	Annual	PMIS; Administrative data submitted by short-term training providers	PS, short-term training providers



Indicator Name	Core	Unit of Measure	Baseline	End Target	Frequency	Data Source/Methodology	Responsibility for Data Collection
Description: Youth refers to persons in the age group 16-40 years. Each trainee will be trained for at least 390 hours. Disadvantaged groups generally will include marginalized ethnic groups, the disabled, and those from poor/remote locations defined by the GON. Completion rate will be determined after the data on enrollment and completion has been submitted by the training providers from supported short-term training programs to the PS.							

Intermediate Results Indicators

Indicator Name	Core	Unit of Measure	Baseline	End Target	Frequency	Data Source/Methodology	Responsibility for Data Collection
Name: Number of heads of institutions who have completed management training program		Number	0.00	400.00	Annual	PMIS; Administrative data submitted by TITI	PS, TITI, CTEVT
Description: TSLC/Diploma program offering institutions include public and private TSLC/Diploma program offering institutions. These institutions can be both those that are or not supported through performance-based quality improvement grants under the project. The heads of these institutions may be principals, vice-principals, and others in managerial positions. Those who successfully complete the leadership and management training programs will receive a nationally recognized certificate. The leadership and management training programs will be structured as per the PIM and will have common standardized leadership and management modules with some elective modules.							
Name: Number of curricula revised/developed with industry participation to reflect employer requirements		Number	0.00	40.00	Annual	PMIS; Administrative data submitted by the CTEVT	PS, CTEVT
Description: Curricula refers to TSLC/Diploma, apprenticeship, and short-term training (level 2 and above) curricula endorsed by the CTEVT and NSTB, respectively. Curricula will be revised/developed by the CTEVT using the DACUM process which has specific roles and responsibilities for employers in the particular field. Identification of curricula to be revised/developed will be done through regular needs analysis. Curricula revision/development will be counted as completed when the curricula, the							



Indicator Name	Core	Unit of Measure	Baseline	End Target	Frequency	Data Source/Methodology	Responsibility for Data Collection
NOSS (where applicable), and the skills test (where applicable) have been prepared.							
Name: Pass rates in quality TSLC/Diploma programs in supported institutions		Text	Baseline established at the end of Year 1	TBD	Annual	PMIS, Administrative data submitted by supported TSLC/Diploma program offering institutions	PS, supported TSLC/Diploma program offering institutions
Description: Supported institutions refer to technical schools that offer TSLC/Diploma programs supported through quality improvement focused performance grants. Pass rates will be measured as a final graduation rate and as average for all technical schools supported through performance grants. The measure of pass rate will be separately tracked by gender and disadvantaged groups. This will be the share of girls and youth from disadvantaged groups (as listed in the PIM) as a percentage of their own total enrollment in the first year/semester of TSLC/Diploma programs. Given the possibility of double-counting, an individual cannot be counted in more than one category. The annual and end-of-project targets will be determined after the institutions are selected and the baseline is established, and the PIM will be updated to reflect this.							
Name: Number of youth, including migrants who have enrolled in market relevant Project supported short-term training programs		Number	0.00	115000.00	Annual	PMIS	PS, short-term training providers
Description: Youth refers to people in the age group 16–40 years. Youth supported by the project will be selected following due process as described in the PIM for each training category—results-based short-term training, voucher-based short-term training, and short-term training conducted for specific population groups. Short-term training programs refer to training programs of at least 390 hours duration that lead to Level 1 or Level 2 certificate of the NSTB. Market relevance of short-term training programs will be determined according to the criteria and process described in the PIM. All categories including results-based financed short-term training where training providers are directly reimbursed, voucher-based short-term training, and short-term training for specific population subgroups through special windows such as those for women to be trained in non-traditional trades and the most disadvantaged population groups (kamaiyas and so on).							
Name: Number of youth,		Number	0.00	30000.00	Annual	PMIS; Administrative data	PS, NSTB, CTEVT



Indicator Name	Core	Unit of Measure	Baseline	End Target	Frequency	Data Source/Methodology	Responsibility for Data Collection
including migrants who have completed the NSTB skills test						submitted by the NSTB	
<p>Description: Youth refers to persons in the age group 16–40 years. This indicator will measure the number of youth, including repeat and return migrants, who take the NSTB skills test (in Levels 1, 2 and 3) supported under the project through sub-results area 2.3. This indicator excludes those who will take the NSTB skills test as part of short-term training supported by the project.</p>							
Name: Number of disadvantaged students who have been supported through scholarships to attend TSLC/Diploma programs		Number	0.00	6500.00	Annual	Administrative data	PS
<p>Description: PMT is a pro-poor targeting method using self-reported information on a set of household variables that generates a welfare score for each applicant. Applicants are then ranked by their welfare scores, and a threshold score will be determined for eligibility to receive scholarship. The count of students for this indicator will be those who have been selected for scholarship support to attend TSLC/Diploma programs and who have signed participation agreements with the PS.</p>							
Name: Number of youth who have received job placement assistance through Human Resource (HR) Service Providers		Number	0.00	3000.00	Annual	PMIS, Administrative data submitted by the service providers	PS, job placement service providers;
<p>Description: Youth refers to persons in the age group 16-40 years. This indicator will measure the number of youth who receive job placement assistance services under MOU/contracts signed between the PS and public and private HR service providers under the project.</p>							
Name: Number of trainees		Number	0.00	1500.00	Annual	PMIS, Administrative data	PS, partner



