



Completion Report

Project Number: 38176-015
Grant Number: 0345
June 2020

Nepal: Skills Development Project

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Asian Development Bank

CURRENCY EQUIVALENTS

Currency unit		–	Nepalese rupee/s (NRe/NRs)	
			At Appraisal	At Project Completion
			3 June 2013	15 July 2019
NRe1.00	=	\$0.01118		\$0.00911
\$1.00	=	NRs89.4570		NRs109.7240

ABBREVIATIONS

ADB	–	Asian Development Bank
CTEVT	–	Council for Technical Education and Vocational Training
DMF	–	design and monitoring framework
EAPC	–	enterprise advisory and partnership committee
EIRR	–	economic internal rate of return
GESI	–	gender equality and social inclusion
M&E	–	monitoring and evaluation
MOEST	–	Ministry of Education, Science and Technology
MTR	–	midterm review
NPC	–	National Planning Commission
PCR	–	project completion report
PIU	–	project implementation unit
QIP	–	quality improvement program
RMO	–	regional monitoring officer
TA	–	technical assistance
TESP	–	training and employment service provider
TPM	–	third-party monitoring
TSDU	–	TVET sector development unit
TSLC	–	technical school leaving certificate
TVET	–	technical and vocational education and training

NOTE

- (i) The fiscal year (FY) of the Government of Nepal ends on 15 July. “FY” before a calendar year denotes the year in which the fiscal year ends, e.g., FY2020 ends on 15 July 2020.
- (ii) In this report, “\$” refers to United States dollars.

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BASIC DATA

A. Grant Identification

- | | |
|--------------------------------------|---|
| 1. Country | Nepal |
| 2. Grant number and financing source | 0345 (ADB's Special Funds) |
| 3. Project title | Skills Development Project |
| 4. Recipient | Government of Nepal |
| 5. Executing agency | Ministry of Education, Science and Technology |
| 6. Amount of grant | \$20.00 million |
| 7. Financing modality | Project grant |

B. Grant Data

- | | |
|--------------------------------|-----------------|
| 1. Appraisal | |
| – Date started | 22 Jan 2013 |
| – Date completed | 3 Jun 2013 |
| 2. Grant negotiations | |
| – Date started | 5 May 2013 |
| – Date completed | 6 May 2013 |
| 3. Date of Board approval | 25 Jun 2013 |
| 4. Date of grant agreement | 12 Jul 2013 |
| 5. Date of grant effectiveness | |
| – In grant agreement | 10 Oct 2013 |
| – Actual | 24 Oct 2013 |
| – Number of extensions | 1 |
| 6. Project completion date | |
| – Appraisal | 15 Jul 2018 |
| – Actual | 31 October 2018 |
| 7. Grant closing date | |
| – In grant agreement | 15 Jan 2019 |
| – Actual | 15 Jan 2019 |
| – Number of extensions | None |
| 8. Financial closing date | |
| – Actual | 15 Jul 2019 |

10. Disbursements

a. Dates

Initial Disbursement 31 Jan 2014	Final Disbursement 15 Jul 2019	Time Interval 65.5 months
Effective Date 24 Oct 2013	Actual Closing Date 15 Jul 2019	Time Interval 68.7 months

b. Amount (\$ million)

Category	Original Allocation (1)	Increased during Implementation (2)	Canceled during Implementation (3)	Last Revised Allocation (4=1+2-3)	Amount Disbursed (5)	Undisbursed Balance (6 = 4-5)
Civil works	0.80		(0.08)	0.72	0.72	0.00
Consulting services	1.38	0.18		1.57	1.50	0.06
Market-oriented short-term training	13.78	0.90		14.67	13.38	1.29
Vehicle	0.09	0.14		0.22	0.20	0.02
Equipment and material	0.30	0.64		0.95	0.81	0.13
Staff development	0.42	0.13		0.55	0.50	0.05
Studies and reviews	0.31	0.20		0.51	0.35	0.16
Recurrent costs: project management and M&E	0.08	0.73		0.81	0.71	0.10
Unallocated	2.84		(2.84)			
Total	20.00	2.92	(2.92)	20.00	18.17	1.81

Note: Numbers may not sum precisely because of rounding () = negative, M&E = monitoring and evaluation.

C. Project Data

1. Project cost (\$ million)

Cost	Appraisal Estimate	Actual
Foreign exchange cost	1.37	0.64
Local currency cost	23.63	19.94
Total	25.00	20.58

2. Financing plan (\$ million)

Cost	Appraisal Estimate	Actual
Implementation cost		
Borrower financed	5.00	2.40
ADB financed	20.00	18.18
Total implementation cost	25.00	20.58

3. Cost breakdown by project component (\$ million)

Component	Appraisal Estimate	Actual
A. Base Cost		
Expanded provision of market-oriented training	15.70	14.99
Quality and relevance	3.50	2.97
Policy, institutional, and operational reforms	0.50	0.53
Project management and monitoring and evaluation	1.90	2.09
Subtotal (A)	21.60	20.58
B. Contingencies	3.40	0.00
Total (A+B)	25.00	20.58

4. Project schedule

Item	Appraisal Estimate	Actual
Date of contract with consultants		
Project implementation and technical service consultants	Aug 2013	20 Feb 2014
Third-party monitoring firm	Jan 2014	2 Apr 2015
Tracer study	Dec 2015	22 Jun 2018
Project evaluation	Dec 2018	27 Sep 2018
Date of first contract for short-term training, level 1 (private provider)	Mar 2014	10 Jul 2014
Date of first memorandum of understanding for short-term training, level 2 (public provider)	Jun 2015	8 Jun 2015
Civil works contract		
Date of first contract award	Jun 2015	23 Dec 2015
Date of last contract award		22 May 2017
Completion of work		31 Dec 2017
Equipment and supplies		
Dates		
First procurement	Jun 2013	7 Jun 2015

5. Project performance report ratings

Implementation Period	Ratings
From 1 Oct 2013 to 31 Dec 2013	On Track
From 1 Jan 2014 to 31 Dec 2014	On Track
From 1 Jan 2015 to 31 Mar 2015	On Track
From 1 Apr 2015 to 30 Jun 2015	On Track
From 1 Jul 2015 to 30 Sep 2015	Potential Problem
From 1 Oct 2015 to 31 Dec 2015	On Track
From 1 Jan 2016 to 31 Dec 2016	On Track
From 1 Jan 2017 to 31 Dec 2017	On Track
From 1 Jan 2018 to 31 Dec 2018	On Track
From 1 Jan 2019 to 30 Sep 2019	On Track

D. Data on Asian Development Bank Missions

Name of Mission	Date	No. of Persons	No. of Person-Days	Specialization of Members^a
Fact-finding	22 Jan–1 Feb 2013	3	8	a, b, c
Inception	10–14 Mar 2014	3	5	d, c, e
Consultation	28–30 Jul 2014	2	3	d, c
Project review 1	11–14 Nov 2014	3	4	d, c, e
Project review 2	1–12 Mar 2015	4	12	d, c, e, f
Project review 3	29 Oct–9 Nov 2015	3	10	d, e, f
Midterm review	7–21 Nov 2016	6	14	d, c, e, f, g, h
Project review 4	11–25 Sep 2017	5	14	d, c, e, f, i
Project review 5	25 Jun–8 Jul 2018	2	13	d, e
Project completion review	11–20 Mar 2020	4	7	d, e, j, k

^a a = processing team leader, b = co-processing team leader, c = project officer, d = project officer team leader, e = project analyst, f = senior gender officer, g = senior public management officer, h = senior operations assistant, i = senior program officer, j = economics officer, k = gender consultant.

I. PROJECT DESCRIPTION

1. The Skills Development Project was designed to support the Government of Nepal in implementing key aspects of the national Technical and Vocational Education and Training (TVET) Policy 2012.¹ Despite a decade of conflict until 2006 followed by protracted political instability, Nepal made good progress in reducing poverty and achieving almost universal enrollment in primary education, with gender parity. However, workers were poorly educated, and school leavers did not have the skills needed by the labor market, despite rapidly growing demand for skilled workers. The TVET system faced key constraints, including insufficient and inequitable access to TVET, poor training quality and low market relevance, and weak institutional capacity. The project was designed to address the lack of skilled labor in Nepal, which was hindering economic growth. The project aimed to help the government (i) initiate strategic reforms to improve overall management and performance of the TVET system, (ii) improve the quality and relevance of public training², and (iii) increase private sector engagement in training delivery and job placement. The total project cost was \$25 million, of which \$20 million was financed by the Asian Development Bank (ADB), and \$5 million by the Government of Nepal.

2. The expected impact of the project was increased employability of the Nepalese workforce, and the outcome was the establishment of a market-responsive and social and gender-inclusive TVET system. There were four outputs. Output 1 was expanded provision of inclusive, market-oriented training. This covered the provision of 45,000 additional places for market-oriented basic skills training for unemployed or underemployed people, with a strong focus on gender equality and social inclusion (GESI). Output 2 was improved quality and relevance of TVET provision, under which 10 schools of Council for Technical Education and Vocational Training (CTEVT) were to be transformed through a quality improvement program (QIP), new mid-level skills programs, and direct links to industry and employers. Output 3 was policy, institutional, and operational reforms. This was intended to improve TVET management through a new TVET sector strategy and a new umbrella fund for coordinated sector financing. Output 4 was effective project management and monitoring and evaluation (M&E). The design and monitoring framework (DMF) are in Appendix 1.

II. DESIGN AND IMPLEMENTATION

3. The project was well implemented, with project performance consistently rated *on track*. Implementation was slow initially but accelerated to achieve outputs 1 and 2. Nepal's transition to a federal system of government, mandated by the 2015 Constitution of Nepal, disrupted implementation for foundational work on TVET sector reform. Neither the TVET sector strategy nor the new TVET fund could be approved until the new Federal TVET bill is legislated, which affected the achievement of some indicators under output 3.

A. Project Design and Formulation

4. The project was highly relevant to the country's development objectives. At the time of appraisal, the government was pursuing broad-based economic growth and inclusive social development after a long period of political instability. The project responded to the government's

¹ Asian Development Bank (ADB). 2013. *Report and Recommendation of the President to the Board of Directors: Proposed Grant to Nepal for the Skills Development Project*. Manila Government of Nepal, Council for Technical Education and Vocational Training. *TVET Policy 2012*. Kathmandu.

² The public training is defined in the project as skills training delivered by CTEVT schools.

Twelfth Plan, FY2011–FY2013³ and the TVET Policy 2012, which called for a significant expansion of training opportunities and increased access for excluded groups.⁴ Broad-based growth and inclusive social development were the foundation of ADB's country partnership strategies for Nepal, 2010–2012, 2013–2017, and 2020–2024).⁵ The project remained relevant at completion, supporting the government's Thirteenth Plan (FY2014–FY2016) and Fourteenth Plan (FY 2017–2019), which focused on strong economic growth and inclusive development.⁶ TVET remains one of the government's top priorities as stated in its Fifteenth Plan (FY2020–FY2024), with a goal of 50% of youth and adults receiving skills for employment and entrepreneurship.⁷

5. The project was categorized gender equity as a theme because of gender stereotyping, and the difficulty women and excluded groups faced in accessing job opportunities that were mostly concentrated in urban areas. The project design incorporated measures to increase women's and excluded groups' participation in skills training and employment, and to institutionalize GESI in the TVET sector. The GESI action plan was comprehensive and was implemented successfully.

6. The CTEVT; the Ministry of Education, Science and Technology (MOEST); employers; stakeholders including training providers; and beneficiaries of the earlier Skills for Employment Project were all involved in the project formulation.⁸ There was strong stakeholder ownership of the project. The use of the project modality was appropriate given the small grant size, weak institutional capacity, and lack of a sound sector strategy. The associated capacity development technical assistance (TA) was a valuable complement to the project (para. 36).⁹ Three minor changes of scope were approved to (i) modify fund flow arrangements (para. 34), (ii) align training targets with project resources (para. 13), and (iii) strengthen project monitoring and extend the physical completion date by 4 months (para. 33).¹⁰ These changes had no impact on overall project relevance, and they facilitated implementation.

7. The results chain, DMF indicators, and performance targets were sound, relevant, and realistic. The delays in achieving output 3 were noted during implementation, but the targets and activities were not revised given their relevance to TVET sector development in Nepal. By project completion, output 3 had been partly achieved. Nonetheless, pending output targets such as the TVET sector road map and results framework remain a government priority and will be finalized and approved once the structure for a devolved TVET system in line with the government's federal structure is agreed. The project was highly relevant at appraisal to government and ADB policies and strategies and remained relevant throughout the project cycle.

³ Government of Nepal, National Planning Commission. 2010. *Twelfth Three-Year Plan, FY2011–FY2014*. Kathmandu.

⁴ The Government of Nepal defines excluded groups as those that (i) have experienced exclusion historically based on gender, ethnicity, religion, disability, and remoteness; and (ii) have not been mainstreamed in the nation's development.

⁵ ADB. 2009. *Nepal: Country Partnership Strategy, 2010–2012*. Manila; ADB. 2013. *Nepal: Country Partnership Strategy, 2013–2017*. Manila; and ADB. 2019. *Nepal: Country Partnership Strategy, 2020–2024—Promoting Connectivity, Devolved Services, and Resilience*. Manila.

⁶ Government of Nepal, National Planning Commission. 2014. *The Thirteenth Plan, FY 2014–FY2016*. Kathmandu... Government of Nepal, National Planning Commission. 2017. *The Fourteenth Plan, FY 2017–FY2019*. Kathmandu.

⁷ Government of Nepal, National Planning Commission. 2020. *The Fifteenth Plan, FY 2020–FY2024*. Kathmandu.

⁸ ADB. 2004. *Report and Recommendation of the President to the Board of Directors: Proposed Loan to the Kingdom of Nepal for the Skills for Employment Project*. Manila.

⁹ ADB. 2013. *Technical Assistance to Nepal for Supporting Education and Skills Development*. Manila.

¹⁰ The minor changes were agreed before grant effectiveness, the midterm review, and the July 2018 review mission.

B. Project Outputs

1. Output 1: Expanded Provision of Inclusive Market-Oriented Training

8. **Basic skills training.** The first performance target to be achieved by 2018 under output 1 was that at least 45,000 young people (40% of whom are women and 30% from excluded groups and 80% trained by private training providers) complete basic skills training in market-demanded occupations. Despite the challenge of training such large numbers, the first target was fully achieved. Out of 47,284 initial enrollments, 47,263 people completed the training, easily exceeding the target of 45,000 people (Appendix 2). Of the people who completed the training, 41% were women (against the target of 40%) and 86% were excluded groups (against the target of 30%). Almost all trainees (89%) participated in the level 1 courses, in 84 different market-demanded skill areas within construction, manufacturing, and services industries.¹¹ About 46% completed courses in construction, 38% in services, and 16% in manufacturing.

9. The trainees' competency levels were assessed independently by the CTEVT's National Skills Testing Board, whose involvement confirmed to employers that graduates had achieved a set of nationally endorsed competencies. Of the 47,263 level 1 trainees who completed training, 97% (40,722) subsequently took the skills test, and of these, 75% (31,172) passed (including 60% of women and 70% of excluded groups), indicating a need for further quality improvement.

10. **Private training providers.** Private providers engaged under performance-based contracts delivered 76% of the training, almost reaching the target of 80% private provision. The use of performance-based contracting proved successful to meet the employment outcomes of trainees along with the GESI targets. Graduates of training delivered by private providers passed the skills tests at a rate of 80%, compared with 54% for graduates of training delivered by public providers, although the size of the public group was small (18% of the total).

11. The project introduced new level 2 courses that aimed to extend the knowledge gained in level 1.¹² The level 2 courses enrolled 5,450 participants and were offered mostly in CTEVT schools. Only 59% of those who completed the training passed the skills test (including 50% for women and 52% for members of excluded groups). Test takers reported that the theory component of the test was the main obstacle given its advanced nature compared to the education levels of the test takers. Nevertheless, during ADB review missions, the level 2 courses training graduates mentioned on average their monthly income increased significantly after the training. The course quality must be reviewed before level 2 courses are expanded.

12. **Training quality.** The tracer study,¹³ ADB mission reports, and the government's completion report identified shortcomings in training quality, including an inappropriate training facility, an inadequate provision of training materials, and inadequately trained trainers. Quality checks by the regional monitoring officers (RMOs) were hampered by inadequate resourcing and RMOs' lack of experience in M&E and project management. These shortcomings were addressed to a large extent during project implementation by revising the terms of reference of the training providers, mobilizing two additional individual M&E consultants, and increasing monitoring visits of project officials. Better planning of training contract packages and post-training support from providers would have further enhanced links between the training and jobs. The menu of training

¹¹ Level 1 is defined as foundational vocational skills training of 390 hours.

¹² Level 2 is defined as vocational skill trainings of 240 hours for level 1 graduates or people with 3 years of work experience. The project provided level 2 courses in industrial electrician, mason, advanced tailor, and beautician, among others.

¹³ CTEVT. 2019. *Skills Development Project Tracer Study*. Kathmandu.

options was determined by the project after consultation with employers and local stakeholders, but more opportunities for work placements and on-the-job training would have further improved quality.

13. **Mid-level skills training.** The second (amended) target was that 600 students (at least 15% of whom are women and 20% are from excluded groups) enroll in mid-level skills training in market-demanded occupations.¹⁴ The original target was 1,000 student places to be accomplished through 25 new courses. However, the capital requirements (e.g., new laboratories, classrooms, equipment) were beyond the resources of the project, so the target was reduced to 600 after the midterm review (MTR). A total of 15 new fee-paying mid-level programs were introduced at 11 CTEVT schools, out of which 10 were part of the QIP of output 2 (paras. 16–20). Four of the new diploma programs were in health sciences, five in engineering, and five in animal or plant science. A new technical school leaving certificate (TSLC) program in hospitality and culinary arts was also initiated. The details of programs and performance are in Appendix 2.

14. The new programs were phased in from 2014 to 2017. The first intake into all 15 programs totaled 550 students, the second intake 557, and the third intake 539. The capacity expansion target of 600 was not met because three institutes were unable to enroll 40 diploma students per intake, as was the plan, and the TSLC program enrolled just 20 students for each 18-month course. An annual increase of 550 student places represented a significant strengthening of the public system, which had an annual diploma intake of only 1,900. In school year 2019, there were 5,588 diploma students in all 59 CTEVT schools, of which 1,615 students (29%) were in the new diploma programs (Appendix 3). In 2017, 33% of the students were women (against the target of 15%) and 55% were excluded groups, against a target of 20%.

15. Given the successful expansion of basic skills training in excess of the targets, the achievement of GESI targets, the introduction of new mid-level programs, and the expansion of mid-level training capacity by 550 places annually, output 1 is assessed as achieved.

2. Output 2: Improved Quality and Relevance of Technical and Vocational Education and Training Provision

16. **Quality improvement program progress.** The QIP was a set of standards developed under the project focusing on the nine areas of (i) governance and management, (ii) teaching and learning, (iii) support to students, (iv) teachers and faculty, (v) budget and financial resources, (vi) facilities and equipment, (vii) management information systems, (viii) linkages to industry and enterprises within the community, and (ix) research and development. The GESI indicators were embedded within the nine areas (Appendix 7, Table A7.1.). Ten CTEVT schools have been implementing the QIP and have demonstrated a commitment to the process as planned. Annual quality audits of progress in each institution were conducted during 2015–2018 by a team from the CTEVT. The final audit found that all schools had made progress, especially in the areas of strategic planning and implementation, plans for revenue generation, GESI support, and facility maintenance planning. However, schools found some elements challenging, such as implementing good lesson plans, academic and career counseling for students, staff performance appraisals, tracer studies, and management information systems. Further support is needed to help schools overcome structural obstacles such as insufficient instructors and lack of resources to implement some QIP standards. Four schools achieved more than 70% of the standards, four achieved 60%–70%, and two schools achieved 50%.

¹⁴ Mid-level programs are 18–36 months of technical education training comprising technical school leaving certificate (TSLC) (18 months) and diploma programs (36 months) aimed at developing mid-level skilled technicians.

