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PROJECT APPRAISAL DOCUMENT

ON A

PROPOSED GRANT

IN THE AMOUNT OF

SDR 12.9 MILLION (US\$20.25 MILLION EQUIVALENT)

AND A

PROPOSED CREDIT

IN THE AMOUNT OF

SDR 19.0 MILLION (US\$29.75 MILLION EQUIVALENT)

TO THE

GOVERNMENT OF NEPAL

FOR THE

NEPAL: ENHANCED VOCATIONAL EDUCATION AND TRAINING PROJECT (EVENT)

MARCH 28, 2011

Human Development Sector Unit
Nepal Country Management Unit
South Asia Region

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CURRENCY EQUIVALENTS

(February 28, 2011)

SDR 1 = US\$ 1.5730
US\$ 1 = SDR 0.6357
US\$ 1 = NRs 72.2548

FISCAL YEAR
July 16 – July 15

ABBREVIATIONS AND ACRONYMS

ADB	Asian Development Bank
ASIP	Annual Strategic Investment Plan
AWPB	Annual Work Plan and Budget
CBS	Central Bureau of Statistics
CC	Coordination Committee
CFAA	Country Financial Accountability Assessment
CTEVT	Council for Technical Education and Vocational Training
DLI	Disbursement Linked Indicator
DOLT	Department of Labor and Transport Management
DTCO	District Treasury Controller Office
ESMF	Environment and Social Management Framework
EMP	Environment Management Plan
FCGO	Financial Comptroller General's Office
FNCCI	Federation of Nepalese Chambers of Commerce and Industry
FPR	Financial Procedure Rules
GON	Government of Nepal
IDA	International Development Association
INGO	International Non-Government Organization
IPR	Implementation Progress Report
ISN	Interim Strategy Note
IT	Information Technology
KPI	Key Performance Indicator
LMIS	Labor Market Information System
MOAC	Ministry of Agriculture and Cooperatives
MOE	Ministry of Education
MOF	Ministry of Finance
MOI	Ministry of Industry
MOLT	Ministry of Labor and Transport Management
MOU	Memorandum of Understanding
NGO	Non-Government Organization

NLFS	Nepal Labor Force Survey
NPC	National Planning Commission
NRS	Nepali Rupees
NSTB	National Skills Testing Board
OAG	Office of the Auditor General
OECD	Organization for Economic Cooperation and Development
PD	Project Director
PDO	Project Development Objective
PEFA	Public Expenditure and Financial Accountability
PFM	Public Financial Management
PIC	Project Implementation Committee
PIM	Project Implementation Manual
PLC	Proficiency Level Certificate
PMT	Proxy Means Test
PPT	Project Preparation Team
PS	Project Secretariat
SDC	Swiss Agency for Development and Cooperation
SEP	Skills for Employment
SHEP	Second Higher Education Project
SOE	Statement of Expenditure
TAC	Technical Advisory Committee
TEVT	Technical Education and Vocational Training
TITI	Training Institute of Technical Instruction
TMIS	Training Management Information System
TT	Technical Team
TSLC	Technical School Leaving Certificate
TYIP	Three Year Interim Plan
UGC	University Grants Commission
VCDF	Vulnerable Community Development Framework

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NEPAL

ENHANCED VOCATIONAL EDUCATION AND TRAINING PROJECT (EVENT)

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NEPAL

NEPAL: ENHANCED VOCATIONAL EDUCATION AND TRAINING

PROJECT APPRAISAL DOCUMENT

SOUTH ASIA

SASED

Date: March 28, 2011	Team Leader: Saurav Dev Bhatta, Sangeeta Goyal and Venkatesh Sundararaman
Country Director: Susan G. Goldmark	Sectors: Vocational training (75%); Public administration- Education (20%); Other industry (5%)
Sector Director: Michal Rutkowski	Themes: Education for the knowledge economy (60%); Improving labor markets (33%); Managing for development results (7%)
Sector Manager: Amit Dar	Environmental category: B-Partial Assessment
Project ID: P104015	Joint IFC: NA
Lending Instrument: Specific Investment Loan	Joint Level:

Project Financing Data

Loan Credit Grant Guarantee Other:

For Loans/Credits/Others:
Total Bank financing (US\$m.): 50.00
Proposed terms:

Financing Plan (US\$m)

Source	Local	Foreign	Total
BORROWER/RECIPIENT	5.50	0.00	5.50
IDA (Grant)	18.75	1.50	20.25
IDA (Credit)	29.75	0.00	29.75
Local Sources of Borrowing Country	5.40	0.00	5.40
Total:	59.40	1.50	60.90

Borrower: Nepal
Responsible Agency: Ministry of Education and Sports

Estimated disbursements (Bank FY/US\$m)

FY	2011	2012	2013	2014	2015	2016			
Annual	0.20	5.00	14.46	16.84	10.10	3.40			
Cumulative	0.20	5.20	19.66	36.50	46.60	50.00			

Project implementation period: Start July 18, 2011 End: October 30, 2015
Expected effectiveness date: June 30, 2011
Expected closing date: October 30, 2015

<p>Does the project depart from the CAS in content or other significant respects? Ref. PAD I.C. The Nepal ISN does not explicitly include this project as an FY11 deliverable but discusses potential IDA support for jobs and skills development and youth employment in the medium term. A AAA was planned as the basis for lending for FY12-13, but the Government of Nepal (GON) requested that the project be brought forward to FY11.</p>		[X]Yes [] No
<p>Does the project require any exceptions from Bank policies? Ref. PAD IV.G. Need to seek waiver from OP/BP 10.02 as there are several outstanding audit reports in the sector. Have these been approved by Bank management? Audit reports for the on-going School Sector Reform Project (Cr. 4652-NP, Gr, H518-NP) and Second Higher Education Project (Gr. H2740-NP), both implemented by the Ministry of Education, were not received by the due date. In accordance with the provisions of BP 10.02 Annex A, an exception by the Vice President of Operational Policy and Country Services and by the Vice President and Controller was approved for the presentation of this operation to the Board while the delayed audit reports are awaited.</p>		[X]Yes [] No
<p>Is approval for any policy exception sought from the Board?</p>		[]Yes [X] No
<p>Does the project include any critical risks rated “substantial” or “high”? Ref. PAD III.E.</p>		[X]Yes [] No
<p>Does the project meet the Regional criteria for readiness for implementation? Ref. PAD IV.G.</p>		[X]Yes [] No
<p>Project development objective Ref. PAD II.C., Technical Annex 3 The Project Development Objective is to expand the supply of skilled and employable labor by increasing access to quality training programs, and by strengthening the technical and vocational education and training system in Nepal.</p>		
<p>Project description Ref. PAD II.D., Technical Annex 4 There are four components in this project: (i) strengthening TEVT regulatory structures through a results-based mechanism; (ii) strengthening TSLC and Diploma level training, (iii) supporting short term training and the certification of prior learning, and (iv) project management, and monitoring and evaluation.</p>		
<p>Which safeguard policies are triggered, if any? Ref. PAD IV.F., Technical Annex 10</p>		
<p>Environmental Assessment (OP/BP 4.01)</p> <p>Natural Habitats (OP/BP 4.04)</p> <p>Forests (OP/BP 4.36)</p> <p>Pest Management (OP 4.09)</p> <p>Physical Cultural Resources (OP/BP 4.11)</p> <p>Indigenous Peoples (OP/BP 4.10)</p> <p>Involuntary Resettlement (OP/BP 4.12)</p> <p>Safety of Dams (OP/BP 4.37)</p> <p>Projects on International Waters (OP/BP 7.50)</p> <p>Projects in Disputed Areas (OP/BP 7.60)</p>	<p>X Yes o No</p> <p>o Yes X No</p> <p>o Yes X No</p> <p>o Yes X No</p> <p>o Yes X No</p> <p>X Yes o No</p> <p>o Yes X No</p> <p>o Yes X No</p> <p>o Yes X No</p> <p>o Yes X No</p>	
<p>Significant, non-standard conditions, if any, for: Ref. PAD III.F. Board presentation: NA Loan/credit effectiveness: NA</p>		

Covenants applicable to project implementation:

- vest the responsibility for Project leadership, overall implementation and management in MOE
- ensure, through MOE, an active and efficient collaboration, for purposes of Project implementation, among MOE, CTEVT, the Recipient's Ministry of Agriculture, Ministry of Finance, National Planning Commission, Ministry of Industry, Ministry of Labor and Transportation, and other Recipient's structures, departments, agencies and entities
- establish not later than September 30, 2011 and thereafter maintain, throughout Project implementation, the following structures, (i) Coordination Committee, (ii) Project Implementation Committee, (iii) Technical Advisory Committee, and (iv) Project Secretariat
- the Project Secretariat will be headed by a Project Director and staffed with professionals, all of whom shall have qualifications, experience, terms of reference, powers and resources satisfactory to the Association
- The Recipient shall ensure that, except in case of unsatisfactory performance, or as required by the Recipient's laws, the key staff referred to in (c) above shall not be transferred to other positions until completion of the Project, and, in the case of the accounts and finance officers, no such transfer shall occur until at least six (6) months after the Closing Date or submission by the Recipient of the final audited Financial Statements, whichever occurs later

Effectiveness: NA

Disbursement Conditions:

- Project Implementation Manual Adopted
- Disbursement-linked indicators related disbursement conditions

I. STRATEGIC CONTEXT

A. Country Context

1. **Nepal is a predominantly agrarian economy characterized by low productivity.** Nepal is a developing country with a per capita income of \$440.¹ It is a largely agrarian economy with low labor productivity. While agriculture contributes 33% to the GDP, it employs nearly 81% of the labor force. The shares of services and industry in the GDP and labor force are respectively 50% and 16%, and 8% and 3% respectively. Civil conflict and political uncertainty have affected Nepal's economy for over a decade. Real GDP growth between 2001 and 2006 averaged about 2.7 percent per annum.

2. **Poverty has declined in Nepal helped by remittances.** The proportion of poor people in the country has declined substantially in recent years from 42% in 1995-96 to 32% in 2003-04 (CBS 2005).² Out-migration of labor from the hinterlands to more central areas and abroad has become a common household income generating strategy in Nepal in recent years. More than 200,000 Nepali youth migrate abroad yearly for work, mostly to India and the Gulf countries but also increasingly to Malaysia and South East Asia. As many as a third of all Nepali households receive foreign remittances (World Bank 2010). However, access to high wage migration destinations is unevenly distributed; in particular, migrants from the Mid- and Far-Western regions³ have relatively limited access to the lucrative labor markets in the Gulf, Malaysia and South East Asia. According to one estimate, without remittances, the decline in poverty would have been only 5 percentage points. Official remittances contributed nearly 22% of Nepal's GDP in financial year 2009.⁴

3. **Nepal has a small but growing stock of human capital.** Despite the challenging political environment, the country has made commendable strides in primary education. The net primary enrollment rate is more than 93%. Gender and social parity have been achieved in primary education. High drop-out rates and low education quality, however, remain as major challenges. Beyond the primary level, the sector's performance is less than satisfactory though improving. Less than 44% of the cohort entering primary grades complete grade 10. Of every 100 students who enter grade 1, only 78 reach grade 5, and only 62 reach grade 8. The average years of schooling in the population in the age-group 7+ is 3.8 years, increasing in the last decade by 1.5 years.

4. **Workforce skills must be enhanced to increase the productivity of Nepali workers.** In order to fully harness the nation's human resources, the Government needs to invest additional resources for enhancing the skill levels of workers. An accessible, efficient, demand-driven and high quality Technical Education and Vocational Training (TEVT) system is an important part of any larger strategy for enhancing worker productivity and improving economic growth. An effective TEVT system can also contribute to making Nepali workers more competitive in a globalized world. Enhancing the skill levels of potential migrant workers can also be a strategy for diversifying the nation's economic base.

¹ This estimate is derived using the Atlas method. The Purchasing Power Parity equivalent is \$1180 per person.

² These estimates are based on the national poverty line. More recent estimates show that since 2004, the national poverty rate has declined by another 10 percentage points (World Bank, 2010). The percentage of the population living on less than \$1.25 a day was 55.9% in 2009 (ADB, 2009).

³ These regions lag behind the rest of the country in most socio-economic indicators.

⁴ This figure excludes remittances from India. If these remittances are also taken into account, the total remittance inflows could exceed 25% of GDP (World Bank 2010).

B. Sector and Institutional Context

Supply of training in Nepal

5. **TEVT is provided by a variety of entities in Nepal.** Technical Education and Vocational Training (TEVT) in Nepal is provided by a vast number of institutions of different types. This includes *inter alia*: Council for Technical Education and Vocational Training (CTEVT)⁵, private institutions, technical institutions of the Universities, secondary schools (annex schools), government agencies associated with the various Ministries, and training programs supported by NGOs and INGOs. Students who have completed grade 10 are eligible to enroll in 15 to 24 month long CTEVT-certified Technical School Leaving Certificate (TSLC) programs.⁶ Advanced technical training in various TEVT areas is offered by 3-year Diploma and Proficiency Certificate Level (PCL) programs.⁷ Since 2006, a number of donor-supported TEVT projects have come into operation, substantially increasing short-term training opportunities across the country. Many ministries of the GON such as Education, Ministry of Industry, Labor and Transport Management, Agriculture and others also finance and provide short-term training. The National Skills Testing Board (NSTB) under the CTEVT provides opportunities for testing and certification of skills whether formally or informally acquired. These certificates are valuable in so far as they provide an identity to the bearers and also facilitate their vertical mobility in the TEVT system.

6. **The provision of TEVT is limited vis-à-vis requirements and unequally distributed across regions.** Given that there are more than 300,000 new entrants into the domestic and foreign labor markets every year, existing opportunities for skills training in Nepal are far from adequate. Also, most training opportunity is concentrated in a couple of regions. The economically backward Mid Western and Far Western regions, in particular, have fewer provisions for skills training.

7. Technical Education – TSLC/Diploma⁸: There are a total of around 25,000 seats in the TSLC and Diploma programs across all institutions in Nepal; 79% of these seats are located in the Kathmandu Valley and Terai regions, especially in the East and Central parts of Nepal. The distribution of training providers across regions is shown in Table 1. The table also shows the distribution of the youth population aged 15-24 years across the regions. The share of TSLC/Diploma seats is proportionally less than the share of youth in the Eastern and Central parts of Nepal.

8. Short-term Training: Based on data available from the various Government departments, the total intake capacity for short-term training conducted by the Government is about 40,000 trainees per year. This figure includes training provided by affiliated private trainers. National and international NGOs

⁵ The TSLC and Diploma level schools are of three types – CTEVT Constituent Institutions, Affiliated Institutions, and Annex Schools. CTEVT Constituent Institutions are managed by CTEVT and serve as model institutions for others. Affiliated Institutions are typically privately managed but provided affiliation by CTEVT as an endorsement of quality, and Annex Institutions are attached to Community Schools but many key functions such as student selection, curriculum development, etc. are all managed by CTEVT.

⁶ Students who have passed the School Leaving Certificate (SLC) exams before enrolling in the TSLC program are awarded TSLC certificates that are equivalent to the SLC certificate. However, the TSLC certificates awarded to students who have not passed the SLC exams are not considered equivalent to the SLC certificate.

⁷ Students must have passed the SLC exams in order to be eligible for admissions to the Diploma/PCL programs.

⁸ CTEVT constituent institutions are technical schools run by CTEVT. On the other hand, CTEVT-affiliated institutions are independent schools which have received formal permission from CTEVT to run TSLC and/or PCL/Diploma programs. While most of the affiliated institutions are private, there also a number of community-owned affiliated programs in different parts of the country. Annex programs are TSLC programs offered within the premises of community secondary schools. They are operated in local community schools under a cost-sharing mechanism between the government and the local community.

supported short-term training supports about 20,000 trainees per year, bringing the total for Nepal to 60,000 annually. However, training is also provided by non-registered and unaffiliated private training providers and through informal apprenticeships. The magnitude of training obtained through such provision is difficult to estimate.

**Table 1 Enrolment Capacities
CTEVT Constituent, Affiliated and Annex Institutions (2009)**

Development Region → Ecological Zone ↓	EASTERN	CENTRAL	WESTERN	MID- WESTERN	FAR WESTERN	TOTAL
MOUNTAIN	80 (0.3)		30 (0.1)	168 (0.7)	80 (0.4)	358 (1.5)
HILL	760 (3.1)	833 (3.4)	2242 (9.2)	640 (2.6)	228 (1)	4703 (19.3)
KATHMANDU VALLEY	-	5844 (24)	-	-	-	5844 (24)
TERAI	4666 (19.2)	3860 (15.9)	1914 (7.9)	1855 (7.6)	1126 (4.6)	13421 (55.2)
TOTAL	5506 (22.6)	10537 (43.3)	4186 (17.2)	2663 (10.9)	1434 (5.9)	24326 (100)
Population in the 15-24 Years age- group in millions *	1.03 (22.8)	2.06 (35.3)	1.22 (19.2)	0,77 (13.2)	0.56 (9.6)	5.84 (100)

Note: Figures in the parentheses indicate percentage;

**Projected estimates for 2011-12 from the Population Census*

9. **Testing and Certification:** Typically, training programs carry out assessments of trainee competencies after the completion of their program and provide them with a certificate. In recent years, there has been a growing recognition that skills and abilities are also acquired on the job, that is, those who have had no formal training but have acquired their skills through informal apprenticeships or through learning by doing. The potential pool of such workers is extremely large given the highly informal nature of the workforce in Nepal. Testing and certification of skills acquired previously, but not certified at that time, has grown substantially in the past five years⁹. Between 2005 and 2009, the number of test-takers in NSTB conducted assessments increased by 940% from 1800 to over 17000 (Table 2).

Table 2: Number of applicants tested and certified by NSTB, 2005-09

YEAR	TESTED			CERTIFIED	% CERTIFIED
	TOTAL	MALE	FEMALE	TOTAL	-
2005	1815	1654	161	1078	61.2
2006	1964	1597	367	1368	71.6
2007	3876	3147	729	2983	77.0
2008	12292	7715	4577	10275	83.6
2009	17036	9480	7556	14380	85.4
TOTAL	36983	23593	13390	30084	82.0

⁹ Although the numbers have been growing, a majority of those who participated in skills tests were sponsored by different agencies and projects, for example, through the Employment Fund, the Skills for Employment Program, etc. Intensive communication strategies would have to be adopted to raise awareness in the work force on the availability of skills testing and certification opportunities.

10. Skills tests are conducted by the NSTB using occupational skills, testing and certification standards that have been developed following the Asia Pacific Skills Development Project/International Labor Organization guidelines. While these tests are standardized, the challenge is to determine how to ensure that all training providers and implementing agencies agree to some protocol on skills testing. The growing demand for skill certification reflects the value trainees place on acquiring certification – both for purposes of an identity, and for the portability that it provides. Discussions with domestic employers and recruitment agencies also confirm that the recognition of the certificates is growing in both the domestic and foreign labor markets.

Demand for Skills in Nepal

11. **Nepal has a vibrant workforce but with low levels of formal education.** The Labor Force Participation Rate for population aged 15 years and above, according to the Nepal Labor Force Survey (NLFS, 2008), was 85.2% including very high rates for women. Educational attainment of the workforce is poor with 48% of the workforce reporting never having attended school. The share of the workforce with primary and higher level education (grade 5 and above) is 38%, whereas that with secondary and higher (grade 8 and above) is 25%. This is a reflection of the limited access to schooling in Nepal in earlier years, to the extent that substantial numbers of skilled and semi-skilled workers also report that they have never attended a school¹⁰. Nepal's success in increasing the number of children in formal schooling at the primary and secondary level, suggests that in the years to come, the workforce will have higher average number of years of schooling. There is very little information on the proportion of the workforce that reports having received or participated in vocational training programs or other similar programs.

12. **Slow economic growth impedes the country's ability to increase the number of well paying and sustainable jobs, and this compels young Nepalis to consider migrating overseas in search of better opportunities.** The informal sector dominates the labor market in Nepal, with close to 90% of jobs falling in this sector. Given the low rate of job growth, a large number of Nepali youth migrate abroad. Information on the numbers and skill profiles of migrant labor abroad, however, is sketchy. India absorbs the largest number of Nepali migrant labor due to proximity and an open border, strong religious and cultural ties, and similarities in language and culture. The preferred migrant destinations are in the Middle East, East-Asia, South-east Asia, and OECD countries. The estimates of the number of migrants varies from about a third to nearly half the male population of Nepal. Most of the migrant worker going abroad are unskilled, and are engaged in low paying jobs. The Government recognizes the importance of labor migration as an important contributor to the nation's economy, and as a source of foreign exchange earnings. Migrants abroad are primarily engaged in three sectors – manufacturing (32%), construction (16%), and hotel/catering (16%) in low-skilled jobs (World Bank, 2010).

13. **Additionally, there is both underemployment of existing skills, and skill gaps and mismatches in emerging sectors.** On the one hand, there is a fear that there are not enough jobs to absorb a large output of skilled workers. On the other hand, employers in Nepal complain of not enough skilled technicians and personnel, especially in the emerging growth areas of agro-processing, tourism, construction, pharmaceuticals, hospitality, retail and IT. Moreover, the small amount of training on offer is not of good quality, rendering even the graduates of such training programs unemployable. Demand for semi-skilled and skilled workers within the country has to be met by acquiring expensive labor from neighboring countries, particularly India. More than 75% of migrant workers from Nepal are unskilled leading to low remittances per migrant. In general, the wages of a semi-skilled migrant are twice that of an unskilled migrant.

¹⁰ For example, 24% of plant and machine operators have never attended school. Similarly, 41% of craft and related trade workers have never attended school.

Need for Investment in the TEVT Sector

14. **Nepal faces the challenges of making access to TEVT more inclusive, and providing training that is of better quality and of relevance in the domestic and foreign labor markets.** Achieving this objective will require making the use of current infrastructure efficient and effective, developing training opportunities in under-served regions of the country, building the institutional and regulatory infrastructure for standardization of training provision, enabling the private sector to play a greater role in skills provision, and subsidizing training for young people who are excluded due to poverty, remoteness or other dimension of social disadvantage. In general, training in Nepal is characterized by fragmentation, inefficiency, weak relevance due to lack of linkages with the changing skills needs in the market, and delivery mechanisms which need further development. Publicly provided training is also hobbled by lack of investment; much of the current budget is absorbed by salaries and operating expenses.

15. Rationale for public investment in the TEVT sector in Nepal: The TEVT sector in Nepal is at an early stage of development. The sector suffers from shortage of resources and there are critical institutional gaps leading to a low-skills equilibrium.

- ***The TEVT sub-sector remains fragmented*** with limited opportunities for a coordinated approach to provide the necessary services in an effective manner. Policy formulation and coordination across providers continues to be handled by several agencies and institutions simultaneously¹¹, and occupational standards, product standards, and skills standards are not adequately defined. This makes it difficult for employers and learners to understand and signal their requirements and competencies respectively.

- There is little evidence on the effectiveness of the training programs in place. It is ***not clear whether training indeed enhances the employability*** of graduates and helps them get jobs. Furthermore, as most institutions have limited understanding of the needs of the labor market, there is often a mismatch between labor market needs and the skills with which trainees graduate. Addressing this needs closer linkages between the training providers and the labor market and industries. Such linkages will enable providers to tailor-make their programs to meet the demand in the labor market.

- As stated earlier, ***investments in the subsector continue to be small***, and given the ***ineffectiveness in converting inputs to meaningful outputs***, the relevance of these investments is limited. There is an urgent need to overhaul the system to ensure that the returns on TEVT investments are increased by linking financing to effective outcomes.

- Quality assurance mechanisms are weak, ***and the absence or weak relevance of existing occupational, skills, and product standards, further reduces the effectiveness of investments*** in the TEVT sector. Further development of these standards, and mechanisms for their enforcement in practice, will help improve the quality, relevance, and effectiveness of vocational/technical education and training. Building a sound quality assurance system will need considerable investments, as well as coordination across government bodies, training institutions, and employers.

16. There is an under-supply of information in the skills market leading to costly skill mismatches and gaps. Potential candidates have limited information on their own skill needs, types of training available and quality of skill providers, and the economic returns to skills. At the same time, given high poverty levels, the opportunity costs of even short-term training are high for young people. Furthermore there may be myopia at work wherein the youth discount the future at a high rate. These various factors

¹¹ For example, even the Ministry of Education (MOE) which indirectly oversees the functioning of the CTEVT, does not fully align the programs it offers through the School Sector Reform Program with the guidelines and regulations of the CTEVT.

encourage youth to participate in the labor market without any skills training. This tendency is strengthened by strong demand for unskilled laborers from Nepal in foreign markets.

17. Rationale for Bank involvement: The Bank has considerable experience in TEVT around the world, and particularly in a number of South Asian countries (Afghanistan, India, Pakistan, Bangladesh and Sri Lanka). The Bank's comparative advantage lies in its ability to leverage international knowledge and practices in the sector, and combine this with experience with education projects in Nepal. The Bank works closely with other development partners in the education sector, and is well placed to ensure that the project is properly harmonized with other development partner supported projects, and aligned with the GON's objectives for the sector. Additionally, the Bank's support for monitoring and evaluation can help with building a learning culture leading to more evidence-based management and policy-making in the sector.

