



Technical Assistance Report

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Transaction Technical Assistance (TRTA)
September 2018

India: Madhya Pradesh Skills Development Project

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Asian Development Bank

CURRENCY EQUIVALENTS

(as of 10 August 2018)

Currency unit	–	Indian rupee/s (₹)
₹1.00	=	\$0.0145
\$1.00	=	₹68.8875

ABBREVIATIONS

ADB	–	Asian Development Bank
CAAT	–	Center for Advanced Agricultural Training
CIE	–	Centre for Innovation and Entrepreneurship
DOSD	–	Directorate of Skill Development
GIZ	–	Deutsche Gesellschaft für Internationale Zusammenarbeit
GOMP	–	Government of Madhya Pradesh
GSP	–	Global Skills Park
IT	–	information technology
ITE	–	Institute of Technical Education Singapore
ITI	–	industrial training institute
PMU	–	project management unit
TA	–	technical assistance
TVET	–	technical and vocational education and training

NOTES

- (i) The fiscal year (FY) of the Government of India and its agencies ends on 31 March. “FY” before a calendar year denotes the year in which the fiscal year ends, e.g., FY2018 ends on 31 March 2018.
- (ii) In this report, “\$” refers to United States dollars.

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I. THE PROPOSED PROJECT

1. Madhya Pradesh, located in central India, is the second-largest state by area and the sixth most populous state with 78 million people.¹ It is among the lower-income states in India with per capita income at about 70% of the national average.² Yet, during FY2012–FY2018 Madhya Pradesh recorded impressive economic growth averaging over 8.0%, higher than the national average of 6.9%. Agriculture underpinned the recent growth with double-digit growth. And the industry sector has emerged strong attracting large investments in the manufacturing and services subsectors, such as automotive and auto components, electronics, information technology (IT), food processing, and renewable energy. To convert vibrant investments into sustained economic growth, Madhya Pradesh requires a well-trained workforce to meet current and emerging skill demands across the core industries.

2. The proposed Madhya Pradesh Skills Development Project will help the Government of Madhya Pradesh (GOMP) transform its technical and vocational education and training (TVET) system to create a skilled workforce that meets the state’s evolving development needs.³ The project will establish a new advanced TVET institute of international standards—Global Skills Park (GSP)—to introduce high-quality, technology-oriented skills training for the state’s priority sectors. The project will also modernize 10 major industrial training institutes (ITIs) by upgrading training infrastructure and curricula to impart quality, industry-relevant skills. The project aims to increase the employability, productivity, and incomes of the workforce, especially youth, women, and disadvantaged groups. The project is estimated to cost \$240 million, of which \$150 million will be financed by a regular loan from the ordinary capital resources of the Asian Development Bank (ADB). The proposed project and the technical assistance are included in ADB’s country operations and business plan, 2018–2020 for India.⁴

II. THE TECHNICAL ASSISTANCE

A. Justification

3. Madhya Pradesh faces formidable challenges in equipping the young workforce with skills that meet the demand from current and emerging industries. The emerging industries require mid- to higher-level skilled workers as skill sets across the sectors increasingly rely on technology applications.⁵ The current workforce is mostly unskilled with nearly two-thirds having only up to primary education, and just 1.2% of workers have undergone formal vocational training. While TVET is essential for the growing youth population to acquire job-related skills, TVET in the state, especially the ITIs, suffer from outdated training infrastructure and curricula, inadequate qualifications of trainers, and lack of industrial alignment in training programs. The state has limited capacity to deliver higher-level training for the skills demanded by today’s fast-changing industries, where skills become grounded on IT-based equipment and automated system technologies.

¹ Government of India, Office of the Registrar General and Census Commissioner. 2006. *Population Projections for India and States 2001–2026*. New Delhi.

² Government of India. Open Government Data Platform India. www.data.gov.in (accessed on 15 May 2018).

³ ADB provided project preparatory technical assistance for the Madhya Pradesh Skills Development Project (TA 9253-IND).

⁴ ADB. 2017. *India: Country Operation and Business Plan 2018–2020*. Manila.