17. The QIP has been valuable in making school principals and staff more aware of what is required to create an effective institution, and it has instilled new ways of thinking and new practices. The PCR mission found that the school principals and staff were enthusiastic about the QIP and exhibited a high level of ownership. To implement all the quality standards effectively, a dedicated division within the CTEVT and alignment of funding with strategic plans for each school are needed. The CTEVT has created a QIP unit and is rolling out a modified version of the QIP standards for all its schools. The first target is assessed as achieved.

18. **Linkages with enterprises.** A key element of TVET provision was to strengthen relationships with enterprises through (i) establishment of enterprise advisory and partnership committees (EAPCs) in 10 CTEVT schools selected for QIP and (ii) agreements by EAPCs for industry linkage. All 10 CTEVT schools established EAPCs. The involvement of EAPCs in school operations slowly improved during the project. Some school directors commented to the project completion report (PCR) mission that the industry linkage component was the most valuable component of the QIP because it helped the schools identify labor market needs and training placements. The PCR mission found industry linkages in some schools, but no formal agreements or contracts were signed by EAPC. In future, the role of the EAPCs must be further clarified to develop industry linkages. This target is assessed as partly achieved.

19. **New diploma and technical school leaving certificate programs.** The third revised target, the introduction of 15 new or updated mid-level skills training programs in market-demanded occupations in the 10 QIP participating CTEVT schools, was met (paras. 13–14). The project supported their introduction through the refurbishment and construction of buildings and the procurement of equipment. By project completion, 609 students had completed the new diploma programs (Appendix 2, Tables A2.4, and A2.5); 45 students dropped out before the final examination and 127 students failed it, yielding an overall pass rate of 78%. Three courses reached the CTEVT target of a 90% graduation rate, eight courses graduated 70%–80% of students, and five courses graduated 30%–52% of students. By July 2020, 14 more intakes will have completed their courses. Only six students had dropped out of the 14 intakes by February 2020, so it is likely that the completion rate for these groups will be near 100%.

20. For the new TSLC program in culinary arts, there were four intakes of 20 students each as of July 2020. Of the original 40 students (2 intakes), 9 dropped out and 8 failed the final examination. The completion rate for these two intakes was 78%, and the pass rate was 74% (yielding a 58% graduation rate). However, signs of improvement include a zero-dropout rate among the 20 students in the 2018 intake, so the graduation rate will be above 58%.

21. **Teacher shortages.** Several principals of CTEVT schools identified the lack of permanent teacher positions, the difficulty of finding qualified teachers for fields like engineering, and the high turnover of teachers as the major problems impeding efforts to improve the quality of teaching and learning. The three new diploma courses at one school visited during the PCR mission were taught entirely by contractual staff on 1-year contracts.

22. **Curriculum design.** The TSLC is practical in orientation (with 80% practical content) and the principals of CTEVT schools mentioned that it is popular among employees. In contrast, the diploma courses are academic in orientation and have only 20% practical content, which is much lower than most TVET programs. Hence, further work is needed to ensure diploma program curricula are practical and relevant to the job market.

23. **Capacity development.** The fourth target was 300 TVET professionals (at least 15% of whom are women and 15% from excluded groups) complete training in GESI-sensitive

occupational and instructional skills upgrading, curriculum development, and management. Training was provided to 582 instructors and CTEVT staff, primarily to improve teaching quality.

24. Three of the four targets under output 2 were achieved, while one was partly achieved. The QIP was implemented successfully and 15 new mid-level programs were introduced. A solid foundation was laid for further improvements to the quality and relevance of TVET institutions and programs, with a strong GESI orientation. Mid-level training expanded by 550 places, with good prospects for achieving the target of 600 once the new programs are better established. Output 2 is assessed as achieved.

3. Output 3: Policy, Institutional, and Operational Reforms Implemented

25. **National technical and vocational education and training strategy.** The TVET sector development unit (TSDU) conducted a wide-ranging policy dialogue and stakeholder consultation for the development of a national TVET sector strategy, road map, and results framework, 2018–2023. The MOEST officially submitted the draft documents to the National Planning Commission (NPC) in late 2018. The PCR mission learned that the NPC intends to amend the TVET sector strategy in FY2021, in line with the new education and TVET policy frameworks, for subsequent implementation under the proposed new federal TVET bill. The MOEST informed ADB that the TVET bill is currently being drafted by MOEST to clarify roles and responsibilities of TVET delivery at federal, provincial, and local government. As the draft sector strategy, road map, and results framework has been submitted to the NPC and forms an important part of ongoing policy discussions, this target is assessed as likely to be achieved by end of 2021.

26. **Technical and vocational education and training sector development unit operational within the Ministry of Education, Science and Technology.** The TSDU was established within the MOEST to strengthen policy development and coordination in TVET as envisaged. The TSDU received technical support from the TA (footnote 9) for the development of the TVET sector strategy and TVET fund options, and was also involved in drafting the institutional framework, procedures, and detailed terms of reference for the TVET fund. This target was achieved.

27. **Council for Technical Education and Vocational Training restructuring.** The CTEVT was established to manage and coordinate the provision of TVET services. It is responsible for regulation, setting of standards, sector coordination, quality assurance, and certification. It is also a major TVET provider. The restructuring was intended to strengthen the CTEVT's regulatory functions, with devolution of its implementation functions. The reorganization of CTEVT divisions to improve service delivery was done during the project period, but full restructuring could not be achieved as intended, as the restructuring needed to be aligned with the structure proposed in the new federal TVET bill. A revised structure is still being discussed and is likely to be agreed after the new federal TVET bill is finalized. This target is assessed as likely to be achieved.

28. **Technical and vocational education and training fund.** The government allocated \$1 million to the TVET fund in accordance with the agreed target, but the fund's establishment and operation were stalled because of the absence of a clear structure for decentralized TVET delivery reflecting the new federal structure.

29. This output's indicators, performance targets, and activities were foundational for TVET reform but could not be delivered primarily because of the move to a federal state. Added to that, the TSDU, as a newly established unit, had neither the capacity nor experience needed to drive such a complex process. In 2017, the MOEST integrated the TSDU into a new, full-fledged TVET division, but this new division's capacity is still evolving. The MOEST informed to the PCR mission

that the proposed national TVET sector strategy, road map, and results framework, 2018–2023 and CTEVT restructuring, will be approved once the new federal TVET bill is finalized and legislated. The output is assessed as partly achieved.

4. Output 4: Effective Project Management and Monitoring and Evaluation

30. Output 4 provided the support necessary for effective project management and M&E. The four performance targets were achieved. RMOs were mobilized to monitor the basic skills training, and M&E results of basic skills training were stored in a computerized database. This database was merged with the MOEST's TVET database after project completion.¹⁵ Performance payments were disbursed to training and employment service providers (TESPs) within 3 months after the employment status of trainees was verified by third-party monitoring (TPM). Two fiduciary reviews were carried out, in 2016 and 2018. The project evaluation and tracer studies were conducted in 2018. This is assessed as fully achieved.

C. Project Costs and Financing

31. At project appraisal, the total project cost was estimated at \$25.00 million, including ADB grant financing of \$20.00 million (80%) and government counterpart funding of \$5.00 million (20%). At project completion, the actual project cost was \$20.58 million, which was 16% less than the appraisal estimate, and government counterpart funding was \$2.40 million against the appraisal estimate of \$5.00 million—both because of the devaluation of the Nepalese rupee against the United States dollar. Appendixes 4 and 5 show the details of the project cost and financing at appraisal and completion.

D. Disbursements

32. Disbursements from ADB were satisfactory. The use of both imprest advance and statement of expenditure for disbursement ensured the availability of resources for timely payments by the project. At project completion, ADB had disbursed \$18.18 million, against the total grant of \$20.00 million (91%). The disbursement projections were generally realistic, although disbursements for civil works, market-oriented short-term training, and recurrent costs were slightly lower than projected because of the devaluation of the Nepalese rupee against the United States dollar. This also reduced the government counterpart disbursement to \$2.40 million against a total projected disbursement of \$5.00 million (civil works were 51% financed by the government). Details of disbursements are in Appendix 6.

E. Project Schedule

33. The project became effective on 24 October 2013, was physically completed on 31 October 2018, and financially closed on 15 January 2019 as expected. The physical completion date was extended by 4 months to allow TPM to verify employment for the training graduates. Given more than a decade long political instability (2006–2016), the uncertainties involved in transitioning to a federal state in 2017, and the devastating earthquake in 2015 that occurred during the project period, it is commendable that the project managed to be completed on time.

F. Implementation Arrangements

34. The MOEST was the executing agency. A project steering committee chaired by the

¹⁵ The MOEST is upgrading the TVET database to consolidate information on short-term vocational training.

secretary of the MOEST was established to oversee implementation and provide coordination. The CTEVT was the implementing agency, and there were two implementation units – the TSDU and the project implementation unit (PIU). The minor change in fund flow arrangement was undertaken before effectiveness to enable the PIU to have more accountability on project expenditures and financial management instead of the TSDU. The PIU, responsible for outputs 1 and 2, was under the CTEVT and the TSDU, responsible for output 3, was under the MOEST. There were no other changes in these arrangements during project implementation. A second implementing unit was needed because only the MOEST had the mandate to coordinate across government ministries and with development partners, which was needed for development of the new sector strategy and TVET fund operational guidelines.

35. Separation of the implementing units was successful, as the TSDU slowly emerged as a dedicated unit within the MOEST for TVET coordination and policy development, which later merged into the MOEST's new TVET division in 2017. However, the MOEST continues to lack TVET expertise and the technical support should be continued. The implementation arrangement was adequate to deliver the outputs and outcome.

G. Technical Assistance

36. The project was supported by an associated TA, which was approved in 2013 and financed on a grant basis by ADB's Technical Assistance Special Fund (TASF V and VI) for a total amount of \$1.5 million. ADB recruited national and international consultants to support the TSDU in sector coordination; stakeholder consultations; and development of the TVET fund and TVET sector strategy, road map, and results framework. Two annual fiduciary reviews of the project were also conducted. The TA continues to support education and skills development in Nepal and is scheduled to close in November 2020 (footnote 9). The TA completion report will be prepared in 2021.

H. Consultant Recruitment and Procurement

37. The nature of the project necessitated significant consultant support. An international consulting firm (an international nongovernment organization) was recruited through quality- and cost-based selection to support project implementation and provide technical support, and national consulting firms were recruited through consultants' qualifications selection to carry out the MTR, tracer study, TPM, and the final evaluation of the project. Two national individual consultants were engaged for monitoring of basic skills training under output 1 after the MTR. The performance of TA and project consultants was satisfactory.

38. Thirteen national private training providers were contracted to provide basic training (levels 1 and 2) through quality- and cost-based selection. The number of packages to provide training was increased from 10 to 13 through the 2017 minor change of scope. Quality- and cost-based selection was used because it was the most applicable method available, but it was not designed to select training providers and therefore did not always provide the best outcome.¹⁶ Memoranda of understanding were signed with 11 public institutions to deliver training. Another national firm was engaged to provide social marketing services. All consultant recruitment followed ADB's Guidelines on the Use of Consultants (2013, as amended from time to time) and was consistent with the procurement plan.

¹⁶ The ADB Procurement Policy (2017, as amended from time to time) and the Procurement Regulations for ADB Borrowers (2017, as amended from time to time) indicate that provision of vocational training could be categorized as non-consulting services, which may lead to more options for methods of contractors' selection.

39. Procurement under the project was mainly small-scale. Five contractors were hired to refurbish workshops in eight CTEVT schools, and two contracts were awarded under national competitive bidding for construction of new classrooms in a further eight CTEVT schools that lacked the facilities needed for the introduction of new courses. Tools and equipment were procured for these schools as well. Civil works contractors completed their work to an acceptable standard. Appendix 6 confirms that the projected contract awards were realistic when compared with actual awards.

I. Gender Equality and Social Inclusion

40. The GESI action plan incorporated two types of GESI outputs: (i) training and employment of women and excluded groups and (ii) institutionalization of GESI mainstreaming in the TVET sector. The targets for the first output included enrollment rates of women in nontraditional sectors, enrollment in mid-level training, and employment. The second output included targets for GESI criteria in the selection of training providers, incentives for the employment of women and excluded groups, GESI modules in the new mid-level programs, establishment of a GESI unit in the CTEVT, and GESI indicators in the TVET sector road map. In all, there were 11 activities and 16 quantitative targets (Appendix 7).

41. A GESI unit was established in the CTEVT to mainstream GESI in CTEVT operations. The GESI unit, along with a GESI consultant and GESI focal person within the PIU, implemented the GESI action plan. Implementation was successful: 91% of the 11 activities (including qualitative targets) were completed and 94% of the 16 quantitative targets were achieved. The gender benefits were both practical and strategic. The practical benefits included separate toilet facilities, baby care centers, and monthly accommodation allowances. The strategic gender benefits resulted from the enrollment of a critical mass of women in TVET courses that are traditionally associated with men and considered, based on social norms, inappropriate for women. Women comprised 47% of the enrollees in nontraditional courses such as construction and manufacturing courses (compared to a baseline of 21%). Moreover, the TPM firm found only a small difference in employment rates between women and men: 74% of the women who had initially enrolled in the training courses found employment compared with 77% of men. Among employed women, 48% were employed in nontraditional sectors (construction and manufacturing); 36% were self-employed; 55% were engaged in daily wage employment, and 9% were engaged in foreign employment. This indicates the effective implementation of the GESI action plan.

J. Safeguards

42. The project was classified category C for impacts on the environment, involuntary resettlement, and indigenous peoples at appraisal and at completion. the project appraisal confirmed that the project would not cause involuntary resettlement, and no adverse environmental impact was anticipated from the minor civil works to be undertaken. This remained the case at project completion. The implementation of safeguards was satisfactory.

K. Monitoring and Reporting

43. The government was in full compliance with 21 of the 24 grant covenants and in partial compliance with the remaining 3 grant covenants, while the CTEVT was in full compliance with 23 of the project covenants and was not compliant with 1, as per the project agreement (Appendix 8). The grant covenants with partial compliance were all part of output 3 targets (paras. 25–29). The one case of noncompliance with the project covenants was related to the non-submission of an audited financial statement by the CTEVT using national accrual standards in a form and

format acceptable to ADB, as there is no statutory obligation for the CTEVT to produce such a report. This covenant should not have been included during project design.

44. The monitoring of outsourced training was essential to ensure quality and reduce fiduciary risk. The project's M&E mechanism comprised (i) field monitoring of training providers by regionally based staff appointed by the PIU, (ii) independent third-party evaluation of training and verification of employment, and (iii) an external audit in accordance with government procedures. Six regional offices were established with 13 RMOs from the CTEVT to carry out the field monitoring.

45. The independent M&E arrangement proved effective. The MTR report yielded valuable insights into project progress and helped guide implementation. Annual audits of the QIP highlighted areas for improvement. The employment verification after completion of training through TPM was implemented successfully. A tracer study evaluated the sustainability of graduates' employment, graduates' satisfaction with the training, and employers' satisfaction with graduates' skills and knowledge (footnote 13).

46. The government submitted satisfactory quarterly and annual reports and a comprehensive recipient's completion report. These reports all included progress on the GESI action plan. The project's M&E system was comprehensive and innovative in its use of internal monitoring of project training and external monitoring for verification, and it was appropriate for a project with significant involvement of private providers to deliver services. However, the RMOs were under-resourced and lacked the appropriate technical background, given that they were the CTEVT's administrative staff. Internal monitoring needs to be improved for future projects.

47. **Financial management.** The project submitted audited project financial statements within 6 months of the end of each fiscal year throughout the project period, as required. The audit observations were followed up on in a timely manner and resolved to a large extent, except those related to project implementation performance. The remaining outstanding audit observations of previous fiscal years were clarified by the project with reasonable explanations in the audit report of FY 2020; ADB concurred, as the observations were mainly related to project implementation. The observations are expected to be settled once the Parliament's Public Accounts Committee hearings take place. The requirement to submit audited entity financial statements is discussed in para. 43. Two fiduciary reviews of the project conducted by financial management expert of the TA (footnote 9) in 2016 and 2018 found weak accounting systems of private TESP, inadequate inventory and asset management in CTEVT schools, and lapses in monitoring of trainings by the RMOs. The project prepared detailed action plans addressing the issues. ADB found satisfactory implementation of the both action plans at project completion.

III. EVALUATION OF PERFORMANCE

A. Relevance

48. The project was highly relevant at appraisal to ADB's country partnership strategies and Nepal's development objectives and remained highly relevant at completion, considering the government's commitment to expand TVET for youth and adults (para 4). It was also highly relevant to the government's priority policy of inclusive development. The project design was aligned with ADB's Strategy 2030, particularly for operational priorities 1 (addressing remaining poverty and reducing inequalities), 2 (accelerating progress in gender equality) and 6 (strengthening governance and institutional capacity). The project design and choice of instrument were adequate, and the quality of the DMF was sound (paras. 4–7). The outcome and

outputs were well selected to meet the needs of the TVET sector. The design included lessons learned from past projects implemented by ADB along with development partners. The project complemented development partners' ongoing support for TVET.

49. The design was innovative in its whole-cycle approach to skills development that encompassed labor market assessments, mobilization of potential trainees, training, and employment services. Although the links to the labor market still need strengthening, the project marked the beginning of a transformation in the way training services are delivered. A strong emphasis on private sector provision of training using performance-based contracts allowed for a rapid expansion of training places and built the capacity of private providers and the CTEVT. The strong emphasis on promoting GESI through incentive payments combined with awareness-raising programs was transformational in changing attitudes and empowering graduates. The introduction of a QIP in CTEVT schools paved the way for improving the public TVET system for mid-level skills. Finally, the use of external monitoring, unusual in ADB projects, proved effective in providing independent benchmarks of project progress that fed back into implementation. The approval of a TVET sector development strategy, operationalization of the TVET fund, and restructuring of the CTEVT could not be achieved during the project period and were beyond the project's control (paras. 25–29). However, they remain a high priority for the government. The project is rated *relevant*.

B. Effectiveness

50. The project is rated *effective* in achieving the outcome of a market-responsive and social and gender-inclusive TVET system. Both outcome indicators were achieved. Of the 14 output indicators, 9 were achieved, 1 was substantially achieved, 2 are likely to be achieved, and 2 were partly achieved. Outputs 1 and 2 contributed to the outcome achievement. More than 80% of the targets in the GESI action plan (paras. 40–41) were also achieved. Safeguards implementation was satisfactory (para. 42).

51. **At least 75% of graduates are employed 6 months after training (including 40% women and 30% from excluded groups).** The TPM firm found that 35,992 of the 47,284 graduates were employed 6 months after training, an employment rate of 76%, which exceeds the target of 75% employment. Of those employed, 15% were employed in manufacturing, 45% in construction, and 39% in services (Appendix 9); 53% were in daily wage employment and 40% were in self-employment. Women were concentrated in services (52%) with a surprisingly high 37% in construction, while men were concentrated in construction (51%) and manufacturing (31%). Surprisingly, 8% of the trainees had already found foreign employment. Daily wage employment was highest in the services sector (60%). In manufacturing and construction, employment was split between self-employment and daily wage employment. The large number of graduates who ended up in self-employment indicates the need for effective entrepreneurial training, and support in accessing business financing.

52. Of the employed, 40% were women and 72% were excluded groups, the same as the distribution of trainees. The employment rates also showed little variation among genders and groups, with a rate of 74% of women compared with 77% for males, and 77% excluded groups. Both GESI targets were also achieved.

53. **Employer satisfaction with technical and vocational education and training graduates increased to 70%.** The tracer study found that 91% of employers were satisfied with the graduates they employed (footnote 13). Employers reported that they were reasonably satisfied with graduates' theoretical knowledge and practical skills, and were happy with

graduates' work ethic, eagerness to learn, and good teamwork abilities. The second outcome target was therefore achieved.

