

INTEGRATED SAFEGUARDS DATA SHEET CONCEPT STAGE

Report No.: ISDSC5954

Date ISDS Prepared/Updated: 12-Feb-2014

Date ISDS Approved/Disclosed: 19-Feb-2014

I. BASIC INFORMATION

A. Basic Project Data

Country:	Sri Lanka	Project ID:	P132698
Project Name:	Skills Development Project (P132698)		
Task Team Leader:	Halil Dundar		
Estimated Appraisal Date:	20-Feb-2014	Estimated Board Date:	29-May-2014
Managing Unit:	SASED	Lending Instrument:	Investment Project Financing
Sector(s):	Vocational training (70%), Tertiary education (30%)		
Theme(s):	Education for the knowledge economy (70%), Improving labor markets (20%), Social safety nets (10%)		
Financing (In USD Million)			
Total Project Cost:	650.00	Total Bank Financing:	100.00
Financing Gap:	0.00		
Financing Source			Amount
BORROWER/RECIPIENT			434.00
International Development Association (IDA)			100.00
Asian Development Bank			100.00
GERMANY German Technical Assistance Corporation (GTZ)			16.00
Total			650.00
Environmental Category:	B - Partial Assessment		
Is this a Repeater project?	No		

B. Project Objectives

The Project's development objective is to improve quality and relevance of, and increased access to quality skills training provision.

C. Project Description

Program Scope and Description. A comprehensive Sri Lanka skills development plan is being finalized by the Ministry of Finance and Planning (MOFP). The plan identifies key challenges in the skills development sector, policy directions and key implementation activities by implementing agency. It will serve as the foundation for World Bank support. It stresses the importance of engaging employers to play an active role in managing the sector, of leveling the playing field between the public and private sector in training provision, of enhancing the productivity of the informal sector, and of making a wider and more systematic use of monitoring and evaluation (M&E) to improve the quality and efficacy of the training programs.

The proposed Project would support the above government program through two components: (i) Program Support; and (ii) Innovation.

Component I - Program Support (tentatively about US\$90 million). The comprehensive skills development plan to be implemented by MYASD will serve as the foundation for IDA support. The strategic pillars/themes of the program to be supported would be: (i) strengthening governance and management; (ii) enhancing quality and relevance of skills development programs; and (iii) increasing access to quality skills development program.

Pillar 1. Strengthening Sector Governance and Management. Under this pillar, the program would aim to improve the governance and management of the sector, through better sector coordination, key improvements in labor market analysis (supply and demand for skills) and monitoring of the performance of training providers. In M&E, efforts would be geared not only to establishing a functioning and sustainable M&E system, but also to improving the capacity of policy makers to use the system and the information provided for decision-making.

Another area of possible support would be changes in funding modalities that would provide incentives for quality improvements and support well-performing institutions. Once piloted and evaluated, those new modalities could be implemented on a larger scale with proper adjustments as needed.

Pillar 2. Improving Quality and Labor Market Relevance. There has already been progress towards the development of the Sri Lanka National Vocational Qualifications (NVQ) Framework to address industry needs and facilitate accreditation of training institutions. However, the NVQ system has not yet been fully implemented, and there is a continuous need to update the system in response to changes in the economy and industry requirements for a more complex set of skills. The program would thus support the simplification, periodic update and development of the NVQ system as well as the establishment of effective pathways between the NVQ and the Sri Lanka Qualifications Framework (SLQF) developed by the Ministry of Higher Education to permit students' mobility across the education and training system, and open more career options.

The program would also support: (i) appropriate changes in teacher/instructor recruitment criteria that would bring more flexibility in the choice of skill-mix of instructors (professional and practical experience vs. academic qualification) and improve the quality of the training imparted; and (ii) the establishment of effective mechanisms to involve employers more directly and encourage their active participation in management of institutions. Particular attention would be given to those sectors that are likely to expand, are export-oriented and will be the engines of growth over the next decade.

Pillar 3. Expanding Access to Quality Skills Development Programs. Lack of awareness about available training opportunities and their potential benefits, stigma attached to certain occupations, and the limited supply of training courses are constraints to the expansion of the training sector. The program would propose to address these issues through: (i) developing and disseminating information to provide career guidance; (ii) funding mechanisms to foster increased provision of training by private and public providers conditional on meeting certain strategic criteria (such as adequate monitoring, high employability rate, participation of employers in management); (iii) removing barriers to training for informal workers and disadvantaged groups; and (iv) expansion of market-driven middle-level technician training programs through the establishment of university colleges. Under this pillar, efforts will also be made to review and revise curricula to ensure the provision of market relevant skills, including soft-skills.

Component II – Innovation (tentatively US\$10 million). This component would cover specific technical assistance and training needs for program implementation and monitoring and evaluation (including third party validation, surveys, and impact evaluations. Financing could also be provided for new initiatives on a pilot basis (e.g., a competitive grant mechanism to finance public and private training institutions in selected priority sectors), the provision of specialized training carried out by public training institutions, and technical assistance to foster dialogue between public and private sectors. The design of this component and the estimated budget will be finalized during pre-appraisal after needs are identified.