18. The Bank's involvement will help scale up innovations supported by other donors. The donors engaged in Nepal's TEVT sector are the Asian Development Bank (ADB), the Department for International Development (DfID), the Government of Finland, the Swiss Agency for Development and Cooperation (SDC), and the United States Aid for International Development (USAID). The key innovations supported by donors include the development of capacity for expanding testing and certification opportunities, results-based financing of short-term training with placement, and technical assistance in reform areas such as the development of a National (Vocational) Qualifications Framework and the development of a new TEVT policy¹². Support from Development Partners to the TEVT space is growing and takes several different approaches. The GON proposes in its new TEVT policy to move towards a SWAp approach in the TEVT sector and all DPs have welcomed this approach. As in the case of the School Sector Reform Program (a SWAp for school education) different partners will be expected to support the TEVT through a wide array of modalities, both on-budget and off-budget approach, and through recipient-executed programs such as EVENT, and direct implementation modalities which help by providing required external expertise and supports the government in innovations and piloting of new approaches.

19. Finally, the institutional structures for governing the TEVT sector are still evolving in Nepal. For example, the new TEVT policy envisions the establishment of a training or employment fund, there is an effort to modernize the functioning of the CTEVT by improving institutional and sectoral governance, delineate responsibilities across constituent agencies, for example, further strengthen the autonomy of institutions such as the NSTB and TITI, or for example, the development of a National Vocational Qualifications Framework (NVQF). These institutional and policy level changes have a direct effect on the functioning and impact of a project such as EVENT. The development partners, most notably, SDC and the Asian Development Bank, play a critical role in supporting these niche developments through their support to organizations like the Employment Fund, the NSTB and TITI. The complementary roles played by such agencies help to strengthen the overall provision of TEVT services in Nepal.

C. Higher level objectives to which the Project contributes

20. The project will improve performance and accountability of the TEVT system through a shift in focus to outcomes, especially training and employment outcomes. It will also contribute to the agenda of inclusiveness as it especially focuses on under-served regions of the country and disadvantaged youth.

¹² The new TEVT Policy is currently being discussed widely among stake-holders at the national level and will be placed before the Cabinet by July 2011.

21. The project is fully consistent with Nepal's Three Year Interim Plan (TYIP) which includes specific national level development goals to improve quality of all levels of education, and also proposes actions to improve the effectiveness of technical education and vocational training. The World Bank's Interim Strategy Note (ISN 2010-11)¹³ recognizes skills shortages and mismatches in the country and its impact on implementation of a pro-poor growth strategy.

II. PROJECT DEVELOPMENT OBJECTIVES

22. The Project Development Objective is to *expand the supply of skilled and employable labor by increasing access to quality training programs, and by strengthening the technical and vocational education and training system in Nepal.*

1. Project Beneficiaries

23. The project is expected to improve access to TEVT programs for disadvantaged youth through targeting and other inclusive processes. The project will pay special attention to lagging regions, poor youth, women, and youth belonging to Dalit, disadvantaged Janajatis and other marginalized communities, such as persons with disabilities¹⁴.

24. The primary beneficiaries of the project are approximately 75,000 Nepali youth¹⁵, who will get access to short-term skills training, technical education, and opportunities for certifying their existing skills. TSLC/Diploma providing institutions participating in the project will benefit through organization level changes such as improved facilities, trained instructors, use of higher quality teaching and learning material and improved processes including monitoring and evaluation. It is expected that the project will support 38 such institutions. At the sector level, the project aims to strengthen key elements of the regulatory framework overseeing TEVT activities in Nepal, and build institutions and resources that are critical for its current and future evolution. Ultimately, the project aims to help raise the capability of the TEVT sector to produce skilled, employable and productive labor for both domestic and international markets.

2. PDO Level Results Indicator

25. The PDO will be measured through the following outcome indicators as shown below.

Project Development Objectives	Project Outcome Indicators	Use of Project Outcome Indicators
To expand the supply of skilled and employable labor by increasing access to quality training programs, and by strengthening the technical and vocational education and	(a) employment rate of short-term training graduates 3 and 6 months after completing training in supported programs; (b) enrolment in TSLC and Diploma courses	The GON and training institutions begin to focus on program outcomes, rather than inputs.

¹³ Interim Strategy Note for Nepal – FY10-11, Report No. 48297-NP, The World Bank, 2009.

¹⁴ Nepal is emerging from a period of political strife and conflict (1996-2006). This period disrupted regular educational and training programs and there is a need for second chance opportunities for many citizens on all sides of the conflict. While the program does not specifically offer training to conflict affected families or ex-combatants, efforts will be made to disseminate information about the project to these groups in order to encourage them to participate. This project is expected to complement training to conflict affected families and individuals provided through the Emergency Peace Support Project (Report No.: 54421-NP).

¹⁵ Though under the RPL Component it is possible that those assessed and certified may not necessarily be youth.

training system in Nepal.	in supported institutions; and (c) Number of NSTB certified youth without formal training.	Training programs with poor labor market outcomes are dropped and replaced with programs with direct relevance to the labor market. Those employed in informal sector activities are brought into the formal sector through an opportunity provided by the skills training.
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III. PROJECT DESCRIPTION

26. The project consists of the following four components: (1) Strengthening TEVT Regulatory Activities and Capacity Building; (2) Strengthening Technical Education; (3) Support for Short-Term Training and Recognition of Prior Learning; and (4) Project Management and Monitoring and Evaluation.

Component 1: Strengthening TEVT Regulatory Activities and Capacity Building (Total USD 7.1 million—IDA USD 6.4 million)

27. This component focuses on the regulatory environment and institutional resources available to the TEVT sector and consistent with the new proposed Policy and fully aligned with the existing policy for TEVT (2007). Disbursement under this component will be results-based and linked to specific milestones for each activity supported.¹⁶ All targets established for the implementation of this project were developed in collaboration with the GON through the Project Preparation Team (PPT) to ensure that: (i) all stated targets are fully within the jurisdiction and control of the concerned implementing agencies, (ii) all targets are measurable and easily verifiable, and (iii) verification will be done by a third party to avoid any conflict of interest¹⁷. These are described in Table 2 of Annex 2.

28. The activities supported will include *inter alia*: (i) capacity building of CTEVT’s regulatory activities including taking stock of current activities, development of a prospective plan, and development of an enabling frame-work for collaboration and partnership among public-public, public-non-governmental and public-private training providers quality assurance, and strengthening of examinations systems, (ii) implementation of NSTB activities that support greater autonomy for the NSTB including regional workshops on skills testing and certification, the development of skills testing materials by course, and the introduction of mobile platforms for skills assessment¹⁸, (iii) training of 5000 new assessors and 350 new skills testing managers¹⁹, and (iv) training of 1500 trainers and 100 master trainers.²⁰

¹⁶ Such indicators are called *disbursement linked indicators*.

¹⁷ It is still to be decided whether a third party will only be those who are not contracted by the implementing agency or could include those who are independent of the implementing agency, but contracted by them.

¹⁸ The CTEVT is expected to pass the NSTB bye laws by May 2011, which will further strengthen the role of the NSTB in skills testing activities across the country.

¹⁹ The project will support capacity building of CTEVT in the following areas: (i) strengthening the capacity of NSTB by increasing the number of skill assessors and skill test managers, increasing the frequency of testing dates in areas outside Kathmandu valley, and reducing the time it takes to issue and deliver skills certificates to

29. Eligible Expenditures: The GON and the Bank have agreed upon a set of eligible expenditures for the TEVT sector after a review of all the work in the sector. Eligible expenditures for EVENT would include: (i) all direct costs of training of assessors, skills test managers, trainers, and master trainers including training materials, (ii) incremental operating costs, (iii) operational expenditures associated with the establishment of the TMIS, strengthening of the affiliation system, and the strengthening of examinations system, and (iv) all costs associated with the assessment of skills of workers in the informal sector. All procurements associated with these eligible expenditures will be made according to procedures agreed between the GON and the Bank for this project.

Component 2: Strengthening Technical Education (Total USD 25.2 million—IDA USD 17.5 million)

30. This component focuses on strengthening technical education at the Technical School Leaving Certificate (TSLC) and Diploma levels provided by CTEVT constituent and affiliated institutions, community colleges and annex programs. Both public and private institutions are eligible for support under this program. The objective of this component is to make access to technical education more equitable, especially to the poor and disadvantaged groups in the lagging regions of Nepal, and to improve the quality and market relevance of the TSLC and Diploma programs.

31. The project will support around 30 TSLC and Diploma providers from among CTEVT constituent and affiliated providers and community colleges, and around 8 annex programs. All institutions support under the project will be competitively selected using eligibility and selection criteria. For the selected project institutions, this component will provide support for (a) improvements in institutional management, (b) training of trainers in modern pedagogy, (c) quality assurance at the institutional level, and (d) up-gradation of facilities and minor civil works²¹. The support to project institutions will be provided through *matching grants* and *performance grants*.

32. *Eligibility and Selection Criteria:* Institutions will be selected for participation in the project on the basis of eligibility and selection criteria. The eligibility criteria will include, among others, the number of additional trainees the institution can enroll, availability of the required physical infrastructure and facilities, commitment to accommodate the students/trainees from under-served areas and communities/groups, the number of years the institution has been in operation, number of seats and utilization, and internal efficiency indicators such as completion and pass rates. For selection into the project, the eligible institutions will be ranked on the basis of a set of criteria using a point based assessment system. Selection criteria will include, among others, affiliation and accreditation status of the institution and the programs it offers, instructor availability, institution-industry linkages (such as availability of a placement cell), capacity utilization rate, completion rates and graduates labor market performance. A selection committee consisting of government representatives, academic experts and

candidates, (ii) training of trainers and master trainers on pedagogy, training delivery methods, and occupational skills, and (iii) curriculum development and revision.

²⁰ GON employees, including CTEVT officials, who have participated in an international training course or study visit funded by the project will be expected to remain in their posts for the minimum period specified by Clause 40 (c) of the Civil Service Act, 2049 (1993).

²¹ Since expansion of access is a key goal of the project, there may be a need to establish new training centers and the Project Secretariat will help develop the appropriate guidelines for such an intervention. This could involve establishing new public-private partnerships, community level institutions and annex schools, and other innovative modalities. Furthermore, given that there several development partners in the TEVT space, it is possible that IDA could support physical infrastructure, with other agencies, like the SDC, supporting institutional software needed to run and manage new institutions in the early years.

industry representatives will be constituted for the purpose of identifying the eligible and selected proposals. Additionally:

- Support for lagging regions²²: At least 40% of the supported institutions under this component will be from the Mid-West and Far West regions of Nepal. In the points-based assessment for selection of institutions into the project, institutions located in these two regions will be awarded extra points;
- Annex Programs: The eligibility and selection criteria will be adapted for the annex programs;
- Ranking: Public and private institutions will compete within their own categories²³.

33. *Project Institutional Plan*: Selected institutions will prepare a year-wise and activity-wise institutional plan which will list all activities proposed to be financed by the project.

34. *Matching Grants to Public and Community Institutions and Community Annex Programs*: The project will support selected public and community institutions with matching grants in the ratio of 2:1. Thus, public and community institutions receiving grants will have to provide a third of the total implementation costs of their institutional plans; the remaining two-thirds of the resources will be provided by the project up to a maximum of USD 300,000. Community Annex programs selected for support will receive similar matching grants up to a maximum of USD 160,000 to fund their institutional proposal. Government funding cannot be used as matching funds by the institutions receiving grants from the project. Matching grants will only be offered to cover activities planned to be completed at least 6 months prior to end of the project period. These grants can be used only for eligible expenditure categories following agreed procurement procedures.

35. *Performance Grants to Public, Community and Private institutions and Annex Programs*: All four types of institutions selected for support under the project will receive performance grants based on a set of achievement indicators²⁴ reflecting access, quality, relevance and equity, up to a maximum of USD 200,000 over the project period. Performance grants are subject to achieving a set of specified targets as laid out in the contract with the selected institution. Some of the targets will be global in nature, in the sense that failure to meet these targets will disqualify the institutions from obtaining performance grants. Given that both public and private sector institutions are eligible for performance grants, for the first two years of the program, some of the indicators for these two types of institutions will vary, though they will be made the same starting in the third year to level the playing field across these sets of institutions. Performance grants can be used only for eligible expenditure categories²⁵.

36. *Fee Subsidy and Stipends*: This component will support the provision of full/partial fee subsidy and stipends to about 4000 students in TSLC and Diploma programs. Preference for stipend support will be given to disadvantaged students such as girls, Dalits, marginalized Janajatis. Trainees will be identified for receipt of fee subsidy and stipends using one of two approaches which includes: (a) categorical targeting based on the selection criteria currently used by MOE/CTEVT, and (b) a rigorous proxy-means-test (PMT) mechanism currently being used by the Second Higher Education Project. These two

²² Other DPs also support activities in these regions and there is a need for close coordination across partners and the GON. The establishment of the CC will go a long way to helping address such issues.

²³ While in the first two years, the programs will be advertised separately for public and private institutions with fixed numbers being selected from both groups, in later years the eligibility and selection criteria will be made uniform to ensure that the playing field for education and training is leveled.

²⁴ For example, proportion of disadvantaged groups such as Dalits, women, disadvantaged Janajatis etc.

²⁵ The eligible expenditure categories referred to above are different from those referred to under Component 1. This will be further detailed in the PIM and in the FA.

approaches will be rigorously evaluated to determine their effectiveness with respect to each other and the more effective approach will be considered for scaling up²⁶. The stipend amounts will be based on the current stipend programs adopted through government financing to ensure program sustainability. The stipend amounts will likely vary depending on location, course and beneficiary²⁷. Fee subsidy and stipends receipt will be conditional on students maintaining a minimum of 80% attendance annually and making satisfactory academic progress which will be monitored independently. Fee subsidy and stipend support will not be provided beyond the project period. Hence only those incoming first year students who will complete their program before the project closes will be supported.

37. *Strengthening Institutional Management Capacity:* The CTEVT is drawing up norms to strengthen institutional management and to provide institutions with greater autonomy. It is important that operational autonomy be provided to institutions that receive support through the project and thus, these norms should be adopted in the near future. One of the limitations in current institutional set up is the lack of management capacity in the institutes. To determine whether this lack of management capacity affects the performance of these institutions, the project will finance an international management consulting firm to provide management support, including knowledge transfer and capacity building, to a select number of institutions under Component 2. The impacts of such management support will be rigorously evaluated.

Component 3: Supporting Short-Term Vocational Training and Recognition of Prior Learning (Total USD 24.5 million—IDA USD 22.7 million)

38. This component supports short term vocational training and the certification of technical and vocational skills acquired through informal means through both public and private institutions.

39. *Sub-Component 3.1 Supporting Short-Term Vocational Training (Total USD 23.7 million—IDA USD 23.7 million):* This subcomponent focuses on stimulating the demand-side for short-term training provision for the purpose of preparing youth for both domestic and international labor markets. The component will support short-term training through both public and private training providers. Two modalities of support will be employed: (i) a voucher-based financing mechanism for training in three urban centers, and (ii) a results-based financing mechanism for training in a maximum of fifteen districts. The estimated number of project beneficiaries under this sub-component is approximately 47,500 youth during the project period. Some of the training curricula will also include different types of non-cognitive skills training. Under the project, special emphasis will be put on making short-term training and employment accessible to young women in particular, and also to disadvantaged population groups such as Dalits, Madheshis, disadvantaged Janajatis, and the trainees from lagging regions and from poor families.

40. The voucher-based financing modality provides approximately 10,000 beneficiaries with vouchers which will allow them to purchase training from their preferred training providers. Each trainee can choose her training provider from a pre-approved list of institutions drawn up by the Secretariat that satisfy a set of eligibility criteria. Training under this modality will most likely be conducted in Kathmandu, Bhaktapur and Lalitpur districts²⁸. Re-imburement will be provided to training providers

²⁶ The decision to rigorously evaluate the two targeting approaches emerged due to the GON's legitimate concern that the start up costs for the PMT exercise was considerably high. The specific methodology to evaluate the two targeting mechanisms will be developed during implementation.

²⁷ The specific stipend amounts will be further elaborated in the Project Implementation Manual (PIM).

²⁸ These areas have been chosen for this pilot both for ease of administration of a new modality and since there is a large concentration of training providers in the region offering beneficiaries greater choice. This may be expanded to other urban centers during the course of implementation.

against the vouchers in installments, with payment for performance at the start and completion of training, and then after 3 and 6 months of trainees having completing training if they are employed. An incentive structure will be built into the reimbursement scheme to encourage training providers to place trainees in jobs and to train women and workers from disadvantaged population groups.

41. The results-based financing modality makes the training providers responsible for the recruitment and training of beneficiaries. The reimbursement to training providers for this modality is similar to that used for voucher-based financing. In this scheme too, payment to training providers will be based on results at the start and completion of training, and gainful employment of trainees after 3 and 6 months of completing their training program²⁹.

42. Training will be conducted by selected institutions in a limited number of districts spread across the country³⁰. The beneficiaries could come from other surrounding districts as well. Given the project's special focus on lagging regions, the Secretariat and training providers will conduct information campaigns to reach out to potential beneficiaries in the hill districts of the mid and far western development regions.

43. Training programs in Nepal are well advertised and the costs are readily available. A single unit cost is difficult to estimate as training costs vary by provider, location and type of training program. A total outcome price will be computed for each training course which will cover the cost of training and will include a bonus for placing trainees.

44. Finally, it is clearly recognized that there has to be a system by which innovation in training – both in terms of the sectors and trades on which training is supported and in the training methodologies and standards can be supported by the TEVT system. EVENT will support two development market place activities during the project period. The development market place will allow innovative areas for training and innovations in training methodologies to be presented and evaluated. Guidelines for the implementation of the development market place will be developed and the top three most innovative ideas will be supported through a pilot under this component.

45. *Sub-Component 3.2 Recognition of Prior Learning (Total USD 0.78 million—IDA USD 0.6 million):* This sub-component will subsidize skills testing of informally acquired skills. The project will provide NSTB with funds to meet the direct costs skills testing for a total of 15,000 workers during the project period. In order to make skills testing readily accessible to informally trained workers, the project will actively reach out to potential beneficiaries through media campaigns conducted by NSTB and the Secretariat. The certification of informally acquired skills will give workers portable certificates that signal their market values both in Nepal and abroad.³¹ At the same time, the certification will also make it easier for workers to upgrade their skills by participating in formal higher level skills training programs. Very little work has been done in Nepal on the issue of RPL. A set of guidelines will be developed as part of project implementation so that this RPL approach can be adopted and implemented.

²⁹ In the design of the project, there has been considerable debate on whether or not to include a specific income or wage target as a requirement for training providers to guarantee. While there are pros and cons against both approaches, in this project a specific wage or income target will not be set.

³⁰ The maximum number of districts will be identified in the Project Implementation Manual (PIM), though preliminary estimates suggest that this will be around 15 districts.

³¹ Media research by CTEVT indicates that overseas employers are increasingly interested in hiring Nepali workers with formal skills certificates.

Component 4: Project Management and Monitoring and Evaluation (Total USD 4.1 million—IDA USD 3.4 million)

46. *Sub-Component 4.1 Project Management (Total USD 1.2 million—IDA USD 1.1 million):* The project implementation structures have been defined earlier and will be a three-tier structure. The day-to-day implementation of the project will be the responsibility of the Project Secretariat headed by a Project Director (PD). The Secretariat will be staffed by dedicated staff, recruited on the basis of well-defined Terms of Reference (TOR). The Secretariat will focus on multiple functions – including: (i) project management, (ii) procurement and financial management, (iii) safeguards, and (iv) M&E. To support the Secretariat, it has been agreed that a Technical Team (TT) will be contracted to provide support to the Secretariat in managing the project. This technical assistance should minimize the typical problems one witnesses in the management of education projects in Nepal. Given that most of the project will be implemented through participating training institutions, and that these institutions too will have to take on some of the tasks described above, particularly, small value procurement, FM, safeguards and M&E, a key role of the Secretariat and the TT would be to build the necessary capacities across all participating institutions. The project will finance typical start up costs of the Secretariat and incremental operating expenses³².

47. *Sub-Component 4.2 Monitoring and Evaluation (Total USD 3.7 million—IDA USD 3.7 million):* The responsibility for carrying out the M&E activities under the project will be with the Secretariat. Under this sub-component, the Secretariat will establish mechanisms for overall project reporting and to ensure that timely, sufficient, and reasonably complete and accurate information on project inputs, outputs and outcomes are collected, analyzed and disseminated. The project will also provide support to Ministry of Labor and Transport Management/Department of Labor and Transport Management (MOLT/DOLT) for developing a Labor Market Information System (LMIS)³³. In addition, it will provide support to CTEVT for conducting tracer studies, impact assessments, and other research activities.¹ National and international experts financed by the project may assist the Project Secretariat in its M & E and research activities if the need arises.³⁴

48. *Results Framework and Monitoring Arrangements:* Project Monitoring and Evaluation (M & E) will be guided by the Results Framework developed for the project. This framework specifies the indicators that will be monitored, their base-line and target values, frequency of monitoring, sources of data and instruments through which data will be collected. The progress and achievement of project development objectives will be monitored and assessed through the following monitoring and evaluation activities: (a) routine monitoring by the Secretariat, (b) monitoring through regular/periodic reviews, (c) mid-term review, (c) overall project evaluation and implementation completion review at project close and, (e) various impact evaluations. Apart from the outcome level indicators, a set of specific, relevant and measurable intermediate outcome indicators will also be monitored. The Secretariat will be aided by its Technical Team to conduct M & E activities and will out-source specific M & E tasks to organizations with the requisite capacity and who will be recruited on a competitive basis. National and international experts financed by the project may assist the Secretariat in its M & E and research activities as the need arises. Information will be collected on the performance of all participating institutions as per the results framework according to an agreed set of methods; supporting relevant information that has a bearing on project performance will also be collected. To ensure that all entities participating in the

³² Efforts will be made to ensure that staffing in the Project Secretariat meets the diversity goals of the GON. Furthermore, efforts will be made to ensure broad stakeholder representation and diversity in the CC.

³³ Though previous projects have made an effort to develop a labor market information system, this has been met with limited success. However, recently, the MOL working closely with key ministries and agencies (such as, the CTEVT) has initiated efforts to develop a comprehensive LMIS.

³⁴ Such assistance will be grant funded to make it consistent with GON's Foreign Aid Policy.

project will be able to carry out their designated M & E tasks, orientation and capacity building workshops will be arranged early for them.

A. Project Financing

1. Lending Instrument

49. EVENT will be implemented as a Specific Investment Loan (SIL) financed through an IDA credit and grant to GON. The project will be implemented over a period between FY2011 and FY2016. This will allow at least two cohorts of students to graduate out of the supported Diploma programs, and numerous cycles of short-term vocational training to be completed.

50. To be consistent with the GON's Foreign Aid Policy, all consultants (international and national) will be funded by IDA Grant, as opposed to IDA Credit. Of the overall amount, IDA Credit will account for 59.5 percent with the remaining 40.5 percent constituting IDA Grant. In addition to this, the GON will contribute approximately US\$ 5.5 million (11%), and the project anticipates that resources generated by institutions seeking access to the matching grant will amount to approximately US\$ 5.4 million (10.8%), but the actual amounts will only be known during implementation.

51. The project costs and IDA financing are summarized in Table 1.

Table 1: Project Cost and Financing

Component and/or Activity	Project Cost (US\$ million)	IDA Financing (US\$ million)	% IDA Financing
Component 1. Strengthening the TEVT Regulatory Framework and Capacity Building	7.1	6.4	90
Component 2. Strengthening Technical Education	25.2	17.5	70
Component 3. Supporting Short-Term Vocational Training and Recognition of Prior Learning	24.5	22.7	93
Sub-Component 3.1 Supporting Short-Term Vocational Training	23	21.2	92
Sub-Component 3.2 Recognition of Prior Learning	1.5	1.5	100
Component 4. Project Management and Monitoring & Evaluation	4.1	3.4	82
Sub-Component 4.1 Project Management	1.7	0.9	55
Sub-Component 4.2 Monitoring & Evaluation	2.4	2.4	100
Total	60.9	50.0³⁵	82

B. Lessons Learned and Reflected in the Project Design

³⁵ The difference between Project Costs and IDA financing consists of contribution from GON and local sources.

52. The project builds on lessons learned in designing and implementing projects in Nepal and elsewhere. In particular, lessons have been drawn from TEVT projects supported by other agencies, most notably, the ADB and SDC. The specific lessons learnt and incorporated into the project are:

- a. **Need for a strong coordination mechanism:** Given the highly fragmented nature of short-term training in the country, there is a clear need for a strong coordination mechanism. The proposed project therefore envisions a three layered structure for project implementation to help implement the project. The top layer, the Coordination Committee (CC), helps in sector coordination by bringing in a large number of key stakeholders. At the next level is the Project Implementation Committee (PIC). The PIC makes key decisions on project implementation, and enables key governmental agencies to coordinate their activities through a single window approach. Finally, the day to day management of the project is handled by the Secretariat of the PIC. The Secretariat implements the plans and activities approved by the PIC.
- b. **Strong linkage between training and labor market:** The most relevant and effective training programs pay close attention to market needs. This requires that identification of the most suitable trades for training be decentralized, and the capacity of the training providers to conduct timely and robust market assessments be strengthened. It also requires that the employers and industries be represented in the project's key committees to help guide project implementation. Accordingly, both the CC and PIC will include representatives from private sector.
- c. **Quality assurance:** Absence of quality assurance mechanisms reduces the amount of information available to prospective trainees to make optimal training choices, and weakens the market's ability to weed out inferior performers. Improving and stream-lining affiliation, accreditation and certification mechanisms can strengthen trainee choices and market functioning. These quality assurance activities can also play a critical role in improving the overall sector governance since rent seeking in exchange for institutional affiliation is one of the most vulnerable points for corruption in the entire TEVT system³⁶.
- d. **Institutional management:** Training providers, especially public training providers, often not flexible enough to respond to rapidly changing market needs. Improved management practices can help training providers improve decision-making, planning and budgeting, teacher and student management, and links with employers to produce better outcomes. The project will experiment with the introduction of management support in a select number of institutions to determine whether this can improve institutional performance.
- e. **Demand-side financing:** In the right context, demand-side financing can become an effective tool for improving efficiency and quality of training providers through the introduction of the element of competition. The project supports demand side measures through the provisions of scholarships and vouchers to trainees.
- f. **Results-based financing of training provision:** Results based financing can align incentives and expected outcomes from training. Basing reimbursement to training providers at least partially on training and placement outcomes is one mechanism to ensure that the training provided is market-needs oriented. There already exists in Nepal a good example of this mechanism being led by the SDC through their support to Helvetas and the Employment Fund. The program adopts an output/outcome based approach to financing and the proposed project too will incorporate lessons learned from this experience.