Indicator Name	Core	Unit of Measure	Baseline	End Target	Frequency	Data Source/Methodology	Responsibility for Data Collection
who have successfully completed Project supported apprenticeship programs						submitted by partner institutions	institutions
Description: Youth refers to persons in the age group 16-40 years. Number of youth who complete project supported apprenticeship programs needs to be provided.							
Name: Functional Project Secretariat		Text	--	Functional	Annual	PS	PS
Description: This is a qualitative indicator and will assess: whether a Project Secretariat (PS) which will manage the day-to-day implementation of the project with the Project Director and dedicated core staff, including experts and consultants, in place (Year 1) has been established; from the second year of project implementation, the indicator will assess whether the PS continues to be fully staffed and functional.							
Name: National Strategic TVET Framework		Text	--	Framework and implementation plan completed	Annual	PS	PS
Description: A comprehensive framework that will provide common strategic guidance to current and future TVET activities in Nepal developed through wide-ranging consultations with relevant stakeholders.							
Name: Studies/Evaluations		Text	--	Baseline survey for apprenticeship and job placement (Year 2);	Periodic	Administrative data from the PS	PS



Indicator Name	Core	Unit of Measure	Baseline	End Target	Frequency	Data Source/Methodology	Responsibility for Data Collection
				End-line survey for job placement (Year 3); Tracer study of NSTB certified youth for prior skills (Year 4); End-line survey for apprenticeships (Year 5); Tracer study of TSLC/Diploma graduate (Year 5)			
<p>Description: A number of evaluations, surveys and studies planned to be undertaken under the project, including tracer studies of supported trainees of short-term, TSLC/Diploma programs and RPL receiving youth, impact evaluations of apprenticeships and job placement services and general surveys.</p>							
Name: Stakeholder Feedback Survey		Text	--	First and second round of stakeholder feedback survey	TBD	TBD	TBD



Indicator Name	Core	Unit of Measure	Baseline	End Target	Frequency	Data Source/Methodology	Responsibility for Data Collection
				carried out in Year 2 and 4			
<p>Description: Surveys will be carried out in Year 2 and Year 4 to seek feedback from trainees, instructors and employers.</p> <ul style="list-style-type: none"> - An analytical report will be prepared; - Findings disseminated publicly; and - Agreed actionable remedial measures will be implemented under the project. 							
Name: Students benefiting from direct interventions to enhance learning	✓	Number	0.00	185000.00	Annual	PMIS; Administrative data from the PS and partner implementing agencies	PS
Students benefiting from direct interventions to enhance learning - Female	✓	Number	0.00	48130.00	Annual	PMIS; Administrative data from the PS and partner implementing agencies	PS
Description:							



Target Values

Project Development Objective Indicators

Indicator Name	Baseline	YR1	YR2	YR3	YR4	YR5	End Target
Percentage of trainees employed/self-employed within 6 months of completion of short-term training	60.00		65.00	65.00	70.00	70.00	70.00
Number of TSLC/Diploma program offering institutions that have received performance based quality improvement grants	0	PIC has endorsed the Quality Assurance (QA) Manual for TSLC/Diploma program offering institutions prepared by PS; PS has signed MOUs with 100 TSLC/Diploma program offering institutions for receiving performance-based quality improvement grants	100	100	100	100	100
Number of supported TVET instructors and/ or assessors with enhanced	0.00	100.00	440.00	440.00	340.00	340.00	1660.00



Indicator Name	Baseline	YR1	YR2	YR3	YR4	YR5	End Target
professional competencies							
Share of female and disadvantaged youth completing market relevant short-term training programs	50.00	50.00	55.00	60.00	65.00	65.00	65.00

Intermediate Results Indicators

Indicator Name	Baseline	YR1	YR2	YR3	YR4	YR5	End Target
Number of heads of institutions who have completed management training program	0.00	40.00	100.00	100.00	100.00	60.00	400.00
Number of curricula revised/developed with industry participation to reflect employer requirements	0.00	0.00	10.00	10.00	10.00	10.00	40.00
Pass rates in quality TSLC/Diploma programs in supported institutions	Baseline established at the end of Year 1	--	--	TBD	TBD	TBD	TBD
Number of youth, including migrants who have enrolled in market relevant Project supported short-term training programs	0.00	16000.00	24750.00	24750.00	24750.00	24750.00	115000.00
Number of youth, including migrants who have completed the NSTB skills test	0.00	6000.00	6000.00	6000.00	6000.00	6000.00	30000.00
Number of disadvantaged students who have been supported through	0.00	500.00	2000.00	2000.00	2000.00	0.00	6500.00