⁵ A skills gap analysis, conducted during project preparation, indicated an overall labor demand of 5.6 million during 2018–2024, with the highest demand in construction and manufacturing, followed by trades and repair services, transportation and logistics, and other services. Of the overall demand, nearly two-thirds are at least semi-skilled or highly skilled workers.

4. The project will support GOMP with the following unique features. First, it will help build a vertical skills path between the ITIs and GSP through which mid- to advanced-level skills can be progressively acquired for job readiness. GSP will introduce technology-oriented skills of global standards in the state's priority manufacturing and service sectors, as well as advanced agricultural training. GSP will also include TVET support services, such as training of trainers, curriculum development and skill-related research, and entrepreneurship support programs. The ITIs will focus on quality mid-level skills programs under Craftsman Trade Schemes (CTS). Training at the GSP and ITIs will take an industrial cluster approach to develop a range of core skills for strategic priority sectors. Second, the project will benchmark training quality at GSP to international standards. For advanced training on manufacturing and services trades at GSP, the project will engage two international TVET partners—the Institute of Technical Education (ITE) Singapore and Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ)—to bring global best practices in training infrastructure, teaching, TVET management, industry cooperation, and quality assurance. For ITIs, training infrastructure and curricula will be upgraded to meet national certificate standards, which will enable trainees to access higher-wage jobs in public and large private sector firms.

5. The transaction technical assistance (TA) attached to the project is proposed to support start-up activities of GSP and ITIs, especially those setting up innovative and knowledge-based elements requiring international and national expertise. The TA is proposed to help the executing and implementing agencies build the capacity for effective implementation as well. For successful implementation of the project, it is essential to establish targeted intervention strategies that are most suitable to Madhya Pradesh, while adopting global and national best practices to enhance the overall TVET system. The TA will facilitate the adoption of best practices based on global knowledge and experiences for implementation under the project.

6. The objective of the TA is two-fold. For GSP, it will support the initial set-up of several GSP components that require specialized expertise, such as detailed operational plans for the GSP Society, advanced agricultural training, and entrepreneurship development program. For the ITIs, the TA will help the implementing agency—the Directorate of Skill Development (DOSD)—put reform initiatives in place to improve the ITI management and introduce performance-based incentive schemes for ITIs. The specific outputs and key activities are described below.

B. Outputs and Key Activities

7. The TA's impact is aligned with the loan project, which will be increased employability and productivity of the workforce in Madhya Pradesh. The TA's outcome will be enhanced capacity of the executing and implementing agencies for effective project implementation.

8. **Output 1: Operation and management plans for GSP developed.** The following activities will be undertaken:

- (i) Establish operational and governance structure of the GSP Society. GOMP is creating the GSP Society to facilitate more efficient and effective management of advanced training and other support clusters at GSP. GSP will have autonomy in hiring staff, accessing funds other than the government budget, and forging partnerships with international technical institutes.⁶ GSP will be registered as a

⁶ In India, government projects are often implemented by forming a society, authority, or corporation (e.g., MP Road Development Corporation) to facilitate efficient implementation. Once a society is formed with its rules and

Society under the Madhya Pradesh Societies Registration Act, 1973; this will be critical for the sustainability of the loan project.

- (ii) Develop detailed implementation plans for advanced agricultural training, which will focus on smart farming and post-harvest technologies. Although agriculture in Madhya Pradesh has achieved remarkable growth in recent years, advanced knowledge and skills are called for to spur productivity and tap into higher-income opportunities by moving up the value chain. Introducing advanced training at GSP is also envisaged to attract and motivate young people's engagement in the sector, while preventing the migration of rural youth to urban areas. Agricultural training programs are to be implemented in partnership with international (or national) institutional partners and agribusiness partners to ensure market orientation of the training and to promote entrepreneurship.
- (iii) Finalize the operational model for the Center for Innovation and Entrepreneurship (CIE) at GSP and pilot the program for selective applicants. GSP will promote start-up businesses for skilled youth, including graduates from the ITIs and GSP. The TA will support the adoption of best models for youth in the state, which will offer integrated support such as entrepreneurship training, advice on business ideas, financial opportunities, marketing channels, and administrative and mentoring support. The TA will support piloting the best support option with selective applicants.