³⁶ Development of quality benchmarks in short term training could help strengthen the quality assurance mechanism.

- g. **Incentive schemes for targeting disadvantaged groups³⁷**: One approach to increasing the participation of disadvantaged population groups in training programs is by providing results-based financial incentives to training providers for training candidates from disadvantaged groups. There is successful experience of using this mechanism to incentivize training and placement of women, Dalits and youth from disadvantaged socio-economic groups.
- h. **Enabling environment for private providers**: Training provision, given the needs, cannot be the task of the government alone. Supporting private training providers helps expand the capacity of the sector. Financing of the private sector conditional on certain reforms being introduced and practices being followed is an effective tool to improve the overall standards for training in the country. As such, the project will directly support both public and private training providers.
- i. **Leveling the playing field for public and private training providers**: Support to private sector training providers can stimulate competition in the skills market and lead to overall efficiency.
- j. **Evidence basis for policy and program implementation**: Good policy outcomes require policy-making that is based on robust information on what works and does not work. This is particularly true for the TEVT sector which is diverse with respect to type of training, providers, and outcomes. Success of training programs is critically tied to strong monitoring in the field, and good record-keeping overall. The monitoring process should be comprehensive and should scrutinize the selection of trainees, the preparedness of training providers to provide training, the training process as it happens, and post-training activities connected with placement. A key aspect of this project will be the emphasis given to rigorous monitoring and evaluation. Numerous aspects of the program will be rigorously and independently monitored and evaluated. Third party monitoring will be employed to corroborate monitoring information gathered by the administrative system or training providers.
- k. **Certification for mobility**: For the majority of youth who enter the labor market without any formal education and skills, there is no pathway to re-enter the training and education system and improve their life-prospects. This can change, however, through the provision of testing and certification of skills which have been acquired informally through learning by doing. Certification of prior learning can change the skills profile of the labor force dramatically and cost-effectively in a short period of time.

C. Alternatives Considered and Rejected

53. The GON and the Bank team³⁸ considered several alternatives for project design which were rejected. Some of the alternatives were:

- a. **Implementing Agency**: Several other ministries and agencies were considered as possible candidates for the primary implementing agency. However, through our consultations, a consensus agency, the Ministry of Education, emerged as the preferred Ministry.
- b. **Supporting only one key ministry**: Given the fairly charged political environment in the country, the task team initially considered simplifying the project design by working only with a

³⁷ In addition to incentive schemes targeted at beneficiaries, it is important to consider the design of appropriate incentives for project management and implementation as well. The SDC through their support to both the National Skills Testing Board and the Employment Fund have piloted such incentive schemes.

³⁸ Other development partners, most notably SDC, ADB and DfID also participated in numerous preparatory consultations and provided written comments on various versions of this document.

single Ministry. However, all stakeholders felt that this would be an error given that there are several key ministries involved in the sub-sector and that supporting only one would further distort the institutional environment.

- c. **Supporting only short-term vocational training:** Neglecting technical education leading to the TSLC and Diploma would continue to maintain the shortage of mid-level technicians and skills in Nepal. This not only slows down technological change and keeps productivity low in many industries, but also increases production costs as these skills have to be imported from neighboring countries such as India. For this reason, the project supports both TSLC/Diploma level training and short-term training as well.

IV. Implementation

A. Institutional and Implementation Arrangements

54. The Ministry of Education (MOE) will be responsible for leading the implementation of the project. At the national level, a Coordination Committee (CC) will be constituted to provide policy guidance on the TEVT sector, and to allow for inter-ministerial coordination and exchange. The establishment of the CC is seen as an interim development as the provisions for establishing a national training fund as per the draft new TEVT policy are developed. A roadmap for this transition will be developed as part of this project. The CC will be a high-level body that will include a broad representation of key stakeholders in the TEVT sector. Chaired by the Minister of Education, the CC will consist of 12-15 members representing different ministries and government agencies, employers, private training providers, development partners and independent experts.³⁹ The primary functions of the CC will be to (a) provide a platform for sharing knowledge about TEVT activities being undertaken by the various ministries and in the non-governmental sector, (b) provide overall guidance on the TEVT sector in Nepal, (c) review the TEVT policy annually or bi-annually and suggest course changes if necessary, and (d) resolve potential inter-agency issues. The CC will meet at least two times a year.

55. A Project Implementation Committee (PIC), comprising representatives from MOE, CTEVT, and MOLT⁴⁰, will be constituted to approve the annual development plan submitted by the Project Secretariat (PS), review project progress and resolve any implementation issues that arise. The PIC will also include independent experts and representatives from industry. It will be chaired by the Secretary of MOE, who will also be a member of the CC. The PIC will also constitute an Evaluation Committee that will be assigned the task of selecting institutions under Component 2 using the agreed eligibility and selection criteria. The final list of supported institutions will be endorsed by the PIC.

56. A Technical Advisory Committee comprising of TEVT experts and practitioners from the various government ministries/agencies as well as the private sector will be formed to advise the PIC on technical matters. The technical committee will be chaired by the Member Secretary of CTEVT.

57. The day-to-day implementation of the project will be undertaken by a Secretariat headed by a Project Director (PD). It will be staffed by dedicated, full-time professionals, recruited competitively either from within the government or from the market on the basis of well-defined terms of references (TORs). The primary functions of the Secretariat will include (a) project planning, budgeting, coordination and implementation, (b) monitoring and evaluation, (c) procurement and financial

³⁹ In order to enhance the co-ordination between EVENT and the Skills for Employment (SEP) Project, the CC will include members of the Steering Committee guiding SEP.

⁴⁰ And, other ministries or agencies as the need may arise.

management, (d) reporting to PIC and the Bank, and (e) coordinating joint reviews of the GON and the Bank.

58. The main activities identified under Component 1 will be implemented by the CTEVT, NSTB and TITI. They will appoint project coordinators for implementing this Component 1. Components 2 and 3 focus on the provision of long term TSLC/Diploma training and short-term training. This component will be directly implemented by training providers supported by the project, under the overall supervision of the Project Secretariat. The Technical Advisory Committee will support institutional and beneficiary selection, which will be undertaken by the Project Secretariat. Component 4 will be managed mostly by the Project Secretariat, though the MOLT will be the implementing unit for the establishment of the Labor Market Information System supported through Component 4.1 and the CTEVT will help implement research identified under the project. All implementing units/institutions will report to the Project Secretariat, and through them to the PIC and will be responsible for collection of information on performance indicators and reporting as part of the project M&E.

59. The project will be implemented in accordance with the Project Appraisal Document (PAD), the Project Implementation Manual (PIM) and the Governance and Accountability Action Plan (GAAP). Furthermore, the GON has also committed to ensuring that staff who are identified to support project implementation, except in case of unsatisfactory performance, or as required by the Recipient's laws, shall not be transferred to other positions until completion of the Project. In the case of the accounts and finance officers, the GON has also committed to retain such staff in place until at least six (6) months after the project closing date or submission of the final audited Financial Statements, whichever occurs later.

B. Results Monitoring and Evaluation

60. The Secretariat will be responsible for the following monitoring and evaluation activities: (a) routine monitoring by the Secretariat, (b) monitoring through regular/periodic reviews, (c) mid-term review, (d) overall project evaluation and implementation completion review at project close and, (e) various impact evaluations. To carry out these functions, each of the participating ministries and agencies will designate an M & E officer who will monitor all activities being executed by institutions and agencies under their purview. All monitoring data and reports from across the various institutions and agencies under this project will be submitted to a dedicated M & E cell. Specific third-party independent monitoring activities will be carried out through the course of the project to verify results based performance. These activities will be contracted out by the Secretariat to qualified agencies according to clear terms of reference. Performance audits will be carried out to measure the credible use of funds and for remedial actions if any to be undertaken.

C. Sustainability

61. The key elements for sustainability of project activities are ownership, demonstration effect from reforms and evaluations, and financial viability.

62. Support to key activities consistent with the revised TEVT policy will have a permanent impact on the TEVT sector in Nepal. Institutional, managerial, administrative and technical capacity building of relevant Ministries and Departments, public and private training providers and key agencies such as the TITI and the NSTB will benefit both the system and the students in the medium to long term. Improving the physical capital—infrastructure and equipment—of training institutions will also benefit students learning for the next eight to ten years.

63. Enhanced quality and relevance of the TSLC and Diploma courses will improve the skill levels and employability of students in the medium term. Regular upgrading of curricula, equipment, and instructors' competency in line with the changing skill demands will be necessary for longer term sustainability quality enhancements. This in turn will depend on funds being available, especially for public institutions, from the GON. Autonomy to generate and use funds on their own can help public institutions to develop and implement sustainable approaches to quality improvements.

64. Both the existing and proposed TEVT Policy documents propose to establish a sustainable financing system for developing and enhancing the TEVT sector. Accordingly, the new Policy envisions setting up a basket fund (National Training Fund) that includes contributions from the government, donor agencies, non governmental agencies, and employers. The fund will provide subsidized loans to individuals for training and self employment. In the long run, it will provide basic short-term skills training to all interested individuals free of cost. EVENT can be viewed as a transitional project that can potentially be part of or evolve into such a Training Fund in the future.

V. Key Risks

65. The overall project risk rating is High⁴¹. Country level risks for the proposed project relate to law and order and weak leadership resulting from the current political transition. Key project level risks involve: fragmentation of service delivery in the TVET sector; turf issues among government agencies; weak management, fiduciary, and monitoring capacity among service providers; lack of understanding of results-based disbursement arrangements; maintaining delivery quality; and poor coordination of development partner interventions in the TVET sector. These risks have been extensively discussed among participating agencies and with development partners, and both implementation arrangements and specific interventions have been developed to mitigate these risks during implementation. A Governance and Accountability Action Plan (GAAP) has been prepared and will support improvements in governance, accountability and transparency in the sector.

66. These risks are detailed in Annex 4, in the Operational Risk Assessment Framework (ORAF). However, there are a number of important country, sector and project risks associated with the project. Even though the mitigation measures will help to lower overall project risks, they will not be able to eliminate the risks entirely. The risks that remain include:

- a. Political stalemate: Failure to move forward politically would simply delay the services that the GON should be providing to its citizens. Security: The security situation in Nepal is very fragile and this could affect overall project implementation – through capture of procurement processes by vested interests at the ground level. The Bank team's ability to monitor and support the government on the ground will be strengthened and teams will be encouraged to: (i) continue to be vigilant with regards to security readiness; (ii) include third party consultants to provide monitoring and implementation support; and (iii) take advantage of distance communication to the extent possible.
- b. Corruption and fraud. Corruptive practices in the project could arise in connection with the payment of stipends to trainees and for purchase of goods and training services. Therefore, proper policies and monitoring procedures have been established to ensure rule-based admission of trainees and contracting of training providers. Furthermore, scholarship beneficiaries will have to open up Bank accounts for monthly payroll. As there are also concerns about rent seeking behavior on the part of the CTEVT in the process of affiliating

⁴¹ A rating of MI means that there is a low likelihood of occurrence of the risks, but should they materialize, they would have a high impact on the achievement of the PDO.

training institutions, the project will provide support for making these processes more transparent.

VI. Appraisal Summary

A. Economic and Financial Analysis

67. The cost benefit analyses carried out under the project's economic analysis provides the rationale for public investment. The analyses focus on Components 2 and 3--the two main training components of the project. As shown in Annex 7, even in very pessimistic scenarios and with very stringent definition of success, the net returns from the project are strongly positive for both components. Assumptions used to derive the internal rates of returns are prospective scenarios created using a variety of parameter values for beneficiary numbers, percentage of beneficiaries finding employment, wage rates and discount rates for the future. Internal rates of return across the different scenarios range from 0% to 35% for Component 2 and from -1% to 58% for Component 3. The returns are nil or negative only when the future discount rate is 15% and there is no or little change in the base cases for labor market outcomes. Moreover, these rates of return are lower bounds as the cost-benefit analyses take into account only the beneficiaries who will be exposed to project investments in the four year project implementation period. They do not take into account the benefits that will accrue for the 10-15 year period beyond project close. Neither do they account for the spill-over benefits derived by industry due to more skilled labor and greater private investment that may result from the availability of a larger pool of skilled labor.

B. Technical

68. The design of the project builds on experience in implementing TEVT projects in Nepal and internationally. The design of EVENT responds to key constraints affecting the sector such as fragmentation in the provision of training services quality assurance, and certification. The primary thrust of the project is to help Nepal develop a demand driven training system. Experience internationally with TEVT systems suggest that this is better achieved when the design also focuses on the needs of the individual trainees, rather than only on alleviating the supply side constraints of training providers. Another radical and innovative aspect of this project is the effort to identify and bring in trainees from the informal sector for upgrading their skills through a program that recognizes prior learning, and fully utilizes the Government's skills testing facilities across the country. Recognition of prior learning is an efficient and effective way of transforming the skills profile of the labor force to more closely resemble its actual distribution. It also allows workers to signal their worth to prospective employers, portability of skills, and the possibility of acquiring higher level skills. Finally, this project makes a clear effort to bring in a wide range of stakeholders under a single umbrella to ensure sustainability of any project interventions. It does this in the following ways – firstly, all key stakeholders were part of the project preparation team in the design and planning phase, and secondly, they will be represented in the Coordination Committee during the implementation phase, and will also be invited to participate in knowledge sharing forums and during implementation progress reviews. The project supports the needs of the diverse group of stakeholders by ensuring that the design is aligned with their concerns and the various initiatives complement each other.

C. Financial Management

69. The Government's Financial Administration Regulations will be used as the basis for exercising appropriate controls over project transactions. The Regulations will be supplemented by the Project Implementation Manual (PIM) 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, detailed project cost estimates, a procurement plan, financial management guidelines, monitoring and evaluation arrangements, and reporting arrangements. The PIM will be in effect only after the approval of the PIC. Based on implementation experience, it will be subject to periodic updating. Arrangements for independent review by the Bank will also be made as part of the supervision plan which is expected to provide additional assurance for the credible use of funds. Performance Audits will also be required as the trigger to measure success or timely identification of areas of improvements. In addition to these, a Governance and Accountability Action Plan (GAAP) will also be agreed upon to address issues related to good governance. The duties and responsibilities of the PIC and the Secretariat will be segregated to ensure that work programs and financial transactions are initiated, approved and executed at different levels. To support the smooth functioning of the Project Secretariat, arrangements will be made for the establishment of a **Technical Team** which will support the Secretariat to carry out both project management and technical management functions. Overall, the FM arrangements for the Project will be adequate for the proposed implementation modality. Given the MOE's experience with sector-wide programs and report-based disbursements, the disbursements of the proposed Project will also be report-based.

70. From a financial management perspective, the overall risk is currently "High". The Project Secretariat (PS) will be led by a first class gazetted level Project Director. The PS will also need to be appropriately staffed by qualified financial management specialists. The Technical Team, comprising professionals with various expertise including financial management expertise will be recruited in a timely manner. Placement of the core project team and continuity of staff constitute major risks to project implementation and will need to be addressed. The risks will be reassessed as risk mitigation measures are implemented.

71. Most disbursements under the Project are based on specific outputs. The project also includes additional assurance arrangements such as the provision of a Technical Team to support the Secretariat, third party independent monitoring of performance, and performance audits.

D. Procurement

72. In general, procurement for the proposed operation will be carried out in accordance with the World Bank's "Guidelines: Procurement under IBRD Loans and IDA Credits" dated May 2004, Revised October 2006 and 2010; and "Guidelines: Selection and Employment of Consultants by World Bank Borrowers" dated May 2004, Revised October 2006 and 2010, and the provisions stipulated in the Legal Agreement. However, in the Nepal context, procurement is carried out in accordance with country systems with two exceptions. For National Competitive Bidding (NCB) there is a need to comply with additional IDA prescribed caveats and for International Competitive Bidding, the project will fully comply with IDA guidelines.

73. For each contract to be financed by the Credit/Grant, the different procurement methods or consultant selection methods, the need for pre-qualification, estimated costs, prior review requirements, and time frame have been agreed between the Borrower and the Bank in the Procurement Plan. The Procurement Plan will be updated at least annually or as required to reflect the actual program implementation needs and improvements in institutional capacity.

74. The factors contributing to procurement risks include: (i) limited capacity in the area of procurement in both the public and private sectors and in the institutions which will receive grants from the project, (ii) capture by special interest groups, intimidation by fringe groups against those engaged in procurement, and/or more generally susceptibility to outside interference in procurement processes, (iii) ability to monitor decentralized procurement which constitutes the bulk of procurement under the project; (iv) lack of awareness of procurement procedures at the institutions and schools where grant support will

trigger procurement activities and where most of the expenditure is incurred, and (v) limited awareness and oversight by civil society on procurement matters.

75. It needs to be emphasized that the procurement-related risks in EVENT are identified to be substantial. The reasons for this include those listed above. However, it must also be noted that this is not a very procurement intensive project with most disbursements being made through decentralized grants and which will result in a number of small value procurements.

E. Social

76. The project is expected to generate positive social impacts through its efforts to improve access to TEVT programs by disadvantaged youth through targeting and other inclusive processes. The project will pay special attention to lagging regions, poor youth, women, and youth belonging to Dalit, disadvantaged Janajatis and other marginalized communities.

77. The project will focus on both the supply and demand sides of the training market. Students who demand skills training will be empowered through vouchers and stipends which will be targeted to the poor through (a) categorical targeting mechanism used by the MOE/CTEVT, and (b) a proxy-means-test method already in use in the higher education sector.

78. 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 due to ex-post selection of training providers using eligibility and selection criteria. However, the implementation of the project in parts of the country with large proportions of indigenous people will trigger OP/BP 4.10 on Indigenous Peoples. Similarly, the project does not envision the acquisition of new land and thus it is not expected that OP/BP 4.12 on Involuntary Resettlement will be triggered. In either case, the adoption of an ESMF allows the project to develop the necessary safeguards requirements in the event that the implementation of the project in a specific area triggers one of the Bank's safeguards. Because of the complex population composition of Nepal where difficulties arise in separating indigenous population with vulnerable groups, a Vulnerable Community Development Framework (VCDF) considered interchangeable with the Indigenous People's Development Plan, has been prepared as part of the ESMF. The VCDF seeks to ensure that the different project components are made accessible to vulnerable communities, and that these communities are able to make maximum use of project benefits. The Project Secretariat will help to ensure that the benefits are inclusive, and that any negative impacts are minimized. Focus group discussions with beneficiaries and their communities will be held on a sample basis after training completion so that they can provide their feedback on the quality and usefulness of training received, and identification of future needs.

F. Environment

79. The project is classified as Category B as per World Bank Operational Policy 4.01. Most of the activities funded by the project are in the nature of technical assistance with minimal adverse environmental impacts. 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. Project's infrastructure/ civil works trigger EA OP/BP 4.01, and if new education blocks are located in the land owned by the forest authority, the environmental screening and subsequent Environment Management Plan (EMP) will include appropriate mitigation measures.

80. The safeguard policies triggered by the project are shown in the table below.

Safeguard policies triggered

Safeguard Policies Triggered by the Project	Yes	No
Environmental Assessment (OP/BP 4.01)	[X]	[]
Natural Habitats (OP/BP 4.04)	[]	[X]
Pest Management (OP 4.09)	[]	[X]
Indigenous Peoples (OP/BP 4.10)	[X]	[]
Physical Cultural Resources (OP/BP 4.11)	[]	[X]
Involuntary Resettlement (OP/BP 4.12)	[]	[X]
Forests (OP/BP 4.36)	[]	[X]
Safety of Dams (OP/BP 4.37)	[]	[X]
Projects on International Waterways (OP/BP 7.50)	[]	[X]
Projects in Disputed Areas (OP/BP 7.60)	[]	[X]

G. Governance

81. A Governance and Accountability Action Plan (GAAP) has been developed and its implementation will be monitored during the project period. The GAAP identifies and addresses key governance risks and critical operational concerns related to the sector and project management and implementation. The GAAP seeks to ensure good governance as an overall sectoral issue, and more specifically in the implementation of the EVENT project. The GAAP is based on Nepal's existing governance and legal framework, including legislations on anti-corruption and right to information. In addition, the World Bank's Access to Information Policy and Anti-Corruption Guidelines have been incorporated into the framework. The GAAP will be periodically revisited and strengthened as necessary, based on lessons learned during the implementation of EVENT activities.

Annex 1: Results Framework and Monitoring

1. A monitoring and evaluation (M & E) system that generates reliable, timely and relevant data is the basis for effective implementation of any project. The system has to be clear and transparent to all the stakeholders supported by the project. The M & E system will enable the stakeholders in the planning, implementation, and management of the project, and for assessing success, any short-falls thereof, and for undertaking remedial action. Along with on-going and regular formative evaluations to aid project implementation, effective and useful impact evaluations must also be built into the project design to judge the contribution of the project on outcomes achieved. The M & E system designed for EVENT includes both regular on-going monitoring and evaluation, and key impact evaluations to answer the larger questions of what works in the TEVT sector. These arrangements are described in greater detail in sub-component 4.2 in Annex 2. The Results Framework and the Monitoring Arrangements tables below present the indicators used to monitor progress in implementation and outcomes, and the evaluations and assessments planned to be undertaken during the project period.

2. This section also provides a description of the activities and milestones to be achieved by time-period and verification protocol in the table for Disbursement Linked Indicators.