Indicator Name	Baseline	YR1	YR2	YR3	YR4	YR5	End Target
scholarships to attend TSLC/Diploma programs							
Number of youth who have received job placement assistance through Human Resource (HR) Service Providers	0.00	0.00	500.00	500.00	1000.00	1000.00	3000.00
Number of trainees who have successfully completed Project supported apprenticeship programs	0.00	0.00	0.00	500.00	500.00	500.00	1500.00
Functional Project Secretariat	--	Established and functional	Functional	Functional	Functional	Functional	Functional
National Strategic TVET Framework	--	Consultations held	Preparation initiated	Draft completed; implementation plan initiated	Framework and plan shared with GON/stakeholders	Framework and implementation plan completed	Framework and implementation plan completed
Studies/Evaluations	--		Baseline survey for apprenticeship and job placement	Endline survey for job placement	RPL Tracer study	End-line survey for apprenticeship; Tracer study of TSLC/Diploma graduates	Baseline survey for apprenticeship and job placement (Year 2); End-line survey for job placement (Year 3); Tracer study of NSTB certified youth for prior skills (Year 4); End-line



Indicator Name	Baseline	YR1	YR2	YR3	YR4	YR5	End Target
							survey for apprenticeships (Year 5); Tracer study of TSLC/Diploma graduate (Year 5)
Stakeholder Feedback Survey	--		First round of Stakeholder feedback survey carried out and remedial measures implemented		Second round of Stakeholder feedback survey carried out and remedial measures implemented		First and second round of stakeholder feedback survey carried out in Year 2 and 4
Students benefiting from direct interventions to enhance learning	0.00	30500.00	41250.00	41750.00	39250.00	32250.00	185000.00
Students benefiting from direct interventions to enhance learning - Female	0.00	6710.00	9900.00	10855.00	10990.00	9675.00	48130.00



Annex 1. Disbursement Linked Indicators Matrix (Targets to be achieved are annual)

DLI/Results Area	Disbursement-Linked Results (DLRs) ¹³					
	Target Values for Year 1 (July 15, 2018)	Target Values for Year 2 (July 15, 2019)	Target Values for Year 3 (July 15, 2020)	Target Values for Year 4 (July 15, 2021)	Target Values for Year 5 (July 15, 2022)	End of Project Target
DLI 1: <i>Strengthened quality and relevance of technical education</i>	DLR 1.1. PIC has endorsed the Quality Assurance (QA) Manual for TSLC and/or Diploma program offering institutions prepared by PS DLR 1.2 PS has signed MOUs with 100 TSLC and/or Diploma program offering institutions for receiving performance-based quality improvement grants	DLR 1.3 PS has disbursed performance-based quality improvement grants to 100 supported TSLC and/or Diploma program offering institutions in Year 2 on account of quality targets achieved	DLR 1.4 PS has disbursed performance-based quality improvement grants to 100 supported TSLC and/or Diploma program offering institutions in Year 3 on account of quality targets achieved	DLR 1.5 PS has disbursed performance-based quality improvement grants to 100 supported TSLC and/or Diploma program offering institutions in Year 4 on account of quality targets achieved	DLR 1.6 PS has disbursed performance-based quality improvement grants to 100 supported TSLC and/or Diploma program offering institutions in Year 5 on account of quality targets achieved	100 supported TSLC/Diploma institutions receive grant funds based on quality targets achieved
Allocated Amounts and Financing Formula per DLR	DLR 1.1 US\$0.5 million upon achievement of the target	DLR 1.3 US\$1.25 million for 50 institutions, and thereafter, US\$25,000 per additional institution	DLR 1.4 US\$1.25 million for 50 institutions, and thereafter, US\$25,000 per additional institution	DLR 1.5 US\$1.25 million for 50 institutions, and thereafter, US\$25,000 per additional	DLR 1.6 US\$1.25 million for 50 institutions, and thereafter, US\$25,000 per	Total: US\$11.25 million

¹³ The amount will be paid in SDR equivalent of US\$



DLI/Results Area	Disbursement-Linked Results (DLRs) ¹³					
	Target Values for Year 1 (July 15, 2018)	Target Values for Year 2 (July 15, 2019)	Target Values for Year 3 (July 15, 2020)	Target Values for Year 4 (July 15, 2021)	Target Values for Year 5 (July 15, 2022)	End of Project Target
	DLR 1.2 US\$0.225 million for the first 30 institutions and, thereafter, US\$7,500 per additional institution			institution	additional institution	
DLI 2: Improved service delivery and modernizing curricula in technical education	DLR 2.1. 40 heads of TSLC and/or Diploma program offering institutions have completed the leadership and management training program	DLR 2.3. 100 heads of TSLC and/or Diploma program offering institutions have completed the leadership and management training program over and above those in Year 1;	DLR 2.6. 100 heads of TSLC and/or Diploma program offering institutions have completed the leadership and management training program over and above those in Years 1 and 2;	DLR 2.9. 100 heads of TSLC and/or Diploma program offering institutions have completed the leadership and management training program over and above those in Years 1 through 3;	DLR 2.12. 60 heads of TSLC and/or Diploma program offering institutions have completed the leadership and management training program over and above those in Years 1 through 4;	400 heads of TSLC/Diploma program offering institutions complete leadership and management training in QA;
	DLR 2.2. 100 TVET instructors and/or assessors have completed training programs for enhanced professional competencies	DLR 2.4. 440 TVET instructors and/or assessors have completed training programs for enhanced professional competencies over and above those in Year 1	DLR 2.7. 440 TVET instructors and/or assessors have completed training program for enhanced professional competencies over and above those in Years 1 and 2 DLR 2.8.	DLR 2.10. 340 TVET instructors and/or assessors have completed training programs for enhanced professional competencies over and above those in Years 1 through 3	DLR 2.13. 340 TVET instructors and/or assessors have completed training programs for enhanced professional competencies over and above those in	1660 TVET instructors/assessors with