9. Output 2: ITI's management capacity to implement quality market-relevant training improved. The project will invest in upgrading training facilities and equipment in 10 major ITIs located across the state's 10 divisions. To ensure that such investments lead to improvements in the quality and relevance of training, as well as improved management practices of ITIs, the TA will assist DOSD to develop reform initiatives that can invigorate ITI management and training practices. The specific activities under this output include the following:

- (i) Support the 10 divisional ITIs in preparing their own institutional development plans. These will include detailed steps for improving the quality of training programs, strengthening the links to industries, improving the operation and maintenance of training infrastructure, developing effective in-service training for trainers and management staff, and making tangible outcomes of training programs.
- (ii) Assist DOSD in designing a performance-rating system for the ITIs that is linked to incentive schemes. This will help ensure the effective implementation and outcomes of ITI institutional development plans. The ITIs are expected to be rated along various dimensions in performance, such as job placements, effective industry partnerships, and outreach for disadvantaged groups.
- (iii) Support the identification of short-term training courses with expert inputs. The ITIs would implement mostly long-term (1–2 years) training programs under CTS, which would offer a national certificate. To utilize upgraded training facilities and to serve the local training needs of diverse socioeconomic groups, the ITIs will also

regulations, projects can be implemented more autonomously without undergoing departmental approval procedures, which often impede implementation progress.

identify short-term training courses, especially targeted at women and socially marginalized groups.

10. Output 3: TVET knowledge, information, and management capacity strengthened.

This output will support critical analytic work at the initial project stage, which will build a basis for assessing project outcomes and strengthen knowledge components during project implementation. The specific activities under this output are the following:

- (i) Conduct an initial tracer study of ITI and other TVET graduates, which will become baseline indicators and monitoring methods for evaluating the project's performance, particularly the relevance and effectiveness of TVET programs in Madhya Pradesh. Two follow-up studies will be undertaken—one under the loan project and the other after project completion by the government funding.
- (ii) Design innovative e-platforms to provide IT-based TVET information and career guidance to TVET trainees. This will enable trainees to steer their skill acquisition decision through various TVET institutes. Once the design is completed, its implementation will be carried out under the loan project to make the program anchored at GSP and made available through all ITIs in the state.
- (iii) Organize two knowledge events to share innovative practices in skills training and TVET management across the states in India. The TA will also build the capacity of the executing and implementing agencies in project management and implementation.

C. Cost and Financing

11. The TA is estimated to cost \$2.2 million, of which \$2.0 million will be financed on a grant basis by the Japan Fund for Poverty Reduction and administered by ADB. The key expenditure items are in Appendix 1.

12. The following are ineligible expenditures under the Japan Fund for Poverty Reduction policy guidelines and are not included in the financing plan (Appendix 1): (i) purchase of vehicles, (ii) salaries for civil servants, (iii) any foreign travel, (iv) scholarships or long internships, (v) detailed engineering design, (vi) civil works and other related expenses, and (vii) those under ADB's List of Ineligible Items (or Negative List) and Prohibited Investment Activities List.

13. GOMP through the DOSD will provide counterpart support for the TA in the form of counterpart staff, limited office accommodation and supplies, and other in-kind contributions.

D. Implementation Arrangements

14. ADB will administer the TA. The Human and Social Development Division in ADB's South Asia Department will select, supervise, and evaluate consultants. It will also act as the focal point and facilitate the consultants' inputs. GOMP's Department of Technical Education, Skill Development and Employment will be the executing agency; DOSD will be the implementing agency. The project management unit under DOSD will support the TA consultants and coordinate their activities with the activities under the loan project. The TA will be implemented over 24 months, from December 2018 to November 2020.