EVENT: Results Framework

Project Development Objective	Project Outcome Indicators	Use of Project Information
<i>PDO: To expand the supply of skilled and employable labor by increasing access to quality training programs, and by strengthening the technical and vocational education and training system in Nepal.</i>	<ul style="list-style-type: none"> • Employment rate of short-term training graduates 3 and 6 months after completing training in supported programs • Enrolment in TSLC and Diploma courses in supported institutions • Number of NSTB certified youth without formal training 	Indicates along with the intermediate outcomes and output indicators whether the project is on track in the achievement of the PDO.
Intermediate Outcomes	Results Monitoring Indicators	Use of Monitoring Indicator
Component 1: Strengthening TEVT Regulatory Activities and Capacity Development		
Component 1: Strengthening TEVT Regulatory Activities and Capacity Development (Disbursement Linked Indicators)	<ul style="list-style-type: none"> • Number of NTSB qualified assessors • Number of NSTB qualified skills test managers • Number of lead and assistant instructors trained in modern curricula and pedagogy • Number of master trainers trained • Establishment of an on-line system for affiliation of Training Providers • Establishment of a computerized system for examination evaluation • Establishment of a Training 	Indicates the extent to which CTEVT/NSTB quality assurance functions have been strengthened; and increase in the quality of teachers available to the TEVT system

	Management Information System	
Component 2: Strengthening Technical Education		
Component 2: Strengthening Technical Education	<ul style="list-style-type: none"> • Number of training providers supported through formula based funding • Number of students from disadvantaged groups and lagging regions receiving stipends 	Indicates the extent to which TSLC and Diploma providers are engaged in improving quality and relevance of training; increase in access to training for disadvantaged students
Component 3: Support to Short-term training and recognition of prior learning		
Sub-component 3.1 Support to Short-term Training	<ul style="list-style-type: none"> • Average monthly earnings of Short-term training graduates after 3 and 6 months of completing training in supported programs • Number of trainees supported with vouchers • Number of trainees completing training test in supported programs 	Indicates the extent to which there is increase in access to training for disadvantaged students
Sub-component 3.2: Certification of Prior Learning	<ul style="list-style-type: none"> • Number of youth without formal training tested 	Indicates the extent of increase in participation in skills testing
Component 4: Project Management and Monitoring and Evaluation		
Sub-component 4.1: Project Management	<ul style="list-style-type: none"> • Establishment of a professionally staffed Secretariat • Communication campaigns conducted 	Indicates project planning and implementation capacity; and extent of outreach to disadvantaged students
Sub-component 4.2: Monitoring and Evaluation	<ul style="list-style-type: none"> • Functioning labor market information system established • Employer surveys, Tracer studies and Satisfaction surveys conducted • Number of Impact evaluations completed 	Indicates increase in the quantity and availability of information on the TEVT system in Nepal, and on the effectiveness of TEVT activities

NEPAL: ENHANCED VOCATIONAL EDUCATION AND TRAINING PROJECT (EVENT)
Monitoring Arrangements (Table 1)

PDO Level Results Indicators*	Core	Unit of Measure	Baseline	Cumulative Target Values**					Frequency	Data Source/ Methodology	Responsibility for Data Collection	Description (Indicator, definition etc)
				YR 1	YR 2	YR3	YR 4					
Employment Rate of Short-term training graduates 3 and 6 after months of completing training in supported programs	<input type="checkbox"/>	Percent	70%	70%	74%	78%	80%		Quarterly	Tracer Study	Project Institutions	Indicates employability
Enrollment in TSLC and Diploma students in supported institutions®		Number	TBD	TBD	TBD	TBD	TBD		Six Monthly	Administrative Data; Institution Records	Project Institutions	Indicates institution quality and efficiency improvement
Number of NSTB certified youth without formal training		Number	2000	5000	8000	11000	15000		Six Monthly	Administrative Data; Interviews	NSTB	Indicates improved status as a potential labor market entrant
INTERMEDIATE RESULTS												
Intermediate Result (Component One): Strengthening TEVT Regulatory Activities and Capacity Development (<i>Disbursement Linked Indicators</i>)												
<i>Number of NSTB qualified assessors</i>	<input type="checkbox"/>	Number	740	1950	3200	4450	5700		Six Monthly	Administrative Data; Interviews	NSTB	Indicates increased capacity to provide certification for previously acquired skills
<i>Number of NSTB qualified skills test managers</i>	<input type="checkbox"/>	Number	40	100	200	275	350		Six Monthly	Administrative Data; Interviews	NSTB	Indicates increased capacity to provide certification for previously acquired skills
<i>Number of Lead and Assistant Instructors trained in modern curricula and pedagogy</i>		Number	0	200	700	1200	1500		Six Monthly	Administrative Data; Interviews	Secretariat	Indicates improvement in TEVT instructor quality
<i>Number of master trainers trained</i>		Number	0	25	50	75	100		Six Monthly	Administrative Data; Interviews	Secretariat	Indicates improvement in TEVT instructor quality

<i>Establishment of a Training Management Information System</i>		-	-	Initiated	Completed	Function al	Function al		Six Monthly	Administrative Data	CTEVT	Indicates improved information flow in the training market
<i>Establishment of an online system for affiliation of training providers</i>		-	-	Initiated	Completed	Function al	Function al		Six Monthly	Administrative Data	CTEVT	Indicates strengthened and transparent affiliation systems
<i>Establishment of a computerized system for examination evaluation</i>		-	-	Initiated	Completed	Function al	Function al		Six Monthly	Administrative Data	CTEVT	Indicates improved efficiency in examinations systems, especially reduction in delay in results declaration
Intermediate Result (Component Two): Strengthening Technical Education												
<i>Number of TSLC/Diploma providers supported through formula based funding</i>		Number	0	30	35	38	38		Six Monthly	Administrative Data; Independent Reviewers Reports	Project Institutions, Secretariat	Indicates success of performance-based financing
<i>Number of students from disadvantaged groups and lagging regions receiving stipends</i>		Number	0	2500	3000	3500	4000		Six Monthly	Administrative Data; Independent Reviewers Reports	Project Institutions, CTEVT, Secretariat	Indicates increased access to TEVT by excluded groups
Intermediate Result (Component Three): Supporting Short-term Training and Certification												
<i>Average monthly earnings of Short-term training graduates after 3 and 6 months of completing training</i>	<input type="checkbox"/>	Number (NRS per month)	2000	2000	2200	2400	2500		Quarterly	Tracer Study	Project Institutions	Indicates employability
<i>Number of trainees supported with vouchers</i>	<input type="checkbox"/>	Number	0	2000	5000	8000	10000		Quarterly	Administrative Data; Independent Reviewers Reports	Training Providers/Secretariat	Indicates increased access to TEVT by excluded groups
<i>Number of trainees completing training test in supported programs</i>	<input type="checkbox"/>	Number	0	10000	21000	33000	37500		Six Monthly	Administrative Data; Independent Reviewers Reports	Training Providers/Secretariat	Indicates increased access to TEVT by excluded groups
<i>Number of youth without any formal training tested</i>		Number	2000	6000	10000	14000	19000		Six Monthly	Administrative Data; Independent	NSTB/ Secretariat	Indicates increased access to TEVT by

									Reviewers Reports		excluded groups	
Intermediate Result (Component Four): Project Management and Monitoring and Evaluation												
<i>Effective management by a professionally staffed Secretariat</i>		-	-	Completed	Functional	Functional	Functional		On-going	Administrative Data	Secretariat	Indicates adequacy of project management structure which is critical for effective implementation
<i>Number of Communication Campaigns conducted</i>		Number	0	2	4	6	8		Six Monthly	Administrative Data	Secretariat	Indicates extent of outreach by the project
<i>Functioning Labor Management Information System established</i>		-	-	Initiated	Completed	Functional	Functional		Six Monthly	Administrative Data	MOLT	Indicates capacity in the system to improve information flow
<i>Number of employer surveys, tracer studies and satisfaction surveys conducted</i>		Number	-	2	4	6	8		Six Monthly	Administrative Data	Secretariat/CTEVT	Indicates capacity in the system to conduct evaluations and increase in the information on the effectiveness and usefulness of TEVT programs
<i>Impact Evaluation of Management Consultancy Support to TSLC/Diploma providers</i>		-	-	Initiated	-	-	Completed		On-going	Administrative Data; Consultants Reports	Secretariat	Indicates the extent to which improved management practices can improve productivity of training providers
<i>Impact Evaluation of Short-term training</i>		-	-	On-going	On-going	On-going	Completed		On-going	Administrative Data; Consultants Reports	Secretariat	Indicates capacity in the system to conduct evaluations and increase in the information on the

													effectiveness and usefulness of TEVT programs
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Base-line values will be revised post the collection of base-line data; disaggregated data will be collected wherever applicable for trainees supported by gender, ethnic group and minority status and region of residence; @ base-line and target values will be determined after the selection of institutions into the project.

Table 2: DISBURSEMENT LINKED INDICATORS FOR COMPONENT 1

Area/Sub Program	Indicator	Yearly Targets for Disbursement					Protocol
		Baseline FY2011	DLIs for Disbursement in FY 2012/13	DLIs for Disbursement in FY 2013/14	DLIs for Disbursement in FY 2014/15	DLIs for Disbursement in FY 2015/16	
Expanding the pool of Lead and Assistant trainers	DLI 1: Number of lead and assistant trainers trained by TITI and other qualified trainers	Identification of trainees and the development of training materials	200 lead and assistant trainers trained by TITI and other qualified trainers	300 lead and assistant trainers trained by TITI and other qualified trainers	400 lead and assistant trainers trained by TITI and other qualified trainers	600 lead and assistant trainers trained by TITI and other qualified trainers	Verification: Certification Roster; Record of training; Trainees Interviews; Spot checks
Expanding the pool of Master Trainers and improving the quality of training faculty	DLI 2: Number of master trainers trained by TITI and other qualified trainers	Identification of trainees and the development of training materials	25 master trainers trained by TITI and other qualified trainers	50 master trainers trained by TITI and other qualified trainers	75 master trainers trained by TITI and other qualified trainers	100 master trainers trained by TITI and other qualified trainers	Verification: Certification Roster; Record of training; Trainees Interviews; Spot checks
Strengthening the ability to assess skills nationally	DLI 3: Number of master skills assessors and skills assessors trained and certified by NSTB	Communication and information strategy developed Identification of assessors and the development of training information	1250 master assessors and skills assessors trained and certified by NSTB	1250 master assessors and skills assessors trained and certified by NSTB	1250 master assessors and skills assessors trained and certified by NSTB	1250 master assessors and skills assessors trained and certified by NSTB	Verification: Certification Roster; Record of training; Trainees Interviews; Spot checks

Strengthening the ability to undertake skills testing nationally.	DLI 4: Number of Skills Test Managers trained and certified by NSTB	Communication and information strategy developed Identification of assessors and the development of training information	100 Skills Test Managers trained and certified by NSTB	100 Skills Test Managers trained and certified by NSTB	100 Skills Test Managers trained and certified by NSTB	100 Skills Test Managers trained and certified by NSTB	Verification: Certification Roster; Record of training; Trainees Interviews; Spot checks
Enhancing transparency in the process of affiliation of institutions by CTEVT	DLI 5: CTEVT develops and establishes on-line system to improve transparency in the affiliation process	Conduct comprehensive media campaign to adopt short and medium term transparency objectives Ensure service standards in the affiliation process based on a fixed calendar Contract out development of online system to a qualified and reputed firm	Beta version of online system established and piloted on CTEVT institutions	Debug and strengthen the online system established Open online system for public and private for scrutiny and utilization Service standards are met for 60% of the institutions	Online system open to public and private for scrutiny and utilization Service standards are met for 75% of the institutions	Online system open to public and private for scrutiny and utilization Service standards are met for 90% of the institutions	Verification: Contract given; Standards developed and reviewed by stakeholders; Annual Independent reviews with recommendations

TSLC and Diploma Examination Systems strengthening	DLI 6: Establishment of computerized system	Conduct comprehensive media campaign to adopt short and medium term transparency objectives Ensure service standards in the affiliation process based on a fixed calendar Contract out development of online system to a qualified and reputed firm	Contract for Computerized system for examination evaluation awarded (OMR)	Computerized system for examination evaluation completed	Active functioning of the system with recommendations	Active functioning of the system with recommendations	Verification: Contract given; Annual Independent reviews with recommendations
Establishment of Training Management Information System (TMIS)	DLI 7: Share of institutions connected to the TMIS	Contract out development of online system to a qualified and reputed firm	Functioning TMIS in constituent institutions (at least 90%)	Functioning TMIS in Annex schools (at least 50%)	Functioning TMIS in Affiliated institutions (40%) and Annex Schools (20%)	Functioning TMIS in Affiliated institutions (40%) and Annex Schools (20%)	Verification: 100%

Annex 2: Detailed Project Description

I. Project Development Objective

1. The project aims to expand the supply of skilled and employable labor by increasing access to quality training programs, and by strengthening the technical and vocational education and training system in Nepal.
2. Achievement of the project development objective will be measured by the following key performance indicators:
 - a. Employment Rate of Short-term training graduates 3 and 6 months after completing training in supported programs
 - b. Increase in enrollment of TSLC and Diploma courses in supported institutions
 - c. Number of (NSTB) certified youth without formal training

II. Project Components

3. The project is composed of the following four components: (1) Strengthening TEVT Regulatory Activities and Capacity Building, (2) Strengthening Technical Education, (3) Support for Short-Term Training and Recognition of Prior Learning, and (4) Project Management and Monitoring and Evaluation. These components are described in greater detail below.

4. Disbursements under Component 1 will be linked to a series of pre-specified targets. This results based approach is expected to strengthen the overall performance of the project. The targets established for the implementation of this project were developed in collaboration with the GON through the Project Preparation Team (PPT) to ensure that all targets are: (i) fully within the jurisdiction and control of the concerned implementing agencies, and (ii) measurable and easily verifiable. The achievement of these targets will be verified independently by a third party, to avoid any conflict of interest⁴². For Components 2 and 3, disbursements will be partly based on the attainment of pre-specified targets and will be proportional to achievements.

Component 1: Strengthening TEVT Regulatory Activities and Capacity Building (Total USD 7.1 million—IDA USD 6.4 million)

The current TEVT policy was approved by the GON in 2007, and a revised draft TEVT Policy, prepared in October 2010, is expected to be submitted to and finalized by the Cabinet by FY2011. Some of the features of this new policy include: (i) the development of a TEVT Implementation Plan, (ii) preparation of a road-map and plan for the development and adoption of a National Qualifications Framework, and (iii) the preparation and approval of guidelines for skills certification with appropriate legal provision.

5. This component will support activities aligned with the existing policy from 2007, but consistent with the new proposed TEVT Policy. The activities supported will include *inter alia*: (i) capacity building of CTEVT's regulatory activities including *inter alia* quality assurance, and strengthening of examinations systems⁴³, (ii) implementation of NSTB activities that support greater autonomy for the

⁴² The lending instrument for this project is a Specific Investment Loan (SIL) which will finance implementation of TEVT policies and agreed project activities).

⁴³ The support to CTEVT will also include the development of a prospective and strategic plan, and the development of an enabling framework for collaboration and partnership among and across publi-public, public-non-governmental, and public private training providers.

NSTB including regional workshops on skills testing and certification, the development of skills testing materials by course, and the introduction of mobile platforms for skills assessment, (iii) training of 5000 new assessors and 350 new skills testing managers⁴⁴, and (iv) training of 1500 trainers and 100 master trainers. The targets against which disbursements will be made for this component are provided in Table 2 in Annex 1. The activities under this component are described below.

6. *Training of instructors and master trainers:* The project will engage the Training Institute for Technical Instruction (TITI) to train lead and assistant instructors and master trainers in modern curricula and pedagogy. Given TITI's own capacity constraints, it will engage public and/or private sector partner institutions to help deliver the training.

7. *Training of NSTB qualified master assessors, assessors and skills test managers:* While the number of people appearing for skills test has increased multi-fold in the last few years, the increase in the numbers of assessors and skills test managers has taken place relatively slowly. The approximately 740 assessors and 40 skills test managers that NSTB has in its roster have proved insufficient to handle the current volume of testing (around 20,000 per year). It is estimated that the number of skills test takers will likely increase five-fold within a year, and even further if the GON makes it mandatory for youth going abroad to be certified. In order to help NSTB cope with this potential growth in demand for skills testing, the project will provide resources for training 5000 new master assessors and assessors, and 350 new skills testing managers during the project period. The impact of these activities will be further strengthened when the CTEVT passes the NSTB Bye-Laws by May 2011.

8. *Affiliation Systems Strengthening:* The existing CTEVT system for granting affiliations to TSLC and Diploma training providers is perceived as not being adequately transparent in terms of criteria for application and award. There are also no service standards for processing applications for affiliation, field-visits and award of affiliation. The project will provide resources for developing an on-line system for applying for affiliation. It will also support the development and public dissemination of service standards and protocols so that the affiliation process and requirements are clear to all interested applicants. *Examinations System Strengthening:* The project will provide resources to CTEVT to develop a computerized examinations system which will reduce delays in declaring examination results and providing certificates to trainees who have successfully completed their training. *Training Management Information System (TMIS):* CTEVT has recently completed the development of a TMIS. The project will provide resources to CTEVT for the installation, connection and maintenance of the TMIS in CTEVT constituent and affiliated institutions. It will also support CTEVT in training staff from these institutions on the use of the TMIS.

9. Eligible Expenditures: The GON and the Bank have agreed upon a set of eligible expenditures for Component 1 after having reviewed the entire set of sectoral work. This includes: (i) all direct costs of training of assessors, skills test managers, trainers, and master trainers (including training materials), (ii) operational expenditures associated with the establishment of the TMIS, strengthening of the affiliation system, and the strengthening of examinations system, and (iii) all costs associated with the assessment of skills of workers in the informal sector. All procurements associated with these eligible expenditures have to be made according to agreed upon procedures on procurement between the GON and the Bank for this project.

⁴⁴ The project will support capacity building of CTEVT in the following areas: (i) strengthening the capacity of NSTB by increasing the number of skill assessors and skill test managers, increasing the frequency of testing dates in areas outside Kathmandu valley, and reducing the time it takes to issue and deliver skills certificates to candidates, (ii) training of trainers and master trainers on pedagogy, training delivery methods, and occupational skills, and (iii) curriculum development and revision.

10. GON employees, including CTEVT officials, who have participated in an international training course or a study visit outside Nepal which is funded by the project will be expected to remain in their posts for the minimum period specified by Clause 40 (c) of the Civil Service Act, 2049 (1993).

Component 2: Strengthening Technical Education (*Total USD 25.2 million—IDA USD 17.5 million*)

11. This component focuses on strengthening technical education at the Technical School Leaving Certificate and the Diploma levels delivered by CTEVT constituent government and affiliated private institutions, and annex programs. The objective of this component is to make access more equitable, especially to the poor and disadvantaged groups, and improve the quality and market relevance of the TSLC and Diploma programs. Through this component, the project will support up to 30 CTEVT constituent and affiliated institutions, community technical institutes and private institutions providing the TSLC and Diploma courses. It will also support up to 8 Annex Programs. Institutions will be selected competitively into the project on the basis of two sets of criteria: eligibility criteria and selection criteria. For the selected project institutions, this component will finance (a) improvements in institutional management, (b) instructor training in modern pedagogy, (c) upgrading of facilities and minor civil works, and (d) modern teaching-learning materials including computers. The support to project institutions will be provided through matching grants and performance grants. The selection of institutions into the program will be done by a selection committee specially constituted for the purpose. The committee will comprise government officers, academic experts and industry representatives.

Criteria for Eligibility and Selection of Training Providers

12. Eligibility and selection criteria for institutions: Only those CTEVT constituent and affiliated institutions and annex programs that fulfill a minimum set of basic criteria will be eligible for selection into the project. For selection into the project, the eligible institutions will be ranked on the basis of a set of criteria using a point based assessment system. Different sets of eligibility and selection criteria will be used for the different types of institutions, namely CTEVT constituent institutes, CTEVT affiliated community institutes, CTEVT affiliated private institutes, and Annex schools.

13. Eligibility and Selection Process: The following eligibility and selection process will be used for this component. All institutions that will be supported by the project will be selected in one round preferably. If enough eligible candidates do not respond to the first round of application, then a second round of selection will be conducted. The main steps are:

I. Screening for Eligibility of Institutions

- 1.1. Information Dissemination on Applications and Component design
- 1.2. Call for Institutional application
- 1.3. Submission of Institutional Applications
- 1.4. Review of submitted applications by the Selection Committee
- 1.5. Identification of eligible institutions
- 1.6. Submission of the list of eligible institutions by Secretariat to the Project Implementation Committee for approval

II. Selection of Institutional Proposals

- 2.1. Calls for institutional proposals
- 2.2. Training for institutions in preparation of proposals
- 2.3. Submission of proposals by institutions to the Secretariat with required information
- 2.4. Evaluation of proposals by the Selection Committee

- 2.5. Spot checks and verification of submitted institutional information
- 2.6. Identification of winning proposals
- 2.7. Submission of winning proposals to the Project Implementation Committee for approval

III. Sub-Project allocation

- 3.1 Signing of Memorandum of Understanding between Secretariat and Participating Institutions
- 3.2 Start of implementation and Reporting consistent with the Project Implementation Manual (PIM)⁴⁵

14. The eligibility and selection of institutions will be done by an Evaluation Committee, especially constituted for this task by the Project Implementation Committee (PIC). This committee (of 3-4 members) will have representation from CTEVT and externally from TEVT sector experts and industry associates. The final list of selected project institutions will be endorsed by the PIC.

15. The table below lists the eligibility and selection criteria for different types of institutions. The weights to be allotted to each criterion will be provided in detail in the PIM. The criteria will include *inter alia*:

Eligibility and Selection Criteria for TSLC/Diploma training providers

Type of Institution	Eligibility Criteria	Selection Criteria
Annex Programs	<ul style="list-style-type: none"> • Duly formed School Management Committee in place • Disclosure of statements of accounts and audit reports for the last 3 years • Graduated at least 3 batches • Agree to provide baseline data and other necessary information to the Secretariat • Agree to prepare a sub-project Institutional Plan 	<ul style="list-style-type: none"> • Seat utilization rate, examination rate to students, pass rate for the last 3 years • Location (Remoteness) • Location (Region) • Job placement cell established and functioning⁴⁶
CTEVT constituent institutions	<ul style="list-style-type: none"> • Duly formed Institutes Governing body/ Management committee in place • Disclosure of statements of accounts and audit reports for the last 3 years • Graduated at least 3 batches • Agree to prepare a sub-project Institutional Plan • Agree to provide baseline data and other necessary information to the Secretariat 	<ul style="list-style-type: none"> • Seat utilization rate, examination rate to students, pass rate for the last 3 years • Location (Remoteness) • Location (Region) • Job placement cell established and functioning
CTEVT affiliated private institutions	<ul style="list-style-type: none"> • Duly formed Institutes Governing body/ Management 	<ul style="list-style-type: none"> • Seat utilization rate, examination rate to students,

⁴⁵ The borrower will prepare a Project Implementation Manual satisfactory to IDA by Project effectiveness.

⁴⁶ The Secretariat will define criteria based on which the status “establishment and functioning of job placement cell” will be assessed. The Secretariat will prepare these criteria before publishing the notice for application submission by interested institutions.

	<ul style="list-style-type: none"> committee in place • Disclosure of statements of accounts and audit reports for the last 3 years • Graduated at least 3 batches • Agree to prepare a sub-project Institutional Plan • Agree to provide baseline data and other necessary information to the Secretariat 	<ul style="list-style-type: none"> pass rate for the last 3 years • Location (Remoteness) • Location (Region) • Ratio of community to GON contribution to operating cost of the institution • Fee waiver as % of total fee income • Job placement cell established and functioning
CTEVT affiliated community institutions	<ul style="list-style-type: none"> • Duly formed Institutes Governing body/ Management committee in place • Disclosure of statements of accounts and audit reports for the last 3 years • Graduated at least 3 batches • Documents assuring that the institute is not for profit and is owned by community or beneficiaries and is a public property⁴⁷ • Agree to prepare a sub-project Institutional Plan • Agree to provide baseline data and other necessary information to the Secretariat 	<ul style="list-style-type: none"> • Seat utilization rate, examination rate to students, pass rate for the last 3 years • Location (Remoteness) • Location (Region) • Ratio of community to GON contribution to operating cost of the institution • Fee waiver as % of total fee income • Job placement cell established and functioning

16. Support to the Mid-West and Far-West regions: This project will pay special attention to the development of the TEVT system in the Mid-West and Far-West regions of Nepal; at least 40% of institutions supported under this component will be from these two regions. Keeping this in view, institutions from these regions will be awarded extra points in both the eligibility and selection process.

13. Sub-project Institutional Plans⁴⁸: Each institution selected into the project will have to prepare a sub-project institutional plan which will provide a detailed and year-wise description of activities that it will implement with support provided by the project. Activities in the institution plan can include *inter alia*: (a) modernization of equipment and machinery (up to an allowable maximum share of the total grant amount), (b) minor civil works (up to an allowable maximum share of the total grant amount), (c) training of trainers, (d) remuneration for guest faculty and student visits to industry, (e) better quality and modern teaching-learning material, and (f) improvement in institutional management and quality assurance (including examination and assessment systems and introduction of new programs/initiatives).

14. Matching Grants: CTEVT constituent and affiliated institutions, community colleges and annex programs providing TSLC and Diploma courses will be supported using this component primarily using a matching grant mechanism. Technical schools can receive up to a maximum of \$300,000 as a matching

⁴⁷ The Secretariat will also define criteria of not for profit community institutions before publishing the notice for application submission by interested institutions.

⁴⁸ A template for these plans will be prepared by the Secretariat in close collaboration with the Technical Advisory Committee for the project. While some institutions will benefit from having a management consulting firm to strengthen internal processes and controls, other institutions can be provided *ad hoc* support to draft the Institutional Development Plan.

grant for the duration of the project; annex schools can receive up to a maximum of \$160,000 for the duration of the project. For public TSLC and Diploma training provider and annex programs, the project will provide support in the ratio of 2:1, i.e. the project will provide \$2 dollars for every \$1 raised by the project institutions year-wise. Institutions cannot use government funds for raising their share.

15. Minimum contribution to the matched funds pool: A training provider will have to contribute a minimum amount of NRS 2 million (about US\$ 25,000) to the matched funds pool to be selected for funding. The minimum threshold for institutions located in highly disadvantaged locations⁴⁹ will be NRS 1 million (approximately US\$ 12500) where the capacity of institutions to raise funds on their own is likely to be lower.

16. Performance Grants: All project institutions, CTEVT constituent, affiliated and community technical schools, private institutions and annex programs, will also be eligible for annual performance grants, up to a maximum amount of USD 200,000. This grant will be provided to those project institutions that improve performance on an agreed set of indicators on the basis of a formula which will be described in detail in the PIM. These indicators will likely include *inter alia* the following shown in the table below.

Criteria for Performance Grants under Component 2

S. No.	Indicator	Applicable to
1	Number of days classes were conducted during the academic year	Global minimum requirement
2	Seat Utilization	Not applicable to private institutions supported by the project
3	Pass rate	All institutions supported by the project
4	Share of girl students	All institutions supported by the project
5	Share of students from endangered Janajatis	All institutions supported by the project
6	Share of students from lagging regions	All institutions supported by the project
7	Tracer Study Completed	All institutions supported by the project
8	Employment rate of students after 6 months of completing training	All institutions supported by the project
9	An operational placement and counseling cell in place and functioning	All institutions supported by the project
10	Institute-Industry Linkage	All institutions supported by the project

17. Eligible expenditures⁵⁰: Matching grants may be used to finance activities that are part of the institution's plan, which have to be developed and agreed to at the institute level prior being submitted to the Project Secretariat for support. All procurement using matching grants will have to adopt agreed upon procurement procedures for activities undertaken using the pooled funds (matching grants received from the project and the institution's contribution).

18. Increasing access through the establishment of new institutions in remote areas: Expansion of access is a key goal of the project. In order to achieve this, there may be a need to establish new training centers in remote parts of the country. At the time of preparation the project had not identified specific locations for such institutions. The Project Secretariat during implementation will help develop

⁴⁹ These locations are identified and classified in the Project Implementation Manual (PIM).

⁵⁰ These are different from the Eligible Expenditures defined for DLIs under Component 1.

appropriate guidelines for the establishment of new institutions. This could involve establishing new public-private partnerships, community level institutions and annex schools, and other innovative modalities. Furthermore, given that there several development partners in the TEVT space, it is possible that IDA could support physical infrastructure, with other agencies, like the SDC, supporting institutional software needed to run and manage new institutions in the early years. Since the current safeguards framework does not accommodate an entirely new training center, the technical, environmental and social safeguards would have to be put in place prior to implementation.

