



Completion Report

Project Number: 36611-013
Loan Number: 2111
July 2013

Nepal: Skills for Employment Project

Asian Development Bank

CURRENCY EQUIVALENTS

Currency Unit – Nepalese rupee/s (NRe/NRs)

| | | At Appraisal | At Project Completion |
|---------|---|---------------------|------------------------------|
| | | 18 October 2004 | 9 October 2012 |
| NRs1.00 | = | \$0.0138 | \$0.0121 |
| \$1.00 | = | NRs72.00 | NRs82.98 |

ABBREVIATIONS

| | | |
|-------|---|---|
| ADB | – | Asian Development Bank |
| CBO | – | community based organization |
| CSIDB | – | Cottage and Small Industries Development Board |
| CTA | – | chief technical advisor |
| CTEVT | | Council for Technical Education and Vocational Training |
| DCSI | – | Department of Cottage and Small Industries |
| DOLEP | – | Department of Labor and Employment Promotion |
| DOL | – | Department of Labor |
| DSC | – | district steering committee |
| EIRR | – | economic internal rate of return |
| ESC | – | employment service center |
| EVENT | – | enhanced vocational education and training |
| GCE | – | gender, caste, and ethnicity |
| GIS | – | geographic information system |
| LMIS | – | labor market information system |
| M&E | – | monitoring and evaluation |
| MOE | – | Ministry of Education |
| MOF | – | Ministry of Finance |
| MOLE | – | Ministry of Labor and Employment |
| MOST | – | marketed oriented short-term |
| NGO | – | non-government organization |
| NPC | – | National Planning Commission |
| PIU | – | project implementation unit |
| PCC | – | policy coordination committee |
| PSC | – | project steering committee |
| SDC | – | Swiss Agency for Development and Corporation |
| TEVT | – | technical education and vocational training |
| TMIS | – | training management information system |
| TNA | – | training need assessment |
| TTP | | technical training provider |

NOTES

- (i) The fiscal year (FY) of the government ends on 15 July. FY before a calendar year denotes the year in which the fiscal year ends, e.g., FY2009 ends on 15 July 2009.
- (ii) In this report, "\$" refers to US dollars.

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BASIC DATA

A. Loan Identification

| | | |
|----|----------------------------------|-------------------------------|
| 1. | Country | Nepal |
| 2. | Loan Number | NEP-2111 |
| 3. | Project Title | Skills for Employment Project |
| 4. | Borrower | Government of Nepal |
| 5. | Executing Agency | Ministry of Education |
| 6. | Amount of Loan | SDR 13,615,000.00 |
| 7. | Project Completion Report Number | 1400 |

B. Loan Data

| | | |
|----|----------------------------------|---|
| 1. | Appraisal | |
| | – Date Started | 2 August 2004 |
| | – Date Completed | 18 August 2004 |
| 2. | Loan Negotiations | |
| | – Date Started | 4 October 2004 |
| | – Date Completed | 6 October 2004 |
| 3. | Date of Board Approval | 25 November 2004 |
| 4. | Date of Loan Agreement | 02 February 2005 |
| 5. | Date of Loan Effectiveness | |
| | – In Loan Agreement | 02 May 2005 |
| | – Actual | 28 Feb 2006 |
| | – Number of Extensions | 2 |
| 6. | Closing Date | |
| | – In Loan Agreement | 31 March 2011 |
| | – Actual | 09 October 2012 |
| | – Number of Extensions | 2 |
| 7. | Terms of Loan | |
| | – Interest Rate | 1% Grace period, 1.5% Amortization Period |
| | – Maturity (number of years) | 32 |
| | – Grace Period (number of years) | 8 |
| 8. | Terms of Relending (if any) | N/A |
| | – Interest Rate | |
| | – Maturity (number of years) | |
| | – Grace Period (number of years) | |
| | – Second-Step Borrower | |

9. Disbursements
a. Dates

| Initial Disbursement | Final Disbursement | Time Interval |
|----------------------|-----------------------|---------------|
| 28 April 2006 | 17 September 2012 | 76.6 months |
| Effective Date | Original Closing Date | Time Interval |
| 28 February 2006 | 31 March 2011 | 61.1 months |

| b. Amount (in SDR '000) | | | | | | |
|--|---------------------|-------------------------|-----------------|----------------------|------------------|--------------------------|
| Category | Original Allocation | Last Revised Allocation | Amount Canceled | Net Amount Available | Amount Disbursed | Undisbursed Balance |
| Civil Works | 196 | 63 | 133 | 63 | 49 | 14 |
| Equipment Computer etc. | 906 | 364 | 542 | 364 | 258 | 106 |
| Furniture, Research and Development | 810 | 248 | 562 | 248 | 181 | 67 |
| Staff Development | 303 | 196 | 107 | 196 | 128 | 68 |
| Market Oriented Training | 7,575 | 10,070 | (2,495) | 10,070 | 9,424 | 646 |
| Consulting Services | 733 | 336 | 397 | 336 | 235 | 101 |
| Project Administration | 451 | 394 | 57 | 394 | 331 | 63 |
| Unallocated | 2,320 | 123 | 2,197 | 123 | 0 | 123 |
| Interest | 321 | 321 | 0 | 321 | 120 | 201 |
| Total | 13,615 | 12,115 | 1,500 | 12,115 | 10,726 | 1,389^a |
| Total US\$ | 20,000 | | 2,319 | | 16,633 | 2,140 |

^a The undisbursed loan amount was cancelled on 9 October 2012.

() = negative

| | |
|----------------------------|--------|
| 10. Local Costs (Financed) | |
| - Amount (\$) | 16,123 |
| - Percent of Local Costs | 86 |
| - Percent of Total Cost | 82 |

C. Project Data

1. Project Cost (\$ million)

| Cost | Appraisal Estimate | Actual |
|-----------------------|---------------------------|---------------|
| Foreign Exchange Cost | 2.30 | 0.50 |
| Local Currency Cost | 22.70 | 19.00 |
| Total | 25.00 | 19.50 |

2. Financing Plan (\$ million)

| Cost | Appraisal Estimate | Actual |
|--------------------------|---------------------------|---------------|
| Implementation Costs | | |
| Borrower Financed | 4.50 | 2.70 |
| ADB Financed | 19.50 | 16.60 |
| Other External Financing | | |
| Total | 24.50 | 19.30 |
| IDC Costs | | |
| Borrower Financed | 0.50 | 0.00 |
| ADB Financed | 0.00 | 0.20 |
| Other External Financing | | |
| Total | 25.00 | 19.50 |

ADB = Asian Development Bank, IDC = interest during construction

3. Cost Breakdown by Project Output (\$ million)

| Output | Appraisal Estimate (million) | Actual |
|--|---|---------------|
| A) Base Cost | | |
| 1. Increasing Access to Market-Oriented Short-Term Skills Training | 14.60 | 16.90 |
| 2. Capacity Strengthening | 5.60 | 2.00 |
| 3. Supporting Policy Development, Articulation, and Implementation | 0.50 | 0.30 |
| 4. Project Management | 0.10 | 0.10 |
| Subtotal (A) | 20.80 | 19.30 |
| B) Contingencies | | |
| 1. Physical Contingency | 0.50 | |
| 2. Price Contingency | 3.20 | |
| Sub Total (B) | 3.70 | |
| C) Interest on Loan | 0.50 | 0.2 |
| Total | 25.00 | 19.5 |

4. Project Schedule

| Item | Appraisal Estimate | Actual |
|------------------------------------|---------------------------|---------------|
| Equipment and Supplies | | |
| First Procurement | | 20 May 2007 |
| Last Procurement | | 21 June 2011 |
| Procurement of Consulting Services | | |
| First Procurement | | 28 May 2007 |

| | |
|---|--------------|
| Last Procurement | 21 June 2011 |
| Procurement of Private Technical Training Providers for delivery of MOST skills training | |
| First Procurement | 7 Jan 2008 |
| Last Procurement | 6 Jan 2012 |
| Other Milestones | |
| First extension of loan closing date | 28 Mar 2011 |
| Second extension of loan closing date | 6 Jan 2012 |
| First partial loan cancellation (\$2.3 million) | 6 May 2012 |
| Final cancellation at account closing (\$2.2 million) | 9 Oct 2012 |

5. Project Performance Report Ratings

| | Ratings | |
|--|------------------------|-------------------------|
| | Development Objectives | Implementation Progress |
| Implementation Period | | |
| From 29 November 2004 to 30 July 2005 | Satisfactory | Satisfactory |
| From 30 August 2005 to 30 January 2006 | Satisfactory | Unsatisfactory |
| From 27 February 2006 to 29 September 2009 | Satisfactory | Satisfactory |
| From 30 October 2009 to 30 October 2010 | Satisfactory | Partially Satisfactory |
| From 29 November 2010 to 9 October 2012 | Satisfactory | Satisfactory |

D. Data on Asian Development Bank Missions

| Name of Mission | Date | No. of Persons | No. of Person-Days | Specialization of Members |
|--|----------------------|----------------|--------------------|---------------------------|
| PPTA Review Mission 1 | 15–22 Oct, 2003 | | | |
| PPTA Review Mission 2 | 17–24 Nov, 2003 | | | |
| Loan Fact-Finding Mission | 8–24 March, 2004 | 3 | 39 | a, b, d |
| Special Project Administration Mission | 28 Aug–1 Sept, 2006 | 4 | 20 | a, b, c, d |
| Loan Review Mission 1 | 21–28 Nov, 2006 | 3 | 18 | a, b, d |
| Loan Review Mission 2 | 8–18 May, 2007 | 2 | 18 | b, e |
| Loan Review Mission 3 | 16–27 December, 2007 | 3 | 27 | b, e, f |
| Loan Review Mission 4 | 20 July–4 Aug, 2008 | 4 | 44 | b, e, f, g |
| Loan Review Mission 5 | 14–24 Dec, 2008 | 4 | 32 | b, d, e, h |
| Mid Term Loan Review Mission 6 | 2–17 Jun, 2009 | 4 | 60 | a, d, e, f, i |
| Loan Review Mission 7 | 13–23 Dec, 2009 | 4 | 32 | b, e, h, g |
| Loan Review Mission 8 | 13–25 Jun, 2010 | 3 | 30 | b, e, j |
| Loan Review Mission 9 | 15–29 Dec, 2010 | 3 | 33 | b, e, f |
| Loan Review Mission 10 | 23–31 May, 2011 | 2 | 14 | b, e |
| Loan Review Mission 11 | 19–23 Dec, 2011 | 3 | 15 | h, k, l |
| Project Completion Review | 18–29 March, 2013 | 4 | 40 | d, f, k, l |

a = senior social sector specialist, b = senior project implementation officer, c = associate project analyst, d = staff consultant, e = assistant project analyst, f = gender and social development advisor, g = portfolio management head, h = assistant disbursement analyst, i = economist, j = procurement officer, k = associate project officer, l = associate project analyst, m = senior counsel, n = education specialist, o = education planning specialist, PPTA = project preparatory technical assistance

I. PROJECT DESCRIPTION

1. The high unemployment rate and lack of opportunities for economic and social mobility were recognized as primary causes of conflict and poverty in Nepal at the time the project was designed. To reduce the poverty rate and income inequality in Nepal, it was vital to increase the employment rate and income level of workers, especially those belonging to marginalized groups. In order to promote broad-based and inclusive social and economic development through sustainable human development, the Government of Nepal in 2002 requested the Asian Development Bank (ADB) to prepare a project to enhance technical education and vocational training (TEVT). Improved TEVT access and quality would enable unskilled youth to avail themselves of income-earning opportunities, and ADB approved project preparatory technical assistance (TA) of \$400,000 in 2002 to prepare the Skills for Employment Project.¹

2. On 25 November 2004, ADB approved a loan of SDR 13.615 million for the project.² In accordance with the project framework (appendix 1), the project intended to increase engagement in wage and international employment, and self-employment. The expected outcome of the project was to increase opportunities for market oriented, short-term (MOST) skills training.³

3. The Ministry of Education (MOE) was the executing agency and Council for Technical Education and Vocational Training (CTEVT) was the implementing agency of the project. The Project Implementation Unit (PIU) was established under the CTEVT at the central level for overall project management, monitoring, supervision, and coordination of all project activities. Some of the project activities were conducted by agencies under other line ministries as well. Community-based short-term skill training was delivered through the Cottage Small Industries Development Board (CSIDB) and the Department of Cottage and Small Industries (DCSI) under the Ministry of Industry, Commerce and Supplies, and activities relating to labor market information system (LMIS) and the employment service center (ESC) were conducted by the Department of Labor (DOL) under the Ministry of Labor and Employment (MOLE).⁴

4. The project had three outputs:

- (i) **Increasing access to market oriented, short-term training.** This output comprised a TEVT awareness program, delivery of MOST skills training for 55,000 beneficiaries at the central level for formal and international labor markets, and MOST training for 25,000 beneficiaries at the community level in selected project districts. The project target was that at least 60% of trainees were women, *Dalits*,⁵ or members of disadvantaged groups, ensuring that 50% of all trainees were women and 25% *Dalits*.
- (ii) **Capacity strengthening.** This output consisted of strengthening key agencies to serve the TEVT subsector and strengthening the short-term skills training provision. The activities included (i) strengthening CTEVT in planning,

¹ ADB. 2002. *Technical Assistance to the Kingdom of Nepal for Preparing the Skills for Employment Project*. Manila.

² ADB. 2004. *Report and Recommendation of the President to the Board of Directors on a Proposed Loan to the Kingdom of Nepal for the Skills for Employment Project*. Manila.

³ MOST is short-duration vocational skills training (of 1–6 month duration). The training is developed based on the demand with linkage to employment. The MOST skill training under the project was basic level 1.

⁴ At the time of appraisal, the MOE was called the Ministry of Education and Sports, and MOLE the Ministry of Labor and Transport Management.

⁵ People suffering from caste and untouchability-based practices and religious, social, political and cultural discrimination in Nepal.

coordination and facilitation; (ii) strengthening DOL with respect to LMIS and ESCs; (iii) strengthening DCSI and CSIDB to better serve communities and economic groups; (iv) training the personnel of training providers; and (vi) strengthening selected public training providers.

- (iii) **Supporting policy development, articulation and implementation.** This output aimed to develop and articulate a new policy to achieve greater integration, coordination, relevance, and efficiency in the TEVT subsector.

II. EVALUATION OF DESIGN AND IMPLEMENTATION

A. Relevance of Design and Formulation

5. The project design was consistent with the government's strategy as outlined in the Tenth Five-Year Plan of Nepal (FY2002–FY2007),⁶ which was also the country's poverty reduction strategy paper. The Tenth Plan Five-Year Plan envisioned the expansion of vocational and technical education for the production of skilled manpower and targeted programs of skills development to the poor, women, and members of marginalized groups to increase their earning capacity in self-, wage, and foreign employment. The project was consistent with the ADB Country Strategy and Program 2005–2009 for Nepal as well,⁷ which focused on supporting the government to achieve poverty reduction and conflict reduction through inclusive development based on inclusive social and human development.

6. The project intervention justification stated that persistent poverty and inequality resulted primarily from youth unemployment and underemployment, especially among the poor, women, *Dalits*, and other disadvantaged groups. Key assumptions and risks to the achievement of results were identified and addressed, and the project's outcome and outputs were aligned. Although the design summary statements were unchanged from the original project framework, a minor change in scope was undertaken to revise the output-level performance targets (Appendix 1, Table A1.2). Development partners, relevant government agencies, and non-government agencies were widely consulted during the design. The consultation with the Swiss Development Corporation (SDC) resulted in parallel co-financing of the project, and SDC provided the chief technical advisor (CTA) and TEVT policy advisor. The design features of the project included a gender, caste and ethnicity (GCE) strategy and action plan for mainstreaming GCE. The detailed analysis of GCE implementation is in Appendix 2.

