



RESTRUCTURING PAPER
ON A
PROPOSED PROJECT RESTRUCTURING
OF
NAI MANZIL - EDUCATION AND SKILLS TRAINING FOR MINORITIES
APPROVED ON OCTOBER 29, 2015
TO
THE REPUBLIC OF INDIA

EDUCATION

SOUTH ASIA

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ABBREVIATIONS AND ACRONYMS

CAG	Comptroller and Auditor General
CGA	Controller General of Accounts
DEA	Department of Economic Affairs
DLI	Disbursement Linked Indicator
EEP	Eligible Expenditure Program
Gol	Government of India
IEC	Information Education and Communication
IUFR	Interim Unaudited Financial Report
IVA	Independent Verification Agency
MIS	Management Information System
MoMA	Ministry of Minority Affairs
M&E	Monitoring & Evaluation
NSQF	National Skills Qualifications Framework
PIA	Project Implementing Agency



BASIC DATA

Product Information

Project ID P156363	Financing Instrument Investment Project Financing
Original EA Category Not Required (C)	Current EA Category Not Required (C)
Approval Date 29-Oct-2015	Current Closing Date 30-Jun-2021

Organizations

Borrower Department of Economic Affairs	Responsible Agency Ministry of Minority Affairs
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Project Development Objective (PDO)

Original PDO

The Project Development Objective is to improve completion of secondary education and market-driven skills training for targeted youth from Minority communities

Summary Status of Financing

Ln/Cr/Tf	Approval	Signing	Effectiveness	Closing	Commitment	Net Disbursed	Undisbursed
IDA-57380	29-Oct-2015	30-Dec-2015	10-Feb-2016	30-Jun-2021	50.00	12.42	37.58

Policy Waiver(s)

Does this restructuring trigger the need for any policy waiver(s)?

No

**I. PROJECT STATUS AND RATIONALE FOR RESTRUCTURING****Project Status**

The Government of India launched the Nai Manzil (“New Horizons”) scheme, a comprehensive education and skills development program to be implemented by the Ministry of Minority Affairs (MoMA), on August 8, 2015. Nai Manzil aims to improve labor market outcomes by offering youth from religious minority groups an integrated education and skills training program. The World Bank project, which supports the Nai Manzil scheme, was signed on December 30, 2015 and became effective on February 10, 2016. The project development objective is to improve completion of secondary education and market-driven skills training for targeted youth from Minority communities. Nai Manzil is primarily being implemented by the Project Implementing Agencies (PIAs) who provide non- residential integrated education and skill training for 9 to 12 months, of which a minimum of 3 months is devoted to skills training compliant with the National Skills Qualifications Framework (NSQF). The main instrument for implementing the scheme is results-oriented Performance Agreements between MoMA and the PIAs to: (i) provide support to eligible Minority youth to enrol in open schooling and undertake training and assessment as per applicable guidelines; (ii) provide additional education support/bridge programs designed to help students obtain open schooling certification; (iii) impart high quality skills training, including soft skills, leading to productive employment; and (v) provide postplacement support to assist in obtaining sustainable employment for those students who enter the labour market.

The overall target under Nai Manzil is to train approximately 100,000 Minority candidates. More than 96,000 beneficiaries have been enrolled under the project in two phases (2016-17 and 2017-18) across 27 states and 2 Union Territories. 49.31 percent of the enrolled candidates are female. To date, 5,737 students have received a secondary education certificate (11.62 percent of those enrolled in secondary education in Phase I) and 44,098 have received a nationally recognized skills certificate (63.96 percent of those enrolled in Phase I). 19,592 of the Phase I beneficiaries enrolled in Grade 8 studies, of which 51.37 percent (10,066) passed the examination and received a certificate. A high level Steering Committee and a Technical Advisory Committee have been providing supervision and guidance for project implementation. In order to verify attainment of key targets under the project, an Independent Verification Agency (IVA) was hired by MoMA. MoMA has also hired a Monitoring & Evaluation (M&E) firm, an Information Education and Communications (IEC) firm, and a firm to establish a robust Management Information System (MIS) for the project.

Project Data	USD (millions)
Original Project Amount	USD 50 Million
Total Disbursement	USD 12.13 Million
Disbursement in FY19	USD 8.13 Million
Closing Date	30 June, 2021

Project Ratings	Current
Project Development Objective	MU
Implementation Progress	MS
Component 1: Results Based Financing for Increased Education Attainment and Market-Driven Training (USD 45 Million)	MS
Component 2: Technical Assistance for Implementation of the Nai Manzil Scheme (USD 5 Million)	MS



Project Management	S
Procurement	S

FM and Disbursement Arrangements

The project has two components: Component 1 supports improved access to education and enhanced market relevance of skills training; and Component 2 focuses on system strengthening, policy design, and supporting the implementation of Component 1 through program coordination, technical assistance, capacity building, results monitoring and evaluation (M&E), and research and communication. Total financing for the project is USD 50 million, of which USD 45 million is for Component 1 and USD 5 million is for Component 2. A separate budget line for this project (broken down by economic classification) was created in the overall budget of MoMA to separately account for and report on project expenditures.