19. Stipends: This component will stimulate the demand-side through a limited number of stipends to students from the disadvantaged groups, especially Dalits and marginalized Janajatis, but including the poor and girls. The project will provide stipend support to about 4000 students for attending TSLC and Diploma programs in institutions. The stipend amounts will match the current stipend programs adopted through government financing to ensure program sustainability. The stipend amounts vary depending on location, course and beneficiary, and ranges between Rs. 30,000 and Rs. 60,000 per participant for the duration of the program⁵¹. Students will be identified for receipt of fee subsidy and stipends using two approaches: (a) categorical targeting based on the selection criteria currently used by MOE/CTEVT, and (b) a rigorous PMT mechanism currently being used by the Second Higher Education Project.⁵² These two approaches will be rigorously evaluated to determine their effectiveness with respect to each other and the more effective approach will be considered for scaling up⁵³. Successful applicants will continue to receive the stipends on the condition that they (a) maintain a minimum of 80% attendance annually, and (b) have examination scores that are at least the average for their class. Stipend support will not be provided beyond the project period, and therefore, only those students who will complete their program before the project closes will be selected for support using the PMT⁵⁴.

20. Of the stipends financed by the project, a certain number will be earmarked for students interested to undertake the TSLC in Agriculture and in Entrepreneurship Development. The objective of such specific support is to produce mid-level agricultural technicians and micro-enterprise development facilitators given the need for such technicians in the face of GON's endeavor to improve agricultural productivity, and the expansion of the micro-entrepreneurship development scheme of the Ministry of Industry.

21. Stipends management: Stipend management will be carried out by an agency competitively selected by the Project Secretariat for the purpose.

22. Strengthening Institutional Management Capacity: The CTEVT is drawing up norms to strengthen institutional management and to provide institutions with greater autonomy. It is important that operational autonomy be provided to institutions that receive support through the project and thus, these norms should be adopted in the near future. One of the limitations in current institutional set up is the lack of management capacity in the institutes. To determine whether this lack of management capacity

⁵¹ The specific stipend amounts will be further elaborated in the Project Implementation Manual (PIM).

⁵² The selection process for stipend recipients using the PMT approach will be the same as the one used for SHEP given that the target beneficiary populations for the two projects are almost the same. SHEP uses a PMT approach which computes a weighted index for each individual, the weights being assigned to a set of individual level characteristics. The value of the index characterizes the individual as eligible for receiving stipends or not. The same PMT method will be used for beneficiary selection under this component.

⁵³In the first year, both approaches will be used and evaluated. From the second year onwards, the system with the lower false negatives – i.e. fewer non-needy students receiving scholarships--will be used.

⁵⁴ Independent, third party monitoring will be employed across the project design to provide an objective feedback on project implementation. Furthermore, given that the GON is entering into contractual agreement with training providers in this results based approach, it will need such independent feedback to ensure adequate oversight.

affects the performance of these institutions, the project will finance an international management consulting firm to provide management support, including knowledge transfer and capacity building, to a select number of institutions under Component 2. The impacts of such management support will be rigorously evaluated.

Component 3: Support for Short-Term Training and Recognition of Prior Learning (Total USD 24.9 million—IDA USD 22.8 million)

Sub-Component 3.1: Support to Short-Term Training (Total USD 23 million—IDA USD 21.2 million)

23. This subcomponent focuses on stimulating the demand-side for short-term training provision for the purpose of preparing youth for both domestic and international labor markets. The component will support short-term training through both public and private training providers. Two modalities of support will be employed: (i) a voucher-based financing mechanism for training in three urban centers, and (ii) a results-based financing mechanism for training in a maximum of fifteen districts. The estimated number of project beneficiaries under this sub-component is approximately 47,500 youth during the project period. Some of the training curricula will also include different types of non-cognitive skills training. Under the project, special emphasis will be put on making short-term training and employment accessible to young women in particular, and also to disadvantaged population groups such as Dalits, Madheshis, disadvantaged Janajatis, and the trainees from lagging regions and from poor families.

24. **Voucher-based Training:** This activity will focus on stimulating the demand-side for short-term training provision. Vouchers will be made available to potential beneficiaries to be redeemed for training at a selected number of pre-approved, short-term training providers. Training under this modality will be conducted in Kathmandu, Bhaktapur and Lalitpur Districts. Voucher based training supported by the project is limited to these three urban districts because they are likely to have a larger number of training providers if both access and efficiency are sought to be improved through vouchers. Secondly, as a new modality for the encouraging and supporting training in the country, it is important that all aspects of this voucher program are well documented and the impacts of this program are well evaluated. For this purpose, confining the voucher program to these three districts allows for a more efficient management of the process.

25. *Selection of training providers:* A pre-approved list of eligible training providers in the three urban districts will be selected by the Secretariat according to a set of criteria which will include among other things availability of infrastructure and resources for training, good management practices, and the relevance and quality of training being offered. The selection of training providers will also be predicated on the list of programs being supported through the voucher program which will be revised every year depending on market demand. Training providers supported under this activity can be from the public or private sector.

26. *Selection of beneficiaries:* The Secretariat will invite applications from candidates in the three districts, and vouchers will be randomly⁵⁵ allotted to a limited number from the pool. Among the criteria used for assessing eligibility of a candidate will be whether he or she belongs to a socio-economically disadvantaged group, including whether the candidate is a girl. The value of the voucher will be

⁵⁵ The reason for random assignment for those eligible to receive a voucher is to ensure that a full evaluation of the impact of this program can be assessed. During the course of the project, an appropriate mechanism for the distribution of vouchers based on individual characteristics and traits will be developed.

benchmarked to the average unit cost⁵⁶ of providing the training selected by the candidate from all training on offer by the pre-eligible training providers. The voucher recipients will also receive a stipend towards living expenses. The Secretariat will prepare and implement a plan for providing information to potential beneficiaries on the availability and use of vouchers, and on the selected pre-approved list of providers.

27. *Reimbursement of training providers:* Re-imbusement will be provided to training providers against the vouchers in installment, distributed between the start and completion of the course, and against the placement of trainees.

28. **Results-based financing of short-term training:** Short-term training will also be supported using a results-based financing approach whereby payments will be made directly to the training providers, and where training providers will be paid for performance, and not for inputs per se. Selection of training providers and beneficiaries for this activity will be carried out on a semi-annual basis. Each six-monthly cycle will include: (i) identification of areas for training, (ii) selection of training providers, (iii) selection of trainees by training providers, (iv) training of selected trainees, and (v) placement of the trainees. Districts where training could be delivered under this modality in this project are likely to include Kanchanpur, Kailali, Surkhet, Banke, Dang, Rupandehi, Palpa, Chitwan, Makwanpur, Parsa, Sarlahi, Dhanusa, Sunsari, Morang, and Jhapa. The beneficiaries, however, could come from other surrounding districts as well. Given the project's special focus on lagging regions, the Secretariat and training providers will make a particularly concerted effort to reach out to potential beneficiaries in the hill districts of the mid and far western development regions. A selection of training curricula will include counseling and training on non-cognitive skills; outcomes for trainees will be compared across curricula with and without these elements.

29. *Selection of training providers:* The training providers selected under the project will respond to advertisements published by the Secretariat inviting expressions of interest. The Secretariat will make the final selection of award of contracts to those training providers who will offer courses that are in demand either in the local or non-local domestic markets or internationally based on rapid market assessments conducted by the providers. Other criteria used for the selection of the training providers will include the details of training with respect to number of hours, training facilities, instructors, curricula used, and assessment and certification systems proposed to be used which will be verified through 100% site visits of locations where training will be provided.

30. *Selection of trainees:* The short-term training providers will be responsible for recruiting trainees. As the project focuses on proactively providing training to young women and youth belonging to disadvantaged social groups⁵⁷. The outreach strategy of the training providers will include provision of information to potential trainees on likely job prospects.

31. *Re-imbusement of training providers:* Re-imbusement will be provided to training providers in installments, distributed between the start and completion of the course (completion of the training and taking the skills test), and against the placement of trainees. For both results-based and voucher-based financing, incentives will be provided to training providers to train women and individuals from disadvantaged population groups and regions. The incentives and payment modalities are presented below.

⁵⁶ Given that the actual cost of training will vary across providers, a unit cost for each training program supported will be computed prior to award of contract to the training provider. However, any provider who wishes to be a part of the program will have to fully honor the value of the voucher.

⁵⁷ The age group targeted for domestic employment under this program are youth between 16-35 years, consistent with Nepal's laws on minimum age for employment, and 18-35 years for overseas employment.

Table A: Incentive provisions for EVENT

Rate of incentives on the basis training costs & target category			
Target category A	Target category B	Target category C	Average
100 % of the training cost	80 % of the training cost	60 % of the training cost	80 % of the training cost

where the target categories are defined as shown in Table B.

Table B: Target groups for EVENT

Categories	Target Groups (aged 16-35 years domestic /18 to 35 years for employment overseas)
A	Poor Dalit men and women; Special groups: widows, men and women with disabilities, ex-Kamaiyas and Kamlaris.
B	Poor women of all castes; poor Madheshi and disadvantaged Janajati ⁵⁸ men; poor men from disadvantaged districts ⁵⁹ .
C	Poor men from other castes.

32. *Payment modalities for Vouchers and Results-Based Financing of Short-Term Training:* Payment for skills training and employment services are outcome based. The “outcome” price includes direct training costs, placement and follow up costs, and incentives. In exceptional cases, additional costs can be paid for youths coming from very remote areas. While the final size of re-imburement to a training provider will depend on final results delivered, training providers will be able to recoup their costs of training when they become eligible to receive the second installment. Payment will be made in the following installments⁶⁰:

- a. First Installment: 10% of the agreed total outcome price is paid the training provider one week after the beginning of the training upon submission of necessary information on a report on trainees enrolled to the Secretariat’s information management system.
- b. Second Installment: 40% of the agreed total outcome price is paid after submission of the training completion and skills test report by the training provider to the EVENT Secretariat.
- c. Third Installment: 25% of the agreed outcome price is paid after submission of the three months trainee employment verification report by the training provider. The EVENT Secretariat will verify outcomes claims made by the training provider.
- d. Fourth Installment: 25% of the agreed outcome price is paid after the submission of the six months trainee employment verification reports by the training provider. The submitted results must correspond with the results of the verification done by the Secretariat, based on a random sample which includes at least 15% of the employed trainees.

⁵⁸ All 42 ethnic groups included in “endangered”, “highly marginalized”, “marginalized” categories of the NFDIN Act (2002): Kusunda, Bankariya, Raute, Surel, Hayu, Raji, Kisan, Lepcha, Meche, Kuswadiya, Majhi, Siyar, Lhomi/Shinsaba, Thudam, Dhanuk, Chepang, Santhal, Jhagad, Thami, Bote, Danuwar, Baramu, Sunuwar, Tharu, Tamang, Bhujel, Kumal, Rajbanshi, Gangaai, Dhimal, Bhot, Darai, Tajpuriya, Pahari, Topkegola, Dolpo, Fri, Mugal, Larke, Lohpa, Dura, Walung.

⁵⁹ Disadvantaged districts (bottom 20 in terms of HDI): .Mugu, Bajura, Kalikot, Bajhang, Jajarkot, Jumla, Acham, Humla, Dolpa, Dailekh, Rolpa, Rukum, Baitadi, Rasua, Salyan, Doti, Mahottari, Sarlahi, Dang, Rautahat.

⁶⁰ If during implementation it is recognized that this installment schedule is difficult to implement, these can be modified through the PIM.

33. Field-monitoring of training and verification of training and placement outcomes of Vouchers and Results-based Financing of Short-Term Training: A system that pays for results has to have a credible and reliable monitoring and verification mechanism in place that is able to measure and account for the results. To do so, the project Secretariat will establish mechanisms for monitoring of training in the field and verification of completion of training and placement of trainees. Orientation of training providers will be conducted before the start of the training cycle on the monitoring and reporting requirements of the project. These will include submission of complete documentation by the training providers from the start to the end of training (including skills tests taken by the trainees), and unannounced visits during training and interviews with passed-out trainees on a sample basis. Independent verification of placement of trainees will be done on a sample basis (at least 15% of trainees will be randomly selected for verification as mentioned above) after training providers have submitted their placement reports three months and six months after trainees have completed their training.

34. Based on experience during the early phase of implementation, the strategy for field-monitoring of training and verification of outcomes will be suitably adapted if necessary to ensure greater fidelity of measurement and findings.

35. Finally, it is clearly recognized that there has to be a system by which innovation in training – both in terms of the sectors and trades on which training is supported and in the training methodologies and standards can be supported by the TEVT system. EVENT will support two development market place activities during the project period. The development market place will allow innovative areas for training and innovations in training methodologies to be presented and evaluated. Guidelines for the implementation of the development market place will be developed and the top 3 most innovative ideas will be supported through a pilot under this component. The development market place activities will be held around March-April 2012 and 2014. The project will support the pilot with a grant of US\$ 200,000.

Sub-Component 3.2 Recognition of Prior Learning (Total USD 1.5 million—IDA USD 1.5 million)

36. The labor force in Nepal is predominantly informal, and most workers acquire skills through a learning-by-doing approach and not by attending formal training classes. They then enter the job market and continue to learn and grow on the job. While this mechanism provides millions of Nepali labor with a livelihood, earnings, and respectability, it limits their productivity and prevents them from growing in their chosen profession. The lack of a portable certificate also means that it limits their mobility, as they have no means of signaling their qualifications to potential employers. It is these workers who make the backbone of the Nepali economy and it is the same workers who are completely ignored by the education and skills systems of the country. The objective of this sub-component is to support the skills testing and certification system in the country to be able to recognize prior learning. Informal discussions with domestic employers and recruitment agencies for foreign employers suggest that there is increasing recognition of the certificate.

37. *Skills testing and certification:* This sub-component will subsidize skills testing of informally acquired skills through the National Skills Testing Board (NSTB). The NSTB currently tests around 2200 informally trained workers per year. The project will provide NSTB with funds to fully subsidize skills testing for an additional number of workers each year to ensure that over the project period over 15,000 workers are provided with certificates based on their skill levels.

38. *Communication and Outreach:* In order to make skills testing readily accessible to informally trained workers, the project will actively reach out to potential beneficiaries through a media campaign conducted jointly by the NSTB as well as by non-governmental organizations and private firms. The project will provide support to NSTB for disseminating information on skills testing via print media, radio, television, and a dedicated website; holding seminars and workshops for industries and businesses;

and producing posters and pamphlets for distribution to training providers, skills testing centers, and relevant government offices. It will also support NSTB in the development of short orientation programs aimed at familiarizing potential examinees with the test requirements and procedures. The orientation programs will be conducted by training providers, trade associations, or NGOs contracted by the Secretariat for this purpose. These firms, associations and NGOs will also be responsible for conducting community based media campaigns targeted at potential examinees. At the same time, registration requirements for NSTB skills testing will be streamlined to encourage more informally trained worker to take the tests. The Secretariat will hire a specialized consultant to help NSTB develop a comprehensive communication and outreach strategy for disseminating information about skills testing and providing orientation to potential examinees. A mid-term review of the effectiveness of the strategy will be conducted at the end of the second year of project implementation.

39. *Increasing frequency of skills testing:* To enhance access to skills testing, it is also necessary to increase the frequency of skills testing in the 37 NSTB testing centers outside Kathmandu. NSTB will receive support for increasing the frequency of skills testing from once a year to three times a year in these centers. The testing centers are located in various public and private skills training institutes that provide space and equipment to NSTB during the testing period. Funds from the project will be used to pay for the use of the space and equipment in the training institutes.

40. *Developing New Curriculum for employed workers:* The target population for this activity includes those who are already employed or participating in the labor force; they are a special group and need to be treated as such. Individuals already working are not capable of taking three months off from work and participate in a formal, inflexible training regimen. The CTEVT will work closely with representatives of various industries to help develop flexible training programs for such workers. These “on-off” type programs cater to working individuals but helps build their capacities by roping them in for further training periodically which will eventually lead to a certificate.

Component 4: Project Management and Monitoring and Evaluation (Total USD 4.1 million—IDA USD 3.4 million)

Sub-Component 4.1: Project Management (Total USD 1.7 million—IDA USD 0.9 million)

41. Project management will consist of a three-tiered structure. At the highest level will be a Project Coordination Committee (CC) that includes a broad representation of key stakeholders in the TEVT sector. The CC will provide policy level guidance on the evolution of the TEVT sector in Nepal. It will be supported by a technical sub-committee of experts. Below the CC will be a Project Implementation Committee (PIC) which is responsible for approving the annual work plan and budget (AWPB) and overseeing project implementation progress and achievements. The day-to-day implementation of the project will be the responsibility of a Project Secretariat (PS) headed by a Project Director (PD). The Secretariat will be functionally sufficient, and will be staffed by dedicated, full-time professionals who will be selected either from within the government departments or from the market on the basis of well-defined Terms of Reference (TOR). A detailed description of the project implementation arrangements is provided in Annex 3.

Sub-Component 4.2: Monitoring and Evaluation (Total USD 2.4 million—IDA USD 2.4 million)

42. The responsibility for carrying out the M & E activities under the project will be with the PS. Under this sub-component, the PS will establish mechanisms to ensure that timely, sufficient, and reasonably complete and accurate information on project inputs, outputs and outcomes are collected,

analyzed and disseminated towards improving project performance. The PS will use the services of international experts if necessary in helping it carry out specific M & E tasks.

43. *Joint Review Reports (JRR)*: Two joint reviews of the Government of Nepal and the Bank will be carried out each year during the period when the project is under implementation. The PS will coordinate the joint reviews which will include site visits to training institutions. Experts and Development Partners may be invited to participate in these joint reviews. The PS will report on the project progress as per the results agreements framework, and ensure the collection of reasonably complete and credible data from all participating project institutions on the key performance indicators, on intermediate output indicators and on indicators that moderate or influence the values of these indicators. This data consolidated in a review report will critically inform the joint review discussions, and will be a key evidence basis for assessing project performance formally. This review report will be prepared by the PS and will be circulated to all stake-holders prior to the commencement of each six-monthly review.

44. *Project Implementation Progress Reports (IPRs)*: The PS will produce project implementation progress reports, showing the sources and uses of funds, output monitoring report, procurement management report and narrative progress report in formats (IPRs) which were agreed during negotiations. To match the public sector planning and reporting cycle, the IPR will be produced on a trimester basis and submitted within 45 days from the end of the preceding trimester. Interim Financial Reports of the Project Implementation Progress Reports will report total investments inclusive of IDA contribution, government contribution and beneficiaries' contribution to be separated by specific activity so that total investments can be tracked and monitored.

45. Results Framework: Project M & E will be guided by the Results Framework developed for the project. This framework will specify the indicators to be monitored, their base-line and target values, frequency of monitoring, source of data and instrument through which data will be collected.

46. Monitoring Arrangements: The progress and achievement of project development objectives will be monitored and assessed through the following monitoring and evaluation activities: (a) routine monitoring by the Secretariat, (b) monitoring through regular/periodic reviews, (c) mid-term review, (c) overall project evaluation and implementation completion review at project close and, (e) various impact evaluations. Apart from the outcome level indicators, a set of specific, relevant and measurable intermediate outcome indicators have been developed for the purposes of monitoring. The Secretariat may out-source specific M & E tasks to organizations with the requisite capacity and who will be recruited on a competitive basis. Information will be collected on the performance of all participating institutions as per the results framework according to an agreed set of methods and regularity; supporting relevant information that has a bearing on project performance will also be collected. In particular, the Secretariat will be responsible for the following:

47. Base-line data: As participating institutions will be selected into the project after it becomes effective, perforce complete base-line data can be collected only later. With respect to the base-line data, the Secretariat will ensure that (a) data on a minimum and sufficient set of indicators is collected from all institutions during the application process that will determine their eligibility (for institutions participating under both Components 2 and Component 3), and (b) complete base-line data on performance and intermediate output and outcome indicators is collected from the participating institutions within four weeks of their selection into the project. Additionally, base-line data will also be collected for institutions that have not been selected into the project but that will form the control group for project evaluation (also see bullet below).

48. Standard reporting formats: The Secretariat will develop reporting formats for each project component and ensure that data reporting by participating institutions is standardized. The Secretariat will

hold M & E workshops for the participating institutions and relevant personnel from the GON to orient them on the M & E requirements of the project and to the use of the reporting formats.

49. Reporting and verification for results-based financing: The Secretariat will develop a robust reporting and verification mechanism using independent third-party monitors and to the satisfaction of the Bank for the Disbursement Linked Indicators in Component 1, Performance Grants in Component 2 and all short-term training providers and Certification in Component 3. The findings from the reports and verification mechanisms will be used as the evidence basis for their re-imbusement claims. Training on record-keeping and reporting requirements to training providers will be part of the capacity building of the implementing agencies under Component 1, and training providers under Components 2 and 3. All consultants and M & E will be funded by IDA grant.

50. Mid-Term and End-term Reviews: There will be a comprehensive mid-term review roughly during the middle of the project period, and an end-term review close to the time when the project ends.

51. Project evaluation: The project has not been designed to accommodate a rigorous overall impact evaluation because of feasibility constraints. However, sub-components have been designed to generate learning on what works in the TEVT sector and what does not. This will allow lessons learnt to be captured and inform future policy and activities. The impact evaluations, especially management consultancy, demand-side financing and cognitive and non-cognitive skills provision, will be evaluated using both qualitative methods and experimental evaluation methodology.

52. Project Website: The project will maintain a website where information regarding the project, all data collected on project performance through the M & E activities, and any assessments/evaluations carried out by the Secretariat will be made available in the public domain in the interest of knowledge transfer to a larger set of stake-holders.

53. Capacity Building of Training Providers: The Secretariat will arrange for the orientation of all training providers supported through Component 2 and Component 3 in the monitoring and reporting requirements of the project. Furthermore, all training providers will also be provided with regular on-the-job support to ensure that the data collected, stored, analyzed and reported are correct, credible and comprehensive.

54. Impact Evaluation Studies: Apart from routine monitoring and evaluation activities, the project design incorporates *ex ante* the conduct of rigorous impact evaluations. Management consultancy support will be randomly allocated across TSLC/Diploma training providers in the public sector with the objective of estimating whether and how improved institutional management practices can improve institution and student level outcomes. Random allocation of treatments (project activities) will be carried out for short-term training in Component 3.

55. Evaluation of improved management practices: The primary aim of this activity is to learn how to fill the gaps in management practices that affect productivity and effectiveness of especially public sector educational institutions. There are systematic differences between public and private sector institutions due to differences in incentives, especially as the former don't have to face any immediate market test for survival. However, for all institutions whether public or private, there are internal processes and practices that if improved can raise productivity at no additional costs. In recent projects in the area of TEVT the effort has been to strengthen institute level management by introducing individuals or organizations with management skills from outside the institutions' concerned and to sit on an expanded institution management committee. This approach has proven cost-effective in improving even private industry where a priori the expectation is that they are already at the most efficient point of their production possibility set. Under this component, a select number of institutions will be paired with a management

consulting firm whose services will be financed by the project. The firm's task will be to determine ways, within a specified budget constraint, to improve the institutions' outcomes along the lines envisioned by the project. The management consultancy support will help define, measure and improve management practices such as setting and monitoring targets, feedback mechanisms and their fidelity, decision-making etc. Since change in behavior takes time, this support will be provided for a period of 18 months. This length of time will also make it possible to measure how much the changes introduced during the consultancy period are sustained over time. Only selected project institutions will be provided with management consultancy support to compare their outcomes with those that do not get this aid under the project.

56. The evaluation will consist of three main components: (a) a base-line study of the institution and students from all the selected constituent and affiliated TSLC and Diploma providers and community colleges, and a set of randomly selected eligible institutions that are ranked immediately lower than the selected institutions but are not selected (the control group); (b) management consultancy for a period of 18-24 months provided to some project institutions using a randomized evaluation design, and (c) follow-up studies of the control institutions, project institutions receiving management consultancy support, and project institutions not receiving management consultancy support.

57. *Evaluation of Short-term Training:* Both the voucher-based and results-based financed short-term training will be designed so that these can be rigorously evaluated. Evaluation of this activity is particularly pertinent given the future vision of the GON for this sector which includes a training fund which is likely to finance a significant amount of short-term training. The allotment of vouchers will be done randomly to applicants (as the number of applicants is likely to be larger than the number of vouchers) which will allow a randomized control design to be used. The main evaluation question with respect to vouchers would be the effect of introducing greater competition in the market for skills on the effectiveness and efficiency of training providers. With respect to short-term training financing training providers through a results-based mechanism, the key evaluation questions would be the effect of different types of soft-skills training provided to trainees in addition to the training they receive in the specific trade. Again, the allocation of trainees to receive different types of soft-skills training would be random to use a randomized controlled design for the purpose.

58. Labor Market Information System (LMIS): The project will also finance a Labor Market Information System that would be housed in the MOLT/DOLT. Skill gaps and mismatches are also due to the lack of information or the slow speed with which information travels within the skills market. The key objective of building this system would be to make current data available and publicly accessible on types of training, job seekers by types of skills and employers with job postings. A functional LMIS will also help policy-makers and authorities to plan for and manage the TEVT system better in Nepal.