C. Efficiency

54. At completion, the project's overall economic internal rate of return (EIRR) was estimated at 29% against the EIRR of 35% computed at appraisal. The EIRR is comparatively high because all trainees completed the training, and investment and recurrent costs at completion were lower than predicted. The economic analysis is in Appendix 10. Despite the political transition (2006-2016), the devastating earthquake in 2015, and the uncertainty resulting from federalism, all activities were completed, and funds disbursed without a major grant extension. The project is rated *efficient* because (i) at reevaluation the EIRR exceeded the opportunity cost, (ii) there were no cost overruns, and (iii) there was only a minimal time overrun (para. 33).

D. Sustainability

55. The government's policy that 50% of Nepalese youth and adults receive vocational and entrepreneurship training by 2024 has heralded a significant increase in investment in TVET (paragraph 4, footnote 7). The allocation to TVET from the national education budget averaged 3.7% during FY2013–FY2018 (Appendix 10, Table 10.6). Given the priorities of the government and its commitment to the tabling of new federal TVET bill by 2021, the expansion of TVET is expected, followed by an increase in the budget allocation. The successful implementation of level 1 training is a good basis for further public and private investment. The high levels of interest among level 1 graduates in level 2 training indicate the need for a broader, market-led level 2 program. The TSLC programs, with their relatively short duration, highly practical nature, and strong labor market links, are also likely to attract future investment.

56. The quality improvements in CTEVT schools begun under the QIP will be expanded to more schools. The emphasis on self-assessment will help boost the chances of QIP sustainability. Mid-level skills programs are a priority. The eventual integration of basic skills training and mid-level skills training into one articulated system linked to a national vocational qualification framework would support the sustainability of the short-term training.

57. A potential challenge to the project's sustainability is the move to federal system, where roles and responsibilities for TVET delivery for federal, provincial, and local governments is yet to be confirmed. However, given government policies prioritizing TVET, the solid foundation for future TVET development established under the project, and the anticipated TVET financing in a federal context, the project is rated *likely sustainable*.

E. Development Impact

58. **Project impact.** The expected project impact was increased employability of the Nepalese workforce. Data from FY 2018 showed the labor underutilization to be 39.3% (male 32.0% and female 48.4%).¹⁷ Similarly, the youth (15–24 years old) unemployment rate was 21.4% (footnote 15). A comparison with the impact target of the DMF could not be done, as the methodology adopted for the survey (footnote 15) was revised by Central Bureau of Statistics in 2013.

59. **Economic well-being.** The basic skills training program was successful in raising the

¹⁷ Government of Nepal, NPC, Central Bureau of Statistics. 2019. *Report on the Nepal Labor Force Survey, 2017/2018*. Kathmandu.

income of its graduates. The tracer study found that graduates who were employed increased their incomes by an average 57%. Nearly half said that they used the extra income to fulfill their family's needs. The graduates reported that the rise in income had made their lives more comfortable. Over half of the graduates, both male and female, said they found it easier to earn a living, and 45% said that their economic state had improved (footnote 13).

60. **Gender equality and social inclusion impacts.** Women and the excluded groups were clear beneficiaries of the project. Incomes increased for women and the excluded groups, with the average salaries of excluded groups slightly higher. Many graduates opened their own small businesses. The increased participation of women in nontraditional courses will position them for wider employment options, but they need to improve their results on the skills tests.

61. **Private sector development and participation in technical and vocational education and training.** The project initiated closer linkages between the public and private sectors in TVET. It supported the development of a private training market for basic skills training and the EAPCs in CTEVT schools established links between mid-level skills training and enterprises. The project steering committee included private sector representatives, and employers were consulted extensively in the design of the basic skills training and the TVET strategy.

62. Despite the nonachievement of development impact indicators in the DMF, the project is assessed as having *satisfactory* development impacts on account of its contribution to (i) improving the quality of life for many thousands of low-income people, especially women and excluded groups, (ii) paving the way for a new approach to skills training with a strong focus on employment results, and (iii) enhancing private sector participation in TVET. The project's contributions to ADB results framework are found in Appendix 11.

F. Performance of the Recipient and the Executing Agency

63. The performance of the government, the recipient, was *satisfactory* because the government prioritized budget provision, regularly monitored project performance, and occasionally participated in field visits. The performance of the MOEST, the executing agency, was also *satisfactory*, although stronger leadership in developing a cohesive TVET sector strategy would have benefited the project. The performance of the CTEVT, the implementing agency, was *satisfactory*; it had strong ownership of the project. Fewer changes of the project's director would have enhanced PIU effectiveness. All ADB reporting requirements were met.

G. Performance of the Asian Development Bank

64. ADB provided satisfactory support throughout the project. Project implementation was well supported, especially after the project was delegated to ADB's Nepal Resident Mission in 2015. Two review missions were fielded per year up to the MTR, with one per year thereafter. The review missions were thorough and always involved field visits with frequent gender officer participation. ADB coordinated with Development Partners working in TVET in Nepal and shared knowledge and experiences related to TVET; the support, guidance, and technical advice provided by ADB was greatly appreciated by the CTEVT. The performance of ADB is rated *satisfactory*.

H. Overall Assessment

65. The project is rated *successful* as it was relevant, effective, efficient, and likely sustainable. The project design was consistent with ADB and government policies in addressing the critical

shortage of vocational and mid-level skills in the labor market, and effective in achieving the project outcome. It was efficient, as the EIRR exceeded the opportunity cost. There was no cost overrun and only minimal time overrun. The project benefits are likely to be sustained and expanded given the government's priority given to TVET. The project's impacts were also satisfactory.

Overall Ratings

Criteria	Rating
Relevance	Relevant
Effectiveness	Effective
Efficiency	Efficient
Sustainability	Likely sustainable
Overall Assessment	Successful
Development impact	Satisfactory
Borrower and executing agency	Satisfactory
Performance of ADB	Satisfactory

ADB = Asian Development Bank.

Source: ADB.

IV. ISSUES, LESSONS, AND RECOMMENDATIONS

A. Issues and Lessons

66. **Whole-cycle approach.** The project was innovative in its whole-cycle approach to skills development, incorporating labor market assessments prior to training, quality monitoring, and employment planning and placement. This approach strengthened the links between training and the labor market, but would have been more effective if on-the-job training, entrepreneurship training, and employment counseling had been incorporated into the requirements for providers (para. 49; and footnote 16).

67. **Monitoring and evaluation.** The use of TPM firm for verification of training outcomes was a successful innovation. Expanding the use of external monitoring to monitor training quality and compliance of providers with contract requirements would further strengthen training quality and outcomes. A more extensive database on TVET incorporating detailed training, testing, and employment data is essential for improved planning and evidence-based decisions. The provision of fiduciary review complemented M&E and helped mitigate the fiduciary risks and should be continued. Given that one of the financial covenants on the CTVET's audited entity financial statement was not applicable and could therefore not be met, careful understanding of such requirements must be done by both ADB and the government during project design.

68. **Mid-level skills training.** In many CTEVT schools implementing QIP, the new programs were taught largely by contractual staff, with high turnover. Results would have been better if the government had ensured that adequate staffing was available. The further expansion of mid-level skills training requires the approval of a national vocational qualification framework to count a diploma as a qualification linked to other TVET and higher education qualifications.

B. Recommendations

69. **Use of private training providers.** The project made widespread use of private training providers. This approach was successful in expanding capacity and improving employment outcomes. To accelerate implementation, more attention should be paid to ensuring an appropriate procurement method. Also, government agencies overseeing large-scale outsourcing should have the capacity, skills, and experience to contract and manage private contractors.

70. **Labor market relevance of training.** To boost employment rates in basic and mid-level skills training, it is essential that the labor market-related aspects of the training cycle are incorporated into the requirements for training providers. This should include accurate labor market assessments with the involvement of local employers, greater use of on-the-job training, more effective EAPCs, greater coverage of entrepreneurship (including sources of business financing), and better employment counseling. Increased support for graduates to establish their own businesses would further spread the benefits of training.

71. **Reform of technical and vocational education and training programs and the national vocational qualification framework.** An expanded, market-led level 2 training program should be developed. Current level 2 programs should be revised to address the reasons for the high failure rate under the project and offered to private providers using the performance-based approach. The diploma program is too academic in focus. It should be reoriented toward preparation for the labor market, with a more practical focus and active involvement of enterprises through the EAPCs. Comprehensive curriculum reform is needed, as well as incentives that reward schools for graduate employment rather than university entrance.

72. **Financing instrument.** The project combined a large-scale training program with foundational policy reforms needed for TVET sector expansion and reform. Given the country context and the available grant resources at the time of design, the choice of a project investment combined with TA focusing on institutional development proved relevant and effective. However, ADB and the government could consider using financing instruments (such as the combination of project and program loans or results-based loans with attached TA) to introduce the required incremental policy reforms to facilitate TVET reform and expansion.

73. **Further action or follow-up.** The national TVET sector strategy, road map, and results framework, 2018–2023, the VET fund, and the restructuring of the CTEVT could not be finalized by project completion. However, the government is committed to the development and passing of a new federal TVET bill by 2021, after the TVET sector strategy can be finalized, restructuring of the CTEVT ADB will continue to monitor progress on these actions, which are key to its future support for the TVET sector.

74. **Timing of the project performance evaluation report.** A project performance evaluation report could be prepared once the new federal TVET bill is legislated and enacted, and the devolved TVET structure is introduced.

DESIGN AND MONITORING FRAMEWORK

Design Summary	Performance Indicators and Targets	Revised Performance Targets and Indicators after Approval of Minor Change in Scope ¹	Project Achievements
Impact Increased employability of the Nepalese workforce	Decline in labor underutilization rate from 30.0% in 2008 (female 22.8% and male 32.2%) to 25.0% in 2020 Decline in youth unemployment (age 15-29) from 3.6% in 2008 (female 3.1% and male 4.2%) to 2.4% in 2020.		The labor underutilization rate in 2017/18 was 39.3% (female 48.4% and male 32%). This may not be comparable given the methodology used by CBS has been changed from 2013. No comparable data for this age group was available. Source: CBS, Labor Force Survey 2017/2018
Outcome A market-responsive and social and gender inclusive TVET system established.	By 2018: a. at least 75% of graduates are employed 6 months after training (of graduates, 40% are women and 30% from excluded groups) (2012 baseline: 63% female and 64% male)		Achieved The employment rate of graduates was found to be 76% by the TPM team, which verified the employment status of graduates. This exceeds the target of 75%. Of the graduates employed, 40% were self-employed, 53% were in wage employment, and 8% were employed abroad. It is likely that foreign employment will increase as the graduates gain more experience working in Nepal. 45% of the graduates were employed in the construction sector, 39% in the services sector, and 15% in manufacturing. Self-employment was most common in construction, followed by services. 40% of the employed graduates were women and 72% were from excluded groups. The employment rate among training graduates for women was 74%, only slightly lower than for men (77%). The employment rate among training graduate for the excluded graduates was 76.5%. Source: TPM, SDP, 2019

¹ Approved on 23 January 2017

Design Summary	Performance Indicators and Targets	Revised Performance Targets and Indicators after Approval of Minor Change in Scope ¹	Project Achievements
	b. employer satisfaction with TVET graduates increases to 70%. (2012 baseline: 45%)		<p>Achieved</p> <p>The Tracer Study found that 91% of employers expressed satisfaction with the training graduates. This meets the target of 70%.</p> <p>Source: Trace Study, SDP, 2019</p>
<p>Output 1 Expanded provision of inclusive market-oriented training</p>	<p>By 2018, at least 45,000 young people (40% of whom are women and 30% are from excluded groups, and 80% are trained by private training providers) complete basic skills training in market-demanded occupations (Baseline: 32% and 26% of trainees were women and Dalits respectively).</p>		<p>Achieved</p> <p>47,284 young people enrolled in short-term training. Of these, 47,263 completed the training. This exceeds the target of 45,000.</p> <p>41% of those who completed the training were women, and 72% were from excluded groups. This exceeds the target of 40% for women, and 30% for excluded groups.</p> <p>75.6% of training was provided by private training providers, which is just short of the target of 80%.</p> <p>46,151 (98%) of trainees sat the skills test. Of those, 75.5% passed the skills test.</p> <p>Pass rate for private providers was 81%.</p> <p>Pass rate for public providers was 54%.</p> <p>Source: PCR, SDP, 2019</p>
	<p>By 2018, 1,000 students (at least 15% of whom are women and 20% are from excluded groups) enroll in mid-level skills training in market-demanded occupations (Baseline: 11% of enrolled students in sample CTEVT programs in 2012 are women)</p>	<p>By 2018, 600 students (at least 15% of whom are women and 20% are from excluded groups) enroll in mid-level skills training in market-demanded occupations (Baseline: 11% of enrolled students in sample CTEVT programs in 2012 are women).</p>	<p>Substantially Achieved</p> <p>Fifteen new fee-paying mid-level programs were phased into 11 CTEVT schools from 2014 to 2017.</p> <p>Intake 1 – 550 trainees Intake 2 – 557 trainees Intake 3 – 539 trainees</p> <p>Although the plan was for a capacity expansion of 600 new training places (15 programs for 40 trainees each), in practice not</p>

Design Summary	Performance Indicators and Targets	Revised Performance Targets and Indicators after Approval of Minor Change in Scope ¹	Project Achievements
			<p>all schools enrolled 40 students. The average over the first 3 intakes was 549 students.</p> <p>In 2019/20, 1615 students were enrolled across different years of the mid-level programs.</p> <p>2017 data found that, out of 1291 enrollees, 33% of trainees were women and 55% were from excluded groups².</p> <p>Source: PCR, SDP, 2019</p>
Output 2 Improved quality and relevance of TVET provision	By 2016, at least 10 public providers complete QIP and demonstrate improvement against key indicators, including GESI indicators. (Baseline: no public providers have QIP)	By 2018, at least 10 public providers complete QIP and demonstrate improvement against key indicators, including GESI indicators. (Baseline: no public providers have QIP)	Achieved <p>10 public schools are implementing QIP and all have demonstrated a commitment to the process including GESI indicators such as improvement in GESI responsive targeting, development of GESI-sensitive module design and institutional restructuring, adoption of GESI responsive budgeting (or allocation of budget for GESI activities and preparation of curriculum and guidance materials, provision of counseling, and doing the assessment free of gender and other social bias.</p> <p>Four audits of QIP progress in the 10 schools were carried out from 2015-2018. The 2018 audit report concluded that all schools have made significant improvements against the QIP standards including GESI indicators.</p> <p>By 2018,</p> <p>4 schools achieved 70% of the standards 4 schools achieved 60-70% of the standards 2 schools achieved 50% of the standards. The audit report concluded that 6 of the schools are doing well. This is good progress. The QIP will be continued in the 10 schools to ensure that all schools can achieve</p>

² Technical Assistance Report. 2017. J van Uden, *Technical Education in Nepal: The Next Step*. Kathmandu.

Design Summary	Performance Indicators and Targets	Revised Performance Targets and Indicators after Approval of Minor Change in Scope ¹	Project Achievements
			100% of the targets in future. Source: PCR, SDP, 2019
	By 2016, the 10 QIP participating providers establish industry partnership committees and establish agreements for industry linkages. (Baseline: no such agreement).	By 2018, the 10 QIP participating providers establish industry partnership committees and establish agreements for industry linkages. (Baseline: no such agreement).	Partly Achieved The 10 QIP schools have established EAPC committees. Some industry linkages have been established but data on the number of agreements signed by schools was not available. Source: PCR, SDP, 2019
	By 2017, 25 new or updated mid-level skills training programs in market-demanded occupations introduced in the 10 QIP participating providers	By 2017, 15 new or updated mid-level skills training programs in market-demanded occupations introduced in the 10 QIP participating providers	Achieved 15 new mid-level programs had been introduced by 2017 and have continued to admit new cohorts of students every year. There are 14 programs at diploma level (3 years) and one at TSLC level (one year). By project end, 609 students who enrolled in a diploma course from 2014 to 2016 had completed their courses. The completion rate was high (93%) but the pass rate on the final examination was only 78%. 442 students (73%) from the original 609 students graduated with a diploma. Source: PCR, SDP, 2019
	By 2018, 300 TVET professionals (at least 15% of whom are women and 15% are from excluded groups) have completed training in GESI-sensitive occupational and instructional skills up-grading, curriculum development and management (Baseline: 11% & 4% of TVET professionals are women and Dalits respectively in 2012)		Achieved 503 instructors and CTEVT staff were trained in GESI-sensitive occupational and instructional skills upgrading, institutional management and curriculum development. 19% of the those trained were women, and 35% were from excluded groups. An additional 26 people studied a Bachelor or Master of Technology. 12% of these were women and 46% were from excluded group. 53 people went on policy level

Design Summary	Performance Indicators and Targets	Revised Performance Targets and Indicators after Approval of Minor Change in Scope ¹	Project Achievements
			<p>study visits. Only 4% women were included. 14 (26%) were from excluded groups.</p> <p>Source: PCR, SDP, 2019</p>
<p>Output 3 Policy, institutional, and operational reforms</p>	<p>By 2014, TVET sector roadmap and sector results framework updated in line with national development plan</p>	<p>By 2017, TVET sector roadmap and sector results framework updated in line with national development plan</p>	<p>Likely to be Achieved</p> <p>A draft National TVET Sector Strategy, Road Map and Results Framework 2018-2023 was developed and endorsed by the Minister of MOEST in February 2018. The documents were submitted to the National Planning Commission in late 2018.</p> <p>The TVET Strategy cannot be approved until the new TVET Act is developed and legislated. This is planned to occur by 2021.</p> <p>Source: PCR, SDP, 2019 and MOEST</p>
	<p>By 2014, TSDU operational within MOE.</p>		<p>Achieved</p> <p>TSDU was established, although with only 5 of the planned 8 staff. It supported the development of the draft TVET Sector Strategy and carried out overall TVET sector coordination.</p> <p>Source: PCR, SDP, 2019</p>
	<p>By 2016, CTEVT restructuring plan implemented.</p>	<p>By 2017, CTEVT restructuring plan implemented.</p>	<p>Likely to be Achieved</p> <p>SDP supported CTEVT in developing an interim re-organization designed to enhance its responsiveness to labor market demand and strengthen its regulatory functions. However, the final structure of CTEVT cannot be determined until the structure of a decentralized TVET system is agreed.</p> <p>Source: PCR, SDP, 2019 and CTEVT</p>

Design Summary	Performance Indicators and Targets	Revised Performance Targets and Indicators after Approval of Minor Change in Scope ¹	Project Achievements
	By 2016, institutional framework and procedures for the TVET Fund adopted and initial fund allocated by the government.	By 2018, institutional framework and procedures for the TVET Fund adopted and initial fund allocated by the government.	<p>Partly Achieved</p> <p>The TSDU, worked under the guidance of the PCC, prepared the institutional framework, procedures, and detailed terms of references of a single window TVET Fund. The Government of the Nepal has officially initiated the TVET Fund by allocating the equivalent of \$1,000,000. Final agreement on the details of the TVET Fund has not been reached until the new federal structure for TVET is determined.</p> <p>Source: PCR, SDP, 2019</p>
<p>Output4 Effective project management and M&E</p>	By 2013, M&E unit and mechanisms with GESI indicators in operation		<p>Achieved</p> <p>Six regional offices were established under the PIU and staffed with 13 Regional Monitoring Officers, out of which 5(38%) were women and 4 (31%) from excluded groups. The monitoring protocols used by the monitoring officers incorporated all of the GESI principles.</p> <p>Source: PCR, SDP, 2019</p>
	Performance payments to training providers made within 3 months after verification of employment results		<p>Achieved</p> <p>Performance payments were made to all training providers within 3 months after the third-party monitoring firm verified the employment status of training graduates.</p> <p>Source: PCR, SDP, 2019</p>
	By 2014, Fiduciary review in place for annual performance review	By 2018, Fiduciary review in place for performance review twice during project period	<p>Achieved</p> <p>Two fiduciary reviews were carried out in 2016 and 2018 by an independent consultant.</p> <p>A Fiduciary Risk Mitigation Action Plan was developed and endorsed by the Steering Committee.</p> <p>Source: PCR, SDP, 2019</p>

Design Summary	Performance Indicators and Targets	Revised Performance Targets and Indicators after Approval of Minor Change in Scope ¹	Project Achievements
	By 2018, impact and tracer studies conducted, with social group and sex-disaggregated employment data		Achieved The tracer study and a final evaluation study were completed in 2018. Both studies presented GESI-disaggregated employment data. Source: PCR, SDP, 2019

CBS= Central Bureau of Statistics, CTEVT = Council for Technical Education and Vocational Training, EAPC = Enterprise Advisory and Partnership Committee, GESI =gender equality and social inclusion, M&E = monitoring and evaluation, MOE = Ministry of Education, MOEST= Ministry of Education, Science and Technology, PCC = Policy Coordination Committee, PCR=Project Completion Report, PIU = Project Implementation Unit, QIP = quality improvement program, SDP = Skills Development Project, TPM = third party monitoring, TSDU = TVET Sector Development Unit, TSLC = technical school leaving certificate, TVET = technical and vocational education and training
 Source: Asian Development Bank.