7. The project preparatory TA (footnote 1) carried out the required due diligence. When the project was designed Nepal was in a period of conflict. To mitigate the risk of political instability, the project included a provision of GCE targeting and community participation to select the trades for training. The project envisaged that the development, implementation, and adoption of a new TEVT policy would facilitate coordination and minimize fragmentation, and it was assumed that the various line ministries would show continued commitment. Despite the precautions taken during the design to mitigate possible risks, the shortcomings of the implementation arrangements became apparent, and the initial project implementation was not smooth. However, the design was flexible enough to accommodate changes and remedial measures were pursued to speed implementation.

⁶ National Planning Commission. 2003. *The Tenth Plan (Poverty Reduction Strategy Paper)*. Kathmandu.

⁷ ADB. 2004. *Country Strategy and Program (2005–2009): Nepal*. Manila.

B. Project Outputs

8. The targeted outputs and their achievements are summarized below.⁸

1. Output 1: Increased Access to Market Oriented, Short-term Skills Training

9. As envisaged during the project design, TEVT awareness activities were conducted on the basis of the TEVT awareness and implementation plan. Information on skills training and employment was disseminated via radio and television broadcasts, street theatre posters, and bill boards. The project hired the representative association of Dalit, women and disadvantaged groups to disseminate the training information by using door to door campaign. TEVT awareness activities carried out under the project have increased awareness of the benefits of short-term skills training.

10. The PIU and CSIDB were responsible for delivery of MOST skills training to 80,000 trainees, with the PIU envisaged as delivering center-based MOST skills training to 55,000 trainees. During implementation, the PIU target was revised to 52,000 trainees;⁹ at the close of the project 50,944 (98%)¹⁰ had completed the MOST skills training. Training through private TTPs using performance-based contracts in various trades was undertaken for 43,404 trainees, with 7,549 trained through public TTPs. Skills testing was made mandatory; 90% of participants underwent skills testing, with 73.0% of those tested passing.

11. Delivery of community-based MOST skills training in districts was implemented through CSIDB and DCSI. The project had envisaged delivering community-based MOST skills training to 25,000 participants. The target was revised during implementation to 9,000 (36% of the original) as a result of implementation arrangement issues (paras. 23–27). At project completion, 8,185 (91% of the revised target) received community-level training in 20 districts.¹¹ It was envisioned that the community-based MOST training requested by communities would be specific to the locality, and would enable the poorest, most isolated members of the community to be reached. However, during implementation the MOST skills training requested by the community was similar to the requests for center-based training. Given the reduced number of trainees, the needs of the communities were met through mobile training implemented by private and public TTPs procured by the PIU (para 10).

12. Overall, the project was able to meet its GCE targets; 53.8% of graduates were women (31,811), 25.5% *Dalits* (15,053), 39% *Janajatis*,¹² and 79.4% (46,939) belonged to disadvantaged groups. These targets were not met in the early phases of the project because: (i) members of the marginalized groups were not attracted to the selected trades, (ii) there was

⁸ The project's education-related output indicators were not linked to ADB's Results Framework during the design. However, during the implementations the project's outputs were linked to ADB's Results Framework. The indicators and outputs are (i) students receiving direct educational support (output: 59,129 including 31,811 females); and (ii) teachers trained with quality and competency standards (output: 1,060, including 534 females).

⁹ The minor change in scope was approved by ADB to accommodate the revised trainees targets for center-based and community-based MOST skill training as requested by the executing and implementing agencies after the midterm review.

¹⁰ Although 52,020 candidates had enrolled in various training programs, 1,076 (about 2%) dropped out before training was completed.

¹¹ The 20 districts—Accham, Argakhachi, Bhojpur, Doti, Dhading, Dhanusha, Gorkha, Humla, Kapilvastu, Kailali, Khotang, Myagdi, Nawalparasi, Panchthar, Rupandehi, Sarlahi, Siraha, Saptari, Sindhuli and Udayapur—were selected in a phased manner.

¹² People or communities in Nepal with their own mother tongue and traditional social structures and practices, separate cultural identity, and written or unwritten history.

a lack of awareness about the training programs among marginalized groups, and (iii) it was difficult for the disadvantaged populations to move to urban and semi-urban areas for a period of 3 months to access skills training.¹³ Each of these issues was addressed to increase the participation of vulnerable populations in training programs. The original target of the project was to provide stipends and transportation expenses to about 30,000 trainees for center-based training, and to 15,000 for community-based training. These targets were revised, with a reduction in the total target to 25% (each) of full and partial stipend recipients. By the end of the project, 22.5% of the graduates (13,322 out of 59,129) had received a full stipend of NRs3,000 per month (to cover the opportunity cost of training), while 23.1% (13,675) received a partial stipend of NRs1,000 per month (intended to compensate for the cost of transportation and food).

13. The independent tracer study conducted in 2012 found that 61.3% of the graduates were employed within 1 year of completing training. Of those who were employed, (i) 59% found employment in less than 3 months after completing training; (ii) 40.5% were employed in 3–12 months after completing training; and (iii) 53.3% of the employed population was engaged in self-employment, 44.3% in wage employment, and 2.4% in foreign employment. The foreign employment rate is probably an underestimate (respondents had to show proof of a visa to prove that they had been abroad for employment, which was an overly stringent requirement).¹⁴ The details of the training, stipend and employment rates are found in Appendix 3.

2. Output 2: Capacity Strengthening

14. To strengthen the role of CTEVT in planning, coordination and facilitation, the project developed and installed a geographic information system (GIS) and training management information system (TMIS) in the Research and Information Division at CTEVT. Different training was also provided to staff.¹⁵ However, TMIS and GIS remained to be fully functional as online connectivity to private and public TTPs remained could not be undertaken by the end of project period. However, a meeting was held attended by CTEVT, ADB, Japan International Cooperation Agency and the World Bank to operationalize the TMIS and GIS after the closure of the project;¹⁶ that work is ongoing. Under the project, 37 new curricula were developed and 26 were revised by the Curriculum Development Division at CTEVT. Curricula were developed or modified for the priority trades identified through labor market analyses and also in close consultation with training providers and employers. The project anticipated the development of a transparent accreditation and monitoring process for short-term training programs and monitoring and accrediting a total of 40 programs under the new process. However, this was not accomplished under the project, due to it not being prioritized by CTEVT, and the significant time required in completing training delivery under output 1.

15. It was envisaged that the project would support the installment of LMIS at the Department of Labor and Employment Promotion (DOLEP) and establishment of ESCs in Kathmandu and two other urban centers. After DOLEP was split into the Department of Labor

¹³ At the time of midterm review, 30% of the graduates were women and 15% were *Dalits*.

¹⁴ Discussion with training participants during the field visit of the project completion review mission suggested a foreign employment rate of 20%–30%.

¹⁵ GIS training (1-week duration) was provided to 21 staff of CTEVT and 2-day training on TMIS was offered to 150 staff from CTEVT, DCSI, CSIDB, and TTPs. Eight CTEVT staff trained for 4 weeks on report and professional writing to produce TMIS data analysis reports, labor market analysis reports, and periodic reports on short-term program design and delivery. Four days of vocational guidance and counseling was provided for 37 CTEVT staff.

¹⁶ The Japan International Cooperation Agency has provided senior volunteer to facilitate CTEVT on TMIS. The World Bank's support to the government in the TEVT sector through the Enhanced Vocational Education and Training Project is ongoing and has a component on strengthening TMIS and GIS at CTEVT.

(DOL) and Department of Foreign Employment in late 2008, establishment of LMIS and ESCs was moved to DOL, which caused delay in executing project activities. Nevertheless, the LMIS and ESCs could not be functional during the project period, mainly because of a lack of ownership by the recipient agency despite continuous follow up by the project.¹⁷

16. The project aimed to provide training to CSIDB and DCSI personnel on various aspects of training delivery and had provisions to refurbish the physical facilities of the district offices. Sixteen officials from the CSIDB and DCSI district offices were trained on project management for 1 week. The training hall and other physical infrastructure was refurbished in the CSIDB office in Udaypur district (no other CSIDB district offices could be refurbished because the CSIDB and DCSI offices in project districts were located in rented buildings). In other cases, district offices did not have training halls or other training facilities. Some offices were in need of new facilities, but the project had provision only for refurbishment. A lack of adequate and appropriate personnel at the central and district offices of DCSI and CSIDB remained an issue for institutional capacity building under output 2.

17. The targets for training managers and supervisors of public and private TTPs were met by the project: 200 managers were provided 48-hour training and 200 supervisors were offered 72-hour training in areas such as needs assessment, beneficiary targeting, post-training support, use of TMIS, and skills testing. In addition, 860 instructors were trained on training delivery approaches, against a project target of 1,000; the instructor target was difficult to meet due to the reluctance of TTPs to send instructors for training, because: (i) the instructors were often not on the permanent payroll of the institutions, meaning institutions saw little benefit of the training to themselves; and (ii) the institutions had to find a substitute instructor if they sent an instructor to the training. As envisaged under the project, training halls and other physical infrastructure were refurbished in Dhaulagiri, Karnali, Bheri, Jiri, Lahan and Uttarpani technical schools, Balaju School of Engineering and Technology, the Rural Training Center in Lamjung and Tanahun, and Pokhara Tourism Training Center. The intake capacity of the public TTPs increased following the refurbishment work, and they are in a better position to offer more short-term training.

3. Output 3: Supporting Policy Development, Articulation, and Implementation

18. The TEVT intent policy was approved by the cabinet on 20 September 2007, which emphasized the following elements: (i) expansion of training services, (ii) inclusion of disadvantaged groups, (iii) integration of various training modes and pathways, (iv) enhanced relevance of courses, and (v) sustained funding sources and mechanisms for the TEVT sector. Based on the TEVT intent policy, CTEVT, as the apex body in the TEVT sector, was responsible for elaborating the TEVT intent policy through a strategic framework and implementation plan. However, CTEVT encountered difficulties in doing this because other line ministries were hesitant to follow its lead. Responsibility was subsequently transferred to MOE and National Planning Commission (NPC), which were in a better position to coordinate across ministries, and another coordination committee was established in 2009 by NPC to work on the TEVT policy. Likewise, a high-level committee under the chairmanship of the minister of MOE was established to oversee the work of TEVT policy in 2010. However, despite these arrangements to enhance TEVT coordination and policy development, approval of the TEVT strategic framework and implementation plan by the cabinet was delayed as a result of frequent changes in political leadership and the low political priority given to the policy.

¹⁷ The World Bank has taken up LMIS component as part of its project activity.

19. The TEVT policy was finally approved by the cabinet on 14 June 2012. It focused on: (i) expansion of opportunities for TEVT services by conducting need-based training programs in communities and through decentralization, partnership with the private sector and simplification of the regulatory system; (ii) promoting access and inclusion by assessing the needs of marginalized groups; preparing appropriate training packages for the groups; offering scholarships, stipends, subsidized loan and other incentives to ensure the participation of disadvantaged groups; and incentivizing trainers and training institutions working in rural areas; (iii) establishing an academic and vocational career path by developing national vocational qualification framework; (iv) assuring the quality of the curriculum by developing transparent criteria for establishing and running technical schools and providing licenses to trainers; and (v) establishing TEVT fund with joint investment from the government and development partners to establish a “one door” system for sustainable investment in the sector.¹⁸ However, the implementation plan for the TEVT policy 2012 (including the sustainable financing mechanism) could not be finalized during the project period. Further work was undertaken with ADB’s small-scale TA.¹⁹

C. Project Costs

20. The project cost was estimated at \$25.0 million equivalent, including a foreign exchange component of \$2.3 million and a local cost component of \$22.7 million. ADB was to provide a loan of \$20.0 million (80%) and the government to provide \$5.0 million (20%) equivalent to finance the project cost.²⁰ The actual total project cost was \$19.5 million, including a foreign exchange component of \$0.5 million and a local cost component of \$19.0 million.²¹ The reallocation of loan proceeds was undertaken to allocate more resources for output 1, because the duration of the training period was increased to minimum of 390 hrs.²² A total of \$16.6 million was financed by ADB and rest by the government. ADB cancelled \$4.5 million of the original loan amount. Factors contributing to loan cancellation include: (i) lower-than-anticipated purchase price for equipment and furniture; (ii) unutilized funds allocated for tools and equipment and the revolving fund, due to a delay in approval of the modality for the distribution of capital equipment and the management of the revolving fund; and (iv) delay in approval of the TEVT policy by the cabinet, which prevented the execution of other activities such as recruitment of the consultants under output 3.

D. Disbursements

21. In accordance with the loan agreement, the PIU established an imprest account at Nepal Rastra Bank. The initial disbursement was made in 28 April 2006 with the release of the imprest advance. The total amount of \$16.63 million was disbursed using the statement of expenditure procedure. The project’s annual disbursement lagged behind schedule, and loan review missions noted the persistent lag in annual and cumulative loan disbursements.²³ Poor

¹⁸ Ministry of Education. 2012. *TEVT Policy 2069*. Kathmandu.

¹⁹ ADB. 2010. *Technical Assistance to Nepal for Support to Build Capacity in TEVT*. Manila. It assisted the government in detailing the implementation plan for the TEVT policy. The consultants were mobilized in June 2012 and the implementation plan was prepared. Operationalization of the TVET policy is being addressed through ADB’s upcoming Skills Development Project (to be approved in 2013).

²⁰ Approximately US\$100,000 was later allocated by SDC as parallel co-financing for the project.

²¹ There was a significant drop in the foreign exchange cost because the funds for the international consultants for TEVT policy were not used, and goods and TTPs were financed with local cost financing.

²² During the design of the project, it was conceived the training would be 160 hours or more. However, at implementation the government increased the minimum training to 360 hours to align with the TEVT Intent Policy 2007. This resulted in an increase in the cost of training despite the reduction in output 1 targets.

²³ In 2008, contract awards were 26% of annual targets, while disbursement was 41% of the target.

performance in contract awards and disbursements, and delays in project implementation (particularly relating to output 1) led ADB to categorize the project as “at risk” and downgrade its implementation progress status from “satisfactory” to “partly satisfactory” in late 2009.²⁴ Project implementation was more rapid in 2010, and achieved 110% of the contract award target and 80% of the disbursement target. The project was taken out of the “at risk” category and its status upgraded to satisfactory in late 2010. The final disbursement was made on 17 September 2012 and the loan account was closed on 9 October 2012. Details of annual disbursement as well as quarterly are in Appendix 4 and 5.

E. Project Schedule

22. The project was envisaged to be implemented over 6 years beginning in 2005, with an original loan closing date of 31 March 2011. The loan actually did not become effective until 28 February 2006. The 15-month delay resulted from the political situation in the country,²⁵ and a delay in establishing the PIU and the project steering committee (PSC) by CTEVT, which were the two effective conditions. This caused a delay in project implementation that continued for the life of the project.²⁶ As of 30 November 2010, the project had achieved 65% of physical progress out of the elapsed period of 95%. In order to meet the envisaged project outcome and complete the intended project outputs with revised targets, the project was extended for 1 year (to 31 March 2012). A second extension (for 3 months, with a revised closing date of 30 June 2012) was granted to enable the project to complete employment verification after completion of MOST skills training. The project physically closed on 30 June 2012. The implementation period was 87 months, including two extensions, totaling 15 months. The implementation schedule is in Appendix 6.

F. Implementation Arrangements

23. The MOE was the executing agency and CTEVT the implementing agency of the project. As envisaged in the project, the PSC was established under the chairmanship of the secretary of MOE, with CTEVT as the secretariat. In order to develop coordination among key project stakeholders, the membership of the PSC comprised representatives from the Ministry of Finance, Ministry of Industry, MOLE, Ministry of Local Development, NPC, the Federation of National Chambers of Commerce and Industry, civil society (mainly *Dalit* and women’s organizations), and SDC. The project also established a technical working committee comprised of working-level representatives from various line agencies to provide guidance on day-to-day operations.