59. Research Studies: The project will provide resources to the Research Division of the CTEVT to conduct studies including Employers Surveys, Tracer Studies and Instructor and Students Competency and Satisfaction Surveys. They may also undertake smaller scale formative and summative field studies/evaluations on dimensions of the TEVT sector in Nepal as due diligence to inform policy, intervention or other relevant objective.

Annex 3: Implementation Arrangements

A. Project Implementation and Institutional Arrangements

1. *Overall Implementation Arrangements:* The Ministry of Education (MOE) is responsible for leading and implementing of the project. As the scope of this project covers a range of ministries and government agencies, the MOE will also play the role of a coordinator and facilitator. The implementation arrangements for this project are based on a three-tiered structure consisting of a Coordination Committee (CC), a Project Implementation Committee (PIC), and a Project Secretariat.

2. *Coordination Committee (CC):* The CC will be a high-level body that will include a broad representation of key stakeholders in the TEVT sector. Chaired by the Minister of Education, the CC will consist of 12-15 members representing different ministries and government agencies, employers, private training providers, development partners and independent experts.⁶¹ The primary functions of the CC will be to (a) provide a platform for sharing knowledge about TEVT activities being undertaken by the various ministries and in the non-governmental sector, (b) provide overall guidance on the TEVT sector in Nepal, (c) review the TEVT policy annually or bi-annually and suggest course changes if necessary, and (d) resolve potential inter-agency issues. The CC will meet at least two times a year.

3. *Project Implementation Committee (PIC):* The PIC will be chaired by the Secretary (MOE) and will include representatives at the Joint Secretary level from the various ministries and government agencies implementing the project. The Secretary will also be member of the CC. In addition, it will also include independent experts in the field and representatives from employers and training providers. This 9 member committee will guide and oversee project implementation.⁶² The PIC will be responsible for (a) reviewing and approving the annual work plan and budget submitted by the Secretariat, (b) guiding the Secretariat on the priority training areas of different ministries including, among others, MOLT, MOI, MOAC, and MOE, (c) coordinating among the ministries and government agencies receiving support from the project, (d) monitoring project implementation progress and (e) monitoring project outcomes. The PIC will meet on a quarterly basis, and has the option of convening special meetings as and when required.

4. *Technical Advisory Committee (TAC):* A committee comprising of TEVT experts and practitioners from the various government ministries/agencies as well as the private sector will be formed to advise the PIC on technical matters. The technical committee will be chaired by the Member Secretary of CTEVT.

5. *Project Secretariat (PS):* The Secretariat will be headed by a Project Director (PD), headed by a first class gazetted level officer, and will be responsible for day-to-day project implementation. It will be staffed by dedicated, full-time professionals, recruited competitively either from within the government or from the market on the basis of well-defined terms of references (TORs). The primary functions of the PS include (a) project planning, budgeting, coordination and implementation, (b) monitoring and evaluation, (c) selecting training institutions, (d) procurement and financial management, (e) reporting to PIC and the Bank, and (f) coordinating joint reviews with the Bank. In order to carry out these functions, the PS will be staffed by the following personnel: technical team (2-4 persons), monitoring and evaluation staff, finance officers, procurement officers, administrative staff, and dedicated support staff. Other staff

⁶¹ In order to enhance the co-ordination between EVENT and the Skills for Employment (SEP) Project, the CC will include members of the Steering Committee guiding SEP.

⁶² The PIC includes one representative each from the following stakeholders: MOE, CTEVT, MOLT, MOI, MOAC, training providers, FNCCI, as well as independent experts. In addition, the Project Director of the Secretariat serves as the member-secretary of the PIC.

and consultants will be recruited as required. The PS must be officially notified at least three months in advance if any Government staff working in the PS needs to be transferred. Terms of reference for all staff will be provided in the PIM⁶³.

6. Central level agencies supported directly by the project, namely CTEVT, NSTB and the MOLT, will designate project coordinators as focal points for all project related activities at their level. These agencies will be responsible for planning, budgeting, management and implementation of their designated project activities. They will also be responsible for monitoring and evaluation and reporting to the PS and PIC. Furthermore, they will participate in all joint reviews of the project. CTEVT will also participate in overseeing public TSLC and Diploma institutions supported by EVENT.

7. The institutions supported by the Project through Component 2 will be responsible for implementing activities proposed and approved in their Institutional Plans. They will monitor and document physical and financial progress, and report to the PS and the PIC in an agreed manner. In the case of the public TSLC/Diploma providers, they will also report to CTEVT. Furthermore, the supported institutions will participate in all joint reviews of the project.

8. The project will be implemented in accordance with the Project Appraisal Document (PAD) and the Project Implementation Manual (PIM). The PIM will include: (i) a detailed description of project components, (ii) a funds operations manual, (iii) implementation arrangements and agreed guidelines for different project components, (iv) detailed project cost estimates, (v) a procurement plan, (vi) and an Environment and Social Management Framework (ESMF). The PIM will be amended periodically to incorporate adjustments during project implementation in agreement with the Bank.

9. *Environmental and social safeguards:* Minor and localized environmental impacts are envisaged from the civil works (refurbishment of existing, and construction of additional classrooms, workshops and laboratories etc) that could be undertaken by the project. No large scale, significant and/ or irreversible impacts are foreseen as the activities would be relatively small scale and spread throughout the country. The borrower has an ESMF which requires all civil works to be screened and a simple Environment Management Plan (EMP) prepared for each (ESMF contains checklists and formats for screening and EMP preparation). The ESMF also includes Environmental Guidelines for Planning and Design. These provides guidelines for location and orientation of class-room blocks, standards (earthquake, ventilation and light, water and sanitation), and minimizing construction disturbances. Supervision and progress reports of infrastructure will report on environmental compliance, and the borrower will commission annual independent monitoring on environmental compliance and management. The ESMF also suggests orientations and capacity strengthening measures.

10. The implementation structure—including flow of funds and reporting channels—for the project is summarized in Figure 2. The PS will disburse funds directly to MOE and CTEVT to support specific activities in Components 1. Financial support for strengthening public and private technical education (TSLC/Diploma) providers is channeled from the PS directly to the institutions. The PS will convene a selection committee, comprising of CTEVT experts and independent experts, to select institutions that will receive support under Component 2. The delivery of short-term vocational training under Sub-component 3.1 will be done through public and private training providers. These training providers will receive funds directly from the PS. Funds for research activities at CTEVT and LMIS development in Component 4 will be channeled from the PS to CTEVT and MOLT, respectively.

⁶³ The GON has agreed that, except in case of unsatisfactory performance, or as required by the GON's laws, key staff of the Project Secretariat shall not be transferred to other positions until completion of the project period, and, in the case of the accounts and finance officers, such transfer shall not occur until at least six (6) months after the project closing date or submission by the GON of the final audited Financial Statements, whichever occurs later.

Figure 1: Project Secretariat Structure

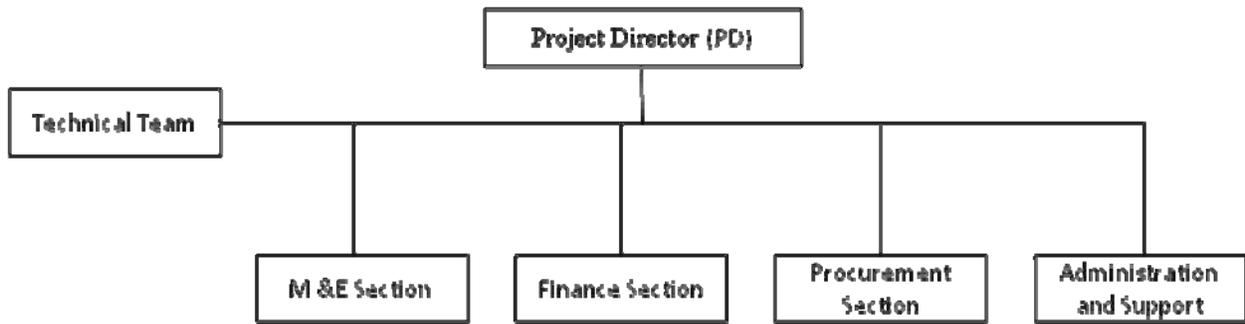
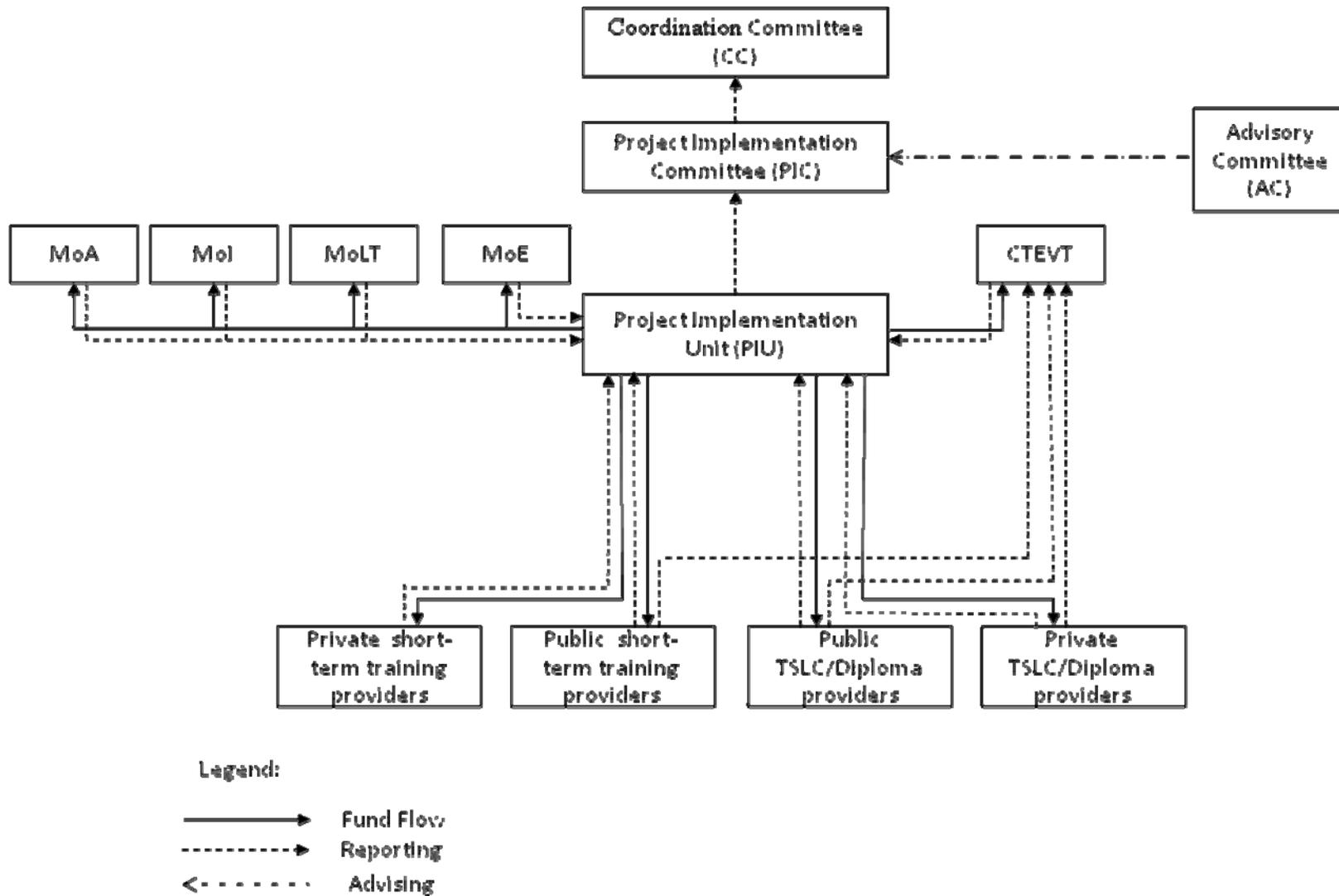


Figure 2: Organizational structure for project implementation



B. Financial Management and Disbursement Arrangements

Background on the Implementing Agency and Program

11. The Ministry of Education (MOE) is the core implementing agency of the technical and vocational education program. A number of public sector institutions and agencies and private sector agencies will be participating as “competitors” to the funds that will be made available through the Project after meeting certain standards that will be described in the PIM. In the public sector, other line agencies such as Council for Technical Education and Vocational Training (CTEVT), and the Ministries of Agriculture and Cooperatives (MOAC), Industry (MOI), and Labor and Transport Management (MOLT) are expected to participate. The MOE has experience in implementing several IDA financed projects in the sector. It further has the experience of leading the sector-wide program in the Education for All and the School Sector Reform Program. Currently, three IDA financed projects are being implemented by the MOE

Adequacy of Financial Management Arrangements

12. Government’s Financial Administration Regulations, which provides basis to exercise appropriate controls over project transactions, will be used. It will be supplemented by the Project Implementation Manual (PIM) which will include a detailed description of project components, a funds flow and operations procedure, implementation arrangements and agreed guidelines for different project components, detailed project cost estimates, a procurement plan, financial management guidelines, monitoring and evaluation arrangements, and reporting arrangements. The PIM will be approved by the PIC. Based on implementation experience, it will be subject to periodic updating. Arrangements for independent review by the Bank will also be made as part of supervision plan which is expected to provide additional assurance towards the credible use of funds. Performance Audit will also be required as the trigger to measure success or timely identification of areas of improvements. In addition to these, Governance and Accountability Action Plan (GAAP) will also be agreed upon which will address issues that relate to good governance. The duties and responsibilities of the PIC and the Secretariat will be segregated to ensure that work program and financial transactions are initiated, approved and executed at different levels. To support the smooth functioning of the Project Secretariat, an arrangement for a Technical Team (TT) will also be made which will support the Secretariat to carry out both the project management and technical management functions. Overall, the FM arrangements for the Project will be adequate with the implementation modality as conceived which will be clearly reflected in the PIM based on which all stakeholders are provided training. This needs to be further improved in the areas indicated below for ensuring a satisfactory FM system throughout the project implementation.

Risk Analysis

13. From the financial management perspective, currently the overall risk is “High” and the residual risk is “MI”. All governance arrangements, such as the creation of the Coordination Committee, the Project Implementation Committee and the Project Secretariat need to be established. Further, the Project Secretariat will need to be staffed with a qualified and competent first class gazetted level Project Director who will need to lead project management and coordinate with all stakeholders as well as with the PIC. Project risks will be reassessed as risk mitigation measures are implemented. Placement of core project team and continuity of staff is a major risk. The other risk is the ability and willingness to foster public-private partnerships, which is critical for the success of the Project.

14. A number of audit reports are outstanding from the Ministry of Education on other IDA supported projects being implemented by the same ministry. These include audit reports for the on-going School Sector Reform Project (Cr. 4652-NP, Gr, H518-NP) and Second Higher Education Project (Gr.

H2740-NP), both implemented by the Ministry of Education, were not received by the due date. In accordance with the provisions of BP 10.02 Annex A, an exception by the Vice President of Operational Policy and Country Services and by the Vice President and Controller was approved for the presentation of this operation to the Board while the delayed audit reports are awaited.

15. The finalization of the Project Implementation Manual (PIM) will be a disbursement condition. Overall, there will be strong efforts in capacity building both in technical areas as well as overall project management which include procurement and financial management. To address certain gaps that have been identified during the assessment, risk mitigation Action Plans have been agreed.

Fiduciary Arrangements

Planning and Budgeting

16. The central level budgeting procedures for preparation, approval, implementation, and monitoring are elaborated in the Financial Procedures Rules (FPR). The annual strategic investment plan (ASIP) and the annual work program and budget (AWPB) will be based on the work program to be prepared by the PS at MOE for all components with inputs from concerned stakeholders. The PS will discuss the ASIP and AWPB with the Bank prior to submission to the Project Implementation Committee (PIC) for approval. Following PIC approval, the PS will submit the PIC approved annual work program and budget to the National Planning Commission (NPC) and the Ministry of Finance (MOF). A dedicated budget code will be assigned in the Government's Budget (Red Book) for recurrent and capital expenditures. Annual work program will be prepared based on the guidelines that will be spelled out in the PIM and the budget preparation guidelines provided by NPC. MOF releases authorization for expenditure to MOE, which in turn releases authorization to the PS. Since disbursements under Components 1, 2 and 3 will be output or formula based linked to certain indicators, fund release to participating stakeholders will be in accordance to terms and conditions articulated in the Memorandum of Understanding (MOU) or contracts between the PS and the qualifying beneficiaries. For Component 1 which relates to the strengthening the TEVT Regulatory activities and capacity building of CTEVT, an MOU or contract will be signed between the PS and these beneficiaries based on their specific work program and proposal which will be reviewed and approved by the PIC, with tranche release disbursement arrangements linked to specific outputs.

17. For Component 2 dealing with strengthening technical education and Component 3 dealing with supporting short-term vocational training and recognition of prior learning, the PS will invite proposals based on specific criteria from public and private sectors. Contracts will then be signed between the PS and the selected beneficiaries with payment conditions linked to outputs by making use of funds available in the designated accounts. For implementation of Component 4, the PS will prepare its work program and budget for project management and coordination⁶⁴.

⁶⁴ Funding for research support to CTEVT and for the development of an LMIS at MoLT will be released according to the AWPB.

Funds Flow Arrangements

18. GON releases the budget as per the approved work program to the PS in three tranches as per its fund release procedures. The budget approved by GON will be indicated in the government's budget (Red Book) under a separate budget head for MOE. Prior to the approval of the work program and budget, one-third release of the previous year expenditures or projected expenditures for the first trimester, whichever is greater, will be made to the MOE through the concerned District Treasury Controller Officer (DTCO). Fund release for IDA's share of expenditures will be pre-financed through GON's consolidated fund. Upon approval of the work program and budget, appropriate adjustment will be made against the advance for the first trimester release. Subsequent second and third trimester releases are based on performance reflected by the physical progress reports as required by Schedule 2 of the FPR. IDA funds will be reimbursed from the Designated Account to the GON's consolidated fund on the basis of the eligible expenditures incurred.

19. MOE will issue spending authority to the PS. Amounts to be disbursed to participating beneficiaries both for the public and private sector, as per the respective MOUs will be in the form of "conditional grants". MOE will provide authority to manage these grants to the Project Director who will be fully accountable to disburse funds based on proposals by the PIC through the AWPB process. For release of funds for accepted proposals, the PS will use funds available in the Designated Accounts established in Nepali Rupees based on payments conditions in the MOUs/contracts.

20. For reimbursement of IDA's share of expenditures to GON's consolidated fund and for direct payments to beneficiaries, a Designated Accounts will be established at the Nepal Rastra Bank in US Dollar. This will facilitate quick payments for activities under the Project including the reimbursement under terms and conditions acceptable to IDA. MOE will designate the Project Director and Finance/Accounts Officer as the authorized signatories who will be authorized to issue checks.

Project Financial Accounting, Reporting and Internal Controls

21. The PS as the implementing agency will maintain books of accounts and prepare accounts on a cash basis. The PS will coordinate activities under all components. Implementation progress will be monitored through the Implementation Progress Report which will be coordinated and prepared by the PS with technical support from the TT. Reporting arrangements from the participating stakeholders will be described in the PIM. All spending units will send their statement of expenditures to the PS which will be consolidated in the report to be prepared by the PS. The PS will be adequately strengthened to maintain both technical and accounting information using spreadsheet or appropriate software.

22. Accounting information will be regularly updated in the PS system to timely generate financial reports. As required by the government system, the PS will maintain Main Loan Ledger, Subsidiary Loan Ledger, Withdrawal Monitoring Register, Special Designated Accounts Ledger and other ledgers. GON's internal control system will be applied to monitor the progress of the Project in accordance with sound accounting practices. A Project Implementation Manual which will also contain Financial Management section will be developed to describe operational and financial management arrangements. Activity-based subsidiary record for monitoring the detail accounts/key indicators will also be maintained by the PS. The accounting systems contain the following features: (i) application of consistent cash accounting principles for documenting, recording, and reporting its financial transactions; (ii) a well-defined chart of accounts that allows meaningful summarization of financial transactions for financial reporting purposes; (iii) maintenance of withdrawal monitoring register, the record of Statement of Expenditures (SOEs) and

Designated Accounts register; (iv) the asset register; (v) monthly closing and reconciliation of accounts and statements; and (vi) the production of annual financial statements.

23. The PS releases “conditional grants” to beneficiaries based on the terms and conditions of the MOUs. The MOUs will also contain clauses related to internal control, reporting and audits, to demonstrate that the recipients shall use the funds effectively for the purpose intended.

Financial Management Staffing

24. As per the implementation arrangements, the PS will be the overall coordination office to coordinate the overall implementation and management of project activities. In terms of financial staff, the PS will have one dedicated Finance/Accounts Officer and one Accountant. The PS will be supported by the Technical Team (TT) to carry out project management functions which include financial management. All cost centers will have a minimum of one Accounts Officer or an Accountant. MOE has assured that these positions will be created, and staffed by a qualified and computer literate staff to be deputed from FCGO, who can provide leadership to project financial activities and coordinate with other cost centers.

Internal Audit

25. District Treasury Controller Offices (DTCOs) in districts are responsible to carry out the internal audits of all cost centers operating in the districts. Internal audits are carried out on a trimester basis. Each cost center is responsible to maintain its accounts by budget heads. The PS will also recruit a qualified private audit firm to carry out periodic internal reviews and third party audits of the implementation of program through participating beneficiary, which will be spelled out in the MOU.

Performance Audit

26. An arrangement will be made to carry out the performance audit of the Project in about two year’s time frame after the project implementation starts. The performance audit will be carried out through the Office of the Auditor General as mandated by the Interim Constitution, and required resources will be provided by the Government of Nepal for this purpose.

External Audit

27. The following are the audit requirements under the Project:

28. Annual consolidated project financial statements and Designated Accounts statements will be audited by OAG, which is considered acceptable by IDA for this purpose, and submitted to IDA within six months after the end of the fiscal year – January 15.

29. The following audit report would be monitored in the Audit Report Compliance system (ARCS):

Implementing Agency	Audit	Auditors	Audit Due Date
The Project Secretariat	Project Consolidated Financial Statements	OAG	6 months after the end of fiscal year (January 15 th)

Financial Management Action Plan

30. Action plans that link with financial management or strengthening the financial management capacity of the Project were agreed between the Recipient and the Bank and are summarized below:

Action Plans

Action	Responsibility	Completion Date
1. Creation of a Coordination Committee, Project Implementation Committee (PIC) and formation of a Project Secretariat (PS) staffed with core staff, and inform the Bank.	MOE	May 15, 2011
2. Prepare draft Terms of Reference for Technical Advisory Committee (TAC)	MOE	April 15, 2011
3. Prepare draft Terms of Reference for Technical Team (TT) to provide TA to the Project Secretariat.	World Bank/MOE	April 15, 2011
4. Float Expression of Interest (and subsequently, RFP) for Technical Team.	MOE	May 1, 2011
5. Designate suitably qualified (with computer experience) and competent team of Finance/Accounts Staff at the Project Secretariat: One Finance Officer and one Accountant.	MOE	May 30, 2011
6. Finalization of the Project Implementation Manual to describe overall operational and financial management arrangements in EVENT, satisfactory to the Bank. Also, make arrangement for translating the Manual in Nepali.	MOE	Disbursement Condition
7. Provide extensive orientation and training to all beneficiaries based on Manuals following their finalization.	MOE	Within one month of the approval of the PIM and then ongoing process
8. Prepare program and budget for FY2011/12 ready for submission to NPC/MOF, and created an identifiable separate budget code.	MOE NPC MOF	April 30, 2011
9. Develop a computerized system using appropriate software to track project expenditures and produce timely financial statements.	MOE	December 31, 2011
10. Clear all outstanding audit reports of the education sector, which will have to be acceptable to the Bank.	MOE	April 30, 2011
11. Agree on the reporting formats – Implementation Progress Report including FMR.	MOE World Bank	By Negotiations
12. Brief the Auditor General and discuss and agree audit TOR.	MOE World Bank	April 15, 2011

Covenants

31. There are four FM-related covenants. The two specific to FM are:

- submission of annual audited project financial statements, and
- submission of an Implementation Progress Report (IPR) each trimester.

32. The other two special covenants that impact FM are:

- a. annual strategic implementation plan (ASIP) and annual work program and budget (AWPB)⁶⁵, and
- b. (iv) Bank’s review of Memorandums of Understanding and/or contracts between the Secretariat and the beneficiaries.

Disclosure of Information and Corporate Governance

33. Disclosure requirements will be complied with to make information transparent and all information readily available for public disclosure. MOE will post in its website all available guidelines, procedures, and other key information related to EVENT Project. MOE will disclose the following through its website: ASIP and AWPB, Budget Allocation by Activity and Budget Line; Details of Cash Transfers; Project Implementation Manual; Trimester Implementation Progress Reports (approved versions); and Annual Audited Financial Statements.

Supervision Plan

34. Project implementation progress will be closely monitored by the Project Secretariat and the Bank. The Bank will supervise project implementation for the purposes of supervision on fiduciary aspects of both procurement and financial management. The Secretariat will report on project implementation progress through a trimester report, the IPR. The agreed action plan will be closely monitored to ensure appropriate actions are being implemented. Key FM fiduciary work includes: (i) periodic visits to cost centers for ex-post reviews; (ii) reviews of implementation progress reports and audit reports and preparing summaries of such reports; and (c) participating in supervision missions and keeping the team informed of financial management issues or improvements. The initial supervision focus will be on the progress of implementation of agreed actions, and facilitating the Secretariat in maintaining sound Financial Management arrangements throughout project implementation. From second year of implementation, the Bank will field from time to time an independent consultant or consulting firm for ex-post review of financial management arrangements.