DLI/Results Area	Disbursement-Linked Results (DLRs) ¹³					
	Target Values for Year 1 (July 15, 2018)	Target Values for Year 2 (July 15, 2019)	Target Values for Year 3 (July 15, 2020)	Target Values for Year 4 (July 15, 2021)	Target Values for Year 5 (July 15, 2022)	End of Project Target
		DLR 2.5. CTEVT has revised/developed the curricula for 10 TSLC/Diploma, apprenticeship and/or short-term training courses, with industry participation to reflect employer requirements	CTEVT has revised/developed the curricula for 10 TSLC/Diploma, apprenticeship and/or short-term training courses over and above those in Year 2, with industry participation to reflect employer requirements	DLR 2.11. CTEVT has revised/developed the curricula for 10 TSLC/Diploma, apprenticeship and/or short-term training courses over and above those in Years 2 and 3, with industry participation to reflect employer requirements	Years 1 through 4 DLR 2.14. CTEVT has revised/developed the curricula for 10 TSLC/Diploma, apprenticeship and/or short-term training courses over and above those in Years 2 through 4, with industry participation to reflect employer requirements	enhanced professional competencies 40 TSLC/Diploma curricula revised/developed with industry participation to reflect employer requirements
Allocated Amounts and Financing Formula per DLR	DLR 2.1 US\$0.125 million for 20 heads of institutions, and thereafter, US\$6,250 per additional head of institution DLR 2.2 US\$0.15 million for 60 instructors and/or assessors, and thereafter, US\$2,500 per additional	DLR 2.3 US\$0.2 million for 40 heads of institutions, and thereafter, US\$5,000 per additional head of institution DLR 2.4 US\$0.3 million for 240 instructors and/or assessors, and thereafter, US\$1,000 per additional instructor and/or assessor	DLR 2.6 US\$0.2 million for 40 heads of institutions, and thereafter, US\$5,000 per additional head of institution DLR 2.7 US\$0.3 million for 240 instructors and/or assessors, and thereafter, US\$1,000 per additional instructor and/or assessor	DLR 2.9 US\$0.1 million for 40 heads of institutions, and thereafter, US\$2,500 per additional head of institution DLR 2.10 US\$0.14 million for 180 instructors and/or assessors, and thereafter, US\$1,000 per additional instructor and/or assessor	DLR 2.12 US\$0.05 million for 20 heads of institutions, and thereafter, US\$2,500 per additional head of institution DLR 2.13 US\$0.14 million for 180 instructors and/or assessors, and thereafter, US\$1,000 per additional	US\$7.50 million



DLI/Results Area	Disbursement-Linked Results (DLRs) ¹³					End of Project Target
	Target Values for Year 1 (July 15, 2018)	Target Values for Year 2 (July 15, 2019)	Target Values for Year 3 (July 15, 2020)	Target Values for Year 4 (July 15, 2021)	Target Values for Year 5 (July 15, 2022)	
	instructor and/or assessor	DLR 2.5 US\$0.5 million for 5 curricula revised/developed, and thereafter, US\$100,000 per additional curricula revised/developed	DLR 2.8 US\$0.5 million for 5 curricula revised/developed, and thereafter, US\$100,000 per additional curricula revised/developed	DLR 2.11 US\$0.5 million for 5 curricula revised/developed, and thereafter, US\$100,000 per additional curricula revised/developed	instructor and/or assessor DLR 2.14 US\$0.5 million for 5 curricula revised/developed and, thereafter, US\$100,000 per additional curricula revised/developed	
DLI 3: Pro-poor scholarships	DLR 3.1. 500 TSLC/Diploma students have been selected for/awarded Pro-poor Scholarships using a PMT method	DLR 3.2. 2,000 TSLC/Diploma students have been selected for/awarded Pro-poor Scholarships using a PMT method, over and above those selected/awarded in Year1	DLR 3.3. 2,000 TSLC/Diploma students have been selected for/awarded Pro-poor Scholarship using a PMT method, over and above those selected/awarded in Years 1 and 2	DLR 3.4. 2,000 TSLC/Diploma students have been selected for/awarded Pro-poor Scholarships using a PMT method, over and above those selected/ awarded in Year 1 through 3		6,500 scholarships for TSLC/Diplo ma students selected using a PMT method
Allocated Amounts and Financing Formula per DLR	DLR 3.1. US\$0.25 million for 250 Pro-poor Scholarships, and thereafter, US\$1000 per additional scholarship	DLR 3.2. US\$0.5 million for 1,000 Pro-poor Scholarships, and thereafter, US\$500 per additional scholarship	DLR 3.3. US\$0.5 million for 1,000 Pro-poor Scholarships, and thereafter, US\$500 per additional scholarship	DLR 3.4. US\$0.5 million for 1000 Pro-poor Scholarships, and thereafter, US\$500 per additional scholarship		US\$3.5 million
DLI 4: Share of female and disadvantaged youth completing market relevant short-	DLR 4.1. 50% in Year 1	DLR 4.2. 55% in Year 2	DLR 4.3. 60% Year 3	DLR 4.4. 65% Year 4	DLR 4.5. 65% in Year 5	65%