24. As conceived by the project, the PIU established in CTEVT was responsible for implementing center-based training for output 1, and administration and monitoring and evaluation (M&E) of activities under outputs 2 and 3. The PIU was headed by the project director with day-to-day management by a full time project manager. Although the PIU

²⁴ Towards the end of 2009, the cumulative contract award was 21% of the net loan amount, cumulative disbursement was 11%, and the project was delayed by 30 months.

²⁵ Immediately after the signing of the project on 2 February 2005, there was a change in the country’s political situation: the King took charge, and the international community noted serious concern, with the conflict still ongoing.

²⁶ Project progress was as following: December 2007—project progress 13%, elapsed loan period 49%; July 2008—project progress 25%, elapsed loan period 58%; December 2008—project progress 31%, elapsed loan period 65%; June 2009—project progress 42%, elapsed loan period 71%; June 2010—project progress 51%, elapsed loan period 87%; May 2011—project progress 72%, elapsed loan period 87%; December 2011—project progress 82%, elapsed loan period 97%.

developed a M&E system, it had limited capacity for M&E of large-scale MOST training. The PIU M&E system was further strengthened after large-scale training began. Hence, five regional monitors were deputized by CTEVT after the midterm review, which was further strengthened through independent third-party M&E experts.

25. Implementation of the community-based MOST skills training in output 1 districts was undertaken through the CSIDB and DCSI district offices. It was thought at the design stage that the CSIDB and DCSI would be best equipped to serve at the community level, because their institutional set up encompassed all 75 districts. Accordingly, district steering committees, under the chairpersonship of the district development committee,²⁷ were established with CSIDB and DCSI officers as member secretaries. Focal persons at CSIDB and DCSI were nominated to facilitate coordination at the center and district levels. The original project was designed with CSIDB and DCSI district offices reporting to the PIU project manager, but as implemented, CSIDB and DCSI came under the Ministry of Industry a separate line agency with no clear reporting linkage with CTEVT; this made implementation very challenging, and contributed to the lack of ownership of the project. Implementation problems at the district level were further exacerbated by frequent transfers and weak capacity of CSIDB and DCSI officials at both center and district levels. Although no alterations were made in the implementation arrangements at the district level, the target number of trainees was significantly reduced (from 25,000 to 9,000). The lack of ownership due to separate line ministry reporting arrangements was also encountered while implementing the LMIS in the DOL for output 2.

26. As designed, the project used an innovative model, with MOST skills training programs under output 1 delivered through contractual arrangements, using both private and public TTPs. However, the design did not detail training package procurement, and envisaged that the procurement method would be guided by ADB and government procurement guidelines for works and goods. These ambiguities in the implementation arrangements adversely affected the initial implementation progress. Later it was agreed that the most suitable approach for procuring TTPs would be to use the consulting services method, using ADB's *Guidelines on the Use of Consultants*.²⁸ Although the contracting arrangements were successful, the project procured 124 MOST skills training packages, composed of different vocational trades, in amounts below \$500,000; 76 were by the PIU and 48 by the CSIDB. This created a huge administrative burden for both the implementing agency and ADB.²⁹ In addition, the design of the project did not consider the likelihood of a conflict of interest in contracting public TTPs of the CTEVT using the same implementing agency. It was found that both private and public TTPs needed to be involved in delivery of MOST skills training. ADB changed the selection method to allow the use of public training providers for MOST skills without going through a bidding process. These improvements in the implementation arrangements helped the project achieve its outcomes.

27. With regards to output 3 (related to TEVT policy coordination and articulation), the project design envisaged that existing CTEVT policy committees would continue their respective roles of coordinating cross-sectoral inputs on development and articulation of TEVT policy, and provide advice and guidance to the articulation process. However, this arrangement was not used during implementation and the PIU under CTEVT experienced difficulty in coordinating

²⁷ Due to the lack of local body, district-level elections, the local development officer acted as the chairperson of the district steering committee.

²⁸ The minor change in the selection method was approved by ADB to accommodate procurement plan revision.

²⁹ There were complaints filed with ADB regarding the PIU selection process. The ADB Office of Anticorruption and Integrity found no evidence that substantiated or corroborated the complaints.

policy-related work. The NPC and MOE assumed these responsibilities midway during implementation, with facilitation from the PIU.

G. Conditions and Covenants

28. The loan was declared effective following fulfillment of the conditions of loan effectiveness. There was a 15-month hiatus between loan agreement and loan effectiveness, mainly due to prevailing political situation of the country and the delay by CTEVT in establishing and putting the PIU into operation (which was necessary for loan effectiveness). The loan covenants were relevant and oriented towards the stated project objectives. Of the 24 major loan covenants, 22 were satisfied, one was partly satisfied, and one not complied with at project closing. The project submitted the audited project account on time every year and the audited financial statements remained unqualified throughout the project period. The partially satisfied covenant involved the role of the PCC at CTEVT in coordinating policy development and articulation, while the covenant that was not complied with related to adequate staffing of ESCs. Details of the status of covenants are in Appendix 7.

H. Related Technical Assistance

29. ADB provided project preparatory TA to the government (footnote 1). A team of international and local experts conducted an analysis of TEVT sector performance and identified existing problems and potential opportunities. Based on the problem-tree analysis, the technical team proposed a project design, implementation arrangements, financing plan, and articulated the expected cost, benefit, impact, and risk.³⁰ With hindsight, it is noted that the project preparatory TA may have failed to carried out rigorous due diligence. A TEVT policy expert and CTA from SDC was mobilized to support the project activities (footnote 20). The TEVT expert provided technical inputs in the development of intent TEVT policy and the CTA supported the project management and project team in the implementation of the project. As requested by the government, to further support the preparation of a detailed TEVT policy implementation plan, ADB provided additional TA support for policy implementation work in 2010 (footnote 19); the TA completion report indicates that the TA was successful in achieving its intended outcome of developing a TEVT implementation plan.³¹

I. Consultant Recruitment and Procurement

30. The project had provision for 21 person-months of international inputs and 66 person-months of national consulting inputs through individual consultants and consulting firms. The expertise was sought in a range of specialties such as TEVT policy, labor market information, employment services, GIS, TMIS, and GCE. At project completion, 100 person-months of consulting inputs were utilized (4 person-months of international and 96 person-months of national inputs). The additional provision of national inputs was made to recruit (i) a procurement specialist (10 person-months), (ii) a financial management and procurement monitoring specialist (8 person-months), and (iii) two external TEVT monitoring specialists (26 person-months) to strengthen the project management during the implementation of the project. The procurement of goods, civil works and services and selection of consultants was done in accordance with ADB's Procurement Guidelines (2010, as amended from time to time) and Guidelines on the Use of Consultants (2010, as amended from time to time). The procurement

³⁰ TAFE Global and Devtec Nepal. 2004. *Skills for Employment Project Preparation Technical Assistance 4012*. Kathmandu.

³¹ ADB. 2012. *Technical Assistance Completion Report: Support to Build Capacity in TEVT in Nepal*. Manila

of goods and works were mainly for procuring furniture, equipment, computers and refurbishment of offices. The quality and cost-based selection, consultant qualification selection and least cost selection methods were used to recruit private TTPs.

J. Performance of Consultants, Contractors, and Suppliers

31. A total of 124 training packages were procured by the project, of which 76 were procured for center-based and 48 for the community-based MOST skills training. Overall, the performance of the TTPs was satisfactory, as they met the stipulated targets of reaching the marginalized groups, putting the graduates through skills testing, and placing them in jobs. The provision of a bonus conditional on job placement played a significant role in ensuring TTP performance. Except for one contract cancellation, there were no major problems with TTP procurement. The consultants recruited to provide support in different areas performed satisfactorily in meeting project outputs and were rated satisfactorily by the implementing agency. The contractors and suppliers also fulfilled their refurbishment contracts with regard to their respective works and delivery of goods.

K. Performance of the Borrower and the Executing Agency

32. The performance of MOF as the borrower, MOE as the executing agency, and CTEVT as the implementing agency were *satisfactory*. The government's commitment to the project was demonstrated by its categorization of the project as priority one,³² soon after loan effectiveness in the government budget process. Although the project was downgraded to priority two in FY2009-2010, its status reverted to priority one in June 2010. The budget allocated to the project by MOF was adequate throughout the project period. In the initial phase, there was a high turnover of PIU staff and they also had less experience working with ADB-assisted projects. However, willingness to learn and flexibility shown by the MOE and CTEVT staff during implementation facilitated in achieving the project outcome.

L. Performance of the Asian Development Bank

33. The performance of ADB was *satisfactory*. Technical support was provided to the government during project preparation and extensive consultation was held with government counterparts during the TA fact-finding and project preparatory TA review missions, and loan fact-finding and loan appraisal missions. The project was delegated to the Nepal Resident Mission immediately after being declaring effective on 8 December 2006. During project implementation, ADB provided regular support and supervision to the project through two special project administration missions, 10 loan review missions, and one midterm review mission. Further, ADB was able to mitigate various design challenges in order to facilitate project implementation. ADB looked into different options for recruiting private TTPs and approved the best suitable procedure. The provision to reimburse the recurrent cost of public training providers allowed the delivery of skills training through public TTPs. When the monitoring capacity of the PIU needed to be increased, ADB negotiated with CTEVT to mobilize five field-based monitors from CTEVT and two independent M&E experts to support the PIU.

III. EVALUATION OF PERFORMANCE

³² Categorization of project priority is undertaken by MOF during the annual budget preparation approval process. The priority one projects are those prioritized by the government, and are guaranteed adequate budget provision even if the government experiences a budget shortfall.

A. Relevance

34. The project is assessed *relevant*. When the project was conceived and designed, there were sound reasons for intervention in Nepal's TEVT development. To ameliorate both poverty and inequality, it was necessary to increase the employment rate, wage rate and income of Nepali workers. A major constraint to employment was the low quality and low level of formal schooling and lack of occupation-specific skills. However, Nepal's TEVT sector was not in a position to meet the needs of the country because of the low intake-capacity of public and private training providers, poor quality and relevance of available training programs, and a fragmented and uncoordinated TEVT sector. The project was consistent with the priorities of the government at appraisal. The Tenth Five Year Plan (FY2002–FY2007) and Poverty Strategy Reduction Paper of Nepal (footnote 6) sought to alleviate the condition by, among other things, enhancing labor productivity by improving access and quality of both formal education and vocational and technical education, especially to marginalized populations like women, *Dalits*, and other disadvantaged groups. The project remains consistent with the government's development priorities, and the Three Year Plan (FY2011–FY2013) acknowledges the responsibility of the state to promote job opportunities by developing market-oriented skills among its workers.³³

35. The project was also consistent with the ADB's operational strategy for Nepal at appraisal, and continued to be relevant at completion. At appraisal the Country Strategy and Program 2005–2009 (footnote 7) noted the limited skills base as one of the primary causes of poverty in Nepal and articulated three strategies to achieve poverty reduction, including the promotion of inclusive social development, particularly human resource development, by empowering the poor and the excluded through social mobilization and awareness activities, and promoting the skills needed for remunerative employment and to raise productivity. Further, the Country Partnership Strategy 2010–2012 has continued to focus on a broad-based and inclusive economic growth with a focus on income generation through skills development.³⁴ The ADB education sector strategy also emphasized the need for TEVT intervention to develop a regulatory framework and expand training provision to equip youth with better skills. The relevance of the project outcome increased during implementation as Nepal entered into a post-conflict period. The rationale of the project to involve marginalized groups in skills training continued to be relevant in improving access to training.

36. In spite of the due diligence undertaken by the project preparatory TA, the project design contained flaws in terms of implementation arrangements and output targets, and these became apparent during project implementation. The risk of involving multiple ministries with different reporting arrangements was recognized but downplayed in the project design stage; during implementation this resulted in line ministries being hesitant to follow the lead of CTEVT, and resulted in the various agencies (which were under different line ministries) not having the same level of ownership of the project. Although the project was planning to use private TTPs to deliver the training for the first time, the design did not undertake a detailed analysis of procurement procedures related to contracting private TTPs. As a result, a change was made to the scope and implementation arrangements during the implementation to enable output 1 to be successfully undertaken (para. 26).

³³ National Planning Commission. 2011. *Three Year Plan 2067/68 – 2069/70*. Kathmandu.

³⁴ ADB. 2009. *Country Partnership Strategy (2010–2012): Nepal*. Manila.

B. Effectiveness in Achieving Outcome

37. The project is rated *effective* in achieving the outcome targets in the design and monitoring framework. The target to increase MOST training enrollment in CTEVT training institutes by 25% between 2003 and 2011 was met; the total number of graduates from CTEVT-constituted technical schools increased from 1,552 in 2008 to 2,120 in 2010, a 37% increase. A total of 59,129 candidates completed short-term skills training under the project, which was consistent with the target of providing MOST skills training to at least 60,000 trainees. Likewise, the project made remarkable progress in expanding access of skills training to marginalized groups. The project was able to exceed the target of providing 60% of training to women, *Dalits*, and disadvantaged groups; the actual outcome was women 53.8%, *Dalits* 25.5%, and disadvantaged groups 79.4%. Furthermore, the target of placing at least 50% of trainees in jobs within 1 year of training completion was also met, with 61.3% of the graduates employed within 1 year of training completion. The project also contributed to developing a vibrant and competitive private sector by delivering training through private TTPs hired through a competitive bidding process, encouraging them to perform at full capacity by offering performance-based incentives, and training key staff on various aspects of skills training. Establishment of job counseling and placement centers in private TTPs demonstrated that they have come to see their role as going beyond simply providing training. The large increase in the number of candidates taking skills tests during project implementation and the development or revision of new curricula have bolstered the capacity of the respective divisions at CTEVT. The introduction of performance-based contracting for private TTPs and mandatory skills testing has been replicated by other projects supported by development partners.

C. Efficiency in Achieving Outcome and Outputs

38. The project is rated *less efficient* in utilizing resources to achieve the project outcome and outputs. The project was extended twice as a result of the initial delays and the implementation arrangements were necessarily complex in order to achieve the original output targets. Changes in the scope and implementation arrangement were undertaken to revise the output targets. Following ADB guidelines,³⁵ economic analysis was undertaken and the Economic Internal Rate of Return (EIRR) was found to be 13.4%, compared to an EIRR of 28.2% at appraisal. The details of the economic analysis are presented in Appendix 8. The reduction in the project EIRR as implemented probably results from: (i) the EIRR appraisal estimate being estimated on the assumption that the project would provide MOST skills training to 100,000 candidates, while only 59,129 candidates were actually trained; and (ii) the salary rates in domestic and foreign markets were lower than expected at appraisal.

D. Preliminary Assessment of Sustainability

39. The gains made by the project are *likely to be sustainable*, because the project was able to establish and implement an approach for delivery of MOST skills training that is now being replicated in Nepal by projects supported by other development partners. Furthermore, many of the approaches adopted by the project have been incorporated into the TEVT policy (approved in 2012), and this makes it likely that these will be sustained beyond the project period. The project has increased the capacity of stakeholders to assess market needs, build awareness of social inclusion issues, and mobilize target populations. The delivery of training through private TTPs has bolstered the capacity of the private sector as well. Minimum job placement

³⁵ ADB. 1997. *Guidelines for the Economic Analysis of Projects*. Manila.

requirements and the provision of a bonus based on the employment rate encouraged many TTPs to open job counseling and placement units staffed by competent job placement counselors. The training of managers, supervisors and instructors has boosted their capacity in areas such as needs analysis, trainee selection and targeting, curriculum development, GCE-oriented training delivery and post-training services. The project's mandatory skills testing requirement has increased awareness regarding the availability and importance of skills tests leading to an overwhelming increase in testing and certification rates. The project also created an environment for private sector participation. This has contributed to policy dialogue, expansion of private TTPs and employment creation.