SKILLS TRAINING PERFORMANCE INDICATORS

A. BASIC SKILLS TRAINING

Table A2.1: Number of Trainees who Enrolled, Completed and Qualified by Type of Provider

Level 1	Contracted	Enrolled	Completed Course	Appeared for Skills Test	Passed Skills Test
LEVEL 1					
Private Providers	34,900	34,831	34,831	33,983	27,731
Public Providers	7,080	7,003	7,003	6,739	3,441
Total	41,980	41,834	41,834	40,722	31,172
LEVEL 2					
Private Providers	900	900	900	900	544
Public Providers	4,620	4,550	4,529	4,529	2,670
Total	5,520	5,450	5,429	5,429	3,214
TOTAL LEVEL 1 AND 2	47,500	47,284	47,263	46,151	34,386
Total Private Providers	35,800	35,731	35,731	34,883	28,275
% Private Providers	75.4%	75.6%	75.6%	75.6%	82.2%
Total Public Providers	11,700	11,553	11,532	11,268	6,111
% Public Providers	24.6%	24.4%	24.4%	24.4%	17.8%

Source: CTEVT, MOEST. February 2020

Table A2.2: Pass Rates for Female Trainees by Training Level, Provider and Sector

Training Sector	Enrolled		Completed Course		Appeared for Skills Test		Passed Skills Test		Pass Rates %	
	Total	Female	Total	Female	Total	Female	Total	Female	Total	Female
LEVEL 1										
Private Providers										
Construction	16,190	5,185	16,142	5,185	15,942	5,163	13,925	3,401	86	66
Manufacturing	5,141	1,562	5,141	1,562	4,991	1,538	4,013	963	78	62
Services	13,500	7,062	13,300	6,998	13,050	6,898	9,793	4,067	73	58
<i>Sub total</i>	<i>34,831</i>	<i>13,809</i>	<i>34,831</i>	<i>13,809</i>	<i>33,983</i>	<i>13,599</i>	<i>27,731</i>	<i>8,431</i>	<i>80</i>	<i>61</i>
Public Providers										
Construction	2,960	1,040	2,960	1,040	2,893	1,020	1,367	753	46	72
Manufacturing	1,680	583	1,680	582	1,592	559	916	292	55	50
Services	2,363	1,718	2,363	1,718	2,254	1,707	1,158	826	49	48
<i>Sub total</i>	<i>7,003</i>	<i>3,341</i>	<i>7,003</i>	<i>3,341</i>	<i>6,739</i>	<i>3,286</i>	<i>3,441</i>	<i>1,871</i>	<i>49</i>	<i>56</i>
Private + Public Providers										
Construction	19,150	6,225	19,102	6,225	18,835	6,183	15,292	4,154	80	67
Manufacturing	6,821	2,145	6,821	2,144	6,583	2,097	4,929	1,255	72	59
Services	15,863	8,780	15,663	8,716	15,304	8,605	10,951	4,893	69	56
Total	41,834	17,150	41,834	17,150	40,722	16,885	31,172	10,302	75	60
LEVEL 2										
Private Providers										
Construction	400	93	400	93	400	93	219	78	55	84
Manufacturing	0	0	0	0	0	0	0	0	-	-
Services	500	500	500	500	500	500	325	154	65	31
<i>Sub total</i>	<i>900</i>	<i>593</i>	<i>900</i>	<i>593</i>	<i>900</i>	<i>593</i>	<i>544</i>	<i>232</i>	<i>60</i>	<i>39</i>
Public Providers										
Construction	1,800	519	1,800	519	1,800	519	1,239	275	69	53
Manufacturing	480	100	474	100	474	100	282	69	59	69
Services	2,270	990	2,255	990	2,255	990	1,149	527	51	53
<i>Sub total</i>	<i>4,550</i>	<i>1,609</i>	<i>4,529</i>	<i>1,609</i>	<i>4,529</i>	<i>1,609</i>	<i>2,670</i>	<i>871</i>	<i>59</i>	<i>54</i>
Private + Public Providers										
Construction	2,200	612	2,200	612	2,200	612	1,458	353	66	58
Manufacturing	480	100	474	100	474	100	282	69	59	69
Services	2,770	1,490	2,755	1,490	2,755	1,490	1,474	681	53	46
Total	5,450	2,202	5,429	2,202	5,429	2,202	3,214	1,103	59	50
TOTAL LEVEL 1 + 2	47,284	19,352	47,263	19,352	46,151	19,087	34,386	11,405	73	59
Females as % of Total Trainees		41		41		41		33		

Source: CTEVT, MOEST. February 2020

Table A2.3: Pass Rates for Excluded Group by Training Level, Provider and Sector

Training Sector	Enrolled		Completed Course		Appeared for Skills Test		Passed Skills Test		Pass Rate %	
	Total	Dis adv	Total	Dis adv	Total	Dis adv	Total	Dis adv	Total	Dis adv
Level 1										
Private Providers										
Construction	16,190	12,778	16,142	12,773	15,942	12,652	13,925	9,494	86	74
Manufacturing	5,141	4,258	5,141	4,223	4,991	4,123	4,013	2,951	78	69
Services	13,500	8,682	13,300	8,632	13,050	8,467	9,793	5,869	73	68
<i>Sub total</i>	<i>34,831</i>	<i>25,718</i>	<i>34,831</i>	<i>25,718</i>	<i>33,983</i>	<i>25,242</i>	<i>27,731</i>	<i>18,314</i>	<i>80</i>	<i>71</i>
Public Providers										
Construction	2,960	1,500	2,960	1,497	2,893	1,397	1,367	923	46	62
Manufacturing	1,680	940	1,680	940	1,592	888	916	462	55	49
Services	2,363	1,218	2,363	1,186	2,254	1,118	1,158	951	49	78
<i>Sub total</i>	<i>7,003</i>	<i>3,658</i>	<i>7,003</i>	<i>3,658</i>	<i>6,739</i>	<i>3,403</i>	<i>3,441</i>	<i>2,336</i>	<i>49</i>	<i>64</i>
Private + Public Providers										
Construction	19,150	14,278	19,102	14,270	18,835	14,049	15,292	10,417	80	73
Manufacturing	6,821	5,198	6,821	5,163	6,583	5,011	4,929	3,413	72	66
Services	15,863	9,900	15,663	9,818	15,304	9,585	10,951	6,820	69	69
TOTAL	41,834	29,376	41,834	29,376	40,722	28,645	31,172	20,650	75	70
Level 2										
Private Providers										
Construction	400	400	400	400	400	400	219	219	55	55
Manufacturing	0	0	0	0	0	0	0	0	-	-
Services	500	500	500	500	500	500	325	325	65	65
<i>Sub total</i>	<i>900</i>	<i>900</i>	<i>900</i>	<i>900</i>	<i>900</i>	<i>900</i>	<i>544</i>	<i>544</i>	<i>60</i>	<i>60</i>
Public Providers										
Construction	1,800	1,147	1,800	1,147	1,800	1,147	1,239	867	69	76
Manufacturing	480	424	474	424	474	424	282	282	59	67
Services	2,270	2,200	2,255	2,197	2,255	2,197	1,149	717	51	33
<i>Sub total</i>	<i>4,550</i>	<i>3,771</i>	<i>4,529</i>	<i>3,768</i>	<i>4,529</i>	<i>3,768</i>	<i>2,670</i>	<i>1,866</i>	<i>59</i>	<i>49</i>
Private + Public Providers										
Construction	2,200	1,547	2,200	1,547	2,200	1,547	1,458	1,086	66	70
Manufacturing	480	424	474	424	474	424	282	282	59	67
Services	2,770	2,700	2,755	2,697	2,755	2,697	1,474	1,042	53	39
TOTAL	5,450	4,671	5,429	4,668	5,429	4,668	3,214	2,410	59	52
TOTAL LEVEL 1 + 2	47,284	34,047	47,263	34,044	46,151	33,313	34,386	23,060	73	68
Excluded group as % of Total Trainees		72		72		72		67		

Source: CTEVT, MOEST. February 2020

B. MID-LEVEL SKILLS TRAINING**Table A2.4: Performance Indicators for Diploma and TSLC by School and Year of Intake**

Programs	Enrollment	Sat final exams (N)	Completion Rate (%)	Passed Skills Test (N)	Pass Rate (%)	Qualification Rate (%) ¹
A. Schools with Cohorts who have Completed the Training Cycle						
1. Lahan Technical School. Dip in Ophthalmic Science						
Intake 1 2014 *	40	37	93	32	86	80
Intake 2 2015	40	40	100	40	100	100
Intake 3 2016	40	40	100	38	95	95
2. Balaju School of Engineering and Technology. Dip in Mechanical Engineering						
Intake 1 2015	36	36	100	17	47	47
Intake 2 2016	35	35	100	28	80	80
3. Bheri Technical School. Dip in Mechanical Engineering						
Intake 1 2015	31	19	61	16	84	52
Intake 2 2016	30	20	67	9	45	30
4. Nepal Banepa Polytechnic Institute. Dip in Civil Engineering						
Intake 1 2015	45	45	100	38	84	84
Intake 2 2016	48	47	98	36	77	75
5. Uttarpani TS. I Sc. Agric (Animal Science)						
Intake 1 2015	31	28	90	28	100	90
Intake 2 2016	40	35	88	35	100	88
6. School of Health Sciences. Certificate in Physiotherapy						
Intake 1 2016	38	36	95	28	78	74
7. School of Health Sciences. Cert in Diagnostic Radiography						
Intake 1 2016	30	26	87	26	100	87
8. Seti Technical School. I Sc. Agric (Animal Science)						
Intake 1 2016	37	36	97	17	47	46
9. Rapti Technical School. Dip Civil Engineering						
Intake 1 2016	48	44	92	36	82	75
10. Tikapur Polytechnic Institute. I. Sc. Agric. (Plant Science)						
Intake 1 2016	40	40	100	18	45	45
Total	609	564		442		
Overall Rate Diploma			93%		78%	73%
B. Schools where the Training Cycle has not yet been Completed						
11. Tanahun Technical School. I. Sc. Ag (Plant Science)						
Intake 1 2017	35	-	-	-	-	-
Intake 1 2018	35	-	-	-	-	-
Intake 1 2019	23	-	-	-	-	-
12. Lahan Technical School. I. Sc. Ag. (Animal Science)						
Intake 1 2017	40	-	-	-	-	-
Intake 1 2018	39	-	-	-	-	-
Intake 1 2019	40	-	-	-	-	-
13. Bheri Technical School. Diploma in Civil Engineering						
Intake 1 2017	40	-	-	-	-	-
Intake 1 2018	40	-	-	-	-	-
Intake 1 2019	39	-	-	-	-	-
14. Program School of Health Science. PCL in Dental Science (Dental Hygiene)						
Intake 1 2017	39	-	-	-	-	-
Intake 1 2018	40	-	-	-	-	-
Intake 1 2019	40	-	-	-	-	-
15. Pokhara School of Tourism and Hospitality Management. Culinary Arts Certificate						
Intake 1 2016	20	16	80	12	75	60
Intake 2 2017	20	15	75	11	73	55
Intake 3 2018	20	20	100			
Total	60	51		23		
Overall Rate TSLC			78%		74%	58%

TSLC = technical school leaving certificate

Source: CTEVT, MOEST. February 2020

¹ Qualification Rate=Percentage of trainees passing the national skills test based on initial enrollment.

Table A2.5: Capacity of 15 New Mid-Level Programs Over Three Student Intakes

New Programs Intake 1	Number of Students
Diploma	530
TSLC	20
Total Intake 1	550
New Programs Intake 2	
Diploma	537
TSLC	20
Total Intake 2	557
New Programs Intake 3	
Diploma	519
TSLC	20
Total Intake 3	539
Average Intake	549

TSLC= technical school leaving certificate

Source: CTEVT, MOEST. February 2020

NATIONAL TVET SYSTEM DATA

Table A3.1: Schools Managed or Registered with CTEVT 2016-2019

TVET Institutions	2016/17	2017/18	2018/19	2019/20	%
Constituent Schools	19	31	45	59	6%
Partnership Schools	5	5	6	20	2%
TECS Program	117	185	397	534	51%
Private Schools	428	429	429	429	41%
Total Institutions	569	650	877	1042	100%

CTEVT= Council for Technical Education and Vocational Training TVET= technical and vocational education and training,
TECS=technical education community school
Source: CTEVT, MOEST.

Table A3.2: Enrolment in Schools Managed or Registered with CTEVT By Type of School

Sectors	Private		Constituent		TECS		Partnership		Total		Total Diploma + TSLC
	Diploma	TSLC	Diploma	TSLC	Diploma	TSLC	Diploma	TSLC	Diploma	TSLC	
Engineering + ICT	3,048	6,920	2,786	773	8,680	4,320	1,152	40	15,666	12,053	27,719
Health	11,190	9,110	482	200			110	80	11,782	9,390	21,172
Hospitality	0	120	200	130	80		80		360	250	610
Agriculture	320	3,084	1,640	480	7,480	9,760	200	200	9,640	13,524	23,164
Other Social Work	40	560	40	30		80			80	670	750
Forestry	80		440		920				1,440	0	1,440
Sub total	14,678	19,794	5,588	1,613	17,160	14,160	1,542	320	38,968	35,887	74,855
% of Total Diploma Enrolment	38%		14%		44%		4%		100%		
% of Total TSLC Enrolment		55%		4%		39%		1%		100%	
Total Enrolment	34,472		7,201		31,320		1,862		74,855		
%	46%		10%		42%		2%		100%		

ICT= information and communication technology, TSLC= technical school leaving certificate, TECS=technical education community school
Source: CTEVT, MOEST.

Table A3.3: Enrolment in Schools Managed or Registered with CTEVT Sector-wise

Program	Private		Constituent (Public)		TECS		Partnership		Total	
	Diploma	TSLC	Diploma	TSLC	Diploma	TSLC	Diploma	TSLC	Diploma	TSLC
Number of Programs	429		59 ²		534		20		1042	
Engineering + ICT	19%	57%	18%	6%	55%	36%	7%	0%		
Health	95%	97%	4%	2%	0%	0%	1%	1%		
Hospitality	0%	48%	56%	52%	22%	0%	22%	0%		
Agriculture	3%	23%	17%	4%	78%	72%	2%	1%		
Other Social Work	50%	84%	50%	4%	0%	12%	0%	0%		
Forestry	6%	0%	31%	0%	64%	0%	0%	0%	100%	0%
Total	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
Diploma Enrolment %	38%		14%		44%		4%		100%	
TSLC Enrolment %		55%		4%		39%		1%		100%

CTEVT= Council for Technical Education and Vocational Training, ICT= information and communication technology, TECS= Technical Education Community Schools, TSLC= Technical School Leaving Certificate
Source: CTEVT, MOEST.

PROJECT COST AT APPRAISAL AND ACTUAL

Table A4.1: Project Cost at Appraisal and Actual

Item	(\$ Million)					
	Appraisal Estimate			Actual		
	(\$ Million)			(\$ Million)		
	Foreign Exchange	Local Currency	Total Cost	Foreign Exchange	Local Currency	Total Cost
A. Investment Costs						
Civil Works	-	1.62	1.62	-	1.09	1.09
Consulting Services	0.99	0.58	1.56	0.64	1.04	1.68
Market-Oriented Short-Term Training	-	15.75	15.75	-	14.99	14.99
Vehicle	-	0.10	0.10	-	0.22	0.22
Equipment & Material	-	0.63	0.63	-	0.90	0.90
Staff Development	0.04	0.39	0.42	-	0.50	0.50
Studies & Reviews	0.30	0.05	0.35	-	0.39	0.39
Total Investment Cost	1.33	19.12	20.44	0.64	19.14	19.78
B. Recurrent Costs						
Civil Works O&M	-	0.24	0.24	-	-	-
Equipment O&M	-	0.08	0.08	-	-	-
Project Management and M&E	-	0.79	0.79	-	0.80	0.80
Total Recurrent Costs	-	1.12	1.12	-	0.80	0.80
Total Baseline Costs	1.33	20.24	21.56	0.64	19.94	20.58
C. Contingencies						
Physical Contingencies	0.00	0.15	0.15	-	-	-
Price Contingencies	0.04	3.25	3.29	-	-	-
Total Contingencies	0.04	3.40	3.44	-	-	-
Total Project Costs	1.37	23.63	25.00	0.64	19.94	20.58

O&M= operation and maintenance, M&E= monitoring and evaluation

Source: Asian Development Bank.

PROJECT COST AT COMPLETION BY FINANCIER

Table A5.1: Project Cost at Completion by Financier
(\$ million)

Item	Government		ADB's Special Funds		Total Cost ¹	
	Amount	% of Cost Category	Amount	% of Cost Category	Amount	% of Cost Category
	{A}	{A/C}	{B}	{B/C}	{C}	{D}
1 Civil Works	0.37	51	0.72	49	1.09	100.00
2 Consulting Services	0.18	12	1.50	88	1.68	100.00
3 Market-Oriented Short-Term Training	1.61	12	13.38	88	14.99	100.00
4 Vehicle	0.02	12	0.20	88	0.22	100.00
5 Equipment & Material	0.09	12	0.81	88	0.90	100.00
6 Staff Development	0.00	0	0.50	100	0.50	100.00
7 Studies & Reviews	0.04	13	0.35	87	0.39	100.00
8 Recurrent Costs-Project Management and M&E	0.09	12	0.71	88	0.80	100.00
Total Project Costs	2.40		18.18		20.58	

Note:

¹. Numbers may not sum precisely because of rounding.

M&E= monitoring and evaluation

Source: Asian Development Bank

CONTRACT AWARDS AND DISBURSEMENT OF ADB GRANT PROCEEDS

Table A6.1: Annual and Cumulative Contract Awards of ADB Grant Proceeds
(\$ million)

Year	Annual Contract Awards		Cumulative Contract Awards	
	Amount (\$ million)	% of Total	Amount (\$ million)	% of Total
2014	4.78	26.29	4.78	26.29
2015	3.98	21.89	8.76	48.18
2016	5.93	32.62	14.69	80.80
2017	3.34	18.37	18.03	99.17
2018	0.15	0.83	18.18	100.00
Total	18.18	100%		

ADB=Asian Development Bank
Source: Asian Development Bank.

