India: Himachal Pradesh Skills Development Project

Project Name: Himachal Pradesh Skills Development Project
Project Number: 49108-002
Country: India
Project Status: Active
Project Type / Modality of Assistance: Loan
Source of Funding / Amount: Loan 3573-IND: Himachal Pradesh Skills Development Project

Strategy Agendas:
- Inclusive economic growth

Drivers of Change:
- Governance and capacity development
- Knowledge solutions
- Partnerships

Sector / Subsector: Education - Technical and vocational education and training

Gender Equity and Mainstreaming:
- Gender equity

Description:
Himachal Pradesh, located in northern India along the lower Himalayas, has a population of 6.8 million. Despite constraints such as its hilly terrain, poor connectivity, and predominantly rural population (90%), the state's economic, poverty, education, and health indicators have improved significantly since 2000 owing to the efforts of the Government of Himachal Pradesh (GOHP) to improve infrastructure and delivery of basic public services. While the government has successfully increased school and college enrollments over the past decade, it now faces the second-generation challenge of providing relevant and good quality TVET to prepare them for the changing needs of the labor market. The project will assist GOHP in reforming and modernizing its TVET institutions and programs to boost the employability of Himachal Pradesh's youth and improve their employment prospects.

Project Rationale and Linkage to Country/Regional Strategy:
Between FY2005 and FY2014, Himachal Pradesh grew at an average annual rate of 7.8% compared with 7.6% for the Indian economy. Overall poverty declined from 22.9% to 8.1% between FY2005 and FY2012. Rural poverty also declined sharply from 25.6% to 8.5% over this period. Nearly all villages of Himachal Pradesh have access to electricity. Two-thirds of the rural households have access to sanitation facilities, compared with the all-India average of 30.7%. Life expectancy at 70 years is higher than the national average of 66.1 years. Between 1991 and 2011, Himachal Pradesh's literacy rate increased from 63.7% to 82.6%. Male literacy rose from 75.3% to 89.5%, and female literacy from 52.1% to 75.9%. In FY2016, the gross enrollment ratios in Himachal Pradesh were 107% at the secondary and 95% at the higher secondary level, compared with 80% and 56% for India. The gross enrollment ratio in higher education for youth aged 18-23 years in 2014-2015 was 28.4% for men and 32.5% for women.

Despite the increase in secondary school and college enrollment, Himachal Pradesh is constrained by the low employability of its school and college graduates. Like in other states of India, general education at the secondary and college levels in Himachal Pradesh is weak and not adequately aligned to the needs of the market. The challenge of educated unemployment is growing. The state's TVET programs are constrained owing to outdated curricula and training equipment, limited reach of training facilities, and weak industry links. The TVET programs are fragmented across 12 state government departments. Consequently, there are no uniform norms for training quality, certification, or placement outcomes. More than 90% of Himachal Pradesh's workforce has not received any formal skills training. Consequently, dependence on government jobs remains high.

In 2014, 65% of organized sector employment in Himachal Pradesh was in the public sector. This is fiscally unsustainable and economically unproductive. A sharp mismatch has arisen between Himachal Pradesh's economic and employment profiles over time. From FY2005 to FY2014, the share of the primary sector in the state's gross domestic product declined from 25% to 19%; the share of the secondary sector remained stable at 38%, and that of the tertiary sector increased from 36% to 43%. However, as of FY2014, 58.5% of the workforce was employed in the primary sector, 22.5% in the secondary sector, and only 19.0% in services. While the state has broad gender parity in school and college enrollment rates, there is sharp disparity in the workforce participation rates. In 2012, the average workforce participation rate was 87% for rural men and 73% for urban men, but 63% for rural women and only 28% for urban women. As Himachal Pradesh continues to urbanize and the share of the services sector grows, it is necessary to expand market-linked TVET opportunities for women.

It is estimated that net demand for skilled workers in Himachal Pradesh will amount to 515,557 between 2017 and 2022 across various trades such as retail, health care, tourism and hospitality, and information technology. The state has a narrow demographic window until 2022, after which the share of the working-age population (15-59 years) will begin to decline. GOHP is keen to take advantage of this demographic window by providing market-linked skill training opportunities to those aged 15-35 years. The Twelfth Five-Year Plan of Himachal Pradesh, 2012-2017 emphasizes the need for faster, inclusive, and sustainable development. As part of this goal, GOHP aims to enhance livelihood and employment opportunities for the state's youth. It established the Himachal Pradesh Kaushal Vikas Nigam (HPKVN) as a specialized skills development company under the Department of Planning (DOP) in September 2015, to consolidate the state's fragmented TVET programs, align all TVET programs with India's National Skills Qualification Framework (NSQF), and facilitate private sector participation in design and delivery of TVET. This approach is aligned with India's National Policy on Skill Development and Entrepreneurship (2015), which encourages states to develop umbrella skills development missions with the overarching power to pool resources for harmonizing the skilling efforts across line departments, private agencies, and voluntary organizations, and reducing duplication.