E. Impact

40. The impact of the project (assessed on the basis of the project's social, economic, institutional and environment aspects), is *satisfactory*. At the macro level, the poverty rate in Nepal decreased from 30.9% in FY2003 to 25.2% in FY2011. The main reasons for the decline were an increase in the proportion of the labor force employed in the non-farm sector and an increase in the volume of remittances during the period.³⁶ However, the unemployment rate remains higher than desirable; contributors include a lack of domestic demand for labor, resulting from the low domestic industry growth rate, and politicised labor unions. Achievement of GCE targets by the project could impact the long-term economic empowerment of disadvantaged groups, particularly women and *Dalits*. The project has contributed to institutional strengthening of Nepal's TEVT sector and created an environment for further reform and improvement. The project helped increased confidence within public institutions for using the private sector for delivery of MOST skill training. The project has made members of the most vulnerable groups more aware of the availability and benefits of skills training and opportunities for domestic and international employment. Capacity development activities undertaken by the project have increased awareness of equity and access issues related to TEVT delivery. Once fully implemented, the 2012 TEVT policy will help reduce fragmentation and duplication and increase TVET sustainability. The project had no significant environmental impact because it funded only minor civil works that entailed upgrading or refurbishment of existing facilities

IV. OVERALL ASSESSMENT AND RECOMMENDATIONS

A. Overall Assessment

41. Overall, the project is rated *successful*. Although the project was *less efficient* in achieving project outcomes and outputs, the design of the project was *relevant* as it was consistent with the government and ADB strategies of reducing poverty and inequality by cultivating employable skills in the workforce, especially among members of marginalized groups; this will have long-term impacts as well. Despite initial delays and challenges encountered in the implementation arrangements, the project was *effective* in attaining intended project outcome and outputs of increasing the enrollment in CTEVT institutes, increasing access to MOST skills training for members of disadvantaged groups, and placing them in jobs within 1 year of training completion. Many of the gains made during the project are *likely sustainable* beyond the project period because the government and private entities have demonstrated

³⁶ Total remittance into the country was \$744 million in 2003 and \$4 billion in 2011 (World Bank World Development Indicators).

ownership of and commitment to the achievements. The project is rated *highly successful* in terms of the gender equality results.³⁷

B. Lessons

42. Delivery of skills training through the private sector is a viable approach to skills development in Nepal. The success of public–private partnerships will depend on appropriate implementation design, including a competitive bidding process to select the most experienced and qualified training institutions; mandatory skills testing and job placement requirements to ensure minimum quality of training; performance-based contracts to motivate the training providers to place trainees in jobs; capacity building of the TTPs to carry out pre-training, training, and post-training activities; and close follow-up monitoring of the training providers.

43. Affirmative action policies could expand opportunities for skills development to members of marginalized groups. Without explicit targets for the disadvantaged groups, not as many trainees from the groups would have benefitted from skills training. However, the targets should not be uniform across all training areas but should vary according to type of trade, location of training, and density of marginalized groups in the area.

44. Project implementation arrangements should be carefully assessed and necessary provisions made for effective project management. There should be strong ownership of and commitment to the project by all parties responsible for project implementation.

45. In order to avoid major initial delays in project implementation, procurement planning must be effective, and packaging of contracts needs to be carefully thought out. Project implementation should also have a provision for supporting government officials with management consultants. Advanced actions including retroactive financing provisions should be investigated during the project design and used in establishing the project office, training packages and management support consultant.

C. Recommendations

1. Project Related

46. **Project design and implementation.** There is a need for greater rigor in carrying out due diligence during the project design. The design of the project must have effective procurement planning and packaging of contracts with provision for advance actions including retroactive financing to minimize delays in implementation. In order to facilitate timely project implementation, the project management unit should be supported by specialists in procurement, financial management, and M&E from the outset. The project management unit staff should be designated for 2 years (or more).

47. **Future monitoring.** While state-of-the-art information management systems such as GIS and LMIS have been installed at CTEVT and DOL, they are not yet fully functional. ADB should follow up with these agencies and the World Bank to ensure both systems become fully functional and operational. CTEVT should also follow up with a tracer study to measure the

³⁷ Gender Equity Community of Practice of ADB recognized the project for effective implementation of the GCE action plan in 2012.

long-term impact of the project on the employment rates, income levels, and certification levels of the project trainees.

48. **Covenant.** Full implementation and sustainability of the TEVT policy 2012 cannot be evaluated at present. Attention should be given to fully implementing the policy; future programs and projects should ensure the policy is fully implemented, and that actions taken under the policy are financially sustainable.

49. **Further action or follow-up.** MOE needs to fully implement the 2012 TEVT policy. CTEVT should continue to make the organizational changes needed to enable it to be a fully functional apex body. The staff of public and private training providers should continue to follow gender, caste, and ethnicity guidelines in conducting needs assessments and providing post-training support. Development partners as well as the government need to work together in fully implementing the 2012 TEVT policy.

50. **Additional assistance.** The TVET subsector is critical to the government's efforts to promote inclusive economic growth that is based on increased employment. The government considers ADB to be a leading development partner in this area, and ongoing investment by ADB will help sustain the project achievements and support needed reforms and improvements. ADB should also examine the demand and supply side of human capital development by encouraging domestic industries and labor relations.

51. **Timing of project performance evaluation report.** The project closed on 30 June 2012, and the project performance evaluation report should be conducted in mid-2015, 3 years after project closure, to assess the long-term impact of the project on trainees, TEVT institutions, and the overall TEVT sector.

2. General

52. CTEVT is the designated apex body in the TEVT sector but other agencies and line ministries remain hesitant to acknowledge its leadership role. CTEVT should play a key role in implementing the TEVT policy and position itself as the lead agency in the sector. MOE has a vital role to play in coordinating full implementation of the TEVT policy. Attention must be given to establishing the TEVT fund that is articulated by the policy.

53. Future projects should continue to set targets for GCE. Without such targeting, equitable access is difficult. The projects may experiment at providing incentives to TTPs to bring marginalized groups into appropriate trades.

54. In addition to job placement services, other post-training support should also be provided to trainees, including provision of revolving funds for graduates to borrow from, provision of tools and equipment, building linkages with microfinance organizations, formation of cooperatives, and savings and credit groups among the graduates so that they can mobilize funds on a revolving basis to initiate self-employment activities.

55. Although private TTPs have expanded, and there was robust competition and participation by the private sector in the project, a majority of the training was delivered through a handful of training providers. The capacity of private training providers should continue to be strengthened to foster more competition and the delivery of quality training.

PROJECT FRAMEWORK

| Design Summary | Performance Indicators/Targets | Assessment | Assumptions and Risks |
|---|--|--|---|
| Goal Increased engagement in wage and international employment and self-employment | Unemployment rate reduced from its 2002 level of 17.4% to 16.5% by 2012 | Unemployment rate in FY2010-2011 was 18.0% with 1.8% full unemployment and 42% underemployment rate. | |
| Purpose Increased opportunities for market-oriented short-term (MOST) training | <p>Enrollment in MOST training in CTEVT training institutes increased by 25% from its 2003 level by 2011.</p> <p>MOST skills training received by at least 60,000 trainees during project life.^a</p> <p>50% of trainees employed within 1 year of training completion.</p> <p>At least 60% of trainees supported during project's life are poor women, <i>Dalits</i>, or disadvantaged; 50% of trainees are women; 25% of trainees are <i>Dalits</i>.</p> | <p>Total number of vocational training graduates from CTEVT constituted technical schools increased by 37% between 2008 to 2010– from 1,552 to 2,120.</p> <p>59,129 candidates graduated from various training programs under the project.</p> <p>61.3% of the graduates were employed 1 year of training completion.</p> <p>53.4% of the trainees under the project were women, 25.02% were <i>Dalits</i>, and 79% were DAGs.</p> | <p>Assumption Stakeholders' commitment to coordinate is maintained.</p> <p>Risk The ongoing conflict will hinder project implementation, especially in rural areas.</p> |
| Outputs 1. Increasing Access to Market-Oriented Short-Term Skills Training | | | |
| 1.1 Information on short-term training and employment disseminated Activities: 1.1.1 Develop an awareness plan for | Awareness plan for vocational training developed and implemented by year 2. Information dissemination plan for skills development activities and resources in the districts development and implemented; employment information included by 2 years. | Awareness plan was developed in mid-2007 (year 3) and information dissemination activities on MOST skills training and employment were initiated in late 2007. Information was | Assumptions Conflict does not restrict community mobilization to identify training needs and the delivery of skills training programs. |

| Design Summary | Performance Indicators/Targets | Assessment | Assumptions and Risks |
|---|--|--|--|
| <p>vocational training</p> <p>1.1.2 Develop an information dissemination plan</p> | | disseminated via radio and television, street drama, posters, bill boards, bulletin and NGOs associated with Dalits, women and disadvantaged groups. | <p>NGOs with long experiences in the community remains available for training need assessment and beneficiary mapping.</p> <p>Manpower agencies continue to see benefits in forward planning for short-term skills training.</p> <p>Criteria can be developed with minimum political inference.</p> <p>Public and private training providers continue to be interested in conducting short-term training.</p> <p>Manpower agencies and private sector employers accept the training programs and employ its graduates.</p> |
| <p>1.2 Delivery of short-term skills training for formal and international labor markets supported</p> <p>Activities:</p> <p>1.2.1 Analyze labor market demand</p> <p>1.2.2 Prioritize the training programs</p> <p>1.2.3 Deliver training programs</p> | <p>Labor market demand analyzed and areas for training identified by year 1.</p> <p>Training programs prioritized by year 1.</p> <p>Training programs packaged by year 1.</p> <p>Training providers prequalified/shortlisted by year 1.</p> <p>Training programs tendered by year 1.</p> <p>TPs selected and approved by project steering committee by year 1.</p> <p>Training commenced by year 2</p> | <p>Labor market demand in the formal and international market was analyzed through workshops, advertisement in national newspaper and based on consultants' recommendation.</p> <p>Priority trades were identified in mid-2007 (year 3).</p> <p>The first batch of TTPs was hired in late 2007.</p> <p>Training commenced in early 2008 (year 4).</p> | |
| <p>1.3 Delivery of community-based market-oriented short-term skills training in districts supported</p> <p>Activities:</p> <p>1.3.1 Form District Steering Committees</p> <p>1.3.2 NGOs undertake training assessments</p> <p>Deliver skills training in communities</p> <p>1.3.3 Deliver skills training</p> | <p>DSC formed within 3 months of district selection.</p> <p>Coordination with and contracting NGOs to identify and mobilize beneficiaries started by year 1.</p> <p>TNA training received by NGOs.</p> <p>Economic areas and resources identified; targeted beneficiary groups mapped by year 1.</p> <p>Training is tendered and awarded to TPs by year 1 and training takes place by year 2.</p> <p>Experience and results from 5 districts are evaluated and refinements made by</p> | <p>A week-long GCE sensitization training was provided to 40 CSIDB and DCSI district staff and staff of NGOs/CBOs. 2-week training on TNA was offered to 150 staff.</p> <p>In the first five districts, TNA was completed in early 2008 (year 4) and the trainings commenced in late 2009 (year 5).</p> <p>Five districts selected in the second lot completed RMA</p> | <p>NGOs can effectively mobilize communities for the Project in areas of conflict.</p> <p>Communities have resources with economic potential.</p> <p>Post training linkages in the community are available.</p> <p>Various members of communities strive to work together.</p> <p>Disadvantaged groups participate actively in community discussions.</p> |

| Design Summary | Performance Indicators/Targets | Assessment | Assumptions and Risks |
|---|---|--|--|
| in communities | year 1. Project is expanded to more districts by year 2. | in mid-2008 and started delivering trainings in mid-2010 (year 6). Ten districts selected in the final lot completed RMA in 2009 and started delivering skills training in 2010. The project met all deadlines of forming DSCs within 3 months of district selection. | |
| 2. Capacity Strengthening | | | |
| 2.1 Key government agencies strengthened to serve the technical education and vocational training (TEVT) sector | | | |
| Activities: 2.1.1 Strengthen CTEVT capacity in coordination, facilitation, and research | GIS installed by year 2. CTEVT staff trained in GIS and mapping activities by year 3. Maps of varying levels of detail and related analyses produced by year 3. TMIS developed and installed in CTEVT, key agencies and training providers by year 2. Staff trained in TMIS by year 3. TMIS data analysis reports published annually by CTEVT. Data from other agencies and the private sector analyzed by CTEVT to prepare labor market analyses of 4 sectors by year 2. TEVT-related labor market analyses conducted and disseminated by CTEVT in 4 sectors. Four tracer studies undertaken by CTEVT Production of reports on short-term | The installation of GIS at CTEVT was completed in 2009 (year 5). One-week long GIS training was provided to 21 staff of CTEVT. The installation of TMIS at CTEVT was completed in 2009 (year 4). Two-day training on TMIS was offered to 150 candidates from CTEVT, DCSI, CSIDB, and private TTPs. 8 CTEVT staff was trained for 4 weeks on report and professional writing to produce TMIS data analysis reports, labor market analyses reports, and periodic reports on short- | Assumptions Capacity building impact at CTEVT is not diminished by staff turnover. |

| Design Summary | Performance Indicators/Targets | Assessment | Assumptions and Risks |
|---|---|---|--|
| | training program design and delivery initiated by year 1. | <p>term program design and delivery.</p> <p>37 CTEVT staff were trained for 4 days on vocational guidance and counseling.</p> <p>“Tracer Study on the Employment Status of MOST Training Graduates, August 2009” published.</p> <p>“A Glimpse of Technical and Vocational Education and Training in Nepal, 2012” published.</p> <p>“A Profile of Technical and Vocational Education Providers” published in 2010, 2011, 2012</p> <p>The project published 12 volumes of bulletin to disseminate project progress.</p> <p>Publication of progress report completed for one year.</p> | |
| 2.1.2 Strengthen CTEVT to facilitate and ensure the relevance and quality of short-term training programs | <p>Skills level and qualifications equivalence examined and refined into a qualifications framework by year 1.</p> <p>Training in curriculum development for short-term training, open to all public and private TPs, started by year 3.</p> <p>Five popular short-term training programs across different ministries and providers are reviewed; standards, curricula, and materials are reviewed and revised as necessary in year 1.</p> <p>Twenty short-term training curricula are modified and developed by CTEVT annually, incorporating modular delivery where possible.</p> | 37 new curricula were developed and 26 were revised by the Curriculum Development Division at CTEVT. | <p>Quality benchmarks do not increase costs of training delivery such that TPs seek accreditation and quality improves, and offer more short-training programs.</p> <p>Professional/craft association representatives participate in reviewing skills and training standards, and curricula.</p> <p>Public training providers and institutions continue to be interested in delivering MOST skills training.</p> |

| Design Summary | Performance Indicators/Targets | Assessment | Assumptions and Risks |
|--|--|--|--|
| | <p>Training workshops on new or revised short-term training programs conducted twice annually.</p> <p>CTEVT conducts annual national workshops on short-term training program development and review.</p> | | |
| 2.1.3 Strengthen CTEVT in accreditation and monitoring of training providers | <p>Transparent accreditation and monitoring process developed for short-term training programs by year 2.</p> <p>Ten short-term training programs of various TPs monitored/accredited under the new process by year 3 and a total of 40 programs by year 6.</p> <p>Publicize the procedures and requirements by year 2.</p> <p>List of CTEVT-accredited short-term programs and TPs updated annually.</p> | <p>The Project prepared checklists for monitoring the short term training undertaken for component 1. However, the activity pertaining to strengthening CTEVT in accreditation and monitoring of training providers was unaccomplished.</p> | |
| 2.1.4 Strengthen DoLEP in LMIS and employment services | <p>Assess and develop plan for LMIS by year 1.</p> <p>Develop action plan for developing employment services centers by year 1.</p> <p>Implement the action plan in Kathmandu and in two urban centers by year 2.</p> <p>Review ongoing loan schemes for trainees and workers for international employment in year 2; recommendations for sustainability and targeting by year 3.</p> <p>Website improved to increase access to labor market information, including employment opportunities, labor regulations, and labor services by year 2.</p> <p>Production of departure information brochures initiated by year 2.</p> <p>TV, radio and video programs on employment information are produced by year 3.</p> | <p>20 staff from DOL were provided 1 week training on ESCs and LMIS.</p> <p>3 Employment Service Centres were established in Biratnagar, Kathmandu and Dhangadhi but they could not be functional due to implementation arrangement of the project.</p> <p>Labor Market Information System established in Department of Labor and all required tools and equipment supplied to the department.</p> <p>The system could not be functional during the project period.</p> <p>The project prepared proposal for creating revolving fund to provide loan to graduates for self</p> | <p>DOLEP commitment to improving LIMS and employment services continues.</p> |

