

**PROGRAM-FOR-RESULTS INFORMATION DOCUMENT (PID)  
APPRAISAL STAGE**

Report No.: PIDA0090737

<b>Program Name</b>	Skill India Mission Operation (SIMO)
<b>Region</b>	South Asia
<b>Country</b>	INDIA
<b>Sector</b>	Vocational Training (80%); Adult literacy/ non-formal education (20%)
<b>Lending Instrument</b>	Program for Results (PforR) and Investment Project Financing (IPF)
<b>Program ID</b>	P158435
<b>Borrower(s)</b>	REPUBLIC OF INDIA
<b>Implementing Agency</b>	Ministry of Skill Development and Entrepreneurship
<b>Date PID Prepared</b>	September 8, 2016
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## **I. Introduction and Context**

### **A. Country Context**

1. India has made remarkable progress in economic growth, poverty reduction and human development during the past decades. The growth and diversification of the economy has resulted in major shifts in the labor force from agriculture to service and manufacturing sectors, and corresponding shifts in market relevancy of skills mix from low-skilled to highly skilled labor. The labor market itself is characterized by a large number of youth, but remains highly informal with low female participation.

2. A key challenge to India's growth and competitiveness is its low labor productivity and inadequate supply of skilled labor partly due to lack of responsiveness of the skills development (SD) system to the changing needs of the labor market. The GOI has an ambitious plan of transforming India into a competitive, middle-income country. India's 12th Five Year Development Plan (2012-2017) calls for concomitant and substantial reforms to the supply side, namely in education and training programs. The country is seeking to improve labor productivity through various mechanisms, including through the provision of high quality skills development opportunities to some 400 million workers by 2022.

### **B. Sectoral and Institutional Context of the Operation**

3. India has made significant progress in expanding access to education over the past decade with overall net enrollment rate increasing at all levels. However, opportunities to acquire job-specific skills at the end of secondary education are limited. The capacity of the system is severely constrained to cater to the 1 million new entrants to the labor market every month, while the quality and relevance of SD programs are decidedly poor.

4. Backed by a strong political commitment, the GOI launched a new Skills Development strategy. National priorities in Skills Development were put in place by setting up the Ministry of Skill Development and Entrepreneurship (MSDE). The GOI's National Skills Development Mission (NSDM) implemented through the MSDE is expected to provide the overall institutional framework to rapidly

implement and scale up skill development efforts across India to meet the target of training approximately 400 million people by the year 2022. Several supporting organizations will cater to different aspects of the Mission. The National Skill Development Agency (NSDA) is the regulatory and quality assurance institution with the role of coordinating with all central ministries, State Governments, and private players to harmonize the approach to SD through the National Skills Qualification Framework (NSQF) for adherence for training, assessment and certification. The National Skills Development Corporation (NSDC) has been created as a PPP initiative to help create enterprises in skills and catalyze market-based, scalable skills training businesses. The MSDE has also mandated the States to constitute State Skill Development Missions (SSDM) as a cohesive body for state level coordination with all skills related activities of different departments.

5. Despite this progress and the high priority given to skills development, a number of critical issues still need to be addressed for successful implementation of the Government's strategy. The system and institutional mechanisms require a robust regulatory and quality assurance framework, mechanisms for monitoring and evaluation, and systems for demand signaling. There is a need to strengthen systematic linkages with employers and private sector for providing sector specific employer led training, facilitating the placement of the trainees, and mobilizing finances. It is also necessary to improve the coordination between state and central levels. The quality of SD programs requires an overhaul, which can only be achieved with better training providers and quality trainers and assessors. Finally, there is a need to ensure access to skills training to the disadvantaged sections and persons with disabilities. Female labor force participation needs special attention and support

### ***C. Relationship to CPS***

6. The World Bank Group's India Country Partnership Strategy (CPS, FY13-FY16) emphasizes improving market-driven skill development for productive employment as a key element of the integration engagement area as well as improving access to services and opportunities for excluded population groups under the Inclusion engagement area. This proposed Operation is aligned with the World Bank's CPS objectives and will aim to enhance the access, quality and relevance of training programs for the needs of the labor market in a growing economy.