DLI/Results Area	Disbursement-Linked Results (DLRs) ¹³					
	Target Values for Year 1 (July 15, 2018)	Target Values for Year 2 (July 15, 2019)	Target Values for Year 3 (July 15, 2020)	Target Values for Year 4 (July 15, 2021)	Target Values for Year 5 (July 15, 2022)	End of Project Target
<i>term training programs</i>						
Allocated Amounts and Financing Formula per DLR	DLR 4.1 US\$0.5 million upon achievement of 25%, and thereafter, US\$20,000 for each percentage point increase	DLR 4.2 US\$0.75 million upon achievement of the target of 30%, and thereafter, US\$30,000 for each percentage point increase	DLR 4.3 US\$1 million upon achievement of 35%, and thereafter, US\$40,000 for each percentage point increase	DLR 4.4 US\$1.25 million upon achievement of 40%, and thereafter, US\$50,000 for each percentage point increase	DLR 4.5 US\$1.25 million upon achievement of 40%, and thereafter, US\$50,000 for each percentage point increase	US\$9.5 million
DLI 5: Percentage of trainees employed/self-employed within 6 months of completion of short-term training		DLR 5.1 65% in Year 2	DLR 5.2. 65% in Year 3	DLR 5.3. 70% in Year 4	DLR5.4. 70% in Year 5	70%
Allocated Amounts and Financing Formula per DLR		DLR 5.1 US\$1.25 million upon achievement of the target of 50%, and thereafter, US\$100,000 for each percentage point increase	DLR 5.2 US\$1.5 million upon achievement of the target of 50%, and thereafter, US\$100,000 for each percentage point increase.	DLR 5.3 US\$1.5 million upon achievement of the target of 60%, and thereafter, US\$150,000 for each percentage point increase.	DLR 5.4 US\$1.5 million upon achievement of the target of 60%, and thereafter, US\$150,000 for each percentage point increase	US\$11.75 million



DLI/Results Area	Disbursement-Linked Results (DLRs) ¹³					
	Target Values for Year 1 (July 15, 2018)	Target Values for Year 2 (July 15, 2019)	Target Values for Year 3 (July 15, 2020)	Target Values for Year 4 (July 15, 2021)	Target Values for Year 5 (July 15, 2022)	End of Project Target
DLI 6: Testing of Prior Skills	DLR 6.1. 6,000 youth, including migrants, have completed the NSTB skills tests	DLR 6.2. 6,000 youth, including migrants, have completed the NSTB skills tests, over and above those completing them in Year 1	DLR 6.3. 6,000 youth, including migrants, have completed the NSTB skills tests, over and above those completing them in Years 1 and 2	DLR 6.4. 6,000 youth, including migrants, have completed the NSTB skills tests, over and above those completing them in Years 1 through 3	DLR 6.5. 6,000 youth, including migrants, have completed the NSTB skills tests, over and above those completing them in Years 1 through 4	30,000 youth, including migrants, complete NSTB skills test
Allocated Amounts and Financing Formula per DLR	DLR 6.1 US\$0.4 million for 3,000 youth, and thereafter, US\$200 per additional youth	DLR 6.2 US\$0.4 million for 3,000 youth, and thereafter, US\$200 per additional youth	DLR 6.3 US\$0.4 million for 3,000 youth, and thereafter, US\$200 per additional youth	DLR 6.4 US\$0.4 million for 3,000 youth, and thereafter, US\$200 per additional youth	DLR 6.5 US\$0.4 million for 3,000 youth, and thereafter, US\$200 per additional youth	US\$5.0 million
DLI 7: Apprenticeship Programs	DLR 7.1. PS has prepared and adopted the Operational Manual for the apprenticeship programs	DLR 7.2. 500 youth received job placement assistance through HR Service Providers.	DLR 7.3. 500 trainees have successfully completed Project-supported apprenticeship programs DLR 7.4. 500 youth have received job placement assistance through HR Service Providers, over and above	DLR 7.5. 500 trainees have successfully completed Project-supported apprenticeship programs over and above those completing them in Year 3 DLR 7.6. 1,000 youth have received job placement assistance through HR Service Providers, over and above those	DLR 7.7. 500 trainees have successfully completed Project-supported apprenticeship programs over and above those completing them in Years 3 and 4 DLR 7.8. 1,000 youth have received job placement assistance	1,500 supported trainees successfully complete apprenticeship programs 3,000 youth receive job placement assistance



DLI/Results Area	Disbursement-Linked Results (DLRs) ¹³					
	Target Values for Year 1 (July 15, 2018)	Target Values for Year 2 (July 15, 2019)	Target Values for Year 3 (July 15, 2020)	Target Values for Year 4 (July 15, 2021)	Target Values for Year 5 (July 15, 2022)	End of Project Target
			those assisted in Year 2	assisted in Years 2 and 3	through HR Service Providers, over and above those assisted in Years 2 through 4	through HR services
Allocated Amounts and Financing Formula per DLR	DLR 7.1 US\$0.5 million upon achievement of DLR target	DLR 7.2 US\$0.25 million for 250 youth, and thereafter, US\$1,000 per additional youth	DLR 7.3 US\$0.5 million for 250 trainees, and thereafter, US\$2,000 per additional trainee DLR 7.4 US\$0.25 million for 250 youth, and thereafter, US\$1,000 per additional youth	DLR 7.5 US\$0.5 million for 250 trainees, and thereafter, US\$2,000 per additional trainee DLR 7.6 US\$0.25 million for 500 youth, and thereafter, US\$500 per additional youth	DLR 7.7 US\$0.5 million for 250 trainees, and thereafter, US\$2,000 per additional trainee DLR 7.8 US\$0.25 million for 500 youth, and thereafter, US\$500 per additional youth	US\$5.5 million
Total	US\$4.75 million	US\$11.25 million	US\$13 million	US\$13.05 million	US\$11.95 million	= US\$54 million