| Design Summary | Performance Indicators/Targets | Assessment | Assumptions and Risks |
|---|--|--|---|
| | | employment through CTEVT's 6 public training providers. However, it could not be made operation due to delay in finalizing the proposal before the loan closing date. | |
| 2.1.5 Strengthen DCSI and CSIDB to better serve communities and economic groups | Training package to DCSI and CSIDB personnel on training management and administration, community mobilization, GCE, sensitization, participatory rapid appraisal, and tendering started in year 1. Strategic plans, endorsed by district committee, received from DCSI and CSIDB district offices by year 1. Assistance received by DCSI and CSIDB district offices starting in year 2. | 16 officials from CSIDB and DCSI district offices were trained on project management for one week. A week-long GCE sensitization training was provided to 40 district staff and staff of NGOs and CBOs and 2-week training was offered to 150 staff on conducting TNA. Training hall and other physical infrastructure were refurbished in CSIDB office in Udaypur district. | DCSI and CSIDB interest in strengthening their role as facilitators and liaisons for delivering community-based training is maintained. |
| 2.2 Short-term training provision strengthened | | | |
| Activities: 2.2.1 Upgrade personnel of training providers in planning, organizing, and delivering training programs (i) Strengthen managers of training providers (ii) Strengthen training supervisors (iii) Strengthen trainers | Training plans for managers of training providers, training supervisors and training instructors developed by year 1. Training packages will include a GCE sensitization module. Training packages are developed by year 2. 200 managers of TPs trained in areas including working with communities to identify their needs, beneficiary targeting, partnership arrangements, post-training services, and use of management information systems by year 4. 200 training supervisors receive training | 48-hour training was provided to 200 managers of private and public TTPs. 72-hour training was provided to 200 supervisors of private and public TTPs 108-hour training was offered to 860 instructors of private and public TTPs. | Assumptions: Public and private training providers continue to view staff training as necessary. Staff training packages will continue to be delivered outside of Kathmandu. |

| Design Summary | Performance Indicators/Targets | Assessment | Assumptions and Risks |
|---|--|---|---|
| | in training needs assessment and beneficiary targeting and overviews in areas including instructional skills trainer training, skills testing, training for entrepreneurship, student selection, curriculum and materials development, and management information system by year 4. 1,000 trainers trained in training delivery approaches and specific occupational skills by year 4. | | |
| 2.2.2 Upgrade the facilities of selected public training providers offering short-term training programs | Short-listing criteria that includes location and need are approved by ProSC. | Training halls and other physical infrastructure were refurbished in Dhaulagiri, Karnali, Bheri, Jiri, Lahan and Uttarpani Technical Schools, Balaju School of Engineering and Technology, Rural Training Center in Lamjung and Tanahun, and Pokhara Tourism Training Center. | Public training providers' interest in making their short-term skills training more targeted, relevant, and effective is maintained. |
| 3. Supporting Policy Development, Articulation, and Implementation | | | |
| 3.1 Prioritized sections of the national TEVT policy articulated and implementation initiated Activities: 3.1.1 Establish working groups for policy articulation 3.1.2 Review public TEVT sector agencies' and institutions' mandates | Draft policy adopted by Government within 1 year of loan effectiveness. Working groups to articulate and develop implementation plans of the various policy sections established within 1 month of policy adoption. Mapping and review of public TEVT sector agencies' and institutions' mandates completed in year 1. Development of roles and responsibilities of public TEVT sector agencies, especially in the context of decentralization is completed in year 2. | Intent TEVT subsector policy was approved by the cabinet on 20 September 2007. For formulation of TEVT policy, a working community under the chairmanship of Joint Secretary of MOE submitted technical report to MOE. A technical committee at NPC provided technical inputs to the high level TEVT policy coordination committee formed under the | Assumptions: A new TEVT policy continues to be desirable to the majority of stakeholders. Line ministries' view of need for a coordinated approach to skills training is maintained. Actions toward more relevant, effective and quality short-term training programs continue. The commitment of the Policy Coordination committee and |

| Design Summary | Performance Indicators/Targets | Assessment | Assumptions and Risks |
|---|---|---|--|
| | Implementation plans of prioritized sections detailed within 2 years of loan effectiveness. National policy implementation progress review workshop conducted annually. | chairmanship of Minister of Education. The detailed TEVT policy framework approved by the cabinet in June 14, 2012. | the Core Working Group members to policy development is maintained. Government's commitment to exploring alternative financing mechanisms for TEVT remains. |
| 3.2 Sustainable financing policy for a market-oriented and efficient TEVT system developed Activities: 3.2.1 Review TEVT financing and expenditures 3.3 Assess mechanism to increase financial sustainability | Review of TEVT subsector financing and expenditures completed in year 2. Study assessing financial sustainability mechanisms and policy development completed by year 3. Implementation plans for sustainable financing mechanisms developed by year 4. | These activities could not be completed within the project period due to delay in approval of TEVT policy framework. However, the small scale TA approved in 2010 worked with the government after June 2012 to develop implementation plan and is being considered by the new pipeline project of ADB to be approved in June 2013. | |

CBOs = community based organizations, CSIDB = Cottage and Small Industries Development Board, CTEVT = Council for Technical Education and Vocational Training, DAG = disadvantaged groups, DCSI = Department of Cottage and Small Industries, DOL = Department of Labor, DOLEP = Department of Labor and Employment and Promotion, DSC = district steering committee, GCE = gender, caste and ethnicity, GIS = geographic information system, LMIS = labor market information system, MOE = Ministry of Education, MOST = market-oriented short-term, NPC = National Planning Commission, NGO = nongovernment Organization, PCC = project coordination committee, PSC = project steering committee, RMA = rapid market assessment, TEVT = technical education and vocational training, TMIS = training management information system, TNA = training needs assessment, TOT = training of Trainers, TPs = training providers, TTP = technical training provider.

^a The outcome indicator remained 60,000. However, total number of participants in MOST training under output 1 was revised to 61,000 from 80,000
Note:

All figures are from the most recent published government sources

Sources: ADB. 2004. *Report and Recommendation of the President to the Board of Directors on a Proposed Loan to the Kingdom of Nepal for the Skills for Employment Project*. Manila; and ADB project completion review mission, March 2013.

GENDER, CASTE, AND ETHNICITY STRATEGY AND RESULTS

A. Narrative Analysis

1. The project's gender, caste, and ethnicity (GCE) strategy was intended to address the issue of inequitable access to vocational training for poor individuals, particularly women, *Dalits* and other disadvantaged groups. The strategy focused on: (i) GCE-oriented training needs assessments and information dissemination; (ii) training delivery to the poor, women (50%), *Dalits* (25%), and other disadvantaged groups (total of 60%); (iii) training Cottage and Small Industries Development Board (CSIDB) and Department of Cottage and Small Industries (DCS) district officers, key staff of non-governmental organization nongovernmental organizations (NGOs) and training providers on GCE-sensitization training module; (iv) enabling the capacity of training management information system to report GCE-disaggregated data; and (v) ensuring representation of women, *Dalits*, *Janajatis*,³⁸ and other disadvantaged groups in the project steering committee, and district steering committee. The design of the GCE strategy was highly relevant in addressing the needs of the disadvantaged groups at a time of conflict when there was a high unemployment rate due to the lack of employment opportunities in the domestic market. The project increased the employment prospects of the marginalized groups by increasing their engagement in wage employment and self-employment within the country and also in international markets through access to skills training. At the policy level, it ensured that the TEVT policy formulated a strategy for inclusive access to vocational training while also contributing to increased GCE sensitivity in the TVET sector.

B. Gender, Caste, and Ethnicity Achievements

2. Despite challenges faced during the initial phase the project, the project was highly successful in achieving the GCE targets. On the basis of the Technical Education and Vocational Training (TEVT) awareness and implementation plan, information disseminated via radio and television, street theater, and bill board displays was effective in reaching the target groups. Partnerships with organizations working with the poor, women, *Dalits*, *janajatis*, and other marginalized groups was helpful in identifying participants from those populations and increasing their participation in skills training. GCE-sensitization and orientation for CSIDB and DCSI district officers and staff of selected NGOs and community based organizations (CBOs) and training providers assisted with GCE-focused training needs assessment, selection and mobilization of trainees from the target groups, and identification of employment opportunities suitable for members of the groups.

3. The project achieved the targets for participation of women, *Dalits*, and *janajatis*, including other ethnic minorities, in skills training; 54% (31,811) of the graduates were women, 25% were *Dalits* (15,053), 39% were *janajatis*, and in total 79% (46,939) belonged to disadvantaged groups. At the initial stage of project implementation, there was low participation by women and *Dalits* due to the lack of social preparation needed to bring these groups into skills training. Additionally, the types of trades selected for central-level training were not attractive to these groups. The project was later able to increase their participation by carefully selecting trades that have been traditionally attractive to women and *Dalits* (e.g., working as beauticians, and performing hand embroidery, sewing and knitting, and shoemaking). To some extent, the project was also successful in increasing women's participation in non-traditional

³⁸ People or communities in Nepal with their own mother tongue and traditional social structures and practices, separate cultural identity, and written or unwritten history.

skills such as plumbing, electrical work, and masonry, but it remains difficult for women to secure employment in non-traditional sectors.

4. Major constraints to women's entry into non-traditional occupations include the lack of acceptance of women in these trades, the work environment (which is not friendly to women), and sociocultural attitudes. The project gave priority to members of marginalized groups for stipend distribution, which proved instrumental in increasing their participation. In total, 59.1% of the full stipend recipients were females (7,874) and 42.3% (5,644) were *Dalits*. Despite this, members of these groups continued to face economic hardship in traveling to and staying in the places where the trainings were held. To mitigate this problem, mobile training sessions were conducted in local communities, which made the trainings more accessible. In addition to the quantitative GCE targets, the project also performed well when measured qualitatively. Of the students who took the skills test, 25% were *Dalits* and 39% were *Janajatis*. A higher proportion (84.1%) of female students who took the skills test passed the test compared with male students (74.1%). The percentage that was employed within 1 year of training completion was broadly consistent with the overall characteristics of the graduates: 52.8% were female, 25.3% were *Dalits*, and 68.7% were from disadvantaged groups. Women were primarily employed in agriculture and animal husbandry (36.1%), as beauticians or in doing hand embroidery (28.7%), in hotel management and tourism (12.9%), and in the engineering sector (22.2%). Among men, a majority were employed in the engineering sector (62.3%). Of the female graduates who were employed, 63% had an income of more than NRs6000 per month. These numbers suggest that the project succeeded in extending income earning opportunities to members of the target groups.

5. The TMIS established at the Council for Technical Education and Vocational Training (CTEVT), Research and Information Division is capable of reporting GCE-disaggregated information. The division has required that private TTPs submit GCE-disaggregated data when renewing their affiliation. Once the system becomes fully functional, it will provide a more complete picture of access to skills development for members of disadvantaged groups. Participation of marginalized groups in the training of managers, supervisors, and instructors was low. Of the 200 managers who were trained, 48 were female and 1 was *Dalit*. Of the 200 supervisors, 70 were female and 9 were *Dalits*, and of the 860 trained instructors, 416 were female and 59 were *Dalits*. This demonstrates low engagement of members of marginalized groups in the sector and the need to further increase their participation. A central feature of the new TEVT policy is promotion of access and inclusion of disadvantaged groups in skills enhancement by preparing appropriate training packages and offering incentives to the groups. The representation of disadvantaged groups in the project steering committee and various working groups and task teams was instrumental in achieving this outcome by articulating the needs of the groups.

6. The project had both immediate benefits to the marginalized groups and strategic benefits, such as dissemination of information, which has created awareness among members of the groups regarding the availability and benefits of short-term skills training. The higher employment and income levels of trainees can be expected to motivate others in the community to seek skills development opportunities. By increasing the interaction of the marginalized groups with the wider society, the project has contributed to their social empowerment. This is particularly true in Terai, where women face hurdles in leaving their homes and there are barriers to the interaction of *Dalits* with non-*Dalits*. The project has sensitized the staff of training providers, NGOs, CBOs and officers of the TEVT sector regarding the need to increase access of marginalized groups to skills training. It is important that the trained personnel continue to adopt a GCE-oriented approach to needs assessment, beneficiary identification, training

delivery and post-training activities. The articulation of a social inclusion strategy through the TEVT policy is a significant strategic achievement because it mainstreams the social inclusion agenda in all programs and projects. These gains made by the project are likely to be sustained beyond the project period.

C. Lessons Learned

7. The following lessons emerged from the project.

- (i) Affirmative action policies such as setting minimum participation targets for women and individuals from disadvantaged groups can be an effective approach to increasing their participation in skills development.
- (ii) The project had difficulty attracting women to training areas that have traditionally been the domain of men (e.g., masonry, carpentry, and electrical and plumbing trades). In addition to encouraging women to enter the trades, an enabling environment has to be created by changing the values and attitudes of the society through awareness and sensitization activities. Pursuing institutional mechanisms and tapping opportunities for policy reforms in the employment sector could be avenues for developing an enabling environment for women.
- (iii) At times it may not be reasonable and feasible to require all trades to meet the same GCE target. The nature of the trade, the level of interest from target beneficiaries, the location of the training, the population density of the disadvantaged groups, and the readiness of the market should be assessed before setting trade-specific targets.
- (iv) In spite of the provision of a stipend to cover the direct and opportunity cost of training, many individuals belonging to marginalized groups could not afford the cost of moving to urban centers to access training programs. The use of mobile training camps should be expanded to make skills training even more accessible to the priority groups.
- (v) Women with young children faced extra difficulties in participating in the skills training program because they had to look after their children. This is especially true for single women who are likely to be the most vulnerable. Childcare facilities should be offered in the training centers.