The disbursements under Component 1 are against achievement of Disbursement Linked Indicators (DLIs), which are subject to verification by the IVA, and supported by an Eligible Expenditure Program (EEP). The EEPs for this project are the consultancy fees paid to PIAs by MoMA that are linked to certain milestones (such as enrollment, successful completion of education and skills courses, placement) and are charged against the project budget head. The disbursements under Component 2 are upon submission of six-monthly expenditure reports (Interim Unaudited Financial Reports or IUFRs) reporting payments made for Technical Assistance activities (such as Goods, non-consulting services, training, Incremental Operating Costs, Technical Assistance etc.).

Rationale for Restructuring

As per the terms of the signed Financing Agreement, dated December 30, 2015, between Government of India and the World Bank, MoMA is required to submit an annual project audit certificate to the World Bank by December 31 each year. However, the Comptroller and Auditor General of India (CAG) is unable to provide an audit certificate for the project in the format required by the World Bank, as audit of the PIAs engaged by MoMA do not fall under its sole audit jurisdiction. MoMA officials and the CAG Director held a meeting on October 12, 2018 to discuss this issue, in which World Bank officials also participated. CAG reiterated that they will not be able to provide the required audit certificate to the Ministry under the project. The absence of an annual audit certificate for the project would amount to non-compliance with the covenants of the Financing Agreement and would eventually result in the suspension of disbursements under the project.

It has been noted that although CAG will not be able to provide a separate audit certificate for the expenditures incurred for the Nai Manzil scheme, it issues an audit certificate to the government of India (GoI) on the overall accounts of the union government every year and these accounts have reference to the funds spent by central ministries for all ongoing schemes. As the Nai Manzil scheme is a part of the education component of MoMA, the amounts spent by MoMA under the project's budget head are also reflected in the detailed finance and appropriation accounts of the union government. The amounts so reported in the accounts of the union government provide adequate assurance to the Bank on the use of project funds and therefore can be considered acceptable. These union level accounts are finalized by the Controller General of Accounts (CGA), which is the official book keeper of GoI, within six months from the close of each financial year, and the audit is completed by CAG and certificate is issued within 9-10 months (for example, the audit certificates on the accounts of the union government for FY 2015-16, FY 2016-17 and FY 2017-18 were issued by CAG on December 02, 2016, November 16, 2017 and January 31, 2019 respectively), and the same is available in the public domain only after the reports are tabled in parliament in the ensuing budget session (that normally happens in February and March, i.e., 12 months from the FY end). These reports are subsequently made available on the website of CGA and CAG.



In view of the above, the task team proposes to establish 12 months as the timeline for submission of the audit certificate for this project. This timeline also aligns with the country system and avoids the need for a project specific audit certificate. The submission of the annual audit certificate every 12 months (instead of the present 9 months) will not impact the fiduciary risk of the project. The proposed restructuring seeks to amend the due date for submission of the audit certificate from December 31 (9 months) to March 31 (12 months) each year. The suggested amendment to the audit submission timeline from 9 months to 12 months has been endorsed by the Department of Economic Affairs (DEA) via a letter dated December 28, 2018.

II. DESCRIPTION OF PROPOSED CHANGES

Section II. B. 3. of the Financing Agreement is proposed to be amended as follows:

Section II. Project Monitoring, Reporting and Evaluation

	Existing Clause	Proposed Changes
B. 3.	The Recipient shall have its Project Financial Statements audited in accordance with the provisions of Section 4.09 (b) of the General Conditions. Each audit of the Financial Statements shall cover the period of one fiscal year of the Recipient, commencing with the fiscal year in which the first withdrawal was made. The audited Financial Statements for each such period shall be furnished to the Association not later than nine (9) months after the end of such period.	The Recipient shall have its Project Financial Statements audited in accordance with the provisions of Section 4.09 (b) of the General Conditions. Each audit of the Financial Statements shall cover the period of one fiscal year of the Recipient, commencing with the fiscal year in which the first withdrawal was made. The audited Financial Statements for each such period shall be furnished to the Association not later than twelve (12) months after the end of such period.

I. SUMMARY OF CHANGES

	Changed	Not Changed
Financial Management	✓	
Implementing Agency		✓
DDO Status		✓
Project's Development Objectives		✓
Results Framework		✓
Components and Cost		✓
Loan Closing Date(s)		✓



Cancellations Proposed		✓
Reallocation between Disbursement Categories		✓
Disbursements Arrangements		✓
Disbursement Estimates		✓
Overall Risk Rating		✓
Safeguard Policies Triggered		✓
EA category		✓
Legal Covenants		✓
Institutional Arrangements		✓
Procurement		✓
Implementation Schedule		✓
Other Change(s)		✓
Economic and Financial Analysis		✓
Technical Analysis		✓
Social Analysis		✓
Environmental Analysis		✓

IV. DETAILED CHANGE(S)