### ***D. Choice of Financing Instrument***

7. The proposed operation would be a hybrid one, consisting of two components:
- a) Program component using the Program for Results (PforR) instrument for \$950 million that will cover the four major Results Areas (provided below), and
  - b) Technical Assistance (TA) Component for \$50 million for strengthening implementation agencies, using the Investment Project Financing (IPF) instrument.

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

### ***A. Program Development Objective***

1. The proposed Operation's development objectives is ***to enhance institutional mechanisms for skill development and increase access to quality and market relevant training for the work force.***

## **B. Key Program Results**

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

- i. Trainees that have successfully completed NSQF aligned market relevant short-term SD programs and were certified (disaggregated by women and disadvantaged sections)
- ii. Percentage of graduates that are wage employed or self-employed within 6 months of completion of short-term SD programs
- iii. Improved performance of states on institutional strengthening, market relevance of SD programs and access to and completion of training by marginalized populations
- iv. NSQF aligned QPs translated into model curriculum, trainers guide, and teaching learning resource packs

9. In addition to PDO indicators, a set of intermediate results indicators have been identified. Eight Disbursement Linked Indicators (DLIs) have also been selected for the purpose of disbursement. These outcomes and intermediate results are expected to be achieved through a comprehensive and interlinked set of interventions in four proposed Results Areas.

## **III. Program Description**

### **A. Description**

10. The Program component of the proposed Operation will support four closely related Results Areas: (a) institutional strengthening at the national and state levels for planning, delivering and monitoring high-quality market relevant training; (b) improved quality and market relevance of SD programs; (c) improved access to and completion of skills training for female trainees and other disadvantaged groups; and (d) expanding skills training through private-public partnerships.

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

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

#### ***Results Area 1a. Institutional Strengthening at the National Level***

12. Building on institutional reforms already introduced, this Results Area will help to strengthen the MSDE as the primary authority to govern the SD sector, as well as to coordinate and monitor all SD activities across ministries and states in the country. It will support reforms to accomplish the following objectives:

- a) Strengthening the NSDA as the primary quality assurance, monitoring and evaluation, and research arm of MSDE, operationalizing and implementing the NSQF across ministries and states, setting up the National Skill Research Division (NSRD), and establishing a Labor Market Information System (LMIS) as a key mechanism for monitoring the SD system;
- b) Streamlining functions of the NSDC to operate effectively as a nodal agency for implementing private-sector led short term training programs in India;
- c) Strengthening Sector Skill Councils (SSCs) as powerful intermediary institutions between government and the private sector to improve the quality and labor market relevance of skills development programs; and
- d) Setting up the National Skill Certification Board (NSCB) to help to create an independent and credible skills assessment ecosystem in the country.

13. The operation will support efforts to strengthen fiduciary and governance mechanisms at national level, especially improved corporate governance mechanisms for entities like the NSDC and the National Skill Development Fund (NSDF) and greater uniformity in the institutional and financial management systems of the SSDMs.

***Results Area 1b. Institutional Strengthening at the State Level***

14. The Operation will build planning, implementation, and monitoring capacity at the state and district levels to ensure adherence to and implementation of National Policy at state level. It will help to set up or strengthen SSDMs as nodal bodies for convergence of all skill development initiatives in the State by:

- a) Fostering collaboration of SSDMs with NSDC and SSCs;
- b) Facilitating awareness and compliance with the NSQF and National Occupational Standards (NOS) as defined by the SSCs and the Qualification Packs in all training programs;
- c) Promoting the use of common affiliation and certification norms;
- d) Strengthening data collection and submission procedures to ensure that State-level MISs produce comprehensive, and credible information to track system performance in real time, which in turn are based on functional student record-keeping systems that also track performance of graduates at the level of training providers; and
- e) Fostering demand-driven SD programs that are stakeholder and employer-led with involvement of grassroots organizations and industry.

15. States will be encouraged to set up functioning SSDMs and undertake demand-driven, decentralized planning of SD programs in consultation with all stakeholders, including the private sector, self-help groups, non-governmental organizations (NGOs), industry representatives in each district, and the SSCs. This will lead to annual District Skills Development Plans (DSDPs). These plans should also incorporate inter-state and intra-state migration trends and numbers, as well as strategies to respond appropriately to these trends. DSDPs should take account of the main objectives of the national strategy, including the delivery of high quality training packages aligned to the NSQF and the monitoring of completion and placement.