D. Gender, Caste, and Ethnicity Achievement Matrix

Table A2.1: Gender, Caste, and Ethnicity Achievement Matrix

| GCE Features and Targets | Achievements at Project Completion |
|---|--|
| Project Purpose: Increase Opportunities for MOST training | |
| At least 60% of trainees supported during the project are poor, women, <i>Dalits</i> , or members of disadvantaged groups; 50% of trainees are women; 25% of trainees are <i>Dalits</i> . | <p>A total of 50944 candidates graduated from center-based training of which 55% (28,055) were women and 26.5% (13,475) were <i>Dalits</i>.</p> <p>There were 8,185 community-level graduates; 45.8% (3,756) were female and 19.3% were <i>Dalits</i>.</p> <p>In total, 54% (31,811) of the graduates were women, 25% were <i>Dalits</i> (15,053), 39% were <i>Janajatis</i>, and 79% (46,939) belonged to disadvantaged groups.</p> |
| 50% of trainees employed within 1 year of | The tracer study conducted in 2012 found that 61.3% of the graduates were employed within 1 year. |

| GCE Features and Targets | Achievements at Project Completion |
|---|--|
| training completion | Women constituted 52.8% of the employed population, and <i>Dalits</i> 25.3%; 68.7% of the employed were members of marginalized groups. |
| Output 1: Increased Access to MOST Skills Training | |
| <p>1.1 Information on short-term training and employment disseminated</p> <p>1.1.1 Awareness plan for vocational training developed and implemented</p> <p>1.1.2 Information dissemination plan for skills development activities and resources in the districts developed and implemented, including employment.</p> | <p>Awareness activities were conducted on the basis of the GCE-friendly awareness plan developed by a GCE specialist.</p> <p>The project used associations for <i>Dalits</i>, women and disadvantaged groups to disseminate information to the targeted population on MOST skills training and employment. The project also used audiovisual aids, street drama, posters, and bulletins to disseminate information on MOST skills training and employment.</p> |
| <p>1.2 Delivery of short-term skills training for formal and international labor markets supported.</p> <p>1.2.1 Labor market demand analyzed and areas of training identified.</p> <p>1.2.2 Training program prioritized and packaged</p> <p>1.2.3 Training providers selected and approved by the project steering committee. Training begun.</p> | <p>The project assessed labor market demand including from the GCE perspective by conducting a workshop with domestic and foreign employers, assessing advertisements of labor demand in national newspapers and soliciting recommendations from labor market experts. Two national-level workshops were conducted with a total of 110 participants, of which 10 were women and 14 were <i>Dalits</i>. Five regional workshops were conducted with 250 participants; 50 were women, and 60 were <i>Dalits</i>.</p> <p>Of the 50,944 candidates who graduated from center-based training, 55% (28,055) were women and 26.5% (13,475) <i>Dalits</i>. Women and <i>Dalit</i>-friendly trades such as tailoring, beauty, hand embroidery, housekeeping, hotel management and construction works were selected to increase their participation.</p> <p>GCE-friendly selection criteria were applied to select the TTPs. For example, almost all TTPs had separate toilets for men and women, offered female trainers, and had separate hostels for women.</p> |
| <p>1.3 Delivery of community based market oriented short-terms skills</p> <p>1.3.1 DSCs formed within 3 months of district selection.</p> <p>1.3.2 Capacity building of NGOs and training providers.</p> | <p>DSCs were formed. The committees consisted of 10 members from various agencies, and included 3 women and 1 <i>Dalit</i> from the community.</p> <p>A total of 120 personnel from 60 NGOs received TNA training in 10 districts and conducted district needs assessments that included GCE components; 36 people (23 women and 13 men) receiving training in GCE awareness.</p> |

| GCE Features and Targets | Achievements at Project Completion |
|--|--|
| <p>1.3.3 Target groups for community based short-term skills training. (Target group is 50% women and 25% <i>Dalits</i>)</p> | <p>A total of 8,185 candidates graduated from community-based short-term skills training; 45.9% (3,756) were women and 19.2% (1,578) were <i>Dalits</i>.</p> <p>A total of 4,394 students of community-based training took a skills test, of which 43.7% were women, 19.2% <i>Dalits</i> and 31.2% <i>Janajatis</i>.</p> <p>120 personnel of 60 NGOs received TNA training in 10 districts and conducted district needs assessments that included GCE components.</p> <p>Training packages were identified in twenty districts and a commitment was made to train 8,320 candidates (50% women and 25% <i>Dalit</i>).</p> <p>The survey carried out by the project showed that of the 3,860 trainees that received community-based training in different areas by various training providers, 79.19% were employed. Of these, 2.09% were engaged in foreign employment, 46.14% were self-employed, and 51.87% worked in Nepal and received wages.</p> <p>Training providers were selected in twenty districts with GCE friendly-selection criteria. For example, almost all TTPs had separate toilets for male and female trainees.</p> |
| Output 2: Capacity Strengthening | |
| <p>2.1 Key government agencies strengthened to serve the TEVT sector</p> <p>GIS installed. TMIS developed and installed in CTEVT, key agencies and training providers with potential target groups (<i>Dalits</i>, <i>Janajati</i> and other disadvantaged groups) by district and VDC</p> | <p>GIS and TMIS system are installed in CTEVT. The TMIS is capable of generating GCE-disaggregated reports but it was not fully functional by the end of the project. Because the system is newly established and not yet fully functional, a follow-on CTEVT project will continue to strengthen data generation and reporting</p> |
| <p>2.2 Short-term training provision strengthened</p> <p>Training packages with GCE sensitization module developed</p> <p>Basic GIS course training to CTEVT staff</p> <p>GCE awareness training component for DCSI and CSIDB</p> <p>200 managers of training providers trained in areas including working with communities to identify their needs, beneficiary targeting, partnership arrangements, post-training services, and use of management information systems.</p> <p>200 training supervisors receive training in training needs assessment and beneficiary</p> | <p>A manual on gender and social inclusion was developed and skills training curricula with gender awareness sessions and module were developed.</p> <p>13 individuals (all males) received GIS training</p> <p>36 individuals (23 female and 13 male) received GCE awareness training.</p> <p>200 training provider managers were trained, including 48 women and 1 <i>Dalit</i>.</p> <p>Of the 200 supervisors that received training, 70 were female.</p> |

| GCE Features and Targets | Achievements at Project Completion |
|--|--|
| <p>targeting and overviews in areas including instructional skills trainer training, skills testing, training for entrepreneurship, students selection, curriculum and materials development and management information system</p> <p>1,000 trainers trained in training delivery approaches and specific occupational skills.</p> | <p>Of the 860 trainers who received training of trainers, 416 were female.</p> |
| Output 3: Supporting Policy Development, Articulation and Implementation | |
| <p>3.1 Prioritized sections of the national TEVT policy articulated and implementation initiated</p> | <p>TEVT intent policy was approved by the cabinet on 20 September, 2007 and the TEVT policy framework was approved by the cabinet on June 14, 2012. which included access and equity component with gender specific features</p> |
| <p>3.1.1 Establish working groups for policy articulation</p> <p>Make PCC inclusive of women, <i>Dalits</i>, indigenous groups, disabled and other disadvantaged groups organizations</p> | <p>Completed.</p> <p>The GCE composition of the working groups and committees was as follows:</p> <ul style="list-style-type: none"> (i) working committee: four members, all male; (ii) high-level technical committee: a total of four members; and (iii) high-level policy implementation committee: a total of 15 members (13 males and 2 females). |
| <p>3.1.2 Review public TEVT sector's agencies' and institutions' mandates</p> <p>Review of public TEVT sector's agencies mandates for the inclusion of poor women, <i>Dalits</i> and other disadvantaged</p> | <p>Completed.</p> <p>An access and equity component for ensuring inclusion of women, socially marginalized and vulnerable groups in TEVT was included in the TEVT policy as a result of a review of sector agency mandates through consultations of high-level technical committees and policy implementation committees.</p> |
| <p>3.2 Sustainable financing policy for a market-oriented and efficient TEVT system developed</p> | <p>This activity could not be undertaken due to the delay in finalization of the TEVT policy framework.</p> |
| <p>GCE Disaggregated Project Performance Monitoring and Evaluation</p> <p>Developed GCE sensitive monitoring and evaluation system</p> | <p>The GCE Consultant developed a GCE-sensitive monitoring and evaluation system and reporting to was done for the output 1. Tracer studies included GCE-disaggregated information on employment; a separate study to assess participation by <i>Dalits</i> was also conducted.</p> |

CSIDB = Cottage and Small Industries Development Board, CTEVT = Council for Technical Education and Vocational Training, DCSI = Department of Cottage and Small Industries, DSC = district steering committee, GCE = gender, caste and ethnicity, GIS = geographic information system, LMIS = labor market information system, MOST = market oriented, short-term, NGO = nongovernment Organization, PCC = policy coordination committee, PIU = project implementation unit, PSC = Project Steering Committee, TEVT = technical education and vocational training, TMIS = training management information system, TNA = training needs assessment, TTP = technical training provider

Sources: ADB. 2004. *Report and Recommendation of the President to the Board of Directors on a Proposed Loan to the Kingdom of Nepal for the Skills for Employment Project*. Manila; and ADB project completion review mission, March 2013.

TRAINING AND EMPLOYMENT DETAILS OF OUTPUT 1

Table A3.1: Number of Trainees at the Central and Community Level

| | Committed | Enrolled | Completed | Dropped out | Dropout rate |
|--------------------|---------------|---------------|---------------|-------------|--------------|
| A. Central level | | | | | |
| Private TTPs | 44,820 | 44,328 | 43,404 | 924 | 2.1% |
| Public TTPs | 7,740 | 7,692 | 7,549 | 152 | 2.0% |
| | 52,560 | 52,020 | 50,944 | 1,076 | 2.1% |
| B. Community level | 8,320 | 8,272 | 8,185 | 87 | 1.1% |
| Total | 60,880 | 60,292 | 59,129 | 1163 | 1.9% |

TTP = technical training providers

Source: Council for Technical Education and Vocational Training (CTEVT). 2012. *Skills for Employment Project Completion Report*. Kathmandu

Table A3.2: Gender Caste Ethnicity Composition of Graduates at the Central and Community Levels

| | Total | Female | Male | Female Dalits | Male Dalits | Total Dalits |
|--------------------------|---------------|---------------|---------------|---------------|--------------|---------------|
| Central-level training | 50,944 | 28,055 | 22,889 | 7,914 | 5,561 | 13,475 |
| Community-level training | 8,185 | 3,756 | 4,429 | 262 | 1,316 | 1,578 |
| Total | 59,129 | 31,811 | 27,318 | 8,176 | 6,877 | 15,053 |
| % of total | 100 | 53.8 | 46.2 | 13.8 | 11.6 | 25.5 |

Source: CTEVT. 2012. *Skills for Employment Project Completion Report*. Kathmandu

Table A3.3: Gender Caste Ethnicity Composition of Center-Based Enrollees by Training Sector

| | Total | Female | Dalits | Disadvantaged groups |
|-------------------------------|---------------|--------------------------|--------------------------|--------------------------|
| Engineering | 22,834 | 5,577 (24.4%) | 6,116 (26.8%) | 17,349 (76.0%) |
| Agriculture and Animal Health | 11,474 | 9,341 (81.4%) | 2,854 (24.9%) | 10,546 (91.9%) |
| Hotel Management and Tourism | 6,756 | 3,907 (57.8%) | 1,496 (22.1%) | 5,784 (85.6%) |
| Others | 10,956 | 9,628 (87.9%) | 3,006 (27.4%) | 10,566 (96.4%) |
| Total | 52,020 | 28,453 (54.7%) | 13,472 (25.9%) | 44,245 (85.1%) |

Source: CTEVT. 2012. *Skills for Employment Project Completion Report*. Kathmandu

Table A3.4: Gender Caste Ethnicity Composition of Community-Based Enrollees By Training Sector

| | Total | Female | Dalits | Janajatis |
|-------------------------------|--------------|-------------------------|-------------------------|-------------------------|
| Engineering | 3,632 | 1,179 (32.5%) | 705 (19.4%) | 1,234 (34.0%) |
| Agriculture and Animal Health | 1,860 | 784 (42.2%) | 342 (18.4%) | 538 (28.9%) |
| Hotel Management and Tourism | 940 | 468 (49.8%) | 161 (17.1%) | 370 (39.4%) |
| Others | 1,840 | 1,344 (73.0%) | 404 (2.02%) | 552 (30%) |
| Total | 8,272 | 3,775 (45.6%) | 1,612 (19.5%) | 2,694 (32.6%) |

Source: CTEVT. 2012. *Skills for Employment Project Completion Report*. Kathmandu

Table A3.5: Gender Caste Ethnicity Composition of Stipend Recipients of Center-based Training

| | Total | Female | Dalits |
|-----------------|---------------|--------------------------|-------------------------|
| Full Stipend | 12,567 | 6,904 | 5,043 |
| Partial Stipend | 13,962 | 7,592 | 3,723 |
| Total | 26,529 | 14,496 (54.6%) | 8,766 (33.0%) |

Source: CTEVT. 2012. *Skills for Employment Project Completion Report*. Kathmandu

Table A3.6: Gender Caste Ethnicity Composition of Stipend Recipients of Community-based Training

| | Total | Female | Dalits |
|-----------------|--------------|-------------------------|-------------------------|
| Full Stipend | 1,755 | 970 | 601 |
| Partial Stipend | 2,360 | 1,057 | 456 |
| Total | 4,115 | 2,027 (49.6%) | 1,057 (25.7%) |

Source: CTEVT. 2012. *Skills for Employment Project Completion Report*. Kathmandu

Table A3.7: Employment Rate of Graduates by Sector

| Sector | Employment Rate |
|-------------------------------|------------------------|
| Engineering | 62.5% |
| Hotel Management and Tourism | 67.3% |
| Agriculture and Animal Health | 74.2% |
| Other | 46.9% |
| Total | 61.3% |

Source: CTEVT. 2012. *Skills for Employment Project Completion Report*. Kathmandu

Table A3.8: Types of Employment of Graduates by Sector

| | Self Employment (%) | Wage Employment (%) | Foreign Employment (%) | Total |
|-------------------------------|------------------------------------|------------------------------------|---------------------------------------|--------------|
| Engineering | 48.4 | 49.4 | 2.2 | 100 |
| Hotel Management and Tourism | 19.7 | 75.5 | 4.6 | 100 |
| Agriculture and Animal Health | 77.1 | 22.0 | 0.9 | 100 |
| Other | 51.0 | 45.8 | 3.2 | 100 |
| All Sectors | 53.3 | 44.3 | 2.4 | 100 |

Source: CTEVT. 2012. *Skills for Employment Project Completion Report*. Kathmandu

Table A3.9: Employment Status of Graduates by Gender

| | Male (%) | Female (%) |
|-------------------------------|---------------------|-----------------------|
| Engineering | 62.3 | 22.2 |
| Hotel Management and Tourism | 9.2 | 12.9 |
| Agriculture and Animal Health | 16.0 | 36.1 |
| Other | 12.4 | 28.7 |
| Total | 100 | 100 |

Source: CTEVT. 2012. *Skills for Employment Project Completion Report*. Kathmandu

Table A3.10: Income of Graduates by Gender
(%)

| | Female | Male | Total |
|----------------------|---------------|-------------|--------------|
| < NRs.5000 | 37 | 31 | 34 |
| NRs.6,000–NRs.10,000 | 58 | 59 | 58 |
| Up to NRs.15,000 | 3 | 7 | 5 |
| >NRs.15,000 | 2 | 3 | 3 |

Source: Metcon Consultants. 2012. *Tracer Study of Graduates in Market Oriented Short Term (MOST) Skills Training*. Kathmandu

Table A11: Income of Graduates by Sector of Training
(%)

| | < NRs5,000 | NRs6,000– NRs10,000 | Up to NRs15,000 | > NRs15,000 |
|-------------------------------|----------------------|--------------------------------|----------------------------|-----------------------|
| Engineering | 42 | 45.5 | 59 | 54 |
| Hotel Management and Tourism | 11 | 7 | 8 | 11 |
| Agriculture and Animal Health | 29 | 29 | 13 | 12 |
| Other | 18 | 18.5 | 20 | 23 |

Source: Metcon Consultants. 2012. *Tracer Study of Graduates in Market Oriented Short Term (MOST) Skills Training*. Kathmandu.

Table A12: Time Elapsed Between Graduation and Employment

| | < 3 months (%) | 3–6 months (%) | 6–12 months (%) | >12 months (%) | Total |
|-------------------------------|------------------------------|---------------------------|----------------------------|------------------------------|--------------|
| Engineering | 57.5 | 39 | 3 | 0.5 | 100 |
| Hotel Management and Tourism | 56 | 39 | 3 | 2 | 100 |
| Agriculture and Animal Health | 58 | 37 | 4 | 1 | 100 |
| Other | 63 | 32 | 4 | 1 | 100 |
| Total | 59 | 37 | 3.5 | 0.5 | 100 |

Source: Metcon Consultants. 2012. *Tracer Study of Graduates in Market Oriented Short Term (MOST) Skills Training*. Kathmandu.