A. Procedure for Verification

Step 1: For each reporting period, EVENT II PS undertakes a verification process to certify the fulfilment of DLRs in accordance with terms of reference agreed with the World Bank and documented in the PIM

Step 2: The EVENT PS will prepare and submit to the World Bank the corresponding verification reports

Step 3: The World Bank task team reviews the verification reports and expenditure statements to assess the extent of each DLR achieved prior to their authorization of withdrawal claims against the DLR.

B. Note

- (a) Except for DLI 1 (Year 2-5), DLI 4 (all years) and DLI 5 (all years), all the other “expected deadline for achievement” dates are indicative and can be carried forward if not met in the targeted year
- (b) For the DLRs that are scalable, amounts have been computed on a proportional basis

C. Protocol

DLI 1: Strengthened Quality and Relevance of Technical Education

Table 1.1. DLI Verification Protocol^a

DLI and Targets	Scalable ^b (Yes/No)	Expected Deadline for Achievement	Minimum Threshold ^c	Definitions and Description of Evidence Required
1. PIC has endorsed the Quality Assurance (QA) Manual for TSLC/Diploma program offering institutions prepared by PS (Year 1)	No	July 15, 2019	n.a.	Definition: A quality assurance manual describing quality standards for TSLC/Diploma program offering institutions will be prepared (or revised if one already exists) under CTEVT’s guidance. <i>Source:</i> Letter from the PS with the PIC’s endorsement of the manual. Review of the verification report will be done by the World Bank.
2. PS has signed MOUs with 100 TSLC/Diploma program offering institutions for receiving performance-based quality improvement grants (Year 1)	Yes	July 15, 2019	25	Definition: MOU will be signed between the PS and 100 public and private TSLC/Diploma program offering institutions for performance-based quality improvement grants. The institutions will be selected according to criteria and process agreed between the MOE/PS and IDA and described in the PIM for EVENT II. The MOU will include roles and responsibilities of the signatories, baseline values of agreed indicators, and the performance criteria that will be used as the basis for



DLI and Targets	Scalable ^b (Yes/No)	Expected Deadline for Achievement	Minimum Threshold ^c	Definitions and Description of Evidence Required
				<p>release of funds to the institutions. Grant amounts for the institutions will be based on institutional plans submitted by each institution covering the project period.</p> <p><i>Source:</i> Letter from the PS with a list of the institutions with which MOUs have been signed, with copies of the signed MOUs. Reimbursement to the GON will be for each MOU signed, up to a maximum of 100 institutions. Review of the verification report will be done by the World Bank.</p>
3. PS has disbursed performance-based quality improvement grants to 100 supported TSLC/Diploma program offering institutions in years 2, 3, 4, and 5 respectively	Yes	<p>July 15, 2019 for Year 2; July 15 30, 2020 for Year 3; July 15, 2021 for Year 4; and July 15, 2022 for Year 5</p>	50% of annual target	<p><i>Definition:</i> TSLC/Diploma program offering institutions refer to those institutions offering these programs that are either constituent of or affiliated to the CTEVT. Performance-based quality improvement grants are results-based grants given to these institutions by the GON under the project for improving institutional quality using the QA manual developed for the purpose as guidance. Grant funds will be released to these institutions based on their performance on target indicators, in accordance with the procedure outlined in the PIM. Funding for this DLI will be based on semiannual performance assessment and except for those indicators which have a yes/no value, funding cannot be carried forward. Funding that is carried forward will only be within the project period.</p> <p><i>Source:</i> Approved IDPs, detailed activities and performance data, and quality standards achievement report from the quality assurance panel of experts for all supported institutions. Review of the verification report will be done by the World Bank.</p>

Note: a. PIM will further elaborate contents that needs to be included in the DLIs progress reports; b. Disbursement of financing proceeds proportional to progress toward achieving the DLI; c. Minimum value or share of the target to trigger disbursement under each period



DLI 2: Improved Service Delivery and Modernizing Curricula in Technical Education