In June 2016, GOHP approved the Himachal Pradesh Skills Development Policy (HPKVN), 2016 to guide the reform and scaling-up of skills development efforts in the state. The project will build HPKVN's institutional capacity to operationalize this policy and deliver the challenging mandate of the state's skills development mission effectively. All ongoing TVET programs will be rationalized and integrated to reduce duplication. The project will add value by supporting GOHP in providing NSQF-aligned vocational training and livelihood development opportunities to around 65,000 needy youth over 2017-2022, expanding Himachal Pradesh's annual TVET training capacity by 13,000, and extending the reach of quality training facilities and counseling services to underserved parts of the state. This will help the youth of Himachal Pradesh to learn relevant TVET skills and gain the confidence required to make the transition from the primary sector to the secondary and tertiary sectors, where job prospects are better and remuneration levels are higher.

The project reflects the priorities of the Asian Development Bank (ADB) country partnership strategy for India, 2013-2017, which aims to support India's efforts in facilitating inclusive growth. Skills development is a major priority of the Government of India, and a key instrument for empowering people. It is aligned with ADB's Midterm Review of Strategy 2020, which emphasized the need for ADB to focus on post-basic education and TVET to promote human capital development. The experience gained from ADB's two ongoing loans in the education sector in India has been reflected in the design of the project.

Impact:
A more productive workforce created in Himachal Pradesh equipped with market-relevant technical and vocational skills
Project Outcome

Description of Outcome
Improved employment and livelihood opportunities for the youth of Himachal Pradesh

Progress Toward Outcome
The project is in progress.

Implementation Progress

Description of Project Outputs

TVET in Himachal Pradesh improved and aligned to national standards
Market-aligned skills ecosystem created
Access to quality training institutes improved
TVET institutional structure improved

Status of Implementation Progress (Outputs, Activities, and Issues)

Outcome 1:
- Update on graduate employability and B.Voc.
  1. 4 packages worth of approx. $ 3.3 million for getting TSPs on board for running B.Voc. Program has been awarded and program is running successfully under the state component. 2500+ students are undergoing these trainings.
  2. College wise Aspirational Survey is completed, and sectors are prioritized for graduate employability program.
  3. NSQF aligned Short term training for final year graduate students has been initiated from academic year 2018-19 and currently 408 students have been trained and certified and 1,530 students are undergoing training.

Update on Rehan Women Polytechnic
- Contract has been signed on 18th April 2018. 45% Constructed work has been completed.
- Streams Finalized (Computer Engineering, Architecture Assistantship, Electrical Engineering, Electronics and Communication)
- Posts Created - 96 (Teaching and Non-teaching)
- Academic block and workshops are scheduled to be inaugurated from Academic year 2019-20.

Update on HPKVN Flagship Scheme.
- Completed pilot training program for 1080 youth worth of approx. $ 0.6 million
- Survey Methodologies and survey instruments for District wise skill gap survey, baselines survey is ready to be executed.
- Pre-Tracer studies have been conducted for 198 trainees trained under short term training program, 55 trainees have been tracked undergraduate job Training Program.
- Contract has been signed to train 5,000 youth in Construction, Auto, Power, Plumbing, BFSI, electronics and IT-ITeS Sectors. Training has been started for 1,700 plus youth.
- HPKVN has signed MoUs with more than 25 Sector Skill councils and key Industrial Associations to provide employment opportunities to the unemployed youths in the State
- HPKVN has signed the contracts in 1st and 2nd week of July 2019 with 2 TSPs to train 4000 unemployed youth and upgrade the skills of 3500 under RPL scheme. Training has been initiated from 5th Nov 2019.
- HPKVN is in process to select the Training Service Providers to train 10,000 students on employability, 5500 students in graduate job and 3500 under Recognition of Prior Learning. The contracts are expected to be signed by end of Dec 2019.
- HPKVN has signed MoU worth of $8 Million with 35+ ITIs to train 2300+ students in short term training program to improve the employability of ITI students. Trainings have commenced in various ITIs.
- HPKVN has signed MoU worth of around $3 Million with National Institutes to train 2000+ students to improve employability of students and provide specialized trainings in Horticulture, Apparel, Electronics, future skills, Goods and service tax among others. The Institutes are NIFM, NIEUT, NIFTM, C-DAC, Central Tool Room etc.

Update on MCCs
- Contract has been signed for construction for one MCC Hamirpur on 21st Aug 2018 and Construction work is in progress.
- TBER for MCC Baddi, MCC Mandi is being processed.
- Department of Labour and Employment got sanctioned 11 Young Professionals and 22 Career Counselors to be deployed at 9 MCCs by the government. 2 Young Professionals and 9 Career Counselors has been deployed at districts level by DoLE to support the mobilization and counseling process.

Output 2 & 3:
- Update on MIS
  - HPKVN has developed Interim MIS to capture the real time training data. The URL for the interim MIS is mis.hpkvn.in/interim MIS/Home.jsp
- Update on CLC
  - Construction work for 4 City Livelihood centers Sharmsh (Kullu), Sidhbari (Dharamshala), Sundernagar (Mandi) and Nahan (Sirmaur) has been initiated. Shamshi (Kullu), Sundarnagar (Mandi) are set to be inaugurated from Dec 2019.
- Department of Urban Development has already reserved toll free number 53304 to provide the services to the urban residents.
- HPKVN is in process of getting the operating partner for CLC Sundernagar.
- CLC Bilaspur is under tender evaluation stage.