16. The objective of the State level support is to encourage Indian states to increase their capacity for skill development, in alignment with the national strategy and to incentivize innovations to enhance access for socially excluded groups. Support will be provided through State Incentive Grants (SIGs) that

will be performance-driven, and focus on strengthening institutional mechanisms. The key principles for measuring state performance are related to the Results Areas agreed for the Operation.

**Results Area 2: Improved Quality and Market Relevance of SD programs**

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

- a) Development of procedures to obtain and maintain State accreditation in accordance with the new qualification guidelines;
- b) Development and dissemination by NSDC and SSCs of curriculum content, and reference guides aligned with the NSQF and NOS;
- c) Preparation by SSCs of packages of technical resources and material available for training providers, including guidelines, toolkits, and online support
- d) Development of guidelines to identify, recruit, and retain effective master trainers and possibly, the setup of a local cadre of master trainers;
- e) Design and implementation of trainer training programs to overcome the trainer shortage;
- f) Provision of information and options to access an efficient and credible assessment scheme/ body;
- g) Provision of online support to carry out effective outreach events with SSCs, local industry, employers, and relevant primary and secondary schools to facilitate apprenticeships and placement; and
- h) Provision of customized online TA support to help new or weaker TPs prepare submission forms and procedures to comply with SIMO standards.

18. Socio-emotional have been identified as fundamental to all quality assurance frameworks. The NSQF has a mandatory component of softer skills for each of the 8 levels and the QPs and the NOSs mandatorily integrate soft skills, health and hygiene, communication and adaptation skills etc. into the curriculum. The operation will ensure curricular materials are sufficiently informed with socio-emotional quotient that enhance the employability and productivity of the worker.

**Results Area 3: Improved access to and completion of skills training for female trainees and other disadvantaged groups**

19. The objective of this Results Area is to identify innovative and replicable methods to: (a) enhance access to high quality training, by tailoring demand- and supply-side interventions, program offerings, and service delivery for socially excluded groups (particularly women, STs, SCs, and Persons With Disabilities (PWD)); and (b) integrate constraints and needs of socially excluded groups into the planning, monitoring, and delivery of SD programs. It will support efforts to ensure that the design and delivery of SD programs are socially inclusive across all States and Districts. This Results Area will consist of two sub-Results Areas: (a) Innovations to enhance access for socially excluded groups; and (b) support integration of socially excluded groups into planning, monitoring, and program delivery:

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

- a) Creation of modules, guidelines, and protocols to deliver counselling support and socio-emotional/life skills training as a complements to job-specific training content.
- b) Support for design and evaluation of pilots to test the cost-effectiveness and impact of financial incentives (such ‘direct benefit transfer’ or DBT-enabled skills vouchers, transport support, cash transfers, and scholarships) to bolster participation and placement of women, ST and/or SC youth at the state level in partnership with SSDMs and Pradhan Mantri Kaushal Vikas Yojana (PMKVY) scheme.
- c) Support the design and evaluation of pilots to test cost-effective methods of offering counselling support (centers, peer-groups, web-based platforms) as complements to training programs for socially excluded groups and those in remote locations.

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

**Result Area 4: Expanding skills training through private-public partnerships (PPPs)**

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

23. There is growing consensus in India that Corporate Social Responsibility (CSR) is a potentially powerful tool to help to tackle India’s social challenges. Public Sector Undertakings (PSUs) are already mandated to contribute a percentage of their profits to CSR and private enterprises have been encouraged to do likewise.<sup>1</sup> Building on this enabling provision, under this Results Area, a CSR Skills Fund will be established to serve as a vehicle to consolidate and strategically invest these funds. The CSR Skills Fund will be well-positioned to magnify the impact of CSR contributions through its expertise in selecting, investing in, and evaluating social programs and projects. The roles of the CSR Skills Fund will be to serve as the vehicle that pools resources to make large-scale CSR investments and as a hub to educate, inform, engage, and build capacity to implement effective SD programs. It is proposed that the Skills Fund supported by SIMO will provide equal top up matching funds of the private sector funds generated by NSDC. The Skills fund will therefore have 50 percent funds from SIMO and the other 50 percent from the private sector under their CSR support.