DLIs and Targets	Scalable (Yes/No)	Expected deadline for Achievement	Minimum Threshold	Definitions and Description of Evidence Required
1. 40, 100, 100, 100, and 60 heads of TSLC/Diploma program offering institutions have completed the leadership and management training in years 1, 2, 3, 4, and 5, respectively (cumulative 400)	Yes	July 15, 2022 for all Years	20, 40, 40, 40 and 20 in Years 1,2,3,4 and 5 respectively	<p><i>Definition:</i> TSLC/Diploma program offering institutions include public and private TSLC/Diploma program offering institutions. These institutions can be both those that are or not supported through performance-based quality improvement grants under the project. The heads of these institutions may be principals, vice-principals, and others in managerial positions. Those who successfully complete the leadership and management training programs will receive a nationally recognized certificate. The leadership and management training programs will be structured as per the PIM and will have common standardized leadership and management modules with some elective modules.</p> <p><i>Source:</i> Cover letter and administrative data from TITI and/or other organizations providing such training on behalf of the project. Administrative data so required will include participants' name, gender, home address and phone number(s), educational and professional qualifications, name and address of institutions with which the participants are affiliated, their designation at the time of enrolling in the training, the training program they have enrolled in including the start and end-date of the training, and completion status. Review of the verification report will be done by the World Bank.</p>
2. 100, 440, 440, 340 and 340 TSLC/Diploma instructors and/ or assessors have completed training programs for enhanced professional competencies in years 1, 2, 3, 4, and 5, respectively (cumulative 1660)	Yes	July 15, 2022 for all years	60, 240, 240, 180 and 180 for TSLC/ Diploma instructors and assessors in years 1,2,3,4 and 5 respectively	<p><i>Definition:</i> TSLC/Diploma instructors for this DLI are those instructors who are currently in service as instructors for TSLC and Diploma programs in public and private TSLC/Diploma program offering institutions. These institutions can be both those that are or not supported through performance-based quality improvement grants under the project. The content of occupational training will be as described in the PIM and will include both up-to-date theory, and practical and pedagogical requirements of the particular occupation. Those who successfully complete the training programs will receive a nationally recognized certificate. Assessors refer to those who are currently NSTB certified skill test assessors or those who get NSTB skill test assessor certificate in a new trade through project support.</p> <p><i>Source:</i> Cover letter and administrative data from TITI and NSTB providing TSLC/ Diploma instructors and assessors training, respectively on behalf of the project. TITI and NSTB administrative data so required will include participants' name, gender, home address and</p>



DLIs and Targets	Scalable (Yes/No)	Expected deadline for Achievement	Minimum Threshold	Definitions and Description of Evidence Required
				phone number(s), educational and professional qualifications, name and address of institutions with which the participants are affiliated, designation at the time of enrolling, the training program they have enrolled in including the start and end-date of the training, and completion status. Review of the verification report will be done by the World Bank.
3. CTEVT has revised/developed the curricula for 10 TSLC/Diploma, apprenticeship and/or short-term training courses, with industry participation to reflect employer requirements in years 2, 3, 4, and 5 respectively (cumulative 40)	Yes	July 15, 2022 for all years	50% of the annual targets	<p><i>Definition:</i> Curricula refers to TSLC/Diploma, apprenticeship, and short-term training (level 2 and above) curricula endorsed by the CTEVT and NSTB, respectively. Curricula will be revised/developed by the CTEVT using the DACUM process which has specific roles and responsibilities for employers in the particular field. Identification of curricula to be revised/developed will be done through regular needs analysis. Curricula revision/development will be counted as completed when the curricula, the NOSS (where applicable), and the skills test (where applicable) have been prepared.</p> <p><i>Source:</i> Letter from the PS with the list of curricula developed/revised and the names, designations, and contact details of industry representatives who participated in the curricula development/revision process for each curriculum developed/revised. Review of the verification report will be done by the World Bank.</p>

DLI 3: Pro-poor Scholarships

DLIs and Targets	Scalable (Yes/No)	Expected Deadline for achievement	Minimum Threshold	Definitions and Description of Evidence Required
1. 500, 2,000, 2,000, and 2,000 TSLC/Diploma students have been selected for/awarded scholarships using a PMT method, in years 1, 2, 3, and 4, respectively (cumulative 6,500)	Yes	July 15, 2021 for all Years	50% of the annual targets	<p><i>Definition:</i> PMT is a pro-poor targeting method using self-reported information on a set of household variables that generates a welfare score for each applicant. Applicants are then ranked by their welfare scores, and a threshold score will be determined for eligibility to receive scholarship. Scholarship will be released to selected students in two installments. The count of students for this indicator will be those who have (i) been selected for scholarship support by the project to attend TSLC/Diploma programs; (ii) signed participation agreements with the PS; and (iii) received the second installment of the scholarship.</p>



DLIs and Targets	Scalable (Yes/No)	Expected Deadline for achievement	Minimum Threshold	Definitions and Description of Evidence Required
				<p><i>Source:</i> Administrative report from PS including scholarship recipient student's name, address, phone number and name of the TSLC/Diploma program offering institution and the specific program the student is enrolled in, and the Bank account number and name of the Bank the student is receiving scholarship funds through, and the dates and the amounts of the two installments released to the students.. Review of the verification report will be done by the World Bank.</p>

DLI 4: Share of Girls and Disadvantaged Youth Completing Short-term Training Programs

DLIs and Targets	Scalable (Yes/No)	Expected Deadline for Achievement	Minimum Threshold	Definitions and Description of Evidence Required
<p>1. 50, 55, 60, 65, and 65 percent of female and disadvantaged youth completing market relevant short-term training programs in years 1, 2, 3, 4, and 5, respectively</p>	Yes	<p>July 15, 2018 for Year 1; July 15, 2019 for Year 2; July 15, 2020 for Year 3; July 15, 2021 for Year 4; and July 15, 2022 for Year 5.</p>	<p>25%, 30%, 35%, 40% and 40% in years 1,2,3,4 and 5 respectively</p>	<p><i>Definition:</i> Youth refers to persons in the age group 16-40 years. Short-term training programs refer to training programs of at least 390 hours duration that lead to Level 1 or Level 2 certificate of the NSTB. Market relevance of short-term training programs will be determined according to the criteria and process described in the PIM. Disadvantaged groups generally will include marginalized ethnic groups, the disabled, and those from poor/remote locations defined by the GON. Completion rate will be determined after the data on enrollment and completion has been submitted by the training providers from supported short-term training programs to the PS.</p> <p><i>Source:</i> MIS data for all the trainees including name, age, gender, ethnicity, home address, telephone number, employment status at the time of enrolling in the training program, and other data as per the PIM. Review of the verification report will be done by the World Bank.</p>



