Second vocational training project

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The Sri Lanka Second Vocational Training (SVT) project supported by Credit 1698-CE for US$15 million equivalent was approved in FY86. The United Nations Development Program cofinanced the project (US$1.32 million). After a one-year extension and cancellation of US$3.46 million, the credit closed on June 30, 1996. The Implementation Completion Report (ICR) was prepared by the South Asia Regional Office. The borrower's report is included as an Annex but not the cofinancier's.

The operation followed directly the Construction Industry Training project (Credit 1130-CE). The aim of SVT was to improve the efficiency of the construction industry by developing a semi-autonomous Institute for Construction Training and Development (ICTAD), training workers and instructors, monitoring and evaluating industry needs, setting trade standards and certifying skilled workers.

Implementation was successful for the institutional development (ID) and physical investment components. A favorable SDR rate allowed for some additional ID and construction. The cofinanced technical assistance (TA) was implemented through the International Labor Organization, though with delay and some rigidity. Subsequently ICTAD took over TA management and worked more flexibly with the International Development Association (IDA) financing. Good monitoring indicators helped track implementation progress and performance, though cost-efficiency and cost-effectiveness were not quantified.

Outcomes were positive. ICTAD became the statutory authority to lead industry policy, coordination and training. Training facilities were built and training targets were exceeded. Standards for, and linkages with, the industry were improved. Cost-recovery for training and revenue-generation by ICTAD exceeded expectations, covering 30 percent of operating costs. Through the successful monitoring and evaluation (M&E) component, the project established that 80 percent of ICTAD-trained workers found jobs compared with 40–65 percent for non-ICTAD programs and that salaries increased after training (though comparisons with non-ICTAD trained workers are needed to validate the project effect). Many but not all of the industry studies led to action.

The Operations Evaluation Department (OED) agrees with the ICR ratings though with one qualification. The project's outcome is rated as satisfactory, institutional development as substantial and Bank performance as satisfactory. OED also agrees with the ICR rating of sustainability as likely on the basis of the evidence provided in the ICR. However, this judgment merits further investigation. ICTAD's self-financing and the government's contribution do not cover costs and the project's long term survival and effectiveness depend on continued government willingness to subsidize a fairly high share of ICTAD's expenditures on operations and services to the construction industry. Commitment could weaken if socio-economic factors turn for the worse and ICTAD's cost recovery targets and capability to improve on them remain modest.

The ICR acknowledges 14 lessons. Three of them appear especially significant for other countries that wish to enhance vocational training capacity. First, ICTAD and IDA fully incorporated the experience of the predecessor project; second, they established a sound M&E system that helped keep the agency on track; and, third, ICTAD's relative autonomy from government bureaucracy allowed it to develop responsively and relevantly to the industry's needs and win industry support for better worker training and wages. OED adds two considerations for the borrower: the importance for project sustainability of monitoring cost-efficiency, as well as cost-recovery; and the significance of providing an implementation period, as in this project, long enough to allow institutional capacities to mature.

The ICR is satisfactory. An audit is planned.