Allocation of financing proceeds (Table C)

35. Disbursement under proposed financing will be made as indicated in Table C, which indicates the percentage of financing for different categories of expenditures of the project. It is expected that IDA funds will be disbursed over a period of four years.

36. The Table below presents the allocated IDA financing, inclusive of taxes, of the two disbursement categories under the Project, and the allocated amounts represent the 100 percent capped expenditure limits from IDA. Counterpart funds in the form of contribution from the beneficiaries are envisaged for Category 1 and 2, which will be reflected in the PIM:

Table C: Allocation of Financing Proceeds

Expenditure Category	Total Financing	Financing Percentage
1. Eligible Expenditure Programs (Component 1)	7,320,000	100% of IDA disbursed amount
2. Competitive Grants and Vouchers (Components 2 and 3)	39,380,000	100% of IDA disbursed amount
3. Goods, Services, Training, Workshop and Incremental Operating Costs (Component 4)	1,570,000	100% of IDA disbursed amount
4. Technical Assistance related to	1,730,000	100% of IDA disbursed

⁶⁵ These would be discussed with IDA prior to their submission to the PIC.

Component 1 and 4		amount
Total Bank Financing	50,000,000	

Disbursement Arrangements

37. The disbursement methods applicable to this project include: Advance and Reimbursement. Supporting documents for reporting use of the advances and reimbursement will be the project interim financial report (IUFRR) Disbursements. To facilitate disbursements, a Designated Account (DA) will be established, and the IDA funds will be advanced into the DA. The project expenditures will be pre-financed through GON's consolidated fund, then the IDA funds will be reimbursed from the DA to the GON's consolidated funds on the basis of the eligible expenditures reported through IUFRR. The ceiling of the DA will be the cash forecast for the next two trimesters specified in IUFRRs. Disbursement of expenditures for Component 1 will not be made until the achievement of DLIs. A MOU will be signed between the Secretariat and the targeted beneficiaries which will describe the process for disbursement linking with specific indicators. For Components 2 and 3, payments of the expenditures will be based on achieve outputs and payment terms specified in the Financing Agreements. A MOU or a contract will be signed between the Secretariat and the selected beneficiary based on proposals submitted by the beneficiary, linking outputs with disbursements. Component 4 disbursements will be pre-financed by the government and will be reimbursed from IDA based on actual expenses.

38. The format and content of IUFRRs was agreed during Negotiations. Advances will be provided for the following two trimesters based on the budgeted/forecast expenditures for that period. Subsequent IUFRRs will document expenditures against the advance received and provide forecast expenditures for the next trimester on the basis of which the amount of funds to be disbursed will be determined. Given the results based nature of this project (in particular, of Component 1), the actual occurrence of disbursement for the EEPs and amount of funds disbursed will be subject to the achievement of the DLIs. The DLIs to be verified in each cycle are identified in Annex 1. All 7 DLIs will be verified in September.

39. A special designated account in Nepalese Rupees will be established at the Nepal Rastra bank for utilization of expenditures, on terms and conditions satisfactory to the World Bank. A separate Designated Account in US Dollar will also be established at the Nepal Rastra Bank based on cash projection in foreign currency for the procurement of goods and services. The authorized allocations for Designated Accounts will be equivalent of two trimester cash requirements as per the approved annual work program and budget. Actual expenditures will be accounted in each trimester report, and then adjusted against the next trimester cash requirement, to determine the need for further advance deducting the actual expenditures reported during the trimester, or recovery of expenditures, if there are enough cash balances in the accounts, on a trimester basis. The designated account will be operated under joint signatures of the Project Director and the designated Finance Officer.

40. The Secretariat will ensure that the bank/cash books are reconciled with bank statements every month. They will separately submit replenishment applications for the Designated Accounts on a trimester basis, and replenishment applications will be accompanied by reconciled statements from the bank in which the account is maintained, showing Designated Account transactions. Supporting documentation will be maintained by the Secretariat for at least one fiscal year after the year in which the last disbursement from the grant took place, and will be available for review by World Bank staff and independent auditors.

41. Retroactive Financing. There will be retroactive financing up to US\$ 0.5 million for Component 4 i.e., only for expenditures incurred between March 1, 2011 and the date of Signing of the Credit/Grant. This is shown in the table below.

Date of Submission of IUFs and WA	Description	Capped Amount (USD)
Effectiveness	Retroactive financing effective from March 1, 2011	500,000

42. Disbursement-Linked Indicators (DLIs). The disbursements for Component I of the Project are conditional on the achievement of 7 reform actions or results that are described in detail in Annex 1. These are identified as Disbursement Linked Indicators. The DLIs vary in their monetary values which are derived from a notional understanding of the direct costs of achieving the same. In each cycle, the amount eligible for disbursement will be the product of the total number of achieved DLIs and the corresponding DLI price. Where achievement of a DLI cannot be certified, no payment will be made.. This amount will be paid at any later date when such achievement can be verified.

Table 4. Indicative Disbursement Schedule for DLIs

No .	Date of Submission of IUFs and WA	Description	Capped Amount (USD)	Basis
1	September 15, 2012	Amount due for Sept. cycle DLIs and advance against forecast for the period Jul. to Jan.	3,100,000 for EEPs as per estimate	Certification of achievement of Sept. cycle DLIs
2	September 15, 2013	Amount due for Sept. cycle DLIs and advance against forecast for the period Jul. to Jan.	1,750,000 for EEPs as per estimate	Certification of achievement of Sept. cycle DLIs
3	September 15, 2014	Amount due for Sept. cycle DLIs and advance against forecast for the period Jul. to Jan.	1,300,000 for EEPs as per estimate	Certification of achievement of Sept. cycle DLIs.
4	September 15, 2015	Amount due for Sept. cycle DLIs and advance against forecast for the period Jul. to Jan.	950,000 for EEPs as per estimate	Certification of achievement of Sept. cycle DLIs

43. Frontloading of Expenditures to Support Results Based Financing: The GON has agreed to frontload the costs for Component 1 to be reimbursed by IDA funding upon meeting the DLIs set for each year. The GON will allocate in the AWPB for each year, the full expected costs of meeting that year's DLIs.

44. Eligible Expenditure Programs (EEPs). The DLIs are all weighted equally. For the GON to be eligible for any reimbursement, at least 50% of the target DLIs for a particular cycle has to be achieved. For example, if the target for training assessors in FY2012 is 1250, then at least 625 assessors should have been trained for the GON to receive any reimbursement. This applies for all DLIs 1-4. Under Component I, the Bank will finance, up to a capped amount and subject to any deductions equivalent to the price of unmet DLIs, particular expenditures which are a part of eligible expenditures and activities under the Component. These expenditures are clearly identifiable in the FMIS and are referred to as EEPs.

Table 5. DLIs by Disbursement Cycle

COMPONENT 1: STRENGTHENING TEVT REGULATORY ACTIVITIES AND CAPACITY DEVELOPMENT							
Area/Sub Program	Indicator	Yearly Targets for Disbursement				Protocol	
		Baseline FY2011	DLIs for Disbursement in FY 2012/13	DLIs for Disbursement in FY 2013/14	DLIs for Disbursement in FY 2014/15		DLIs for Disbursement in FY 2015/16
Expanding the pool of Lead and Assistant trainers	DLI 1: Number of lead and assistant trainers trained by TITI and other qualified trainers	Identification of trainees and the development of training materials	200 lead and assistant trainers trained by TITI and other qualified trainers	300 lead and assistant trainers trained by TITI and other qualified trainers	400 lead and assistant trainers trained by TITI and other qualified trainers	600 lead and assistant trainers trained by TITI and other qualified trainers	Verification: Certification Roster; Record of training; Trainees Interviews; Spot checks
Expanding the pool of Master Trainers and improving the quality of training faculty	DLI 2: Number of master trainers trained by TITI and other qualified trainers	Identification of trainees and the development of training materials	25 master trainers trained by TITI and other qualified trainers	50 master trainers trained by TITI and other qualified trainers	75 master trainers trained by TITI and other qualified trainers	100 master trainers trained by TITI and other qualified trainers	Verification: Certification Roster; Record of training; Trainees Interviews; Spot checks
Strengthening the ability to assess skills nationally	DLI 3: Number of master skills assessors and skills assessors trained and certified by NSTB	Communication and information strategy developed Identification of assessors and the development of training information	1250 master assessors and skills assessors trained and certified by NSTB	1250 master assessors and skills assessors trained and certified by NSTB	1250 master assessors and skills assessors trained and certified by NSTB	1250 master assessors and skills assessors trained and certified by NSTB	Verification: Certification Roster; Record of training; Trainees Interviews; Spot checks

Strengthening the ability to undertake skills testing nationally.	DLI 4: Number of Skills Test Managers trained and certified by NSTB	Communication and information strategy developed Identification of assessors and the development of training information	100 Skills Test Managers trained and certified by NSTB	100 Skills Test Managers trained and certified by NSTB	100 Skills Test Managers trained and certified by NSTB	100 Skills Test Managers trained and certified by NSTB	Verification: Certification Roster; Record of training; Trainees Interviews; Spot checks
Enhancing transparency in the process of affiliation of institutions by CTEVT	DLI 5: CTEVT develops and establishes on-line system to improve transparency in the affiliation process	Conduct comprehensive media campaign to adopt short and medium term transparency objectives Ensure service standards in the affiliation process based on a fixed calendar Contract out development of online system to a qualified and reputed firm	Beta version of online system established and piloted on CTEVT institutions	Debug and strengthen the online system established Open online system for public and private for scrutiny and utilization Service standards are met for 60% of the institutions	Online system open to public and private for scrutiny and utilization Service standards are met for 75% of the institutions	Online system open to public and private for scrutiny and utilization Service standards are met for 90% of the institutions	Verification: Contract given; Standards developed and reviewed by stakeholders; Annual Independent reviews with recommendations

TSLC and Diploma Examination Systems strengthening	DLI 6: Establishment of computerized system	Conduct comprehensive media campaign to adopt short and medium term transparency objectives Ensure service standards in the affiliation process based on a fixed calendar Contract out development of online system to a qualified and reputed firm	Contract for Computerized system for examination evaluation awarded (OMR)	Computerized system for examination evaluation completed	Active functioning of the system with recommendations	Active functioning of the system with recommendations	Verification: Contract given; Annual Independent reviews with recommendations
Establishment of Training Management Information System (TMIS)	DLI 7: Share of institutions connected to the TMIS	Contract out development of online system to a qualified and reputed firm	Functioning TMIS in constituent institutions (at least 90%)	Functioning TMIS in Annex schools (at least 50%)	Functioning TMIS in Affiliated institutions (40%) and Annex Schools (20%)	Functioning TMIS in Affiliated institutions (40%) and Annex Schools (20%)	Verification: 100%

C. Procurement Arrangements

45. Procurement for the proposed project would be carried out in accordance with the general principles embodied in Section I of the World Bank’s “Guidelines: Procurement Under IBRD Loans and IDA Credits” dated May 2004 (revised October 2006 and May 2010); and “Guidelines: Selection and Employment of Consultants by World Bank Borrowers” dated May 2004 (revised October 2006 and May 2010) respectively, and the provisions stipulated in the Legal Agreement⁶⁶. The general description of various items under different expenditure category is described below. For each contract to be financed by the Grant/Credit, the different procurement methods or consultant selection methods, the need for prequalification, estimated costs, prior review requirements, and time frame are agreed between the Borrower and the Bank project team in the Procurement Plan. The Procurement Plan will be updated at least annually or as required to reflect the actual project implementation needs and improvements in institutional capacity.

46. Summary description of the anticipated procurement requirements under the various components of the project are provided in the table below:

Component	Component Description	Procurement requirements will include, inter alia:
1	Strengthening TEVT Regulatory Activities and Capacity Building	Consultants for concept papers and capacity building, development/revision of curricula, training, IT consultants for the development of on-line system for affiliation, computerized examination system and Training MIS in CTEVT and constituent/affiliated institutions, office IT equipment vehicles for CTEVT and MOLT; services (e.g. web hosting, organizing trainings etc.)
2	Strengthening Technical Education	Consultancy for improving institutional management, training and impact/evaluation studies, procurement of minor works by grant recipient institutions for upgrading facilities, and goods/equipment (e.g. computers etc.),
3	Support for Short term Training and recognition of Prior Learning	Identification and contracts with training providers, consultants for monitoring of training; consultants for development of curricula for Employed Trainees and for media campaign/dissemination, development and printing of dissemination material
4	Project Management	Consultants for monitoring/baseline/end line impact evaluations, office IT equipment, hiring individuals for project implementation.

47. Operating Costs: In addition to the above, the Project will support incremental operational costs such as that for operation and maintenance of vehicles, vehicle and office rentals, rentals for IT services such as internet connection, hiring of incremental staff, utilities, office consumables required for the day-to-day running of the PS etc.

48. Others: Under Component 2, project design envisages the implementation of Matching Grants and Performance Grants to eligible CTEVT affiliated and private institutions. These institutions are expected to use these funds for their own capacity development which could entail, inter alia, the procurement of training materials and equipment, small value works for upgrading of the facility, training etc.

⁶⁶ However, in the Nepal context, procurement is carried out in accordance with country systems with two exceptions. For National Competitive Bidding (NCB) there is a need to comply with seven additional IDA prescribed caveats and for International Competitive Bidding, the project will fully comply with IDA guidelines.

49. Procurement methods: Since all the above-mentioned procurement is not expected to be of large value, no ICB is envisaged and thus project procurement will follow NCB or other applicable procedures stipulated in the national procurement Law with the following exceptions:

- a. only the model bidding documents for National Competitive Bidding agreed with the Association (as amended from time to time), including qualification criteria, shall be used;
- b. invitations to bid shall be advertised in at least one (1) national newspaper with a wide circulation, at least thirty (30) days prior to the deadline for submission of bids;
- c. bid documents shall be made available, by mail or in person, to all who pay the required fee;
- d. there shall not be any restrictions, such as registration/licensing requirements, for purchase of bid documents and bidding by foreign bidders, and no preference of any kind shall be given to any bidders in the bidding process when competing with the foreign bidders, state owned enterprises, or small scale enterprises;
- e. if a registration process is required, a foreign bidder declared as the lowest evaluated responsive bidder shall be given a reasonable opportunity of registering, without let or hindrance;
- f. rebidding shall not be carried out without the prior concurrence of the Association; and
- g. except in cases of force majeure and/or situations beyond the control of the Recipient, extension of bid validity shall not be allowed without the prior concurrence of the Association: (a) for the first request of extension if it is longer than four (4) weeks; and (b) for all subsequent requests for extension irrespective of the period.

50. Procurement Capacity Assessment: The Nepal Procurement Act mandates that procuring entities (which include public local bodies) will be responsible to ensure that procurement functions are carried out by persons trained and knowledgeable in public procurement. Despite the Procurement Act having come into force in 2007, very few procuring entities, and those too mainly at the center have a dedicated procurement unit or have officials that are knowledgeable and experienced in public procurement in accordance with the Law. In addition the Government is yet to issue guidelines or manuals to assist procurement officials, or to institute comprehensive procurement training programs for procuring entities and officials at all levels. While the Ministry of Education has some experience of donor funded procurement procedures, this has been limited to the Department of Education and UGC. Past procurement reviews of procurement by entities other than the core Government units at the center have shown that they do not have the required amount of knowledge and experience of national procurement procedures. This finding can also be extended to CTEVT and its affiliated and private training institutions that will be covered under this project that will carry out procurement using matching/performance grants. Because of such capacity constraints, there is a risk that procurement procedures and documents may not be fully compliant with agreed procedures.

51. Perceived Risks and remedies: The table below summarizes most of the issues/ risks and recommended mitigation measures concerning the procurement component for implementation of the project. Based on the application of these mitigation measures, the overall residual project risk for procurement has been determined as SUBSTANTIAL.

RISKS	REMEDIES
<p>i) Staff Capacity:</p> <p>a) The Secretariat has the provision for a full time Procurement expert while at MOLT the requirement is intermittent. Though the project also has a provision that such a person may be hired from the market in case GON cannot provide such expertise, this is rarely the case and GPN often designates one of its own staff for this post even though they may not have the required amount of skills and experience. This could adversely affect procurement progress.</p> <p>b) Training institutions using the proceeds of the Matching or Performance Grants do not have dedicated procurement officials, and the personnel entrusted with procurement have very limited or no knowledge of the applicable procedures.</p>	<ol style="list-style-type: none"> 1. MoE to identify and place in the Secretariat a Procurement Expert with experience and knowledge acceptable to the Bank by project by project effectiveness. In case such an individual is not available from within MoE then s/he shall be hired from the market. 2. The Secretariat to develop a detailed Procurement Manual (PM) that clearly describes the steps to be taken for each procurement category (Goods, Works, Services) in line with agreed procedures – i.e. the provisions of the Procurement Act and Regulations. These shall be disseminated to all the entities that will be undertaking project procurement (MOLT, training institutions) 3. The Secretariat to ensure that the Procurement Expert undergoes refresher training on procurement procedures as per the Law and regulations on a priority basis. <p>The above actions need to be completed before the start of any project related procurement at the Secretariat level.</p> <ol style="list-style-type: none"> 4. Within the first six months of project, the Procurement expert to organize short procurement training for nominated procurement staff of the various training institutions, and also provide advice and guidance to such persons when requested.
<p>ii) Monitoring, Reporting and Contract Administration:</p> <p>Cost estimates are usually made on an ad-hoc basis and not necessarily through a pragmatic market survey or based on prevailing rates. Also, MoE does not have a well established system of using the Procurement Plan as a monitoring tool.</p> <p>Thus there is risk that procurement is not carried out on time, bids have to be re-invited due to large variation in bid price and estimates, contracts are not properly administered leading to delayed delivery and cost escalation, poor quality control leading to receipt of goods that may not be of the quality specified, and poor monitoring and reporting.</p>	<p>All correct and or updated costs have been inserted into the agreed. Procurement Plan. Cost estimates for items to be procured by the Secretariat shall be prepared and regularly updated based on market surveys.</p> <p>All entities that undertake procurement using project funds shall be required to develop annual procurement plans. For the Secretariat and MOLT such plans shall be prepared at the beginning of each fiscal year, and in case of eligible training institutions at the time of submission of a proposal requesting grants. Progress against these plans shall be periodically monitored by the PIC in case of the Secretariat and MOLT, and by the Secretariat in case of procurement by grant recipients. In addition, the Procurement Manual referred to above shall also contain detailed instructions and related formats for preparing procurement plans, monitoring forms and a system for providing regular reports of procurement progress, and a mandatory requirement for preparing and submitting trimesterly procurement progress reports.</p>
<p>iii) Overall national procurement environment:</p> <p>The aftermath of the armed conflict, the ensuing uncertain political situation and an erosion in law and order has given rise to increasing incidents of</p>	<p>To mitigate risks of fraud and corruption and to strengthen the procurement process the project will carry out the following actions :</p> <ul style="list-style-type: none"> • Ensuring transparency in procurement procedures by disclosure, as prescribed by the Procurement Act, of

<p>malpractices and associated risks in public procurement such as that of collusion/connivance intimidation etc. especially in small value decentralized procurement which in this Project would occur at the level of the grant recipients.</p>	<p>procurement actions at both the decentralized level as well as central levels using appropriate communications media (notice boards, newspapers etc.) In addition, the Secretariat will set up a website where all procurement information such as procurement plans, all invitation notices, summaries of bid evaluations, status of award, complaints and responses will be posted.</p> <ul style="list-style-type: none"> • Concerned procuring entities shall document the complete procurement processing cycle. Maintaining all such records for review will be required and supported. • Non-competitive methods shall be avoided, unless allowed by Law for very small value procurement or proprietary items and contract packaging will be done to ensure adequate market response. • The Secretariat will periodically carry out random reviews of the procurement process followed by grant recipients (including end use verification) and also to advise the Implementing Agency on measures to improve procurement performance. • The Secretariat will develop and put in place a mechanism for reporting and addressing complaints or grievances.
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52. Procurement Plan: The GON prepared and submitted a procurement plan covering the first eighteen months of project implementation on March 9, 2011, before negotiations were concluded. This plan shall be regularly updated and such updates shall be submitted to the Bank for its review and approval. Only activities listed in the approved plan shall be eligible for project funding.

53. Review thresholds: The review thresholds for this project are as shown below.

- a. At the Secretariat: All contracts for Goods estimated over \$ 200,000 per contract, all direct contracts, selection of consulting firms for assignments estimated to cost \$ 100,000 or more, all single source contracts and contracts with individuals whose estimated value is over \$10,000 per contract shall be subject to the Bank’s prior review.
- b. At training institutions: In addition to periodic random reviews carried out by the Secretariat, all contracts for goods and works estimated to cost over \$ 50,000 and consultant services estimated to cost over \$ 25,000 shall be subject to the bank’s prior review.

D. Monitoring and Evaluation (M&E)

54. The responsibility for overseeing and coordinating all M & E activities under the project will be with the Secretariat who will work actively with supported agencies and training providers to ensure that sufficient, and reasonably complete and accurate information on project inputs, outputs and outcomes data are collected and submitted in a timely manner. The Secretariat will arrange for orientation workshops at the start of the project for all participating entities including the TSLC/Diploma providers and short-term trainers on the monitoring and reporting requirements of the project. Data analysis and findings on project performance will be disseminated to all stake-holders and will be the basis for remedial activities if any for improved performance.

55. The project has been designed ex-ante for rigorous evaluations, especially management consultancy support to TSLC/Diploma training providers, vouchers and types of short-term training. The Secretariat will hire consultants/experts to manage the impact evaluations and ensure that each of the project components/sub-components is implemented in a manner such that there is strong fidelity with the requirements of a rigorous impact evaluation.

56. Project M&E will be guided by the Results Framework developed for it. This framework specifies the indicators to be monitored, their base-line and target values, frequency of monitoring, source of data and instrument through which data will be collected. Additionally, the Secretariat will ensure that the verification protocols for the Disbursement Linked Indicators (DLIs) under Component 1 and vouchers and results-based financing under Component 3 will be strictly followed. Project evaluation will consist of evaluation based on routine monitoring data and the impact evaluations designed for Components 2 and 3. The Project Secretariat may use IDA Grant funds to hire domestic and international consultants for assistance with carrying out its M & E tasks.

E. Environmental and Social (including safeguards)

57. The project is classified as Category B as per OP/BP 4.01. Most of the activities funded by the project are in the nature of technical assistance with minimal adverse environmental impacts. 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.

58. The primary objective of the environmental management and monitoring is to record environmental impacts resulting from the sub-project activities and to ensure implementation of the 'mitigation measures' identified earlier in order to reduce adverse impacts and enhance positive impacts from specific sub-project activities. If the project's infrastructure/civil works trigger EA OP/BP 4.01, and if new education blocks are located in the land owned by the forest authority, potential environment impacts of the sub-project will be identified through screening at the institution level. The next step will be to identify and develop measures aimed at eliminating, offsetting and/or reducing impacts to levels that are environmentally acceptable during implementation. This will be done through the preparation and implementation of an Environmental Management Plan (EMP) which provides an essential link between the impacts predicted and mitigation measures specified. The entities implementing sub-projects will prepare EMP according to the guideline provided in the EMF. In addition, a monitoring plan will be prepared.

59. Project institutions will submit their proposals for infrastructure to be supported by the project with environment and safety checklist which will be used by the Secretariat to assess possible environment and safety issues. An environmental specialist assigned by the Secretariat for the task who will review the mitigation and monitoring plan; and therefore hiring of an environmental specialist by the project Secretariat is recommended.

60. The project is expected to generate positive social impacts through its efforts to improve access to TEVT programs by disadvantaged youth through targeting and more inclusive processes. The project will pay special attention to lagging regions, poor youth, women, and those belonging to Dalit, disadvantaged Janajati and other marginalized communities. The project will focus on both the supply and demand sides of the training market. Students who demand skills training will be empowered through vouchers and stipends that will be targeted to the poor through a proxy-means-test method already in use in the higher education sector.

61. The primary objective of social safeguards is to keep the project aligned with its objective of support to the disadvantaged youth of Nepal for which a Vulnerable Community Development

Framework (VCDF) has been prepared. As part of the VCDF, the Secretariat when assessing institutions, activities and individuals for support will ensure that: (a) criteria for selecting any institution or individual for any sort of benefit including funds, grants, loans, stipends or incentive will be subject to a social screening in order to prevent any sort of discrimination and to ensure proper amount of scope for inclusion; (b) all proposed institutes to be funded by the projects will be subject to a social screening in order to prevent execution of projects with significant negative social impacts.

F. Governance and Accountability Action Plan

62. A Governance and Accountability Action Plan (GAAP) has been developed and its implementation will be monitored during the project period. The GAAP identifies and addresses key governance risks and critical operational concerns related to the sector and project management and implementation. The GAAP seeks to ensure good governance as an overall sectoral issue, and more specifically in the implementation of the EVENT project. The GAAP is based on Nepal's existing governance and legal framework, including legislations on anti-corruption and right to information. In addition, the World Bank's Access to Information Policy and Anti-Corruption Guidelines have been incorporated into the framework. The GAAP will be periodically revisited and strengthened as necessary, based on lessons learned during the implementation of EVENT activities.

63. The GAAP will focus on the following areas: (i) Coordination and collaboration between project participants, (ii) Transparency and accountability, (iii) Right to Information Act, (iv) Public financial management, and (iv) Governance environment.