Figure A6.1: Projection and Cumulative Contract Awards of ADB Grant Proceeds
(\$ million)

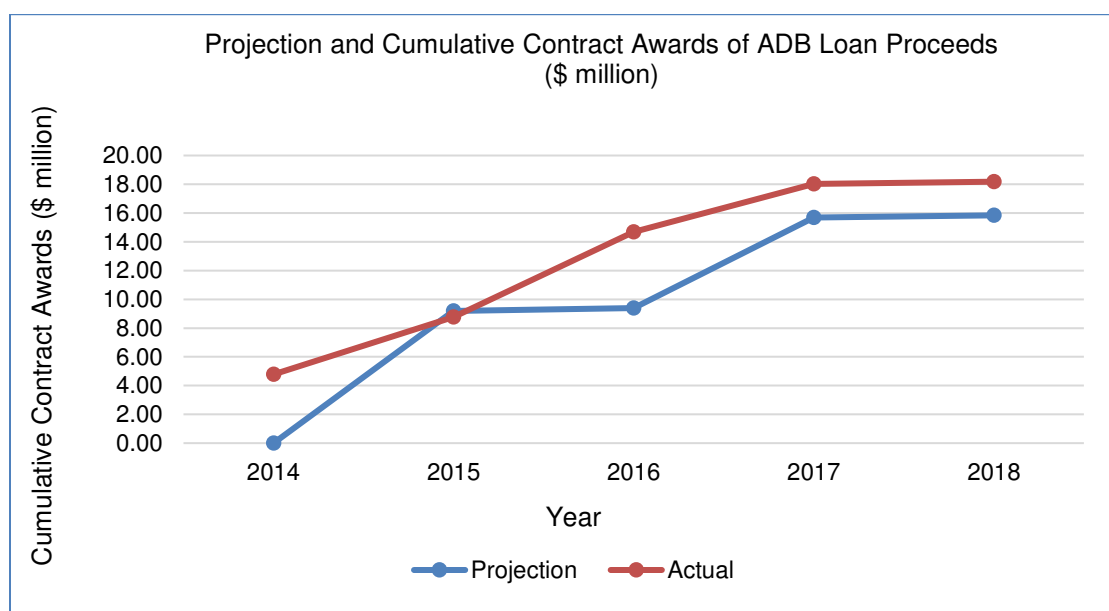


Table A6.2: Annual and Cumulative Disbursement of ADB Grant Proceeds
(\$ million)

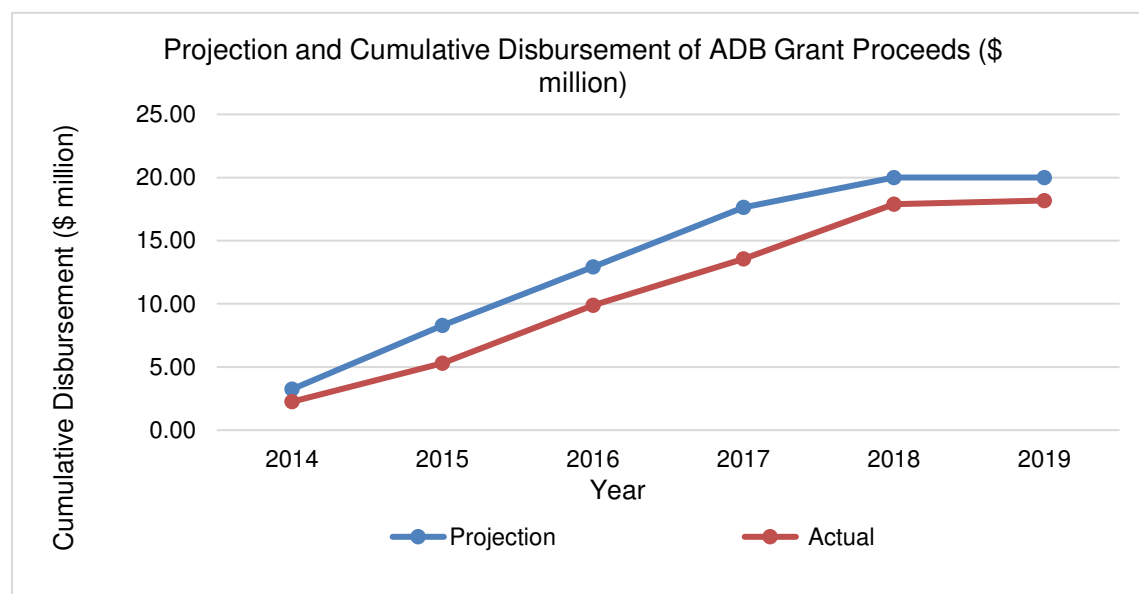
Year	Annual Disbursement		Cumulative Disbursement	
	Amount (\$ million)	% of Total	Amount (\$ million)	% of Total
2014	2.25	12.38	2.25	12.38
2015	3.06	16.82	5.31	29.20
2016	4.58	25.17	9.88	54.37
2017	3.68	20.24	13.56	74.62
2018	4.33	23.80	17.89	98.42
2019	0.29	1.58	18.18	100.00
Total	18.18	100.00		

ADB = Asian Development Bank.

^a Includes disbursements to advance accounts.

Source: Asian Development Bank.

Figure A6.2: Projection and Cumulative Disbursement of ADB Grant Proceeds
(\$ million)



GENDER EQUALITY AND SOCIAL INCLUSION PLAN IMPLEMENTATION AND ACHIEVEMENTS

A. Introduction

1. The Government of Nepal, with the support of the Asian Development Bank (ADB), designed the **Skills Development Project** (SDP) to address the skills mismatch between the labor force and labor market demand in the country.¹ In 2011, Nepal had a dependency ratio of 75.6%, which means that the working-age population (15-64 years) was significantly larger than the dependent population (0-14 and above 65).² However, the educational attainment of the workforce was poor with about 46.7% (32.0% males and 58.2% females) of the population aged 15 and above to have never attended school, 10.7% to have not completed primary school, 13.5% to have finished only primary school level, and 8.9% to have finished only a lower secondary level.³ This low educational attainment implies that many workers were engaged in low-skilled and low-wage occupations. Domestic employers reported shortages of workers with technical and general employability skills.

2. Specifically, SDP was designed to help the government implement key aspects of the Technical and Vocational Education and Training (TVET) Policy, 2012 by (i) initiating strategic reforms that aim to improve the overall management and performance of the TVET system, (ii) improving the quality and relevance of public training, and (iii) increasing private sector engagement in training delivery and job placement. It focused on skills development for the construction, manufacturing, and services sectors where large skill gaps existed. The expected impact was increased employability of the Nepalese workforce and the outcome was established market-responsive and socially and gender-inclusive TVET system.

3. SDP was categorized *gender equity theme* (GEN) because of its potentials to address the prevailing gender stereotypes in women's occupations—high female enrollment in traditionally women's jobs, like housekeeping, beautician, and caregiving—and the difficulty women, especially those from excluded groups, faced in accessing jobs. The project design incorporated measures to increase women's and excluded groups' enrollment in nontraditional skills training and their employment in the construction, manufacturing, and services sectors, through social marketing and mobilization, outreach, pre- and post-training services (counseling and employment services), and affirmative actions, such as scholarships and quota. A gender equality and social inclusion (GESI) action plan was prepared to facilitate the implementation of these measures.

B. Gender Equality and Social Inclusion Issues

4. As assessed during the project design, the inequality in access to job opportunities continues to lead to disparities in income and non-income poverty between men and women, urban and rural, and across different social, ethnic, and religious groups (footnote 1). The key contributors to poverty were levels of literacy, education, and productive skills. A gender and social analysis of TVET showed that women and people from excluded groups faced obstacles in accessing skills development opportunities because of multifaceted barriers, such as the costs

¹ ADB. 2013. Report and Recommendation of the President to the Board of Directors: Proposed Grant to the Government of Nepal for the Skills Development Project. Manila.

² Nepal Central Bureau of Statistics. 2014. Population and Housing Census 2011. Appendix, p. 219. https://cbs.gov.np/catalog/atlas/general.html?page=national_population_and_housing_census_2011 (accessed 12 November 2019).

³ Nepal Central Bureau of Statistics. 2009. Nepal Labor Force Survey 2008: Statistical Report. Kathmandu. p. 48.

and availability of training, lack of basic education impeding entry qualifications, lack of information on opportunities, limited mobility, lack of enabling environment and learning facilities, cultural norms and values, poorly aligned and executed training programs, weak affirmative measures, and discrimination in employment opportunities and practices (footnote 1). With lower literacy, educational levels and productive skills, women generally held a secondary status in the labor market, a situation exacerbated by their being tied to domestic responsibilities.⁴ The tracer study (2018) confirmed this situation and reported that more women (40.6%) than men (32%) expressed the need for support in securing jobs given the encountered obstacles, even prior to participating in the SDP training courses.⁵

5. Despite the improvements in Nepal's Country Code on women's rights and the implementation of the Convention on the Elimination of All Forms of Discrimination Against Women (CEDAW) and the Gender Equality Bill 2006, women continued to have minimal participation in decision making. Their families and communities control their mobility and apply pressure to follow traditional gender norms and values (footnote 4). Hence, in skills development, women were more present in trades related to their traditional roles, such as tailoring, beautician, embroidery, and vegetable farming. In trades related to the construction industry or engineering, women comprised less than 2% of the participants (footnote 4). In the previous ADB-supported Skills for Employment Project (SEP), women comprised 53.4% of the 60,292 training enrollees (both center-based and community-based).⁶ Of the 32,228 women enrollees, 99% graduated. Of those employed after the training, 52.8% were women. However, of the total women enrollees, only 6,756 or 21% participated in training related to the male-dominated engineering course and, of the women employed after the training, only 22.2% got engineering jobs. While this could be considered as a gradual entry of women into nontraditional fields, more progress was needed to enable women to capture jobs on an equal basis with men.

C. Project Gender Equality and Social Inclusion Features

6. SDP sought to expand the GESI results of its precursor, SEP, and to institutionalize the mechanisms for achieving sustained and greater GESI results in the TVET sector. Hence, its GESI Action Plan included the following target outputs:

Outputs related to training and employment of women and excluded groups

- Enrollment rate of females in nontraditional sectors (construction, services, and manufacturing) increased to 20% (from a baseline of 10%);⁷
- 15% of enrollees in mid-level skills training for market-demanded occupations are females, and 20% are from excluded groups; and
- Of the graduates employed in gainful wage or self-employment, 40% are women and 30% are from excluded groups.

⁴ ADB. 2013. Report and Recommendation of the President to the Board of Directors: Proposed Grant to the Government of Nepal for the Skills Development Project. Summary Poverty Reduction and Social Strategy (accessible from the list of linked documents in Appendix 2). Manila.

⁵ DEVTEC Nepal Private Limited. 2018. Council of Technical Education and Vocational Training Skills Development Project Final Report: Trace Study. Kathmandu.

⁶ ADB. 2013. Completion Report: Skills for Employment Project in Nepal. Manila.

⁷ At project design phase, potential market demand for female workers was about 32% in construction, 22% in services, and 25% in manufacturing.

Outputs related to the institutionalization of GESI in the TVET sector

- GESI-related criteria (e.g., GESI-sensitive outreach strategy and proportionate representation of women and those from excluded groups in the board, management, and training staff) incorporated in the selection of training providers.
- GESI provisions (e.g., social marketing plan or business plan to reach and attract women and excluded groups for the training and employment services, minimum of 40% women and 30% excluded group participants, and a discussion of GESI in the training) included in the request for proposals and contracts of training providers;
- Incentives for the employment of women and people from excluded groups provided.
- GESI modules incorporated in 15 new diploma and Technical School Leaving Certificate (TSLC) programs, especially in nontraditional fields; and GESI-sensitive training materials developed, and career guidance workshops and counseling provided to women and excluded groups.
- TVET professionals trained in GESI-sensitive occupational and instructional skills upgrading, curriculum development, and management.
- Inclusion of GESI in the quality improvement program (QIP) of training providers
- GESI unit established in the Council for Technical Education and Vocational Training (CTEVT); and
- GESI indicators integrated in TVET sector roadmap and results framework (e.g., quota for representation of women and excluded groups, increased financial and accommodation support for needy students) and in the management information system (e.g., disaggregation of data on enrollees and employed graduates by sex, ethnicity, castes).

D. Implementation, Monitoring, Reporting Arrangements

7. Adequate human resources were allocated to ensure effective implementation of the GESI Action Plan. At the CTEVT—the project implementing agency—a GESI unit was established to mainstream GESI in CTEVT operations. The project implementing unit (PIU) of CTEVT positioned a dedicated GESI focal person to spearhead the implementation of the GESI Action Plan. Further, a GESI specialist was among the key experts in the consulting firm supporting the project management of the project. The project contracted a consortium of the World University Services Canada (WUSC), Centre for International Studies and Cooperation, Colleges and Institutes (CECI) Canada, and the Industrial Enterprise Development Institute for technical support and project management. The GESI unit at CTEVT, along with the GESI consultant and the PIU's GESI focal person, ensured the effective implementation of the GESI action plan.

8. The regional monitoring officers (RMOs) monitored the progress of the GESI Action Plan's Output 1 related to vocational training. The PIU and CTEVT also deployed a monitoring team from the central level to all regions, which provided feedback to training and employment service providers (TESPs) on-site, such as regarding the need to improve training deliverables and ensure the increase of female enrollment. As provisioned in SDP, the third-party monitoring (TPM) firm verified the employment outcome of each training cycle to facilitate payment to the TESPs. The High-Level Monitoring Team, which included senior officials from the Ministry of Education, Science and Technology (MOEST), Ministry of Finance, Nepal Planning Commission, and CTEVT, including PIU, also monitored the quality of performance of the training providers regularly. The Dev Tech Nepal P., LTD, a consulting firm, was contracted to do a tracer study of the graduates of the TEVT provided by the project. The tracer study report included data on the employment of graduates disaggregated by sex, social groups, and geographic region. The evaluation report team also included a GESI expert.

9. The monitoring and reporting of Output 2 of the GESI Action Plan was done by the PIU supported by the WUSC along with the TVET volunteers mobilized by the Volunteers Support Organization and CECI. This process was further complemented through annual QIP audits. The Output 3 activities of the GESI Action Plan were monitored and facilitated by the GESI unit of the CTEVT, the PIU, and TVET sector Development Unit (TSDU) of MOEST.

E. Gender Equality and Social Inclusion Achievements, Challenges, and Enablers

10. As shown in Table 1, 91% of 11 activities (including qualitative targets) of the GESI Action Plan were completed, and 87.5% of 16 quantitative targets were achieved. Hence, the GESI Action Plan implementation is rated successful. The following is a summary of the practical and strategic gender benefits of these achievements:

Practical Gender Benefits

- Gender-sensitive facilities and assistance: The provision of separate toilets and dress changing rooms for women and men and baby care centers in public schools and private TESP, and the monthly allowance for accommodation in the training venues and/or transportation attracted more women to enroll in TVET courses and made the training environment responsive to their needs. As shared by the women participants of a focus group discussion held during the PCR mission, the holding of the CTVET short term courses in the communities and the provision of accommodation facilities helped women in their area to access the training and enabled those who live far to participate (Box 1).

Strategic Gender Benefits

- Gender equality in human development. The targeted number of women and people from excluded groups availing skills development opportunities for market-demanded occupations and in nontraditional sectors was achieved. Of the total 47,284 enrollees in Level 1 and Level 2 basic skills training in market-demanded occupations, 19,352 (41%) were women, and 34,047 (72%) were from excluded groups; and of the total 19,352 women students, 9,082 (47%) enrolled in nontraditional sectors (construction and manufacturing). The 47% women in nontraditional courses was a big jump from the 21% achieved by the precursor, SEP. This suggests that SDP was successful in facilitating women's entry into nontraditional fields, such as in construction and manufacturing, which social norms have assigned to men and considered inappropriate for women. The story of Akriti Gurung is one example of this achievement (Box 2). She shared:

"When I told my parents that I enrolled for Level 1 [Building Electrician] training, they did not approve. My father didn't speak with me, and my neighbor told my father that he should not have let me work in the area where men are supposed to work. It was difficult for me to go through the three-months training, but I worked hard and passed Level 1. Now I work with a contractor firm as a building electrician. I feel empowered to have learned skills in this area where women do not work a lot. My father is very proud of me, and my neighbors call me to fix electrical problems in their houses. I feel honored to have set an example by becoming the only woman electrician in my neighborhood."

- Women's economic empowerment. Of the 47,284 trainees, 76% were found gainfully employed — 40% were women and 72% were from excluded groups. The 14,374 gainfully employed women represent 74% of the total women students in Level 1, Level 2, and

midlevel training courses of the project, which is slightly lower than the 77% of total men students in the same training courses who got gainfully employed. Of the 14,374 employed trained women, 6,950 (48%) got employed in nontraditional sectors (construction and manufacturing); 36% through self-employment; 55%, daily wage employment, and 9%, foreign employment. Social norms in Nepal assign these sectors to men and consider them inappropriate for women. Hence, these achievements indicate that SDP was successful in enabling women to equally capture market-demanded occupations and in getting gainful employment in sectors traditionally associated with men.⁸ A striking story related to this is that of Anju Baral (Box 2), where she shared that she used to earn, before attending the training, NRs8000 as an assistant instructor. After attending the Building Electrician Level 1 training, she succeeded in getting an Electrician-Grade 3 job at the Nepal Electricity Authority (NEA), which increased her monthly income to about NRs28,000. With her Level 2 certificate, she plans to apply for an Electrician-Grade 4 position at NEA. She said that the skill training did not only provide her a better job but also built her self-confidence.

11. Among the approaches that helped SDP achieve the GESI results were setting of quota system or assured slots for women and people from socially excluded groups in the selection of trainees; the gender-sensitive facilities and assistance; and counseling and placement to promote women's entry into nontraditional fields.

Challenges

12. While the practical and strategic gender benefits listed in para. 10 serve as milestone contributions of SDP to the pursuit of GESI results, the following are project challenges that the TVET sector needs to confront further from a GESI perspective:

- Of the 47,284 trainees, 47,263 took the competency level test (CTVET's National Skills Testing Board for Level 1). The average passing rate of women was 60% and that of the excluded groups was 70%. The results of the test suggest the need for more skills development programs for women and the excluded groups.
- Of the 582 TVET professionals trained in GESI-sensitive occupational skills upgrading, occupational instructional skills, curriculum development, and management, only 102 or 17.5% were women. Although this was more than the targeted 15% or 45 women, the 17.5% is still inadequate to make women TVET professionals occupy a significant space and raise a greater voice in the TVET profession.
- The targeted increased representation of women and excluded groups in the CTEVT structure was not achieved because of an external factor beyond the control of the project. This was the approval of amendments of by-laws for the reorganization and restructuring of the CTEVT, which is on hold due to the new federal structure of the Government of Nepal.
- Project design incorporated social marketing, outreach programs, counseling and affirmative actions to enroll women in nontraditional skills training and their employment. However, women's enrollment and employment in the nontraditional sector remained a challenge during the project implementation due to deeply rooted social norms and taboos. According to the tracer study (2018), problems encountered by women during the training included the unsuitable training timings due to household chores, childcare, and farm works; and sociocultural norms and practices that prevented women's mobility and access to trainings especially in nontraditional fields.

⁸ This assessment is based on the TPM report, which verified the results of the survey done by RMOs.

The study also reported that the women encountered more problems while on their jobs, such as employers trusted men's ability more than women's; being paid less than men for similar work; inconvenient job hours considering their household responsibilities; and unfriendly work environment (exposure to sexual harassment and lack of support for pregnant and lactating women).

- The recommendations of the women respondents of the tracer study were to (i) invite more women in training courses, which could help create more women-friendly training environment; (ii) consider the household chores of women in the setting the time of the training; (iii) have more gender-sensitive trainers; (iv) provide separate toilets for women and facilities for childcare and lactating mothers; and (v) include courses in micro-enterprise development and soft skills development (e.g., reading and writing, development of self-confidence). A good addition to this list is raising the gender awareness of husbands or partners on the importance of sharing household work to enable women to effectively participate in training and jobs that are traditionally inaccessible to them.

Established Enablers of GESI Mainstreaming in the TVET sector

13. The following institutional GESI-achievements could serve to sustain the gains of SDP and strengthen and broaden the mainstreaming of GESI in the TVET sector:

- GESI-related criteria (e.g., GESI sensitive personnel policy and proportionate representation of women and excluded groups in the board, management, trainers, and staff) incorporated in the selection of training providers.
- GESI provisions included in the requests for proposals and contracts of training providers.
- Incentives to training providers for the employment of women and people from excluded groups established.
- GESI-sensitive training modules and materials developed, endorsed by the Curriculum Division, and approved by CTEVT.
- Mechanisms (i.e., counseling, social marketing, and women-only training) developed to promote GESI in nontraditional sectors.
- GESI incorporated in the quality improvement plan (QIP) of schools.
- Enterprise Advisory and Partnership Committee (EAPC) established in CTEVT schools as industrial partnership committee to facilitate the employment of TVET women graduates and graduates from excluded groups.
- GESI integrated in the TVET sector roadmap; and
- Management information system (MIS) with GESI indicators established.