DLI 5: Percentage of Trainees Employed/Self-employed within 6 months of Completion of Short-term Training

DLI Indicators and Targets	Scalable (Yes/No)	Expected Deadline for Achievement	Minimum Threshold	Definitions and Description of Evidence Required
1. 65 percent of trainees in supported short-term training programs employed/self-employed within 6 months after completing training in years 2 and 3 and 70 percent each in years 4, and 5.	Yes	July 15, 2019 for Year 2; July 15, 2020 for Year 3; July 15, 2021 for Year 4; and July 15, 2022 for Year 5.	50%, 50%, 60% and 60% of trainees in supported short-term training programs employed /self-employed within 6 months after completing training in Years 2,3,4 and 5 respectively	<p><i>Definition:</i> Trainees refer to youth who complete project supported short-term training programs. Short-term training programs refer to training programs of at least 390 hours duration that lead to Level 1 or Level 2 certificate of the NSTB. Market relevance of short-term training programs will be determined according to the criteria and process described in the PIM. Trainees are considered employed/self-employed if their monthly income is at least NPR 6,500.</p> <p><i>Source:</i> MIS data for all the trainees including name, age, gender, ethnicity, home address, telephone number, employment status at the time of enrolling in the training program, and other data as per the PIM, in all years; joint monitoring team report from the PS in all years. Review of the verification report will be done by the World Bank.</p>



DLI 6: Testing of Prior Skills

DLIs and Targets	Scalable (Yes/No)	Expected Deadline for Achievement	Minimum Threshold	Definitions and Description of Evidence Required
6,000 youth, including migrants, have completed the NSTB skills test in each of years 1, 2, 3, 4, and 5 (cumulative 30,000)	Yes	July 15, 2022 for all Years	50% of the annual targets	<p><i>Definition:</i> Youth refers to people in the age group 16–40 years. This indicator will measure the number of youth, including repeat and return migrants, who take the NSTB skills test (in Levels 1, 2 and 3) supported under the project through sub-results area 2.3. This indicator excludes those who will take the NSTB skills test as part of short-term training supported by the project.</p> <p><i>Source:</i> Administrative data from the NSTB as per the PIM including the name, address, telephone number, age, gender, ethnicity, home address, employment status at the time of taking the skills test, skills test level and trade, pass/fail status, and migration history in the case of repeat or returnee migrants. Review of the verification report will be done by the World Bank.</p>

DLI 7: Pilots in Enabling Youth Transition to Work (Apprenticeships and Job Placement Assistance)

DLI Indicators and Targets	Scalable (Yes/No)	Expected Deadline for Achievement	Minimum threshold	Definitions and Description of Evidence Required
1. PS has prepared and adopted the Operational Manual for [the] apprenticeship program[s] (Year 1)	No	July 15, 2018	NA	<p><i>Definition:</i> Youth refer to persons in the age group 16-40 years. In Year 1, an Operations Manual for the apprenticeship program needs to be prepared; in Year 2, number of youth who enroll in the project supported apprenticeship programs needs to be given. In Years 3, 4, and 5, number of youth who complete project supported apprenticeship programs needs to be given.</p>
2. 500 trainees have successfully completed project supported apprenticeship programs in each of the years 3, 4, and 5,	Yes	July 15, 2022	50% of the annual targets	<p><i>Source:</i> For Year 1, letter from the PS, including an endorsement of the manual by the PIC and a copy of the manual. From Year 2 onwards, administrative data from the PS with details of apprentices including name, gender, age, ethnicity, past educational and vocational qualifications, and the name, trade area, duration, and other data as described in the PIM, and focal persons' names, addresses and other details of the TVET institutions</p>



DLI Indicators and Targets	Scalable (Yes/No)	Expected Deadline for Achievem ent	Minimum threshold	Definitions and Description of Evidence Required
respectively (cumulative 1500)				and industry partners who are jointly offering the apprenticeship programs under the project, skills test results of the project supported apprentices. Review of the verification report will be done by the World Bank.
3. 500, 500, 1,000, and 1,000 youth receive job placement assistance through HR Service Providers in years 2, 3, 4, and 5, respectively (cumulative 3,000)	Yes	July 15, 2022	50% of the annual targets	<p><i>Definition:</i> Youth refers to persons in the age group 16-40 years. This indicator will measure the number of youth who receive job placement assistance services under MOU/contracts signed between the PS and public and private HR service providers under the project.</p> <p><i>Source:</i> Administrative data from the PS disaggregated by name, gender, ethnicity, age, educational and training credentials, phone number, current residential address, and type of job placement assistance received by project supported youth, and name and location of the service provider. Review of the verification report will be done by the World Bank.</p>