ANNUAL LOAN DISBURSEMENTS
(\\$)

| Category | Description | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | Total |
|----------|-------------------------------------|------------------|----------------|----------------|----------------|------------------|------------------|------------------|-------------------|
| 01 | Civil Works | 2,097 | 0 | 0 | 9,144 | 0 | 42,084 | 22,579 | 75,904 |
| 02 | Equipment and Computer | 138,361 | 5,265 | 0 | 29,670 | 424 | 97,726 | 121,178 | 392,624 |
| 03 | Furniture, Research and Development | 62,799 | 17,616 | 7,838 | 17,298 | 34,576 | 49,953 | 86,347 | 276,427 |
| 04 | Staff Development | 35,587 | 5,835 | 21,448 | 376 | 38,671 | 97,701 | 24 | 199,642 |
| 05 | Market Oriented Training | 455,574 | 115,133 | 483,749 | 852,637 | 2,795,210 | 5,692,963 | 4,244,865 | 14,640,131 |
| 06 | Consulting Services | 174,630 | 17,092 | 15,596 | 23,741 | 24,119 | 64,802 | 35,380 | 355,360 |
| 07 | Project Administration | 156,136 | 21,393 | 43,906 | 42,566 | 66,143 | 104,471 | 71,827 | 506,442 |
| 09 | Interest | 2,972 | 10,353 | 12,701 | 18,138 | 28,001 | 61,200 | 53,055 | 186,420 |
| | TOTAL | 1,028,156 | 192,687 | 585,238 | 993,570 | 2,987,144 | 6,210,900 | 4,635,255 | 16,632,950 |

Source: Loan Financial Information System, Asian Development Bank

QUARTERLY CONTRACT AWARDS AND DISBURSEMENTS

(\$ million)

| Year | Quarter | Contract Awards | | Disbursements | |
|--------------|-----------------|-----------------|---------------|---------------|---------------|
| | | Projected | Actual | Projected | Actual |
| 2006 | 1 | 0.000 | 0.000 | 0.000 | 0.000 |
| | 2 | 0.000 | 0.000 | 0.200 | 1.000 |
| | 3 | 0.000 | 0.000 | 0.020 | 0.003 |
| | 4 | 0.080 | 0.025 | 0.020 | 0.025 |
| | Subtotal | 0.080 | 0.025 | 0.240 | 1.028 |
| 2007 | 1 | 0.190 | 0.015 | 0.040 | 0.020 |
| | 2 | 0.600 | 0.084 | 0.120 | 0.014 |
| | 3 | 0.380 | 0.144 | 0.370 | 0.101 |
| | 4 | 0.200 | 0.379 | 0.370 | 0.057 |
| | Subtotal | 1.370 | 0.622 | 0.900 | 0.192 |
| 2008 | 1 | 0.260 | 0.236 | 0.200 | 0.122 |
| | 2 | 1.330 | 0.119 | 0.250 | 0.184 |
| | 3 | 2.210 | 0.090 | 0.370 | 0.166 |
| | 4 | 0.320 | 0.398 | 0.590 | 0.113 |
| | Subtotal | 4.120 | 0.843 | 1.410 | 0.585 |
| 2009 | 1 | 1.500 | 0.686 | 0.500 | 0.008 |
| | 2 | 1.500 | 0.264 | 1.000 | 0.399 |
| | 3 | 1.000 | 0.923 | 0.750 | 0.010 |
| | 4 | 1.000 | 1.083 | 0.500 | 0.577 |
| | Subtotal | 5.000 | 2.956 | 2.750 | 0.994 |
| 2010 | 1 | 0.000 | 0.774 | 1.335 | 0.347 |
| | 2 | 2.117 | 0.726 | 1.000 | 0.132 |
| | 3 | 2.000 | 2.774 | 0.920 | 0.927 |
| | 4 | 1.650 | 1.218 | 0.745 | 1.582 |
| | Subtotal | 5.767 | 5.492 | 4.000 | 2.988 |
| 2011 | 1 | 0.000 | 0.231 | 0.000 | 0.025 |
| | 2 | 0.000 | 1.096 | 0.000 | 2.349 |
| | 3 | 0.000 | 1.989 | 0.000 | 1.397 |
| | 4 | 0.000 | 1.936 | 0.000 | 2.441 |
| | Subtotal | 0.000 | 5.252 | 0.000 | 6.212 |
| 2012 | 1 | 0.000 | 1.132 | 0.000 | 0.909 |
| | 2 | 0.000 | 0.000 | 0.000 | 3.010 |
| | 3 | 0.000 | 0.128 | 0.000 | 0.717 |
| | 4 | 0.000 | 0.000 | 0.000 | 0.000 |
| | Subtotal | 0.000 | 1.260 | 0.000 | 4.636 |
| Total | | 16.337 | 16.450 | 9.3 | 16.635 |

Source: Asian Development Bank Loan Financial Information Systems.

IMPLEMENTATION SCHEDULE

[illegible]

[illegible]

[illegible]

| | Activity | Year 1 (2005) | | | | Year 2 (2006) | | | | Year 3 (2007) | | | | Year 4 (2008) | | | | Year 5 (2009) | | | | Year 6 (2010) | | | | Year 7 (2011) | | | | Year 8 (2012) | | | |
|------------------------|---|------------------|---|---|---|------------------|---|---|---|------------------|---|---|---|------------------|---|---|---|------------------|---|---|---|------------------|---|---|---|------------------|---|---|---|------------------|---|---|---|
| | | 1 | 2 | 3 | 4 | 1 | 2 | 3 | 4 | 1 | 2 | 3 | 4 | 1 | 2 | 3 | 4 | 1 | 2 | 3 | 4 | 1 | 2 | 3 | 4 | 1 | 2 | 3 | 4 | 1 | 2 | 3 | 4 |
| | Conduct national workshops | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | Adopt TEVT policy | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 3.2 | Review public TEVT roles; develop options for co-ordination | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | Develop Implementation plan | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | Develop roles and responsibilities of public TEVT agencies | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 3.3 | Review and recommend TEVT financing mechanisms | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | Adopt sustainable financing mechanisms | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | Develop Implementation plan | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Project Reviews | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | Evaluate experiences from 5 districts | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | Tri-annual reviews | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | Midterm reviews | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | Semi-annual reviews | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |

CSIDB = Cottage and Small Industries Development Board, CTEVT = Council for Technical Educational and Vocational Training, CWG = core working group, DCSI = Department of Cottage and Small Industries, DOLEP = Department of Labor and Employment and Promotion, GCE = gender, caste and ethnicity, GIS = geographic information system, LMI = labor market information, LMIS = labor market information system, MOST = market-oriented short-term, NGO = nongovernment organization, PCC = policy coordination committee, PSC = project steering committee, TEVT = technical education and vocational training, TMIS = training management information system, TNA= training needs Assessment, TP= training provider

| | | |
|--------|--|-------------|
| Legend | | Planned |
| | | Actual |
| | | No Activity |

Sources: ADB. 2004. *Report and Recommendation of the President to the Board of Directors on a Proposed Loan to the Kingdom of Nepal for the Skills for Employment Project*. Manila; and ADB project completion review mission, March 2013

STATUS OF COMPLIANCE WITH LOAN COVENANTS

| | Covenants | Reference in Loan Agreement | Status of Compliance |
|----|---|--|-------------------------------------|
| 1. | MOES shall be the EA for the Project, responsible for the overall carrying out of the Project. CTEVT shall be the IA. | Schedule 6, Para. 1 | Complied with. |
| 2. | The PIU, established in CTEVT, shall be headed by a Project Director who shall delegate the day-to-day management of the PIU to the full-time Project Manager. The PIU shall consist of a Project administration section and training secretariat. The Project administration section shall include an accountant, an assistant-accountant, a monitoring and evaluation officer and adequate support staff. The training secretariat shall be headed by a Manager, Training, shall include an accountant an accountant, an assistant-accountant, a monitoring and evaluation officer and adequate support staff. The training secretariat shall be headed by a Manager, Training, and shall include an accountant, an assistant accountant, a training programs coordinator and adequate support staff. The Manager, Training shall report to the Project Manager. The PIU shall take all necessary and appropriate action to closely liaise with DCSI, CSIDB, and DOLEP. The PIU shall be responsible for the administration of all Project activities. If necessary, the PIU shall create working groups to guide the implementation of outputs 1(B) and 1(C). Members of such working groups shall be as agreed between CTEVT and ADB. Within six months of the Effective Date, the PIU shall have established a grievance redressal mechanism for Project-related activities including selection of beneficiaries | Schedule 6, Para 2 | Complied with. |
| 3. | The ProSC, chaired by the Secretary MOES, shall include representatives from Ministry of Industries, Commerce and Supplies, Ministry of Labor and Transport Management, National Planning Commission, Ministry of Finance, Ministry of Local Development, development partners as appropriate, Federation of National Chambers of Commerce, two representatives from participating districts on a rotating basis. There shall also be four members from civil society broadly representing the target groups and their concerns, one member representing the concerns of manpower agencies and one member representing the concerns of private training providers. ADB shall participate as observer. Other members may be co-opted as necessary. At least three of the ProSC members | Schedule 6, Para. 3 | Complied with. |

| Covenants | Reference in Loan Agreement | Status of Compliance |
|-----------|---|------------------------------------|
| 4. | shall be women, and at least two shall be from the dalit community. CTEVT shall be the Secretariat. The ProSC shall (i) approve the initial and revised criteria and procedures to (a) allocate Project funds for training delivery, (b) select districts for Project Implementation, (c) select public training institutions to be strengthened and upgraded, (d) select training providers to deliver MOST skills training, (e) select NGO's and CBO's and (f) select Project beneficiaries of training; (ii) allocate the Project funds for training delivery; and (iii) decide on the districts to which the Project is to be expanded. The criteria, resources allocations, and district selection shall be subject to approval from ADB. The ProSC shall advise the Project Director of concerns and issues related to all aspects of Project implementation, and facilitate coordination between ministries and agencies. In the first two years of Project implementation, the ProSC shall meet at least once every quarter. After that, the ProSC shall meet as necessary but not less than twice a year. | Schedule 6, Para. 4 Complied with. |
| 5. | At the district level, the project shall be implemented through the DCSI/CSIDB district offices who shall be responsible for (i) Project administration at the district level, including maintaining records as well as financial and other reporting; (ii) contracting the NGOs to carry out the training needs assessments as well as community mobilization; and (iii) contracting the training providers. The DCSI/CSIDB district office shall report to the Project Manager within three months of a district being selected for the Project activities, the Chairman of the District Development Committee (DDC) shall establish a District Steering Committee (DSC) chaired by him/herself and comprising the Local Development Officer, the District Education Officer, CTEVT training schools, a representative of the local chamber of commerce, employers, NGOs, CBOs, and three representatives from the target group. Other members can be co-opted as necessary. The DCSI/CSIDB shall act as the member-secretary. The DSC shall prioritize and approve training programs proposed for communities. | Schedule 6, Para. 5 Complied with. |
| 6. | Within 3 months of a district being selected for Project activities, the Chairman of the District Development Committee (DDC) shall establish a District Steering Committee (DSC) chaired by him/herself and comprising the Local | Schedule 6, Para. 6 Complied with. |

| Covenants | Reference in Loan Agreement | Status of Compliance |
|--|-----------------------------------|---|
| Development Officer, the District Education Officer, CTEVT training schools, a representative of the local chamber of commerce, employers, NGOs, CBOs, and three representatives from the target group. Other members can be co-opted as necessary. The DCSI/CSIDB shall act as the member-secretary. The DCS shall prioritize and approve training programs proposed for communities. | | |
| 7. The policy coordination committee (PCC) shall provide coordination and multi-sectoral inputs on policy development and articulation in the TEVT sub-sector. CTEVT shall ensure that the PCC shall include members that represent the same stakeholders and interests as the ProSC. The borrower shall take all necessary and appropriate measures to ensure that there will be at least five female PCC members and three members from the dalit community. | Schedule 6, Para. 7 | Partially complied with. The existing committees at CTEVT could not adequately fulfill the role of facilitation and coordination as assigned. However, responsibility for policy coordination was later shifted to the Ministry of Education and accordingly committees on policy coordination were formed |
| 8. Within one year of the effective date (by 28 Feb 2007), the borrower's cabinet shall have approved the TEVT sub-sector policy. | Schedule 6, Para. 8 | Complied with, but delayed. The TEVT subsector policy was passed on September 20, 2007. |
| 9. Within two years of the effective date (by Feb 2008), CTEVT shall have finalized detailed implementation plans for prioritized sections of the TEVT policy mentioned in paragraph eight above. Prioritization of sections of the policy shall be as agreed between CTEVT and ADB. | Schedule 6, Para. 9 | Complied with. Although the TEVT policy intent was approved in 2007, the approval of the detailed TEVT policy strategy framework was delayed. It was approved by the cabinet on 14 June 2012. Hence, the preparation of the detailed TEVT implementation plan was delayed but completed by the end of September 2012 with the |

| | Covenants | Reference in Loan Agreement | Status of Compliance |
|-----|---|------------------------------------|--|
| | | | support of ADB technical assistance. |
| 10. | The PIU shall select the districts for implementation of project activities in accordance with criteria developed in the first year of project implementation and approved by the ProSC. The criteria shall include measures of poverty and deprivation. | Schedule 6, Para. 10 | Complied with. A total of 20 districts were selected. |
| 11. | CTEVT shall ensure that Project funds for the development and delivery of training programs under output 1 of the project, shall be allocated in accordance with criteria agreed upon between CTEVT and ADB. | Schedule 6, Para. 11 | Complied with. Fund was allocated according to the criteria. |
| 12. | CTEVT shall ensure that implementing NGOs and CBOs shall be selected in accordance with criteria agreed between CTEVT and ADB. The Borrower shall ensure that priority shall be given to such NGOs and CBOs that have experience in working with <i>Dalits</i> and disadvantaged groups. | Schedule 6, Para. 12 | Complied with. |
| 13. | CTEVT shall take all necessary and appropriate measures to ensure that overall at least 60% of all trainees are women, dalit or disadvantaged, while ensuring at the same time that at least 50% of all trainees are women and that at least 25% are <i>Dalits</i> . At all times, preference shall be given to <i>Dalits</i> applying for training. If for a particular training program, no dalit candidates apply, those slots shall be given to other disadvantaged groups without affecting the overall project object of reaching 25% dalit trainees. | Schedule 6, Para. 13 | Complied with. A total of 59,129 individuals completed MOST skills training during the project; 53.8% were women, 25.5% <i>Dalits</i> , and 79.4% individuals from disadvantaged groups. |
| 14. | The MOES shall ensure the adoption and full implementation by all stakeholders and implementing partners of the GCE plan which is attached as Annex 1 to this Schedule 6 of this loan agreement, of which it forms an integral part. Implementation shall be closely monitored throughout the project period. | Schedule 6, Para. 14 | Complied with. |
| 15. | CTEVT shall ensure that in modifying the short-term training programs, particularly for community-based training, relevant life-skills and entrepreneurship skills shall be included. | Schedule 6, Para. 15 | Complied with. |
| 16. | The Borrower shall ensure that sufficient budget allocations shall be made to cover recurrent costs needed for effective project implementation. | Schedule 6, Para. 16 | Complied with. |
| 17. | Within 3 months of the effective date (by 28 May 2006), the Borrower shall have classified the project as a priority 1 project under the government expenditures classification system. | Schedule 6, Para. 17 | Complied with. The project was downgraded to priority 2 in FY2009- |