15. The implementation arrangements are summarized in the table.

Implementation Arrangements

Aspects	Arrangements		
Indicative implementation period	December 2018–November 2020		
Executing agency	Department of Technical Education Skill Development and Employment, Government of Madhya Pradesh		
Implementing agencies	Directorate of Skill Development, Government of Madhya Pradesh		
Consultants	To be selected and engaged by ADB		
	QCBS (90:10)	60 person-months	\$585,000
	CQS	23 person-months	\$185,000
	ICS	52 person-months	\$800,000
Procurement	To be procured by the consultants		
	Shopping	Hardware and software for IT platform	\$100,000
Advance contracting and retroactive financing	None		
Disbursement	The TA resources will be disbursed following ADB's <i>Technical Assistance Disbursement Handbook</i> (2010, as amended from time to time).		
Asset turnover or disposal arrangement upon TA completion	All TA-financed goods and equipment will be handed over to the Directorate of Skill Development upon TA completion.		
Others	None		

ADB = Asian Development Bank, CQS = consultants' qualifications selection, ICS = individual consultant selection, QCBS = quality- and cost-based selection, TA = technical assistance.

Source: Asian Development Bank.

16. **Consulting services.** The TA will require one consulting firm to provide about 60 national person-months for various components under outputs 1 and 3. The experts will be recruited through quality- and cost-based selection at 90:10 quality–cost ratio based on a full technical proposal. A second consulting firm will be required to provide about 3 international person-months and 22 national person-months to support DOSD and ITI institutional development plans. The experts will be recruited through consultants' qualifications selection. In addition, the TA will require six individual international consultants to provide 34 person-months, three individual national consultants to provide 18 person-months, and a pool of resource persons to provide 8 person-months of expert inputs. These individual consultants will ensure the quality of outputs and support capacity building for the project management unit. The consultants will procure goods following the ADB Procurement Policy (2017, as amended from time to time) and Procurement Regulations for ADB Borrowers (2017, as amended from time to time).⁷ The consultants will be responsible for organizing workshop activities in close coordination with the TA's executing agency.

⁷ Terms of reference for consultants is in Appendix 2.

COST ESTIMATES AND FINANCING PLAN
(\$'000)

Item	Amount
Japan Fund for Poverty Reduction^a	
1. Consultants	
a. Remuneration and per diem	
i. International consultants	550.0
ii. National consultants	575.0
b. Out-of-pocket expenditures	
i. International and local travel	90.0
ii. Office space rental and related facilities	20.0
iii. Goods (rental and/or purchase) ^b	40.0
iv. Surveys ^c	180.0
v. Training, seminars, and conferences	45.0
vi. Reports and communications	10.0
vii. Printed external publications	5.0
viii. Miscellaneous administration and support costs	10.0
2. Goods (rental and/or purchase) ^d	60.0
3. Training, seminars, and conferences	
a. Facilitators	30.0
b. Travel cost of ADB staff acting as a resource person	5.0
c. Venue rental and related facilities	25.0
d. Participants	20.0
e. Representation	5.0
4. Pilot implementation for entrepreneurship program ^d	200.0
5. Contingencies	130.0
Total	2,000.0

Note: The technical assistance (TA) is estimated to cost \$2,200,000, of which contributions from the Japan Fund for Poverty Reduction are presented in the table. The Government of Madhya Pradesh will provide counterpart support in the form of counterpart staff, limited office space and supplies, and other in-kind contributions. The value of government contribution is estimated to account for about 9% of the total TA cost.

^a Administered by the Asian Development Bank.

^b Computers, software programs, and media materials and equipment are for consultants' use during the field work. All the procured items will be turned over to the state government after TA completion.

^c A tracer study will be carried out to establish the baseline indicators on the effectiveness of TVET programs in the state. The sample will include at least 1,500 respondents among graduates from the ITIs and other TVET institutes.

^d The TA will finance start-up activities for the Center for Innovation and Entrepreneurship at Global Skills Park. Based on the pilot, the center's program will be scaled up under the loan project.

LIST OF LINKED DOCUMENTS

<http://www.adb.org/Documents/LinkedDocs/?id=48493-002-TARreport>

1. Terms of Reference for Consultants