Table A7.1: Gender Equality and Social Inclusion Action Plan Achievements Matrix

Activities	Achievements	Assessment
Output 1: Expanded provision of inclusive market-oriented training		
Target 1. Provide short-term training to 45,000 unemployed or underemployed people in occupations/sectors with high market demand. <ul style="list-style-type: none"> Of total trainees enrolled in short term training, 40% are females and 30% are from excluded groups.¹ 	<ul style="list-style-type: none"> Of 47,500 contacted by public and private TESP's for Level-1 and Level-2 basic skills training in market-demanded occupations, 47,284 (99.55%) enrolled, of whom 19,352 (41%) women and 34,047 (72%) from excluded groups, of whom 5,320 (11.25%) were Dalits.² Of 47,284 enrolled participants, 35,774 (76%) trained by private TESP and 11,510 (24%) by public schools. Of 28,651 trainees enrolled in nontraditional courses (construction and manufacturing), 9,082 (31.7%) were women; this means that of the 19,352 women trainees, almost half (47%) enrolled in nontraditional courses. 	Target 1 achieved
Aligned with DMF Output 1a. By 2018, at least 45,000 young people (40% of whom are women, 30% are from excluded groups, and 80% are trained by private training providers) complete basic skills training in market-demanded occupations. ³		
Target 2. Increase in enrollment of females to 20% in nontraditional sectors. ⁴		Target 2 achieved
Target 3. Enroll women and those from excluded groups in Diploma, TSLC and Level-3 training courses in occupations with high market demand.	<ul style="list-style-type: none"> Of 1,291 enrolled in 15 mid-level programs (Diploma and TSLC training courses) in 11 institutions, 426 (33%) were women and 717(55.5%) were from excluded groups.⁵ 	Target 3 achieved

¹ Baseline: 28.4% females and 10.6% Dalits trained by Employment Fund in construction, manufacturing, and service trades in FY2009.

² Level 1 training courses whose sample of graduates were included in the tracer study were (i) Early Childhood Development (ECD) Facilitator, (ii) Mason, (iii) Commis III, (iv) House Keeping, (v) Industrial Electrician, (vi) Building Electrician, (vii) Scaffolder, (ix) Lathe setter and Arc Welder, (x) Garment Fabricators, (xi) Seasonal Vegetable, (xii) Shuttering Carpenter, (xiii) Boiler Operator, (xiv) Hotel and Restaurant, (xv) Plumbing, (xvi) Hair Cutting, (xvii) Bar Tender, (xviii) Small Hotel and Lodge Assistant, (xix) Dress Maker, (xx) Aluminum Fabricator, and (xxi) Mechanical Fitter. Level 2 training courses included in the tracer study were (i) Motorcycle Service Mechanics, (ii) Building Electrician, (iii) Structural Fabricator, (iv) Lathe Setter Operator, (v) Stone Layer Mason, (vi) Mechanical Fitter, (vii) Cook, and (viii) Mason.

³ Baseline 2012: 32% of trainees were women and 26% were Dalits.

⁴ Baseline 2012: 10% of enrollees in non-traditional courses were females.

⁵ TLSC programs in Nepal are equivalent to Level-3 training courses. The following are the 15 mid-level programs: (i) Lahan Technical School started a Diploma in Ophthalmic Science (2014), (ii) Lahan Technical School, I. Sc. Ag. Animal Science (2017), (iii) Bheri Technical School a Diploma in Mechanical Engineering (2015), (iv) Bheri Technical School a Diploma in Civil Engineering (2016), (v) Bheri Technical School, Diploma in Civil Engineering (2017), (vi) School of Health Science a PCL in Radiology and a PCL in Physiotherapy (2016), (vii) School of Health Science (SoHS), PCL in Dental Science (Dental Hygiene), (2017), (viii) Utterpani Technical School I. Sc. Ag. In Animal Science (2015), (ix) Nepal Banepa Polytechnic Institute a Diploma in Civil Engineering (2015), (x) Balaju School of Engineering & Technology a Diploma in Mechanical Engineering (2015), (xi) Rapti Technical School a Diploma in Civil Engineering (2016), (xii) Seti Technical School I. Sc. Ag. Animal Science (2016), (xiii) Pokhara School of Tourism and Hospitality Management a TSLC in Culinary Art (2016), (xiv) Tikapur Polytechnic Institute, an I. Sc. Ag. Plant Science (2016), and (xv) Tanahu Technical School (TTS), I. Sc. Ag. Animal Science (2017).

Activities	Achievements	Assessment
<ul style="list-style-type: none"> 600 students enrolled in the 10 selected institutions, of which 15% are females and 20% are from excluded groups. 	<ul style="list-style-type: none"> Target number of trainees for mid-level programs was exceeded mainly due to the quota system of the CTEVT for women and excluded groups. Women's number is high in health sector (ophthalmic science, physiotherapy and radiography) followed by civil engineering and plant science. 	
Aligned with DMF Output 1b. By 2018, 600 students ⁶ (at least 15% of whom are women and 20% are from excluded groups) enroll in mid-level skills training in market-demanded occupations. ⁷		
Target 4. Provide employment services to graduates. <ul style="list-style-type: none"> Of the graduates engaged in gainful wage or self-employment 40% are women and 30% are from excluded groups. 	<ul style="list-style-type: none"> The TPM rep found that of the 47,284 graduates 76% were gainfully employed—41% were women and 72% from excluded groups. Of the 19,352 trained women, 14,374 (74%) were employed; of the 27,932 trained men, 21,618 (77%) were employed; and of the trainees from excluded groups, 76.5% got employed. Of the 14,374 employed trained women, 6,950 (48%) got employed in nontraditional sectors (construction and manufacturing); 36% through self-employment; 55%, daily wage employment, and 9%, foreign employment. 	Target 4 achieved
Activity 1. Incorporate GESI in the selection criteria for training providers. <ul style="list-style-type: none"> Selection criteria for Training Providers include GESI provisions such as GESI-sensitive outreach strategy, proportionate representation of females and those from excluded groups in management board/staff, and as trainers, among others. 	<ul style="list-style-type: none"> Selection criteria for Training Providers included (i) GESI sensitive outreach strategy (e.g., GESI sensitive personnel policy) and (ii) proportionate representation of females and excluded groups in management board/staff and as trainers. These selection criteria drove TESP to mainstream GESI in the trainings (e.g., develop GESI handbook and training resources), which increased participation of women and excluded groups. 	Activity 1 completed
Activity 2. Include GESI provisions in the RFPs and contracts with training providers and CSOs to ensure participation of women and people from excluded groups.	<ul style="list-style-type: none"> RFPs and inception reports of TESP (Training Providers and CSO) included GESI provisions such as (i) social marketing plan or business plan to reach and attract women and excluded groups for the training and employment services in different parts of the country; (ii) target participants of a minimum 40% 	Activity 2 completed

⁶ Initially, the project targeted 1,000 new enrollments through 25 new Diploma courses in 10 CTEVT schools. However, during the ADB mid-term review mission in 2016, the government informed the ADB of its inability to achieve the target because of resource constraints and requested ADB to reduce the target from 1,000 to 600 new enrollments. This request was approved by ADB, acknowledged in the Aide Memoire of the MTR, and adopted on 23 January 2017.

⁷ Baseline 2012: 11% of enrolled students in sample CTEVT programs were women.

Activities	Achievements	Assessment
<ul style="list-style-type: none"> Business plans of training providers and CSOs include GESI activities and targets/ indicators aimed at reducing gender disparities and social exclusion in access to training and employment opportunities, counseling and guidance support. 	women and overall 30% excluded groups; and (iii) a discussion of GESI in the training.	
<p>Activity 3. Provide more incentives to training providers for employment of women and people from excluded groups.</p> <ul style="list-style-type: none"> Incentives of training providers under the outcomes-based contracting are higher for the employment of women and people from excluded groups. 	<ul style="list-style-type: none"> Based on TPM report, monetary incentives were provided to all private TESP and public schools for employing four categories of trainees (A, B, C, D).⁸ The incentive was highest for category A (100% of base training cost), followed by category B (90% of base training cost), category C (70% of base training cost) and category D (60% of base training cost). 	Activity 3 completed
<p>Activity 4. Ensure a GESI-friendly training environment for trainees.</p> <ul style="list-style-type: none"> Separate accommodations for female and male trainees, coverage of essential transportation costs, childcare support where needed, and flexible training time and location, where feasible. <p>Target 5. At least 1 separate toilet for females installed/rehabilitated in each TVET institution.</p>	<p>GESI-friendly training environment for trainees established. Specifically, the following were done:</p> <ul style="list-style-type: none"> Before MTR mission, needy group support (allowance for accommodation including food and other costs) was provided to 13% of trainees. This increased to 40% as recommended during the MTR mission.⁹ Private TESP and all 10 public schools installed or rehabilitated separate toilets for women and men; separate dress changing rooms and childcare centers were also provided. Seven private TESP provided support to 5,659 (23%) needy trainees, out of 24,616 who completed training. 	<p>Activity 4 completed</p> <p>Target 5 achieved</p>
<p>Activity 5. Develop GESI-sensitive training materials.</p> <ul style="list-style-type: none"> A generic section on basic GESI concepts and principles developed for inclusion and customization in various TVET training modules. Existing training modules reviewed and revised to incorporate GESI. 	<ul style="list-style-type: none"> Generic GESI modules developed, endorsed by the Curriculum Division, and approved by CTEVT. Schools with QIP integrated these GESI modules in their short-term and long-term courses. GESI resource materials translated in Nepali and circulated to the QIP schools and TESP. 	Activity 5 completed

⁸ Category A: Women from discriminated groups, Dalit, Adivasi, disadvantaged Janajati, Madhesi, Muslims; widows; women with disabilities; and women in remote rural communities or landless women in Terai; Category B: Economically poor women not referred to under Category A and economically active women who wish to upskill from level 1 to level 2; Category C: Men from discriminated groups, Dalit, Adivasi, disadvantaged Janajati, Madhesi, Muslims; widowers; men with disabilities; and men in remote rural communities or landless men in Terai; and Category D: Economically poor men not referred to under Category C and economically active men who wish to upskill from level 1 to level 2.

⁹ Mid-Term Review Mission was held from 7-21 November with Aide Memoire dated 22 November 2016.

Activities	Achievements	Assessment
	<ul style="list-style-type: none"> Gender review showed 26 curriculums using gender neutral language and 5 curriculums needing translation to Nepali for excluded groups. 	
<p>Organize career guidance workshops using GESI sensitive career guidance materials for target groups with female trainees representing different social groups.</p> <p>Target 6. At least 25,000 female and excluded group trainees received counselling and career guidance materials with pre- and post-enrolment support.</p> <p>Target 7. At least 1 career guidance workshop conducted per training provider for each batch of trainees with at least 50% female participants.</p>	<ul style="list-style-type: none"> TITI trained QIP and other CTEVT school's staff—408 men and 95 (19%) women--in academic counseling and career counseling. TESPs provided pre-training counseling to 41,681 trainees, including 18,824 (45.2%) female and 33,915 (81.36%) excluded groups. Post-training career guidance workshops had 41,681 participants, of whom 18,936 (45%) females and 33,915 (81%) excluded groups. 	<p>Target 6 achieved</p> <p>Target 7 achieved</p>
Output 2: Improved quality and relevance of TVET provision		
<p>Activity 6. Training modules for OSU, OIS, curriculum development, and management trainings integrated with basic GESI concepts and principles, and GESI-responsive instructional and management strategies.</p> <p>Target 8. Conduct GESI-sensitive OSU, OIS, curriculum development and management trainings to 300 TVET professionals.</p> <ul style="list-style-type: none"> At least 45 women TVET professionals and 45 TVET professionals from excluded groups trained. 	<p>582 TVET professionals -- 102 or 17.5% women and 202 or 34.7% excluded groups -- trained in OSU, OIS, institutional management skills, curriculum development skills and senior and policy level study skills. In all these training, basic GESI concepts and principles integrated.</p>	<p>Activity 6 completed</p> <p>Target 8 achieved</p>
<p>Aligned with DMF Output 2d. By 2018, 300 TVET professionals (at least 15% of whom are women and 15% are from excluded groups) have completed training in GESI-sensitive occupational and instructional skills upgrading, curriculum development, and management.¹⁰</p>		

¹⁰ Baseline 2012: 11% of TVET professionals were women and 4% were Dalits.

Activities	Achievements	Assessment
<p>Target 9. Ensure that 15 new Diploma and TSLC programs developed are GESI responsive.</p> <ul style="list-style-type: none"> New Diploma and TSLC programs include a module or section on GESI for sensitization and promote GESI in nontraditional sectors. <p>Aligned with DMF Output 2c. By 2017, 15 new or updated mid-level skills training programs in market-demanded occupations introduced in the 10 QIP participating providers.</p>	<ul style="list-style-type: none"> 15 Diploma and TSLC programs (with GESI modules) initiated in 2017. GESI module developed and included in short-term and long-term courses of 10 QIPs. GESI promoted in nontraditional sectors through counseling, social marketing, and women-only training. 	Target 9 achieved
<p>Activity 7. Incorporate GESI in the QIP for Training Providers</p> <ul style="list-style-type: none"> QIP includes GESI indicators such as improvement in GESI responsive targeting, GESI-sensitive module design and institutional restructuring, GESI responsive budgeting adopted, curriculum, guidance materials, assessment, and counseling are free of gender and other social bias, among others. 	<ul style="list-style-type: none"> QIP included GESI indicators as listed in Activity 7 of GESI Action Plan. All 10 QIP schools adopted these GESI indicators and designated GESI focal persons who were trained in GESI concept and requirements of QIP. Some schools established their GESI unit. 	Activity 7 completed
<p>Target 10. Develop forward linkages with employers to facilitate women's and those from excluded groups' access to decent employment.</p> <ul style="list-style-type: none"> 10 agreements forged with industries and potential employers. <p>Aligned with DMF Output 2b. By 2016, the 10 QIP participating providers establish industry partnership committees and establish agreements for industry linkages. (Baseline: no such agreement)</p>	<ul style="list-style-type: none"> EAPC which serves as the industry partnership committee, established in each of 10 QIP schools. Urban base QIP schools had formal agreements with industries and hospitals. Rural-based QIP schools have started small-scale business enterprise agreement locally. Principals and leadership teams of all schools developed and maintained networks with employers, through which valuable on-the-job training and wider training opportunities were developed. 	Target 10 partially achieved

Activities	Achievements	Assessment
Target 11. DMF Output 2a (not in the GESI Action Plan). By 2018, at least 10 public providers complete QIP and demonstrate improvement against key indicators, including GESI indicators (Baseline: no public providers have QIP).	<ul style="list-style-type: none"> All 10 schools completed QIPs that are GESI sensitive and integrated GESI principles in all operational standards for the institution. Annual QIP audit measures progress on 9 key areas of QIP implementation. Four audits of QIP progress in the 10 schools were carried out from 2015-2018. The 2018 audit report concluded that all schools have made significant improvements against the QIP standards including GESI indicators such as improvement in GESI responsive targeting, development of GESI-sensitive module design and institutional restructuring, adoption of GESI responsive budgeting (or allocation of budget for GESI activities and preparation of curriculum and guidance materials, provision of counseling, and doing the assessment free of gender and other social bias. 	Target 11 achieved
Output 3: Policy, institutional and operational reforms implemented		
Activity 8. Develop and implement CTEVT restructuring plan with GESI considerations. Target 12. Of new posts in CTEVT restructured Board, staff and consultants, 33% are women and 20% from excluded groups (Baseline: none of CTVEVT Board member is women in 2012). Target 13. A GESI unit will be established with 3 to 4 female officers supporting GESI activities required for institutional and programmatic aspects.	<ul style="list-style-type: none"> Amendments of by-laws to reorganize and restructure CTEVT have been drafted, incorporating 33% target for women and 20% for excluded groups. This is currently on hold and will be adapted to the new federal structure, which is outside of the scope of the project. A GESI Unit with clear terms of reference formed with 5 members (3 women) and has been supporting GESI mainstreaming in CTEVT and its constituent schools. 	Activity 8 not completed Target 12 not achieved Target 13 achieved
Activity 9. Ensure TVET sector roadmap and results framework promote GESI. <ul style="list-style-type: none"> Indicators include sex, caste and ethnicity. 	<ul style="list-style-type: none"> TVET sector roadmap and results framework included measures to ensure inclusive access (quota of 40% women and 30% excluded groups in TVET program operated by public institutions; increased financial and accommodation support for needy students; and social marketing for promoting equitable and inclusive involvement in training). 	Activity 9 completed
Output 4: Effective project management and monitoring and evaluation		
Activity 10. Establish a MIS with GESI indicators. <ul style="list-style-type: none"> Trainee database (enrollment, dropouts, and graduates) and trainer database (subject proficiency, and professional development) 	<ul style="list-style-type: none"> GESI indicators incorporated in the MIS, specifically in the trainee database and results-based M&E mechanism. 	Activity 10 completed

Activities	Achievements	Assessment
<p>established which include information disaggregated by sex, caste and ethnicity and geographic region.</p> <ul style="list-style-type: none"> Results-based M&E mechanism is in place to ensure achievement of target participation and employment rates by target groups within one month of project implementation. 	<ul style="list-style-type: none"> PIU established with six regional offices comprising 13 regional monitoring officers, of whom 5 (38%) were women and 4 (31%) from socially excluded groups. 	
<p>Aligned with DMF Output 4a. By 2013, M&E unit and mechanisms with GESI indicators in operation.</p>		
<p>Ensure GESI-sensitive project management.</p> <p>Target 14. Staff of the TEVT TSDU and PIU comprise at least 33% women and 20% from excluded groups.</p> <p>Target 15. All project related staff and consultants of TSDU and PIU are provided with GESI sensitization training on GESI in implementation, monitoring and reporting.</p> <ul style="list-style-type: none"> Progress under the GESI Action Plan included in project progress reports. 	<ul style="list-style-type: none"> The PIU had 26 staff--13 (50%) women and 10 (38.46%) excluded groups. TSDU had 3 staff-- 2 men and 1 (33%) woman; 33% from excluded group. GESI sensitization conducted with all 367 staff (PIU, RMOs, CTEVT, MOE, TESP, QIP schools). GESI action plan progress report included in SDP quarterly reports and annual reports. 	<p>Target 14 achieved</p> <p>Target 15 achieved</p>
<p>Target 16 Conduct social awareness and marketing campaign for target groups.</p> <ul style="list-style-type: none"> At least 10 social awareness campaigns (with 75% participation of excluded groups and women) conducted. 	<ul style="list-style-type: none"> Awareness campaigns through mass media (FM radio and TV program) conducted all over country reaching areas of socially excluded groups.¹¹ Social awareness and marketing campaigns also conducted.¹² 	<p>Target 16 achieved</p>

¹¹ Awareness campaigns included (i) public service announcement done in far-west, mid-west, west and central region through 5 FM radios; (ii) two newsletters published and circulated to stakeholders; (iii) "Skill and Prosperity" program broadcasted in radio (through 5 FM channels) bimonthly for short time and telecasted TV program in NTV Plus monthly (15 TV and 25 radio programs); and (iv) Information about the training spread through social media (You-tube and Facebook).

¹² These included (i) social marketing national level workshop in Kathmandu with 43 participants from women commission, Muslim commission, Dalit commission, Adivasi/Janajati federation, Non-Government Organizations, and Government agencies (ii) one regional workshop on social marketing in Chitwan with 38 participants. from various local organizations, (iii) one workshop in Butwal where 80 stakeholders participated; (iv) focus Group Discussion in Nepalgunj with the Muslim girls and students of Bheri Technical school; and (v) Women's Rights Forum with 28 participants from different districts.