24. Routed through the NSDF, the CSR Skills Fund will be supported through an online Skills to Jobs Aggregator Platform (S2J Platform). It is anticipated that up to US\$200 million of the SIMO funding

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<sup>1</sup> Via the Companies Act of India (Section 135) CSR for companies. Companies are required to allocate 2 percent of profits to projects that address India’s sustainable development goals if they meet one of the following criteria: (i) net worth of INR 500 crore (ii) (\$100 million) or more, or (iii) turnover of INR 1000 crore (\$200 million) or more, or (iv) average net profit of INR 5 crore over the previous three years.

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

- a) Sponsoring candidates for training through the NSDF;
- b) Aligning existing PMKVY training centers with the NSQF;
- c) Setting up new Corporate Skilling Centers where industry can meet demand in catchment areas, cater to the demands of the MSME partners, and evolve transnational standards and overseas jobs;
- d) Support *Make in India* by encouraging initiatives/projects that provides jobs to a large number of workers through SD programs;
- e) Creating Overseas Alignment Centers and International Migration Centers (transnational centers) to ensure that youth in India are trained to the highest global standards and provide information about employment opportunities abroad for strategic migration and international mobility of skilled workers;
- f) Creating a network of industry leaders as Entrepreneurship Mentors for end-to-end support and mentoring through the life-cycle of proposed social enterprises to encourage and mobilize youth to undertake entrepreneurship as a career; and
- g) Developing training packages and open distance learning materials and content; and piloting and incubation centers/social entrepreneurship hubs as prototypes.

#### **Technical Assistance Component**

25. The Operation will provide technical assistance to support a coordinated, coherent and evidence-based approach to the critical activities that are expected to be change agents in skills development. Specifically, the Operation will provide direct technical assistance for implementation support of policy reforms and systems development, and for improving monitoring and evaluation of these reforms. The MSDE will be responsible for the implementation of the TA Component in consultation with States. Activities to be financed under the TA component would include:

- (a) Program management, including the establishment of a Program Management Unit (PMU), coordination, and communication;
- (b) Technical support for M&E, including independent evaluations and third party verifications;
- (c) Access to international expertise and best practices;
- (d) Supporting SSDMs in devising successful pilots for addressing needs of the disadvantaged sections and improve implementation capacity especially of low income states; and
- (e) Strengthening of the NSDF governance mechanism.

#### **IV. Environmental and Social Assessment (ESSA)**

26. ESSA was carried out as part of Program preparation to gauge the adequacy of environmental and social systems at national and state levels and to assess the extent to which the program systems promote environmental and social sustainability, avoid, minimize or mitigate adverse impacts on natural habitats and physical cultural resources, protect public and worker safety, manage land acquisition, consider issues related to indigenous peoples and vulnerable groups, and avoid social conflict.

27. The key interventions of the Operation are expected to result in substantial social and environmental benefits to the unemployed youth, at large, especially those belonging to the poor and vulnerable sections. Hence, adverse impacts that are sensitive, diverse, and unprecedented on the environment and/or people are not foreseen. However, planned efforts are essential to ensure that project interventions generate sustainable social and environmental benefits.

28. The assessment identified required actions for enhancing the program systems and mitigating environmental and social risks. Overall, it can be concluded that the program systems are aligned with the core principles of the Bank's Program for Results instrument, yet there is considerable scope for strengthening. The ESSA indicates the following: (i) capacity and coordination between the key institutions on environmental and social aspects is strong, barring a few gaps; (ii) there exist clear procedures for selection of TPs, but there is great diversity in the capacity of training providers that also reflects in their performance on environmental and social aspects; (iii) availability of training providers is not uniform across the states and they tend to be clustered in urban/ industrial areas; and (iv) the existing policy, legal and regulatory framework is adequate in its coverage of the aspects relevant to the program activities, but there are instances of inconsistent application of the provisions resulting from lack of awareness, infrastructure capacity, monitoring, etc.

## V. Proposed Financing

Sources of Financing	Amount (\$m)
<i>International Bank for Reconstruction and Development (IBRD)</i>	
PforR	950
IPF	50
<i>Government of India</i>	
GoI (MSDE)	2857
State Governments	200
<i>Private Sector (CSR)</i>	200
<b>Total sources</b>	<b>4,257</b>

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