| | Covenants | Reference in Loan Agreement | Status of Compliance |
|-----|---|-----------------------------------|---|
| 18. | The Borrower shall take all necessary steps to ensure that the employment services centers under output 2(A)(viii) shall be adequately staffed, with staff dedicated to that function only. | Schedule 6, Para. 18 | 2010. It was upgraded to again to priority 1 in June 2010. Not complied with. Employment service centers were established in Biratnagar, Kathmandu, and Dhangadhi but they could not be made functional because of lack of adequate staff and a lack of commitment on the part of DOL. |
| 19. | CTEVT shall ensure that civil works shall only be minor, shall only entail the upgrading or refurbishment of existing facilities and comply with ADB's policies and guidelines on environment and resettlement. The selection of public training institutes to be upgraded or refurbished shall be based on need and location and shall be in accordance with criteria developed by the PIU and approved by the ProSC within three months of the effective date (by 28 May 2006). The borrower shall ensure that financing of refurbishment and upgrading shall be subject to the public training institutions preparing a maintenance, including costs, plan and for the next three years. | Schedule 6, Para. 19 | Complied with. |
| 20. | CTEVT shall ensure that new civil works shall only be considered when absolutely essential for effective project implementation. No new civil works shall be constructed without the approval of the ADB and any new construction shall strictly comply with ADB's environmental and resettlement policies. | Schedule 6, Para. 20 | Complied with. |
| 21. | CTEVT shall ensure that institutions and training providers observe the relevant regulations on occupational safety and health as well as the proper collection, segregation, storage, treatment and disposal of waste from minor civil works and from conducting training programs, in particular in those cases where hazardous and toxic waste materials are being used. | Schedule 6, Para. 21 | Complied with. |
| 22. | At the end of the first year of project implementation CTEVT and ADB shall jointly review the project. The first year review shall assess the experiences and result of the project implementation with an emphasis on reviewing | Schedule 6, Para. 22 | Complied with. |

| | Covenants | Reference in Loan Agreement | Status of Compliance |
|-----|---|--|---|
| 23. | <p>the mechanisms utilized to increase access to MOST skills training. Refinements shall be made as necessary.</p> <p>At the end of the third year of project implementation, CTEVT and ADB shall jointly conduct a comprehensive midterm review (MTR) of project implementation. The MTR shall (i) evaluate the project scope, design, implementation arrangements, and institutional processes; (ii) evaluate the effectiveness of the employment services centers; (iii) review the progress made towards developing a sustainable financing mechanisms for TEVT; (iv) review in detail the level of implementation of the GCE plan, including financial assistance to students such as stipends; (vi) assess implementation performance against performance indicators; (vii) review compliance with loan covenants; (viii) identify critical issues and constraints, if any; and (ix) if necessary, identify and recommend changes needed in any or all the above areas. One month prior to the MTR, CTEVT shall submit to ADB a comprehensive report of the above mentioned issues.</p> | Schedule 6, Para. 23 | Complied with. |
| 24. | <p>Within 4 months of the effective date (by 28 June 2006), the PIU shall have collected the initial baseline physical and socioeconomic information and shall have submitted for ADB's review and concurrence, a detailed implementation plan for monitoring performance and for preparing benchmark information. Data shall be segregated by GCE. Thereafter, every year the PIU shall submit annual monitoring and evaluation reports to the ProSC and ADB.</p> | Schedule 6, Para. 24 | Complied with. The monitoring formats and baseline report were prepared by mid-2008, and reporting was accomplished accordingly. The project also carried out a final independent tracer study. |

FINANCIAL AND ECONOMIC ANALYSIS

A. Introduction

1. In 2004, approximately 31% of Nepalis were poor; 24% lived below the \$1/day poverty line, and 66% below the \$2/day poverty line. The country was also characterized by significant inequalities in income distribution. The poverty rate in Kathmandu was 3.3%, with a rate of 13.0% in urban centers other than Kathmandu, and 34.6% in rural areas. The incidence of poverty was significantly higher in the mid-west (44.8%) and far-western (41.0%) regions than in the eastern, central, and western regions (where it was below 30%). Households were significantly more likely to be poor if the household head was not active, worked in the agriculture or manufacturing sectors, or was illiterate or had less than 5 years of schooling. There were disparities in poverty rates across caste and ethnic groups as well: the poverty rate among Hill and Terai upper caste groups was 18.4% compared to 45.5% for *Dalits*, 44% for Hill *Janajatis*, 35.4% for Terai *Janajatis*, and 41.3% for Muslims. As a result, the Gini coefficient for the country stood at a high of 41.4.

2. Although high, the poverty rate in 2004 marked a significant improvement from FY1995-1996, when 42% of the population lived under the poverty line. Between FY1995-1996 and FY2003-2004, real per capita household expenditure increased at 4.5% per year. During the same period, Nepal's per capita gross domestic product grew at an annual rate of just 1.7%, meaning economic growth was not primarily responsible for the decline in the poverty rate. Instead, an increase in the incidence and volume of remittances played a significant role in poverty reduction. The proportion of households receiving remittances increased from 23% in FY1995-1996 to 32% in FY2003-2004. The average remittance size increased 156% during the period, from NRs674 to NRs1723. The total volume of remittances into the country increased from \$44 million in 1996 to \$793 million in 2004, an 18-fold increase. More significantly, the poorest households benefitted almost as much as the richest households from the increase in remittance receipts. It was estimated that over 1 million workers were working abroad in 2004. While India was a popular destination for migrant workers, an increasing number of Nepalese also went to the Middle East and East Asian countries where they earned considerably more than at home or in India.

3. The decline in poverty also resulted from an increase in non-agricultural wages and income from non-agricultural enterprises. The poverty rate of households whose household head was a wage earner or self-employed in agriculture was significantly higher compared to other households. The contribution of non-farm income to per capita household income increased from 23% in FY1995-1996 to 28% in FY2003-2004, while the contribution of farm income declined from 47% to 39% during the same period.

4. Nepal's poverty and inequality rates could clearly be reduced significantly if the unemployed and unskilled youth of the country could be employed in foreign markets or in non-agricultural sectors within the country, either as wage workers or in self-employment. However, Nepali workers had low levels of formal schooling due to high dropout rates in formal education, and few possessed the occupation-specific skills sought by potential employers. The Government of Nepal, with technical assistance from the Asian Development Bank (ADB), designed the Skills for Employment Project with the objective of reducing poverty by decreasing the unemployment rate through an increase in access to and the relevance and quality of vocational training.

B. Financial Analysis

5. At appraisal, the financial analysis focused on the availability of funding for the Technical Education and Vocational (TEVT) sector to cover the additional recurrent cost resulting from the project. The total budget for the TEVT sector was estimated at NRs425 million in FY2004-2005 which was projected to increase by NRs141 million (\$1.9 million) by the end of the project, composed of NRs133 million (\$1.8 million) in the development budget and NRs8 million (\$0.1 million) in the regular budget. Additional recurrent costs after project implementation were estimated at \$0.4 million, including the salary of additional staff, the operation and maintenance cost of new information systems, and expenses for new administrative procedures. The total expenditure for TEVT activities under the MOE, MOLE and Ministry of Industry, Commerce and Supplies for FY2010-2011 was NRs1,183 million, of which the recurrent expenditure was NRs1,068 million and capital expenditure NRs115 million.³⁹ Although the recurrent expenditure increase probably had many causes, it far exceeded what was anticipated by the project. In addition, the total allocated sector budget for FY2012-2013 was NRs1,248 million, 5.5% higher than in FY2010-2011. These figures demonstrate the government's commitment to the TEVT sector and help ensure financial sustainability for TEVT.

C. Economic Analysis

6. The economic analysis is intended to measure how well the project used resources in achieving the outcomes by comparing the economic internal rate of return (EIRR) estimated at appraisal to the actual EIRR realized by the project. The EIRR is calculated according to the *ADB Guidelines for the Economic Analysis of Projects*.⁴⁰

7. At appraisal, the project targeted funding the cost of an additional 100,000 trainees in short-term vocational training programs in 6 years. Two types of employment opportunities would be available to the trainees: local and foreign. The training was expected to increase the employment rate of trainees from 50% to 60% in the local market and from 3.3% to 4.0% in the foreign market. It was envisaged the annual salary of the trainees would increase depending on their prior skills and employment level and whether they opted for local or foreign employment. In addition, due to improved relevance and quality of training, completion of short-term training was assumed to increase annual earnings by 1.3% in 5 years. The total project cost was estimated at \$25 million; trainees' out-of-pocket expenses for a 30-month program were estimated at \$20, with the opportunity cost estimated at \$68. The recurrent cost was expected to increase from \$56,000 to \$305,000 during the 6-year period, after which the cost would remain at \$305,000.

Table A1: Parameters and Assumptions for Appraisal Economic Internal Rate of Return Calculation

Economic Benefit of Increased Access

| | |
|--|---------|
| Impact of short-term vocational training on annual salary | |
| Trainees who were unemployed and seek local employment | \$417 |
| Trainees who were unemployed and seek international employment | \$3,712 |
| Trainees who were unskilled and seek local employment | \$8 |
| Trainees who were unskilled and seek international employment | \$3,440 |

Economic Benefit of Improved Quality of Training

| | |
|----------------------------------|------|
| Degree of improvement in earning | 1.3% |
|----------------------------------|------|

³⁹ Ministry of Finance. 2011. *Estimates of Expenditure for Fiscal Year 2011/12*. Kathmandu

⁴⁰ ADB. 1997. *Guidelines for the Economic Analysis of Projects*. Manila.

Economic Benefit of Improved External Efficiency

| | |
|--|------|
| Job placement rate among those completing training without project | 50% |
| Degree of improvement in job placement rate among those completing training | 20% |
| Proportion of those who seek international employment after training | 3.3% |
| Degree of increase in international employment among those completing training | 20% |

Economic Cost of Proposed Project

| | |
|---|-----------|
| Recurrent cost after the project period | \$305,000 |
| Private cost (per training program per trainee) | \$20 |
| Opportunity cost (per training program per trainee) | \$68 |

| | |
|--|-------------------|
| Discount rate | 12.0% |
| Exchange rate (as of October 18, 2004) | \$1.00 = NRs72.00 |

Source: ADB. 2004. *Report and Recommendation of the President to the Board of Directors on a Proposed Loan to the Kingdom of Nepal for Skills for Employment Project*. Manila.

8. Based on these parameters and assumptions, the EIRR was estimated at 28.2%. To estimate the EIRR at project completion, the following updates and assumptions were made:

- (i) The cost stream was updated with the actual cost for each year consisting of both the ADB disbursement and the government's expenses.
- (ii) The increase in the recurrent cost is assumed to be the same as estimated at appraisal.
- (iii) The direct costs (per program per trainee) were estimated at \$42, and the opportunity cost at \$145. The costs are higher than anticipated at appraisal because of the increase in the duration of training.
- (iv) The final tracer study showed that 61.3% of trainees were employed within 1 year of training completion. Of those who were employed, 53.3% were self-employed, 44.3% were wage earners, and 2.4% had opted for foreign employment. This implies that only 1.5% of all trainees went abroad for employment. According to the National Population and Housing Census 2011, there were 15,848,675 individuals of working age (years 15 – 64) in Nepal during FY2011. During approximately the same period, 354,716 labor permits were issued by the Department of Foreign Employment for migrant workers for foreign employment. This suggests that the foreign employment rate in Nepal in FY2010-11 was 2.2%. Anecdotal evidence suggests that the foreign employment rate for women and dalits, the target group of the project, is significantly lower than that of males and non-dalits but there is no credible data on what the rates are. For lack of reliable data, it is assumed that foreign employment rate would have been 0.7%, one third of the national average, for the project's graduates in absence of the program. The foreign employment rate estimated by the tracer study is likely an underestimate of the true rate because the survey omitted those who were abroad and it required respondents to show proof of visa, a requirement that was too stringent. Therefore, sensitivity analysis is conducted by calculating the EIRR at 2.2% foreign employment rate, the national average.
- (v) The average monthly income of trainees was Rs. 6,565 according to the tracer study. The outside option is assumed to be Rs. 4080 per month with 24 days of work per month at the rate of Rs. 170 per day. Rs. 170 was the average daily wage of farm laborer in Nepal in FY2011. For foreign employment, the analysis assumes that the project trainees would have gone abroad as unskilled workers without the training but as semi-skilled workers after the training. According to the guidelines set by the government, the difference in minimum wage between unskilled and semi-skilled

workers are 200 Riyal in Qatar and 200 Dirham in United Arab Emirates, approximately Rs. 5,200. Since these are minimum wages and there is likely to be some premium to workers with some skills, the analysis assumes a difference of Rs. 10,000 in monthly wage between unskilled and semi-skilled workers.

9. Based on these assumptions and parameters, the estimated EIRR at project completion is 13.4% with a 1.5% foreign employment rate, and 26.2% with a 2.2% foreign employment rate (Table 5.1). The EIRR is very sensitive to the foreign employment rate because of the larger difference in the wage rates between unskilled and semi-skilled workers.

Table 5.1: Economic Internal Rate of Return
(Present value of economic costs and benefits in 2004 constant \$)

| Year | | Present Value of Economic Cost | Present Value of Economic Benefit (1.5% foreign employment rate) | Net Benefit | Present Value of Economic Benefit (2.2% foreign employment rate) | Net Benefit |
|-------------|------|--------------------------------|--|--------------|--|--------------|
| 0 | 2004 | 0 | 0 | 0 | 0 | 0 |
| 1 | 2005 | 0 | 0 | 0 | 0 | 0 |
| 2 | 2006 | 953,618 | 0 | (953,618) | 0 | (953,618) |
| 3 | 2007 | 270,196 | 0 | (270,196) | 0 | (270,196) |
| 4 | 2008 | 940,318 | 56,916 | (883,402) | 106,717 | (833,601) |
| 5 | 2009 | 1,425,670 | 214,948 | (1,210,722) | 403,028 | (1,022,642) |
| 6 | 2010 | 3,371,290 | 676,181 | (2,695,109) | 1,267,839 | (2,103,451) |
| 7 | 2011 | 5,547,691 | 1,357,190 | (4,190,501) | 2,544,731 | (3,002,960) |
| 8 | 2012 | 4,567,749 | 2,024,171 | (2,543,579) | 3,795,320 | (772,430) |
| 9 | 2013 | 129,480 | 2,116,683 | 1,987,203 | 3,968,781 | 3,839,301 |
| 10 | 2014 | 129,480 | 2,210,399 | 2,080,919 | 4,144,497 | 4,015,017 |
| 11 | 2015 | 129,480 | 2,305,332 | 2,175,852 | 4,322,498 | 4,193,018 |
| 12 | 2016 | 129,480 | 2,401,500 | 2,272,020 | 4,502,813 | 4,373,333 |
| 13 | 2017 | 129,480 | 2,498,918 | 2,369,438 | 4,685,471 | 4,555,991 |
| 14 | 2018 | 129,480 | 2,597,602 | 2,468,122 | 4,870,505 | 4,741,025 |
| 15 | 2019 | 129,480 | 2,697,570 | 2,568,090 | 5,057,943 | 4,928,463 |
| 16 | 2020 | 129,480 | 2,798,837 | 2,669,357 | 5,247,819 | 5,118,339 |
| 17 | 2021 | 129,480 | 2,901,420 | 2,771,940 | 5,440,163 | 5,310,683 |
| 18 | 2022 | 129,480 | 3,005,337 | 2,875,857 | 5,635,007 | 5,505,527 |
| 19 | 2023 | 129,480 | 3,110,605 | 2,981,125 | 5,832,384 | 5,702,904 |
| 20 | 2024 | 129,480 | 3,217,241 | 3,087,761 | 6,032,327 | 5,902,847 |
| 21 | 2025 | 129,480 | 3,325,264 | 3,195,784 | 6,234,870 | 6,105,390 |
| 22 | 2026 | 129,480 | 3,434,691 | 3,305,211 | 6,440,045 | 6,310,565 |
| 23 | 2027 | 129,480 | 3,545,540 | 3,416,060 | 6,647,888 | 6,518,408 |
| 24 | 2028 | 129,480 | 3,657,831 | 3,528,351 | 6,858,433 | 6,728,953 |
| 25 | 2029 | 129,480 | 3,771,581 | 3,642,101 | 7,071,714 | 6,942,234 |
| EIRR | | | | 13.4% | | 26.2% |

() = negative, EIRR = economic internal rate of return

Sources: ADB. 2004. *Report and Recommendation of the President to the Board of Directors on a Proposed Loan to the Kingdom of Nepal for the Skills for Employment Project*. Manila; and consultant's field observation