Activities	Achievements	Assessment
<p>Activity 11. Ensure that the tracer study includes data collection disaggregated by sex, social groups, and geographic region, as well as a GESI analysis of recurring disparities, if any; Tracer study information and analysis is GESI-sensitive and, includes an analysis of labor market disparities and opportunities and tracking of graduates (male/female and social groups).</p> <ul style="list-style-type: none"> The study team includes GESI experts. 	<ul style="list-style-type: none"> Tracer study and final evaluation were completed in 2018. The reports covered data disaggregated by sex, social groups, and geographic region; GESI analysis of disparities; and GESI analysis of labor market disparities and opportunities and tracking of graduates (male/female and social groups). The evaluation report team included GESI expert as mentioned in Terms of Reference. 	Activity 11 completed
<p>Aligned with DMF Output 4d. By 2018, impact and tracer studies conducted, with social group- and sex-disaggregated employment data.</p>		
Overall GESI AP assessment: Successful ¹³		

CSO = civil society organization, CTEVT = Council for Technical Education and Vocational Training, DMF= design and monitoring framework, EAPC= Enterprise Advisory and Partnership Committee, GESI = gender equality and social inclusion, M&E= monitoring and evaluation, MIS = management information system, MOE = Ministry of Education, MTR = mid-term review, OSU = occupational skills upgrading, OIS = occupational instructional skills, PIU = project implementation unit, QIP = quality improvement program, RFP= request for proposal, RMO = regional monitoring officer, SDP= Skills Development Project, TPM= third party monitoring, TITI = Training Institute for Technical Instruction, TESP= training and employment service provider, TSDU = TVET Sector Development Unit, TSLC = technical school leaving certificate, TVET= technical and vocational education and training.

¹³ Of 11 activities, 10 (91%) were completed and of 16 quantitative targets, 14 (87.5%) were achieved.

F. Evidence of Project Outcomes on Women of Socially Excluded Groups

14. To support the project's outcomes on women of socially excluded groups, the following are testimonials of select women of socially excluded groups and of women TVET professionals who participated in SDP.

Box 1: Women's Economic Empowerment

Opportunities to earn through skills training

"After attending the Level 1 training for tailoring, I started to earn about NPR8000 per month. Then when I attended the Level 2 courses, I got the opportunity to learn more customized tailoring. This helped me to increase my earning further. I have also become an assessor (examiner for skills' training exam) and for each exam day I get paid NPR1200. This is in addition to my regular income from stitching clothes. Now I am helping my family for household expenses. I have some savings as well.¹ After Level 2 training, our earnings increased to about NPR20,000 to NPR30,000. Becoming economically independent has encouraged us to work more. Many of us work as employees and we get paid by piece. If we can stitch more pieces, we get paid more. Bringing CTVET short term courses to the communities helped women in our area to access the training and the provision of accommodation facilities enabled those who live far to also participate."²

¹ *Lalu Sunar, Level 2 Skill training, Assessor and Trainer, Bhimad Technical School, Tanahu.*

² *Nirmala Sunar, Ishwori Sahi, Pemi Shara Rana, Gaumaya Rana, Level 1 and 2 Skill training, Bhimad Technical School, Tanahu.*

Box 2: Gender Equality in Human Development

Change in the attitude of my family and neighbours

"First, I completed Level 1 training of SDP in a private TESP for 3 months, after which I worked as an assistant instructor in the same TESP. During that time, the Nepal Electricity Authority (NEA) had a vacancy for electrician. I applied with Level 1 certificate and succeeded in getting a job of Electrician-Grade 3. I used to earn NR8000 as an assistant instructor, and now I earn about NR28,000 monthly. With Level 2 certificate, I am applying for an Electrician-Grade 4 position at NEA. The skills training did not only provide me a job but also built my confidence.¹ When I enrolled in the Building Electrician training of this TESP, I was the only woman trainee among the 19 trainees, so I was very nervous. At home, I have four sisters who all are good in their studies except me. When I told my parents that I enrolled for Level 1 training, they didn't approve that. My father didn't speak with me, and my neighbor told my father that he should not have let me work in the area where men are supposed to work. It was difficult for me to go through the three-months training, but I worked hard and passed Level 1. Now I work with contractor firm as a building electrician. I feel empowered to have learned skills in this area where women do not work a lot. My father is very proud of me, and my neighbors call me to fix electrical problems in their houses. I feel honored to have set an example by becoming the only woman electrician in my neighborhood."²

¹ *Anju Baral, 28 years old, unmarried - Level 1 and Level 2 Building Electrician*

² *Akriti Gurung, 30 years old, unmarried - Level 1, Building Electrician Trainees from private TESP in Pokhara, Kaski District*

G. Conclusions and Lessons

15. **Relevance.** In line with the government's TVET Policy 2012, SDP was designed and implemented to address the low level of skills and low-wage occupations of the workforce, especially of poor women and people of socially excluded groups, of Nepal by making the TVET system market-responsive and socially and gender-inclusive. With a GEN category, the project's GESI Action Plan encompassed the core courses of actions to achieve these objectives. The targeted outputs of the GESI Action Plan—as listed in para. 6—were in two areas: (i) training and employment of women and excluded groups and (ii) institutionalization of GESI in the TVET

sector. The results—as listed in para. 10—showed successes in women’s greater access to opportunities for employment skills development and in enabling women and socially excluded groups to capture market-demanded occupations and gainful employments in nontraditional or male-dominated fields. These successes prove the **relevance** of the GESI Action Plan and the adequacy of the socially and gender-inclusive actions in the project design.

16. **Effectiveness.** The project’s gender mainstreaming strategy was four-pronged: (i) designation and well-placing of gender equality champions (i.e., GESI unit in CTEVT, GESI specialist in the team of consultants, and GESI officer in the PIU) in the project structures; (ii) mobilization of different levels of monitoring teams (i.e., regional monitoring officers, PIU monitoring team, and high level monitoring team comprising of senior officials from MOEST, MOF, NPC, and CTEVT) to check the quality of performance of training providers and training outputs, including female enrollment; (iii) integration of GESI elements in the request for proposals, selection criteria and contracts of training providers, training modules and materials, social marketing or business plans of training providers, quality improvement plan of schools, and in the TVET sector roadmap and results framework and management information system; and (iv) provision of supportive enablers, such as the gender-sensitive facilities and assistance, quota system (or assured slots for women and people from socially excluded groups) employed by the CTEVT in the selection of trainees for mid-level programs, counselling to promote women’s entry into nontraditional fields, and the formation of EAPC to facilitate the employment of women and socially excluded groups, especially in nontraditional jobs. The project’s GESI results (para. 10 and Table 7.1) show the **effectiveness** of these four-pronged GESI mainstreaming strategy.

17. **Likely Sustainability.** The institutionalization of GESI mainstreaming strategy in the TVET sector—as summarized in para. 13—indicates the likely sustainability of the good GESI practices and achievements of SDP. However, to strengthen this, the TVET sector in Nepal will need to overcome the challenges listed in para. 12.

STATUS OF COMPLIANCE WITH COVENANTS

A. Compliance with Grant Agreement

S.N.	Covenants	Reference in Grant Agreement	Status of Compliance
1	In the carrying out the Project and operation of the Project facilities, the Recipient shall perform, or cause to be performed, all obligations set forth in Schedule 4 to this Grant Agreement and the Project Agreement.	Article IV, Section 4.01	Complied. The recipient has complied with all obligations of grant and project agreements throughout the project period.
2	The Recipient shall enable ADB's representatives to inspect the Project, the Goods and Works, and any relevant records and documents.	Article IV, Section 4.02	Complied. The recipient provided access to ADB to inspect the Project and its record through the project period.
3	The Recipient shall (i) maintain separate accounts and records for the Project; (ii) prepare annual financial statements for the Project in accordance with accounting principles acceptable to ADB; (iii) have such financial statements audited annually by independent auditors whose qualifications, experience and terms of reference are acceptable to ADB, in accordance with international standards for auditing or the national equivalent acceptable to ADB; (iv) as part of each such audit, have the auditors prepare a report (which includes the auditor opinion on the financial statements, use of the Grant proceeds and compliance with the financial covenants of this Grant Agreement as well as on the use of the procedures for imprest fund(s) and statement of expenditures) and a management letter (which sets out the deficiencies in the internal control of the Project that were identified in the course of the audit, if any); and (v) furnish to ADB, no later than 6 months after the end of each related fiscal year, copies of such audited financial statements, audit report and management letter, all in the English language, and such other information concerning these documents and the audit thereof as ADB shall from time to time reasonably request.	Article IV, Section 4.03 (a)	Complied. APFS for all fiscal years including final APFS (FY's 2014 to 2019) were submitted to ADB on time, with unqualified (clean) audit opinions issued except for 1 qualified issued for FY 2017.

S.N.	Covenants	Reference in Grant Agreement	Status of Compliance
4	ADB shall disclose the annual audited financial statements for the Project and the opinion of the auditors on the financial statements within 30 days of the date of their receipt by posting them on ADB's website.	Article IV, Section 4.03 (b)	Complied. All APFS were disclosed.
5	The Recipient shall enable ADB, upon ADB's request, to discuss the financial statements for the Project and the Recipient's financial affairs where they relate to the Project with the auditors appointed pursuant to subsection (a) (iii) hereinabove, and shall authorize and require any representative of such auditors to participate in any such discussions requested by ADB. This is provided that such discussions shall be conducted only in the presence of an authorized officer of the Recipient, unless the Recipient shall otherwise agree.	Article IV, Section 4.03 (c)	Complied. The Recipient and CTEVT complied with all the requirements related to financial affairs stipulated under this covenant.
6	The Recipient shall take all actions which shall be necessary on its part to enable CTEVT to perform its obligations under the Project Agreement and shall not take or permit any action which would interfere with the performance of such obligations.	Article IV, Section 4.04	Complied. CTEVT took all actions as per the project agreement throughout the project period.
7	The Recipient shall exercise its rights under the Subsidiary Grant Agreement in such a manner as to protect the interests of the Recipient and ADB and to accomplish the purposes of the Grant.	Article IV, Section 4.05 (a)	Complied. The actions of the recipient were fully aligned with the subsidiary grant agreement.
8	No rights or obligations under the Subsidiary Grant Agreement shall be assigned, amended, or waived without the prior concurrence of ADB.	Article IV, Section 4.05 (b)	Complied. The covenant has been complied. Rights or obligations under the Subsidiary Grant Agreement have never been assigned, amended, or waived during the project period.
9	The Recipient and CTEVT shall ensure that the Project is implemented in accordance with the detailed arrangements set forth in the PAM. Any subsequent change to the PAM shall become effective only after approval of such change by the Recipient and ADB. In the event of any discrepancy between the PAM	Schedule 4, Para 1	Complied. The project was implemented as per the PAM.

S.N.	Covenants	Reference in Grant Agreement	Status of Compliance
	and this Grant Agreement, the provisions of this Grant Agreement shall prevail.		
10	The Recipient shall make available through budgetary allocations or other means, all counterpart funds required for the timely and effective implementation of the Project including any funds required to make to mitigate unforeseen environmental, resettlement and other social impacts, and to meet additional costs arising from design changes, price escalation in construction or equipment costs or other unforeseen circumstances.	Schedule 4, Para 2	Complied. Adequate budget was allocated to implement the project activities throughout the project period.
11	Within 24 months of the Effective Date, CTEVT shall have finalized a comprehensive organizational review and assessment of CTEVT and approved a time bound CTEVT restructuring action plan, in form and substance acceptable to ADB.	Schedule 4, Para 3	Partially complied. SDP supported CTEVT in developing an interim re-organization designed to enhance its responsiveness to labor market demand and strengthen its regulatory functions. However, the final structure of CTEVT cannot be determined until the structure of a decentralized TVET system is agreed. The interim reorganization plan still awaits approval by the CTEVT Council.
12	Within 270 days of the Effective Date, the Recipient shall have updated the TVET sector roadmap and results framework, in form and substance acceptable to ADB.	Schedule 4, Para 4	Partially Complied. A draft National TVET Sector Strategy, Road Map and Results Framework 2018-2023 was developed and approved by the Minister of MOEST in February 2018. The documents were submitted to the National Planning Commission in late 2019. The TVET Strategy cannot be finalized until the new Education Act and TVET Act are developed and legislated. This is planned to occur in 2020.
13	Within 180 days of the Effective Date, the Recipient shall have established the TVET Sector Development Unit and have assigned enough staff to enable that	Schedule 4, Para 5	Complied. The unit was established and functional.

S.N.	Covenants	Reference in Grant Agreement	Status of Compliance
	TVET Sector Development Unit to operate in an efficient and effective manner to the satisfaction of ADB.		
14	Within 30 months of the Effective Date, the Recipient shall have finalized and approved the institutional framework, procedures and detailed terms of reference for the TVET Fund, in form and substance acceptable to ADB.	Schedule 4, Para 6	Partially complied. The TSDU, working under the guidance of the PCC, is preparing the institutional framework, procedures, and detailed terms of references of a single window TVET Fund. The Government of the Nepal has officially initiated the TVET Fund by allocating the equivalent of \$1,000,000. Final agreement on the details of the TVET Fund cannot be reached until the new federal structure for TVET is determined
15	The Recipient shall make available at least \$2,000,000 on an annual basis for the TVET Fund. The Recipient shall make these funds available from FY2016 through budgetary allocations in its AWPB, developing financing or any other appropriate funding sources.	Schedule 4, Para 7	Partially Complied. A TVET fund was created and MOF had allocated \$1 million to the fund. But could not be operational due to federalization.
16	The Recipient and CTEVT shall ensure that the Project does not involve any environmental, resettlement, indigenous peoples risks or impacts within the meaning of the Safeguard Policy Statement. If due to unforeseen circumstances, the Project involves any such impacts, the Recipient and CTEVT shall take all steps necessary or desirable to ensure that the Project complies with all applicable laws and regulations of the Recipient and with the Safeguard Policy Statement.	Schedule 4, Para 8	Complied. Project did not involve any environmental, resettlement, indigenous peoples risks or impacts within the meaning of the Safeguard Policy Statement.
17	The Recipient and CTEVT shall (a) comply with ADB's Anticorruption Policy (1998, as amended to date) and acknowledge that ADB reserves the right to investigate directly, or through its agents, any alleged corrupt, fraudulent, collusive or coercive practice relating to the Project; and (b) cooperate with any such investigation and extend all necessary assistance for satisfactory completion of such investigation.	Schedule 4, Para 9	Complied. The Recipient and CTEVT have complied with the ADB's Anticorruption Policy and provided all the supporting documents and information requested by ADB's OAI during the project period.

S.N.	Covenants	Reference in Grant Agreement	Status of Compliance
18	The Recipient and CTEVT shall ensure that the anticorruption provisions acceptable to ADB are included in all bidding documents and contracts, including provisions specifying the right of ADB to audit and examine the records and accounts of the executing and implementing agencies and all contractors, suppliers, consultants, and other service providers as they relate to the Project.	Schedule 4, Para 10	Complied. Anticorruption provisions acceptable to ADB were included in all bidding documents and contracts.
19	The Recipient and CTEVT shall ensure that the GESI Action Plan is effectively implemented, to achieve its objectives of, among others, (a) providing TVET professional training to at least 45 women; (b) enrolling at least 15% women in the mid-level skills training program under Part 1; and (c) providing counseling and career guidance to at least 25,000 women trainees.	Schedule 4, Para 11	Complied. GESI Action Plan was effectively implemented to achieve its objectives and has specifically achieved the targets, (a) providing TVET professional training to at least 45 women; (b) enrolling at least 15% women in the mid-level skills training program under Part 1; and (c) providing counseling and career guidance to at least 25,000 women trainees. Further details are in Appendix 7
20	The Recipient and CTEVT shall ensure that the anticorruption provisions acceptable to ADB and the Recipient are included in all bidding documents and contracts financed by ADB in connection with the Project, including provisions specifying the right of ADB to review and examine the records and accounts of CTEVT and all contractors, suppliers, consultants, and other service providers as they relate to the Project. The Recipient and CTEVT shall allow and assist ADB's representatives to carry out random spot checks on the work in progress and utilization of funds for the Project.	Schedule 4, Para 12	Complied. Anticorruption provisions acceptable to ADB and the Recipient were included in all bidding documents and contracts financed by ADB in connection with the Project.
21	The Recipient and CTEVT shall ensure that all bidding documents and contracts for Works contain provisions that require contractors to provide CTEVT with a written notice of any unanticipated environmental, resettlement or indigenous people's risks or impacts that arise during	Schedule 4, Para 13	Complied. All bidding documents and contracts required contractors to provide CTEVT with a written notice of any unanticipated environmental, resettlement or indigenous people's risks or impacts that arise during

S.N.	Covenants	Reference in Grant Agreement	Status of Compliance
	construction, implementation or operation of the Project.		construction, implementation or operation of the Project
22	The Recipient and CTEVT shall ensure that the Works contracts under the Project follow all applicable labor laws of the Recipient that these further include provisions to the effect that contractors follow and implement all statutory provisions on labor (including not employing or using children as labor, equal pay for equal work), health, safety, welfare, sanitation, and working conditions. Such contracts shall also include clauses for termination in case of any breach of the stated provisions by the contractors.	Schedule 4, Para 14	Complied. All applicable labor laws were followed under all works contracts under the project .Further the provisions on labor(including not employing or using children as labor, equal pay for equal work), health, safety, welfare, sanitation, and working conditions were in the condition of contracts of civil work contract.
23	The Recipient and the State shall ensure that no proceeds of the Grant are used to finance any activity included in the list of prohibited investment activities provided in Appendix 5 of the Safeguard Policy Statement.	Schedule 4, Para 15	Complied. No proceeds of the Grant were used to finance any activity included in the list of prohibited investment activities provided in Appendix 5 of the Safeguard Policy Statement.
24	Within 90 days of the Effective Date, CTEVT shall establish a Project website to provide information on (a) bidding procedures, bidders and contract awards; (b) the use of funds disbursed under the Project; (c) the physical progress of the Project; (d) the vocational and skills training courses being funded by the Project; and (e) other relevant Project related information.	Schedule 4, Para 16	Complied. Project website was established within the stipulated timeframe.

ADB = Asian Development Bank, APFS= Audited Project Financial Statement, CTEVT = Council for Technical Education and Vocational Training, GESI= gender equality and social inclusion, MOEST=Ministry of Education Science and Technology, MOF= Ministry of Finance, OAI= Office of Anticorruption and Integrity, PAM= project administration manual, PCC= Policy Coordination Committee, SDP= Skills Development Project, TSDU= TVET Sector Development Unit, TVET = technical and vocational education and training
Source: Asian Development Bank

B. Compliance with Project Agreement

S.N.	Covenants	Reference in Project Agreement	Status of Compliance
1	CTEVT shall carry out the Project with due diligence and efficiency, and in conformity with sound applicable technical, financial, business, and development practices.	Article II, Section 2.01 (a)	Complied. CTEVT has carried out the Project as per the requirements of the covenant.

S.N.	Covenants	Reference in Project Agreement	Status of Compliance
2	In the carrying out of the Project and operation of the Project facilities, CTEVT shall perform all obligations set forth in the Grant Agreement to the extent that they are applicable to CTEVT.	Article II, Section 2.01 (b)	Complied. CTEVT has performed all obligations set forth in the Grant Agreement to the extent that they were applicable to CTEVT
3	CTEVT shall make available, promptly as needed, the funds, facilities, services, and other resources as required, in addition to the proceeds of the Grant, for the carrying out of the Project.	Article II, Section 2.02	Complied. CTEVT always made available, the funds, facilities, services, and other resources as required.
4	In the carrying out of the Project, CTEVT shall employ competent and qualified consultants and contractors, acceptable to ADB, to an extent and upon terms and conditions satisfactory to ADB.	Article II, Section 2.03 (a)	Complied. CTEVT Employed competent and qualified consultants and contractors, acceptable to ADB.
5	Except as ADB may otherwise agree, CTEVT shall procure all items of expenditures to be financed out of the proceeds of the Grant in accordance with the provisions of Schedule 3 to the Grant Agreement. ADB may refuse to finance a contract where any such item has not been procured under procedures substantially in accordance with those agreed between the Recipient and ADB or where the terms and conditions of the contract are not satisfactory to ADB.	Article II, Section 2.03 (b)	Complied. CTEVT procured all items of expenditures to be financed out of the proceeds of the Grant in accordance with the provisions of Schedule 3 to the Grant Agreement.
6	CTEVT shall carry out the Project in accordance with plans, design standards, specifications, work schedules and construction methods acceptable to ADB. CTEVT shall furnish, or cause to be furnished, to ADB, promptly after their preparation, such plans, design standards, specifications and work schedules, and any material modifications subsequently made therein, in such detail as ADB shall reasonably request.	Article II, Section 2.04	Complied. CTEVT carried out the Project in accordance with plans, design standards, specifications, work schedules and construction methods acceptable to ADB.
7	CTEVT shall take out and maintain with responsible insurers, or make other arrangements satisfactory to ADB for, insurance against such risks and in such amounts as shall be consistent with sound practice.	Article II, Section 2.05 (a)	Complied. CTEVT maintained insurance arrangements for all applicable transactions and personnel under the project.