Project Financing. The proposed Project would be financed through a US\$100 million Specific Investment Credit (SIC) and would have two components: Program Support (tentatively US\$90 million) and Innovation (tentatively US\$10 million) The Program Support component would use a Results Based Financing (RBF) modality to support the implementation of the Government's skills development plan over a period of five years. Disbursements would be made against selected (eligible) key budget line items of the MYASD's annual budgets referred to as Eligible Expenditure Programs (EEPs), up to a capped absolute amount. Disbursements would be conditional on pre-specified results, as measured by Disbursement-Linked Indicators (DLIs). Under the Innovation Component, IDA funds will be based on regularly updated procurement and training plans, which would be reviewed by the World Bank.

D. Project location and salient physical characteristics relevant to the safeguard analysis (if known)

The project will be implemented in all 9 provinces of Sri Lanka.

E. Borrowers Institutional Capacity for Safeguard Policies

A comprehensive policy and regulatory framework for the conservation of natural resources and environmental management in existence Sri Lanka. The Central Environmental Authority (CEA) is the key regulatory body that is mandated by the National Environmental Act (NEA) to implement all regulatory provisions outlined in its statutes. All development projects, that fall in to a set of prescribed categories are required to conduct a comprehensive environmental screening and mitigation planning process (EIA or IEE). These processes are largely consistent with the Bank's safeguard policy on Environmental Assessment. With over three decades of experience the CEA demonstrates the technical expertise in evaluating environmental impacts of development projects. However even with an enabling legal environment and abled CEA, field level enforcement of legal instruments and subsequent monitoring of environmental management activities has been very low.

The implementing agency of the project will be the MYASD, through its various institutions/

departments such as TVEC, VTA, DTET, UNIVOTEC, NIFNE (Open University), NYSC and NAITA. The main implementing agency, MYSAD and other counterpart implementing agencies have no previous experience working on a Bank funded project, thus will not have experience of implementing of Bank Policies. However, MYASD has extensive experience in working with other donors such as ADB, ILO, GTZ, etc. are not entirely new to safeguards. During preparation a detailed evaluation of the implementing agencies capacity for the implementation of safeguard policies will be conducted and instruments for capacity building will be put in place via the Environmental and Social Management Framework (ESMF) prepared prior to appraisal, based on the findings. The capacity building instruments are envisioned to be included as a part of the Technical Assistance being provided via the project.

F. Environmental and Social Safeguards Specialists on the Team

Mohamed Ghani Razaak (SASDS)

Mokshana Nerandika Wijeyeratne (SASDI)

II. SAFEGUARD POLICIES THAT MIGHT APPLY

Safeguard Policies	Triggered?	Explanation (Optional)
Environmental Assessment OP/ BP 4.01	Yes	The project will not directly finance any major construction, rehabilitation, renovation or any other physical intervention that will pose major irreversible negative impacts to the environment and there are non-procurable items to be financed under the project. Under the GOSLs Skills Development Plan, which will be financed in parallel by the Asian Development Bank (ADB) and other donor agencies, construction of new skills development facilities and the renovation of existing buildings may be identified under the funding envelope. ADB has prepared a fully fledged Environmental and Social Management Framework (ESMF) which will be applicable to the GOSLs program and is acceptable to bank requirements as well.
Natural Habitats OP/BP 4.04	No	It is expected that construction will be carried out in land owned by the MYASD and not in areas where there will be potential threats to significant natural habitats.
Forests OP/BP 4.36	No	No activities in forests or in close proximity to forest areas are expected.
Pest Management OP 4.09	No	Not Applicable as no project interventions are made where significant use of pesticides and other such substances are utilized.
Physical Cultural Resources OP/ BP 4.11	No	Project interventions are not envisioned to be conducted in areas close to sites of cultural importance. Renovation, rehabilitation and improvements will be made to buildings built

		over the last few decades and not deemed socially or culturally important.
Indigenous Peoples OP/BP 4.10	No	The Project will cover the entire country and will not include interventions targeted at specific communities, or social groups.
Involuntary Resettlement OP/BP 4.12	No	It is expected that construction of all the skill development facilities will be confined to existing premises and not involve private land acquisitions.
Safety of Dams OP/BP 4.37	No	Not applicable as the project does not involve new construction/rehabilitation of any Dams
Projects on International Waterways OP/BP 7.50	No	Not Applicable
Projects in Disputed Areas OP/BP 7.60	No	Not Applicable

III. SAFEGUARD PREPARATION PLAN

A. Tentative target date for preparing the PAD Stage ISDS: 31-Dec-2013

B. Time frame for launching and completing the safeguard-related studies that may be needed.

The specific studies and their timing¹ should be specified in the PAD-stage ISDS:

Due to the nature of the project interventions there will be no need for an environmental assessment.

IV. APPROVALS

Task Team Leader:	Name: Halil Dundar	
<i>Approved By:</i>		
Regional Safeguards Coordinator:	Name: Francis V. Fragano (RSA)	Date: 19-Feb-2014
Sector Manager:	Name: Amit Dar (SM)	Date: 19-Feb-2014

¹ Reminder: The Bank's Disclosure Policy requires that safeguard-related documents be disclosed before appraisal (i) at the InfoShop and (ii) in country, at publicly accessible locations and in a form and language that are accessible to potentially affected persons.