G. Role of Partners

64. The Bank is closely collaborating with Development Partners (DPs), such as, the Asian Development Bank (ADB), the Department for International Development (DfID), the Government of Finland, the Swiss Agency for Development and Cooperation (SDC), and the United States Aid for International Development (USAID). The DPs will be key-stakeholders during project implementation, monitoring and review as they have been during project preparation. In particular, they will be represented in the CC, and will also be invited to participate in advisory and knowledge sharing meetings arranged by the PIC and the Secretariat, and in the joint reviews of the project conducted bi-annually by the GON and the World Bank.

65. The key innovations supported by donors include the development of capacity for expanding testing and certification opportunities, results-based financing of short-term training with placement, and technical assistance in reform areas such as the development of a National (Vocational) Qualifications Framework and the development of a new TEVT policy. Support from Development Partners to the TEVT space is growing and takes several different approaches. The GON proposes in its new TEVT policy to move towards a SWAp approach in the TEVT sector and all DPs have welcomed this approach. As in the case of the School Sector Reform Program (a SWAp for school education) different partners will be expected to support the TEVT through a wide array of modalities, both on-budget and off-budget approach, and through recipient-executed programs such as EVENT, and direct implementation modalities which help by providing required external expertise and supports the government in innovations and piloting of new approaches.

66. Finally, the institutional structures for governing the TEVT sector are still evolving in Nepal. For example, the new TEVT policy envisions the establishment of a training or employment fund, there is an effort to modernize the functioning of the CTEVT by improving institutional and sectoral governance, delineate responsibilities across constituent agencies, for example, further strengthen the autonomy of institutions such as the NSTB and TITI, or for example, the development of a National Vocational

Qualifications Framework (NVQF). These institutional and policy level changes have a direct effect on the functioning and impact of a project such as EVENT. The development partners, most notably, SDC and the Asian Development Bank, play a critical role in supporting these niche developments through their support to organizations like the Employment Fund, the NSTB and TITI. The complementary roles played by such agencies help to strengthen the overall provision of TEVT services in Nepal.

H. **Other Safeguard Policies**

67. No other safeguards policies are triggered.

Annex 4: Operational Risk Assessment Framework (ORAF)

NEPAL: ENHANCED VOCATIONAL EDUCATION AND TRAINING PROJECT

Project Development Objective(s)	
<p>The Project Development Objective is to expand the supply of skilled and employable labor by increasing access to quality training programs, and by strengthening the technical and vocational education and training system in Nepal.</p>	
PDO Level Results Indicators:	<ol style="list-style-type: none"> 1. Employment rate of short-term training graduates 3 and 6 months after completing training in supported programs 2. Enrolment in TSLC and Diploma courses in supported institutions 3. Number of NSTB certified youth without formal training

Risk Category	Risk Rating	Risk Description	Proposed Mitigation Measures
Project Stakeholder Risks	MI	<ul style="list-style-type: none"> (i) Provision of services for vocational education and training is highly fragmented. This leads to inefficient use of resources and duplication of efforts. (ii) In the absence of strong leadership from the government and with several donor-assisted projects and programs underway, there is a risk of policy inconsistencies. (iii) There is a risk of turf issues emerging between ministries during implementation. (iv) The use of an incentive based payment structure could lead to efforts by training providers to game the system. (v) There might not be a strong demand for training programs as expected. 	<ul style="list-style-type: none"> (i) The design supports strong coordination across government ministries and agencies through their participation in the CC and PIC. (ii) Close coordination with GON, DPs and other stakeholders during preparation and implementation will support a coherent approach to policy development in the TEVT sector and enhance the likelihood of policy continuity. (iii) Other ministries have actively participated in the planning phase and have contributed to strengthening inter-ministerial coordination. They are also represented in the Project Implementation Committee. (iv) Participating institutions will be required to sign a Performance Contract with the Project Secretariat and this will define expected outcomes at the institution level. This will be coupled with a strong and rigorous monitoring system. (v) The project supports an information and communications strategy to inform potential beneficiaries.
Implementing Agency Risks (including FM & PR Risks)	H	<ul style="list-style-type: none"> i) Weak capacity of implementing ministry could result in ineffective implementation and failure to meet project objectives. ii) Weak governance and fiduciary environments 	<ul style="list-style-type: none"> i) Staffing of the Project Secretariat, including the Project Director, will be based on clearly defined Terms of Reference, recruitment will be merit based. ii) A GAAP has been prepared and costed for implementation; customized FM and Procurement training will be provided to both GON and participating institutions. An independent consulting firm will support the Secretariat in fiduciary matters.

		could not only affect project outcomes, but could also result in rent seeking behavior.	
PROJECT RISKS			
Design	MI	<p>i) This is the first time a results based project using DLIs is being implemented in Nepal and there may be a lack of understanding on how to implement such a project.</p> <p>ii) Tying incentives to job-market success may not be fair to training providers given that success in the job market depends on numerous other factors.</p>	<p>i) A strong and proactive implementation support program has been designed to help the GON fully understand and implement a results based operation</p> <p>ii) payments are only partially based on placement rates of trainees.</p>
Social & Environmental	MI	The project triggers both environmental and social safeguards. Furthermore, there is a risk that needed actions will not be taken during implementation.	An ESMF has been prepared by the GON to comply with Bank's safeguards policies. Each supervision mission will include specific reviews and updates on each of these issues. An incentive scheme that encourages providers to train beneficiaries from disadvantaged groups further supports the social safeguards.
Program & Donor	L	Separate interventions from development partners may duplicate efforts and dilute impact unless coordinated well.	Development partners have participated regularly during project preparation and are represented on the Coordination Committee established under the project.
Delivery Quality	MI	Given the number of providers, the lack of standardization of courses and curriculum, and testing approaches, maintaining delivery quality could prove to be difficult.	The project will support strong, independent monitoring and evaluation. This will also include performance and technical audits to be carried out by external agencies throughout the project period.

Overall Risk Rating at Preparation	Overall Risk Rating During Implementation
Medium-I	H

Annex 5: Implementation Support Plan

1. The implementation support strategy for EVENT is based on the nature of activities supported by the project, the capacities of the implementation agencies and the risks described in the ORAF. Along with formal implementation support described below, as most of the task team from the World Bank will be based in the field office in Nepal, there would be on-going support and guidance to the implementing agencies on issues and challenges that may arise during implementation.

2. *Clear terms of references for staffing of the Secretariat and Technical Advisory Committee:* The Secretariat which is responsible for the day-to-day implementation of the project will be staffed by dedicated and full-time professionals who are hired for their skills against a set of clear terms of references. Similarly, the roles and responsibilities of the Technical Advisory Committee which will also provide technical guidance to the project will be clearly defined and agreed to. This will minimize the likelihood of overlapping responsibilities occurring and hampering effective project implementation.

3. *Communication and outreach:* All information material developed for communication and outreach purposes will also be translated into Nepali. Focus group discussions with samples of beneficiaries (including training providers) will be held periodically to obtain feedback on the quantity, quality and usefulness of training provided and any short-falls thereof.

4. *Project Implementation Manual:* A Project Implementation Manual (PIM) will be prepared before the project becomes effective with complete details of roles and responsibilities of all implementing agencies and the management structure, processes and procedures to be followed for the selection of training providers and trainees, and monitoring and evaluation of all project activities including detailed Terms of References for project staff, the Technical Advisory Committee and all consultant firms and individuals whose services are used by the project overall, and under each component. The PIM will include templates of all forms, plans and proposals required to be filled in by applicants (training providers) who want to apply for support under the project. The PIM will be made available both in the English and Nepali languages.

5. *Coordination with Development Partners:* The Bank team will work closely with other Development Partners during project implementation to ensure that activities supported by donors in the TEVT sector in Nepal complement each other. More specifically, the Development Partners will have representation in the Coordination Committee, and will be invited to participate in knowledge-sharing workshops, and in joint reviews.

Technical

6. *Technical support to Secretariat:* Project funds will be used to arrange for technical capacity building of the Secretariat to enable it to implement all project activities. This Technical Team (TT) will provide support with respect to the development and use of processes by which the Secretariat invites applications for participation in the project from training providers for both Components 2 and 3. Technical workshops will be held with the Secretariat officers in the use of the eligibility and selection formats for the training providers, the evaluation process and reporting and the preparation of project institutional plans by TSLC and Diploma training providers.

7. *Supervision strategy:* The supervision strategy for the project includes six monthly joint reviews by the GON and the Bank. These reviews will include field-visits and intensive evidence-based discussions on project performance, and will be used as a forum for providing constructive and corrective technical guidance. The findings of the joint reviews will also be used to identify gaps constraining implementation and support will be provided to the Secretariat/MOE for the same. Interim technical reviews of program elements supplemented by field and site visits will also be undertaken.

8. *Monitoring and Evaluation:* Capacity building of the implementing agencies in monitoring and evaluation is a key aspect of supervision and implementation support to the key agencies. The Secretariat will be supported with developing monitoring and reporting formats for all components and activities to be undertaken by the project, and analysis of data collected and presentation and use of findings. The Secretariat will be aided by independent monitoring and verification mechanism undertaken by external consultants. The project has a number of evaluations that are built-into its design and will require specialist support. This will be provided to the Secretariat which will include among other things defining the terms of references of consultant firms/individuals to be hired for each evaluation study to be undertaken, and with support on procurement protocols to be followed during the hiring process.

Fiduciary and Safeguards

9. *Financial Management:* Training of the Secretariat and other implementing agencies' staff on financial management procedures will take place in the first six months of project implementation. Project level service standards will be developed for disbursement against financial and results reporting. Secretariat staff will be encouraged to frequently visit field sites where training is taking place to ensure that financial record keeping and reporting are taking place appropriately. A financial management specialist will be part of all the joint reviews and provide a review of the quality of financial management being followed in the project and recommend needed remedial actions.

10. *Procurement:* Training of the Secretariat and other implementing agencies' staff on procurement procedures will take place in the first six months of project implementation. A procurement specialist will be part of all the joint reviews and provide a review of procurement procedures being followed in the project and recommend needed remedial actions.

11. *Safeguards:* The GON has prepared an Environment and Social Management Framework (ESMF) to guide environmental and social safeguard issues triggered by the project. The ESMF includes a Vulnerable Community Development Framework (VCDF) which is an action plan for ensuring that the project's especial focus on expanding access to technical education and vocational training by poor women, and young people from disadvantaged groups and lagging regions is underpinned by robust communication, outreach, engagement and feedback strategies. The Bank's environmental and social safeguard specialists will provide technical support to and six-monthly review of the implementation of the ESMF including the VCDF. The Secretariat will be encouraged to identify resource persons who can be used by them on a need-to basis to provide safeguards related support, especially with respect to any civil-works activity that may be realized due to the project.

A. Implementation Support Requirements

Time	Focus	Skills Needed	Resource Estimate
First twelve months	Technical support	Expertise in technical education and short-term vocational training	12-18 staff weeks
	FM training and support	FM specialist	4 staff weeks
	Procurement training and support	Procurement Specialist	4 staff weeks
	M & E support	Monitoring and Evaluation Expertise Impact Evaluation Expertise	8 staff weeks
	Environment and Social Management Support	Environment Specialist Social Development Specialist	2 staff weeks each
	Team Leadership	TTLs	18 staff weeks
12-48 months	Technical support	Expertise in technical education and short-term vocational training	12 staff weeks
	M & E support	Monitoring and Evaluation Expertise Impact Evaluation Expertise	24 staff weeks
	Environment and Social Management Support	Environment Specialist Social Development Specialist	6 staff weeks each
	FM review	FM specialist	12 staff weeks
	Procurement review	Procurement Specialist	12 staff weeks
	Team Leadership	TTLs	42 staff weeks

Skills Mix Required

Skills Needed	Number of Staff Weeks	Number of Trips	Comments
Task Team Leader	18 weeks	As required	Local/ India office based
TEVT Specialist	8 weeks	As required	Local
M & E Specialist	8 weeks	As required	Local
Environmental Specialist	4 weeks	As required	Local
Social Development Specialist	4 weeks	As required	Local
Financial Management Specialist	4 weeks	As required	Local
Procurement Specialist	4 weeks	As required	Local
Operations Officer	12 weeks	As required	Local

Annex 6: Economic and Financial Analysis

A. Economic Analysis

Introduction

1. This section summarizes the economic rationale for investing in the TEVT sector in Nepal, particularly the set of interventions proposed and described in Annex 2. In this section rate of return to these interventions is estimated using a cost-benefit analysis of two major components of the project, namely TSLC and Diploma and short-term training, robustness of the rates of return is adjudged using a sensitivity analysis, and financial sustainability of the project is demonstrated using financial analysis.

2. Nepal suffers from a serious crunch of skilled labor, particularly technicians and skilled artisans. While there has been a significant increase in the provision of short-term training opportunities in the country, returns to these skills also remain low both domestically and abroad. For the latter, 75% of labor migrating abroad is unskilled leading to low remittances per person than would be the case if more semi-skilled and skilled labor found jobs abroad⁶⁷.

3. The market for skills in Nepal suffers both from government failures and market failures. The absence of key public goods in the TEVT sector has led to skills mismatches and gaps. Opportunity costs for poor youth are high even for short-term training and credit-markets do not support borrowing for skills training. A plethora of certification has reduced the value of any. Weak quality assurance mechanisms have allowed sub-optimal provision of training to flourish as lack of information and counsel makes it difficult for trainees to discern the true quality of training on offer.

4. The project will finance policy and regulatory activities related public goods and capacity building of national level TEVT bodies. It will also support strengthening TSLC and Diploma level training and short-term training that is of good quality and market relevant. Through vouchers and stipends, it will provide access to training opportunities to excluded groups such as women, disadvantaged socio-economic groups and residents of rural and remote regions.

Cost-Benefit Analysis

5. The prospective economic analysis uses the approach of comparing net benefits in two scenarios, one with the project and one without (the counterfactual). Economic costs of training include total project costs allocated to the two components and opportunity costs to the trainees. Economic benefits typically include better employment rates and higher life-time earnings.

6. The analysis in this section will be perforce indicative because concrete data on enrollment, completion, and employment rates and earnings do not exist. We compute rates of return across a wide range of parameter values to adjudge robustness. The estimated net benefits from this analysis will be a lower bound because it will not account for spill-over benefits from the project. These will likely include the benefits from a more coordinated and rational policy framework, attracting more domestic and foreign investment; improving the economy's potential to adopt and adapt technological innovations; reduced social and gender gaps in economic opportunities and participation; and lower probability of youth unrest and social instability.

7. The counterfactual looks at average employment probabilities and associated wage rates for the set of relevant youth. These include: (a) TSLC and Diploma trainees; and (b) trainees undergoing short-term training. In particular, the project will support youth not undergoing any training currently but who

⁶⁷ Estimate based on data provided by MOLT.

would get the opportunity to participate in TSLC and Diploma training and short-term training in the project supported through stipends and vouchers.

Cost-Benefit Analysis of Investment in TSLC and Diploma

8. In this section, we compute the internal rates of return for investment made in technical education, namely TSLC and Diploma levels, under the project. The objective of this component is to graduate more and better qualified students opting for the TSLC and Diploma levels of training. The net incremental benefits from the successful implementation of this component are higher employment rates and higher wages for students who would have joined the supported the TSLC and Diploma institutions even in the absence of the project, and students who undertake to do the TSLC and Diploma due to tuition and stipends support by the project.

Assumptions

9. The assumptions for this analysis is as follows:

- a. The total project costs for this component is approximately USD 10 million.
- b. A total of about 4000 TSLC and Diploma students will be directly supported by the project by way of tuition and living costs. There are no additional tuition costs of beneficiaries already attending these courses.
- c. We don't do the computation separately for the TSLC and Diploma graduates. Instead we do the analysis for the averages across the two categories. We make the more conservative assumption that the Diploma graduates have the same employment and wage prospects as the TSLC graduates. In fact, the former are better qualified than the latter.
- d. Table 1 lists out the possible scenarios with and without the project using a range of parameter values. Base-line data has been collected from TSLC and Diploma institutions on their current intake capacity and enrollment. The total number of beneficiaries who would attend these courses even in the case where there is no project is based on the total number for a period of 4 years (100 students per institution per year x 30 institutions supported x 4 years =12000).
- e. The base-line employment rate (40%) is the lowest estimate available across all studies collecting this data.

10. Table 2 shows the internal rates of return for the project using all combinations of parameter values set out in Table 1. The project is always justified except when there is no improvement in either employment rate or wage-rates and when the future discount rate is higher.

Table 1: Outcome Values for Component 2

Base-line		Scenarios		
Number of Beneficiaries	12000	Employment Rate	Per Capita Wages Per Annum (NRS)	Discount Rates
Employment Rate	40%	40%	60000	5%
Per Capita Wages Per Annum (NRS)	60000	45%	72000	10%
--	--	50%	--	15%

Table 2: Internal Rates of Return for a range of parameter values

		Employment Rate = 40%			Employment Rate = 45%			Employment Rate = 50%		
Total number of Beneficiaries ↓	Discount Rate → Annual Wage (Net Increase; NRS) ↓	5%	10%	15%	5%	10%	15%	5%	10%	15%
16000 (12000 + 4000)	Non-stipend recipients = 0 Stipend Recipients = 60000	8%	4%	0%	15%	11%	7%	14%	10%	6%
	Non-stipend recipients = 12000 Stipend Recipients = 72000	19%	15%	11%	27%	23%	19%	35%	31%	27%

11. As can be seen from the above table, even in very pessimistic scenarios, the net returns to the project are positive. The worst case scenario is when the incremental present value of costs and benefits even out

Cost-Benefit Analysis of Investment in Short-Term Training

12. In this section, we conduct economic analysis for investment in short-term training under the project.

Assumptions of the Model

The following assumptions underpin the estimations done in this section:

- a. The total project costs for short-term training (skills training, entrepreneurship training, certification of prior learning) are approximately USD 20 million.
 - b. The number of youth proposed to be trained by the project including both entrepreneurship and skills training, will vary between 30,000 and 45,000. Another 15000 youth will be provided resources for getting their skills tested and certified by the National Skills Testing Board. For the economic analysis, we do not make a distinction between the various types of short-term training and certification.
 - c. Project benefits do not include increase in the employment rate, as the current employment rate in Nepal is already very high at 85%. However, the analysis includes likely rates of return when the employment rate is lower than 85% to assess their sensitivity to underlying assumptions.
 - d. Project benefits include incremental higher wages over the entire working life. It will be further assumed that trained youth will receive at least the starting wage for each year of their working life. The wages used to imagine likely future scenarios are based on domestic labor market activity.
 - e. Table 3 summarizes the parameter values that are used for the cost-benefit analysis to provide estimates of rates of returns across scenarios.
13. The rate of return is lowest at -1% when the employment rate is 50%, annual net increase in wages is NRS 12000, and the discount rate is 15%. In the best case-scenario where the employment rate is 75% and annual wages increase by NRS 24,000, the internal rate of return is always 50% or more. Even with very stringent definition of success, investment in this component of the project is justified.
14. For both the analyses above, the estimates of rates of return are lower bounds because they don't take into account investments made in building capacity of TSLC and Diploma and short-term training providers which are likely to yield benefits to trainees beyond the four year period during which the project is operational. They also don't take into account the fact that at least a fraction of youth will migrate abroad and earn much higher wages compared to their domestic counterparts. Finally, this analysis also does not account for any second round effects such as greater private sector activity as a result of availability of skilled labor.
15. Table 4 below shows the net internal rate of return using various combinations of parameters as set out in Table 3.

Table 3: Outcome Values for Component 3

Number of Beneficiaries	Employment Rate	Discount Rate	Net increase in annual wages per capita (NRS)
30000	50%	5%	12000
50000	75%	10%	18000
-	-	15%	24000

Table 4: Internal Rate of Return across various scenarios

		Employment Rate = 50%			Employment Rate = 75%		
Total number of beneficiaries ↓	Discount Rate →	5%	10%	15%	5%	10%	15%
	Annual Wage (Net Increase; NRS)						
30000	12000	8%	3%	-1%	14%	10%	6%
	18000	14%	10%	6%	23%	19%	15%
	24000	20%	16%	12%	33%	28%	24%
50000	12000	16%	12%	8%	26%	22%	18%
	18000	26%	22%	18%	42%	37%	32%
	24000	37%	33%	29%	58%	53%	49%

B. Financial Sustainability

16. GON typically spends less than 2 % of its education budget in the TEVT sector. In 2009-10, GON allocated approximately US\$ 604 million to the education sector. This represented 4.5% of the nation's GDP and 16.3% of the total government budget. Around 1.8% (US\$ 10.7 million) of the education sector budget was allocated to the TEVT sector through CTEVT and the SEP project⁶⁸. In addition, approximately US\$ 6.2 million was allocated for TEVT activities in other ministries engaged in technical and vocational training.

17. Recognizing that investments in this sector need to be increased substantially, both the existing and proposed TEVT Policy documents propose to build a sustainable financing system for developing and enhancing the TEVT sector. Accordingly, the new Policy envisions setting up a basket fund (National Training Fund) financed by the government, donor agencies, non governmental agencies, and employers. The Fund, which will be operated through a set of bye-laws, will be used to finance basic level skills training. The new Policy also proposes to increase Government investments in vocational training gradually. EVENT can be viewed as a transitional project that can potentially be part of or evolve into such a Training Fund in the future.

18. The various capacity development investments (Component 1) and investments in TSLC/Diploma institutions planned under EVENT will have a sustained positive impact on the TEVT sector beyond the lifetime of the project. However, the government will need to ensure continuous flow of adequate resources to the Training Fund to maintain the short-term training programs in the sector.

⁶⁸ In addition, around US\$ 1 million was allocated to the Manmohan Polytechnic—a community TEVT institution.

Annex 7: Summary of Development Partners supported TEVT Programs in Nepal

1. The table below summarizes the short-term training programs being supported by Development Partners (DPs) in the TEVT sector in Nepal. Key agencies which are active in this sector include the Asian Development Bank (ADB), the Swiss Agency for Development and Cooperation (SDC), UK Department for International Development (DfID), United States Agency for International Development (USAID), United Nations Development Program (UNDP), Alliance Nepal among others.

Table 1: Donor Support to Short-Term Training in Nepal

Donor Support	Project Name	Project period	Coverage	Number of Target beneficiaries
ADB	Skills for Employment Project	2006-2011	National	80,000
USAID	Education for Income Generation	2008-2012	15 districts	11,000
SDC	Training for Employment	2000-2008	19 districts	3,452
SDC, DfID (and World Bank)	Employment Fund	2008-2013	National	55,000
UNDP	Microenterprise Development Program	1998-on-going	36 districts	50,000
Alliance Nepal	Various	2000-2009	National	5311

2. The World Bank has worked closely with the DPs during the preparation of EVENT to ensure harmonization, non-duplication of efforts and an integrated approach to the sector. EVENT's design incorporates lessons learnt from the experience of programs supported by the DPs; it further ensures that project management structures and activities contribute positively to planned future support to the sector planned by the DPs.

3. EVENT contributes to on-going efforts in strengthening regulatory activities and modalities of conducting short-term training, and it also pushes the boundaries of support to the sector by including activities not supported so far by other donors. Briefly EVENT's contribution and innovations can be summarized as follows:

- Support to NSTB aligned with on-going and future support by SDC
- Participation in the dialogue for the development of a National Qualifications Framework supported by ADB but no direct support under the project
- Alignment of short-term training results-based financing incentive and disbursement patterns with those of the Employment Fund
- Testing of a voucher-based short-term training modality; this will provide a basis for comparison with the results-based financing modality which is the approach used by all other donor supported programs
- Support to TSLC/Diploma training providers not covered under any existing program

Annex 8: Team Composition

Name	Title	Unit
Venkatesh Sundararaman	Senior Economist (TTL)	SASED
Saurav Dev Bhatta	Senior Education Specialist (Co-TTL)	SASED
Sangeeta Goyal	Senior Economist (Co-TTL)	SASED
Mohan Prasad Aryal	Operations Officer	SASED
Md. Mokhlesur Rahman	Senior Operations Officer	SASED
Anil Chitrakar	Community Development and Social Entrepreneurship Consultant	SASHD
Jasmine Rajbhandari	Social Protection Specialist	SASSP
Hisanobu Shishido	Senior Economist	SAREP
Bigyan Pradhan	Senior Financial Management Specialist	SASED
Kiran Ranjan Baral	Senior Procurement Specialist	SARPS
Shambhu Upreti	Procurement Specialist	SARPS
Hiramani Ghimire	Senior Governance Specialist	SASPR
Mei Wang	Senior Counsel	LEGMS
Junxue Chu	Senior Finance Officer	CTRFC
Drona Raj Ghimire	Environmental Specialist	SARDI
Chaohua Zhang	Senior Social Development Specialist	SASDS
Bandita Sijapati	Social Development Consultant	SASDS
Sushila Rai	Program Assistant	SASHD
Tanusree Talukdar	Program Assistant	SASHD
Md. Khalid Khan	Program Assistant	SASHD

Annex 9: Documents in the Project File

Project Preparation Documents:

1. Environmental Assessment
2. Social Assessment
3. Financial Capacity Assessment
4. Procurement Capacity Assessment
5. Background Note: A study of the TEVT sector in Nepal (2011)
6. Background Note: Training of Trainers and Quality Assurance of TEVT in Nepal (2011).
7. Background Note: The State of TSLC and Diploma training in Nepal (2011).
8. Aide-memoires and Management letters for August-September 2010, October-November 2010, December 2010, January 2011.

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