Update on RLC
- Construction work for 3 RLCs Pragtinagar (Shimla), Chopal (Shimla) and Sadyana (Mandi) has been initiated in April 2018. RLC Sadyana is set to be inaugurated by Dec 2019.
- Contract has been awarded for RLC Seraj in month of Oct 2019. Construction has been initiated.
- Drawings for RLC Nagrota, RLC Bhangana has been finalized. Tendering to be initiated by end of Dec 2019.

Update on Rehan
- Contract has been signed on 18th April 2018. Contract work has been initiated.

Update on ITI
- DoTE has signed 5 contracts for Furniture, Mechanical, package worth of $1.55 million. One Packages of Automobile is at PBER stage and four Packages (IT, Electronic, CNC, Automobile) are under TBER Stage.
- Bidding Process has been initiated for remaining packages and bid documents are uploaded on http://techedu.hp.gov.in/?p=tender-nondeal

Update on MCCs
- 4 additional MCCs, i.e. Chamba, Solan, Dharamshala and Bilaspur has been identified for construction/renovation till now and relevant posts has been created by the Department of Labour and Employment
- Tendering of these sites to be initiated by Mid January 2020.

Update on Center of Excellence
- Bidding process for construction of Center of Excellence was initiated in Oct 2019 and currently is at TBER stage.

Output 4:
Update on Capacity building of HPKVN
- HPKVN, which was established for the ADB project, has been up and running since Sept. 2015.
- State level Project Monitoring and Implementation Committee, Project Steering Committee notified, and regular meetings are Organized
- PMU coordination cell within each implementing agency is established.
- Consultancy firms (PMC, M&E and QA for Civil work is mobilized from March/April 2018.

Update on Staff
- It has 31 full-time staff including a Project-Director. It has fully staffed PMU as well. HPKVN has been coordinating well with other implementing agencies (DOITE, PWD, DOHE, Department of Labor and Employment)

Update on Processes
- Revised skill development policy for Himachal Pradesh issued in September 2016
- HPKVN has Standard Operating Procedures for training in place

Geographical Location
State of Himachal Pradesh

Safeguard Categories

Environment

B

Indeluntary Resettlement

C

Indigenous Peoples

C
Summary of Environmental and Social Aspects

Environmental Aspects
GOHP has assured ADB that the proposed new training facilities will be built within premises owned by it. The potential environmental impacts identified are generally site-specific, reversible, and will mostly occur during construction when mitigation measures can be readily implemented.

Involuntary Resettlement
No new land will be acquired, nor will anyone be displaced in anticipation of ADB funding. It will be ensured that the subproject sites are encumbrance free and have no squatters or livelihood issues.

Indigenous Peoples
Lahaul Spiti and Kinnaur are two districts in the northern part of Himachal Pradesh where tribal members are the majority. Given their high altitude, inhospitable terrain, harsh winters, sparse population, and poor connectivity, no civil works are planned in these districts. Hence, the project will have no adverse effect on tribals.

Stakeholder Communication, Participation, and Consultation

During Project Design
The primary stakeholders (and beneficiaries) of the project are the state’s urban and rural youth belonging to low-income households, and students studying in government colleges and TVET institutions. Secondary stakeholders include the parents of these youth, teachers, vocational training providers, potential employers, nongovernment organizations, and industry. The project has been designed in close consultation with these stakeholders. An aspiration survey covering around 6,500 youth (49% of them were girls) was conducted across all the 12 districts of the state. The feedback received has informed the types of training programs that will be funded under the project. While undertaking a safeguard assessment of each subproject site where training facilities will be constructed, consultations were held with representatives of local communities.

During Project Implementation

Business Opportunities

Consulting Services
Quality and cost-based selection (80:20); 1,128 person-months; 3 contracts

Procurement
National Competitive Bidding; 9 contract packages (works); 15 contract packages (goods). All procurement will be done in accordance with the ADB’s Guidelines on the Use of Consultants (2013, as amended from time to time) and Procurement Guidelines (2015, as amended from time to time).

Responsible ADB Officer
Chong, Fook Yen

Responsible ADB Department
South Asia Department

Responsible ADB Division
India Resident Mission

Executing Agencies
Department of Technical Education, Vocational and Industrial Training - Government of Himachal Pradesh
Himachal Pradesh Government Secretariat, Shimla - 171002, Himachal Pradesh, India

Timetable
Concept Clearance 21 Dec 2015
Fact Finding 20 Jun 2016 to 27 Jun 2016
MRM 27 Apr 2017
Approval 27 Sep 2017
Last Review Mission -
Last PDS Update 10 Dec 2019

Loan 3573-IND

Milestones
Approval: 27 Sep 2017
Signing Date: 28 Mar 2018
Effectivity Date: 08 May 2018
Closing Date: 30 Jun 2023

Financing Plan

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