S.N.	Covenants	Reference in Project Agreement	Status of Compliance
8	Without limiting the generality of the foregoing, CTEVT undertakes to insure, or cause to be insured, the Goods to be imported for the Project against hazards incident to the acquisition, transportation and delivery thereof to the place of use or installation, and for such insurance any indemnity shall be payable in a currency freely usable to replace or repair such Goods.	Article II, Section 2.05 (b)	Complied. CTEVT put in place all the provisions for the insurance for the requirement under this covenant.
9	CTEVT shall maintain, or cause to be maintained, records and accounts adequate to identify the items of expenditure financed out of the proceeds of the Grant, to disclose the use thereof in the Project, to record the progress of the Project (including the cost thereof) and to reflect, in accordance with consistently maintained sound accounting principles, its operations and financial condition.	Article II, Section 2.06	Complied. CTEVT has maintained records and accounts adequate to identify the items of expenditure financed out of the proceeds of the Grant.
10	ADB and CTEVT shall cooperate fully to ensure that the purposes of the Grant will be accomplished	Article II, Section 2.07 (a)	Complied. ADB and CTEVT worked very closely to achieve the purposes of the grant.
11	CTEVT shall promptly inform ADB of any condition which interferes with, or threatens to interfere with, the progress of the Project, the performance of its obligations under this Project Agreement, or the accomplishment of the purposes of the Grant.	Article II, Section 2.07 (b)	Complied. Such type of situation didn't happen during the project period.
12	ADB and CTEVT shall from time to time, at the request of either party, exchange views through their representatives with regard to any matters relating to the Project, CTEVT and the Grant.	Article II, Section 2.07 (c)	Complied. ADB and CTEVT discussed and exchanged views on project regularly during the project period.
13	CTEVT shall furnish to ADB all such reports and information as ADB shall reasonably request concerning (i) the Grant and the expenditure of the proceeds thereof; (ii) the items of expenditure financed out of such proceeds; (iii) the Project; (iv) the administration, operations and financial condition of CTEVT; and (v) any other matters relating to the purposes of the Grant.	Article II, Section 2.08 (a)	Complied. CTEVT has regularly submitted reports containing all the information indicated under this covenant.

S.N.	Covenants	Reference in Project Agreement	Status of Compliance
14	Without limiting the generality of the foregoing, CTEVT shall furnish to ADB periodic reports on the execution of the Project and on the operation and management of the Project facilities. Such reports shall be submitted in such form and in such detail and within such a period as ADB shall reasonably request, and shall indicate, among other things, progress made, and problems encountered during the period under review, steps taken or proposed to be taken to remedy these problems, and proposed program of activities and expected progress during the following period.	Article II, Section 2.08 (b)	Complied. CTEVT has submitted quarterly progress reports to ADB including all the information.
15	Promptly after physical completion of the Project, but in any event not later than 3 months thereafter or such later date as ADB may agree for this purpose, CTEVT shall prepare and furnish to ADB a report, in such form and in such detail as ADB shall reasonably request, on the execution and initial operation of the Project, including its cost, the performance by CTEVT of its obligations under this Project Agreement and the accomplishment of the purposes of the Grant.	Article II, Section 2.08 (c)	Complied. CTEVT has prepared final project evaluation report and submitted to ADB.
16	CTEVT shall (i) maintain separate accounts and records for the Project; (ii) prepare annual financial statements for the Project in accordance with accounting principles acceptable to ADB; (iii) have such financial statements for the Project audited annually by independent auditors whose qualifications, experience and terms of reference are acceptable to ADB, in accordance with international standards for auditing or the national equivalent acceptable to ADB; (iv) as part of each such audit, have the auditors prepare a report (which includes the auditors' opinion on the financial statements, use of the Grant proceeds and compliance with the financial covenants of the Grant Agreement) and a management letter	Article II, Section 2.09 (a)	Complied. CTEVT has maintained separate accounts and submitted the audited project financial statements of all fiscal years in a timely manner to ADB.

S.N.	Covenants	Reference in Project Agreement	Status of Compliance
	(which sets out the deficiencies in the internal control of the Project that were identified in the course of the audit, if any); and (v) furnish to ADB, no later than 6 months after the close of the fiscal year to which they relate, copies of such audited financial statements, audit report and management letter, all in the English language, and such other information concerning these documents and the audit thereof as ADB shall from time to time reasonably request.		
17	ADB shall disclose the annual audited financial statements for the Project and the opinion of the auditors on the financial statements within 30 days of the date of their receipt by posting them on ADB's website.	Article II, Section 2.09 (b)	Complied. Disclosed for all fiscal years APFS and audit opinion accordingly.
18	In addition to annual audited financial statements referred to in subsection (a) hereinabove, CTEVT shall (i) provide its annual financial statements prepared in accordance with national accrual-based financing reporting standards acceptable to ADB; (ii) have its financial statements audited annually by independent auditors whose qualifications, experience and terms of reference are acceptable to ADB, in accordance with international standards for auditing or the national equivalent acceptable to ADB; and (iii) furnish to ADB, no later than 1 month after approval by the relevant authority, copies of such audited financial statements in the English language and such other information concerning these documents and the audit thereof as ADB shall from time to time reasonably request.	Article II, Section 2.09 (c)	Not complied. Despite repeated follow ups, annual financial reports were obtained in the fourth year of the project for the previous three fiscal years. Further they were in Nepali language, and were not in the acceptable forms and format as required by this covenant. For future projects, such covenants need further assessments and detailed examination during financial due diligence considering the nature and mandate of the entity. There is no Nepali law or regulation requiring CTEVT to prepare an Audited Entity Financial Statement as requested in this covenant, so it should not have been included,
19	CTEVT shall enable ADB, upon ADB's request, to discuss the financial statements for the Project and CTEVT and its financial affairs where they relate to the Project with the auditors appointed by CTEVT pursuant to subsections (a) (iii) and (c) hereinabove, and shall authorize and require any representative of such auditors to participate in any such discussions requested by ADB.	Article II, Section 2.09 (d)	Complied. The requirement of this covenant was fully respected by the CTEVT during the project period.

S.N.	Covenants	Reference in Project Agreement	Status of Compliance
	This is provided that such discussions shall be conducted only in the presence of an authorized officer of CTEVT, unless CTEVT shall otherwise agree.		
20	CTEVT shall enable ADB's representatives to inspect the Project, the Goods and Works and any relevant records and documents.	Article II, Section 2.10	Complied. CTEVT enabled ADB's representatives to inspect the Project, the Goods and Works and any relevant records and documents.
21	CTEVT shall at all times conduct its operations in accordance with sound applicable technical, financial, business, development and operational practices, and under the supervision of competent and experienced management and personnel.	Article II, Section 2.11	Complied. CTEVT conducted its operations in accordance with sound applicable technical, financial, business, development and operational practices.
22	Except as ADB may otherwise agree, CTEVT shall not sell, lease or otherwise dispose of any of its assets which shall be required for the efficient carrying on of its operations or the disposal of which may prejudice its ability to perform satisfactorily any of its obligations under this Project Agreement.	Article II, Section 2.12	Complied. CTEVT fully aligned its operations as per the project agreement.
23	Except as ADB may otherwise agree, CTEVT shall apply the proceeds of the Grant to the financing of expenditures on the Project in accordance with the provisions of the Grant Agreement and this Project Agreement, and shall ensure that all items of expenditures financed out of such proceeds are used exclusively in the carrying out of the Project.	Article II, Section 2.13	Complied. CTEVT followed the proceeds of the Grant to the financing of expenditures on the Project in accordance with the provisions of the Grant Agreement and this Project Agreement throughout the project period.
24	CTEVT shall promptly notify ADB of any proposal to amend, suspend or repeal any provision of its constitutional documents, which, if implemented, could adversely affect the carrying out of the Project or the operation of the Project facilities. CTEVT shall afford ADB an adequate opportunity to comment on such proposal prior to taking any affirmative action thereon.	Article II, Section 2.14	Complied. There was not such situation emerged during the project period.

ADB = Asian Development Bank, APFS= Audited Project Financial Statement, CTEVT = Council for Technical Education and Vocational Training
Source: Asian Development Bank

EMPLOYMENT STATUS OF BASIC SKILLS TRAINING GRADUATES

1. The third-party monitoring firm verified the employment status of the graduates of short-term training through direct interviews with graduates and employers, and site observations. This exercise found that 35,992 of the 47,284 people who had enrolled in training were employed, an employment rate of 76% (Table A9.1). Across sectors, 15% were employed in manufacturing, 45% in construction and 39% in the services sector. Just over half of the employed were in daily wage employment¹ (53%) with a further 40% in self-employment.² Surprisingly, 8% of the trainees had already found foreign employment. This may increase as the graduates gain more work experience. Daily wage employment was highest in the services sector (60%), but in manufacturing and construction there was an almost equal split between self-employment and daily wage employment.
2. The distribution of women and men across sectors was quite different. Just over half of the women were concentrated in the services sector (52%) with a surprisingly high proportion in construction as well (37%). The concentration of males was almost the mirror image, with 51% in construction and 31% in manufacturing, and 51% of men in construction. The number of graduates involved in manufacturing was low, perhaps reflecting the small manufacturing sector. Only 12% of women were engaged in manufacturing.
3. A high 40% of graduates were self-employed. The highest number of businesses was established in construction (51%) followed by services (32%). The high proportion of graduates establishing their own businesses is a strong argument for greater emphasis in the short-term training on entrepreneurship training and support to graduates after training including access to financing. The tracer study found that each business established by graduates employed 2.3 people.
4. Table A9.2 shows the distribution of graduates by gender. The employment rate among women graduates was 74%, only slightly lower than for men. Across sectors, most women (55%) were engaged in daily wage employment. A further 36% were self-employed, and 9% were in foreign employment.
5. Table A9.3 illustrates the same breakdown by excluded groups graduates. The rate of employment among this group was higher than for the whole group, at 76.5%. As this group made up 72% of all trainees, the distribution is like the whole group. However, compared with all graduates, more of the excluded groups were in services (47% cf. 39%) and fewer were in construction (37% cf. 45%). Perhaps there were more disadvantaged women than men.
6. The available data does not allow a comparison of the employment status of Level 1 and 2 graduates, or those who passed the skills test versus those who did not. With future monitoring, such data should be collected and stored systematically so that further useful analyses can be done. This should occur regularly throughout project implementation so that the results can feed back into the design and conduct of the short-term courses.

¹ Self-employment was defined as the graduate's engagement in a business or freelance service in the graduate's skill area, full-time or part-time (1-30 hours/week). Minimum monthly wage requirement was NPR4,200.

² Daily wage employment was defined as a paid job in the graduate's skill area, full-time or part-time (part-time was defined as 1-30 hours/week) in the service, manufacturing or construction sectors in a group, partnership or as an individual. Minimum monthly earnings requirement was NPR4,200.

Table A9.1: Graduates by Type and Sector of Employment

Type of Employment	Manufacturing		Construction		Services		Total	
	No.	%	No.	%	No.	%	No.	%
Self-employment	2,511	46	7,219	44	4,565	32	14,295	40
Daily wage employment	2,506	46	7,902	48	8,531	60	18,939	53
Foreign employment	487	9	1,228	8	1,043	7	2,758	8
Total graduates employed	5,504	100	16,349	100	14,139	100	35,992	100
% of total employed by sector		15		45		39		100
Self-employment %	18		51		32			100
Daily wage employment %	13		42		45			100
Foreign employment %	18		45		38			100
Total enrollees in Level 1 and Level 2 training		18		50		32	47,284	
% of graduates employed							76%	

Source: CTEVT, MOEST

Table A9.2: Graduates by Type and Sector of Employment, by Gender

Type of Employment	Manufacturing			Construction			Services			Total		
	Male	Female	Total	Male	Female	Total	Male	Female	Total	Male	Female	Total
Self-employment	1,449	1,062	2,511	5,780	1,439	7,219	1,872	2,693	4,565	9,101	5,194	14,295
Daily wage employment	2,068	438	2,506	4,644	3,258	7,902	4,341	4,190	8,531	11,053	7,886	18,939
Foreign employment	312	175	487	650	578	1,228	502	541	1,043	1,464	1,294	2,758
Total graduates employed	3,829	1,675	5,504	11,074	5,275	16,349	6,715	7,424	14,139	21,618	14,374	35,992
% of females employed by sector		12			37			52			100%	
% of males employed by sector	18			51			31			100%		
Self-employment %	16	20		64	28		21	52		100%	100%	
Daily wage employment %	19	6		42	41		39	53		100%	100%	
Foreign employment %	21	14		44	45		34	42		100%	100%	
Total Level 1 and 2 trainees										27,932	19,352	47,284
% males/females employed										77%	74%	
% of employed										60%	40%	100%

Source: CTEVT, MOEST

Table A9.3: Graduates by Type and Sector of Employment, by Excluded Males and Females

Type of Employment	Manufacturing			Construction			Services			Total		
	Excluded	Adv	Total	Excluded	Adv	Total	Excluded	Adv	Total	Excluded	Adv	Total
Self-employment	1,837	674	2,511	5,589	1,630	7,219	3,166	1,399	4,565	10,592	3,703	14,295
Daily wage employment	2,049	457	2,506	5,704	2,198	7,902	5,759	2,772	8,531	13,513	5,427	18,939
Foreign employment	370	117	487	842	386	1,228	713	330	1,043	1,925	833	2,758
Total graduates employed	4,256	1,248	5,504	12,135	4,214	16,349	9,638	4,501	14,139	26,029	9,963	35,992
% of total employed by sector	16			47			37			100		
Self-employment %	17	18		53	44		30	38		100	100	100%
Daily wage employment %	15	8		42	41		43	51		100	100	100%
Foreign employment %	19	14		44	46		37	40		100	100	100%
Total Level 1 and 2 trainees										34,047	13,237	47,284
% of excluded group employed										76.5%		
% employed										72%		

Source: CTEVT, MOEST

ECONOMIC ANALYSIS

A. Analysis Background

1. The economic analysis presented here is an update of the original analysis undertaken for the Skills Development Project (the project) during its preparatory stage, which was presented in the Report and Recommendation of the president to the ADB Board of Directors. The analysis updates: i) the relevant macroeconomic data; ii) the project and economic benefits with the most likely estimates instead of the predicted ones in the original analysis, and iii) the investment and recurrent costs replacing the appraisal estimates with the actual costs valued at economic prices. This appendix also includes the sections on sensitivity analysis and financial sustainability.

B. Economic Growth Rate, Main Economic Sectors and Relevance for Skills Development Interventions

2. The economic growth rate of Nepal that was adversely affected due to the massive earthquake (FY 2015) coupled with trade and supply disruption along the southern border¹ (FY 2016) steadily improved in the following fiscal years. Table 1 below shows the improvement in growth rate in FY 2017 and FY 2018. The Table A10.1 also shows the growth rates of agriculture and non-agriculture sectors which are directly or indirectly related to the project particularly in terms of the employment of training graduates.

Table A10.1: Overall Economic Growth Rates and Growth Rates of Related Sectors

(in percentage)

Indicators	FY2013	FY 2014	FY2015	FY2016	FY2017	FY2018
Economic growth rate	4.6	5.2	3.3	0.6	7.9	6.3
Agriculture sector growth rate	4.5	1.1	1.9	1.3	5.32	2.7
Non-agriculture sector growth rate	4.7	4.6	3.6	-6.3	10.97	8

Source: Ministry of Finance, 2017. Economic Survey 2017/18

3. **Agriculture sector:** Agriculture has always been one of the key sectors contributing to the overall economy of Nepal. However, there has been a decline in contribution to GDP due to the gradual structural transformation that Nepal is currently undergoing. The contribution of the sector constituted 60-70% in average from 1965 to 1980 which declined to about 27% in FY2017. One of the key challenges was to transition from subsistence-oriented small holdings towards commercial farming. The commercial farming has to some extent improved over the years. There has been a dramatic change in farming practices particularly in relation to the changes in use of technology, production system and machinery.

4. **Industrial sector.** The sector covers four main areas namely mining and quarrying, manufacturing, electricity, gas and water and construction. The contribution of this sector was almost 15% (average taken from FY2012 -FY2017) to the overall GDP. Export of carpets, garments and home-textiles largely drive the industrial sector. Labor market rigidity and high labor migration (1500² youths in average each day leave the country for foreign employment) has been leading hindering factors in investing in manufacturing sector. The SDP sought to enhance the

¹The blockade started in September 2015 and lasted for around four months.

² Ministry of Finance. 2018. Economic Survey 2017/18. Kathmandu

skill base of those laborers available in selected occupations mainly in construction and manufacturing sectors.

5. **Service Sector.** Another key focus of the SDP was to address skills shortages in relation to the service sector of the country. The service sector has been the main contributor to the GDP in recent years (see table A10.2) which is largely due to sturdy performance of wholesale and retail trade and service. With the growth in vehicle population mainly in the urban centers of the country, there has been a phenomenal growth in transport and associated vehicle repair and maintenance facilities. The project focused on providing market-oriented, mostly basic, skills training linked to employment, and expanding mid-level training programs, for afore mentioned demands.

Table A10.2: Contribution to GDP by Sector

Sector	FY2012	FY2013	FY2014	FY2015	FY2016	FY2017
Agriculture and forestry	33.4	32.16	31.27	31.08	28.25	27.1
Fishing	0.42	0.48	0.47	0.53	0.51	0.49
Total (Agriculture)	33.82	32.64	31.74	31.61	28.76	27.59
Mining and quarrying	0.61	0.6	0.6	0.56	0.51	0.62
Manufacturing	6.35	6.2	6.03	5.82	5.55	5.39
Electricity, gas water	1.3	1.17	1.12	1.02	1.27	1.19
Construction	6.93	6.93	7.06	6.8	7.27	7.6
Total (Industry)	15.19	14.9	14.81	14.2	14.6	14.8
Wholesale and retail trade	14.54	14.9	14.69	14.11	13.43	13.26
Hotels and restaurants	1.89	1.94	2.05	2	1.98	2.05
Transport, storage and communication	8.9	8.55	8.37	8.06	7.4	7.97
Financial intermediation	3.93	4.36	4.64	5.19	5.61	6.33
Real estate, renting and business activities	8.81	8.4	8.47	9.21	11.09	11.37
Public administration and defense	2.04	2.43	2.61	2.54	2.96	2.88
Education	5.79	6.33	6.56	6.82	7.2	7.17
Health and social work	1.41	1.52	1.67	1.62	1.75	1.68
Other community, social and personal service activities	3.67	4.04	4.39	4.65	5.13	4.9
Total (Service)	50.98	52.47	53.45	54.2	56.55	57.61

GDP= Gross Domestic Product

Source: Ministry of Finance, 2017. Economic Survey 2017/18

C. Project Benefits

6. The project supported the delivery market oriented short-term training for immediate employment in occupations in demand. The experiences of previous short-term training projects

were considered for the delivery. Additionally, the project adopted performance-based contracting focusing on employment outcomes and to meet Gender and Social Inclusion target. However, there is still room for improvement with respect to building employment linkages.

7. As part of the project design, long term courses particularly in relation to diploma and Technical School Leaving Certificate were introduced. Relevant occupational standards and curricula were developed, and instructors trained accordingly. This was initiated to support the mid-level skills needed for the country.

D. Project Beneficiaries

8. The project beneficiaries mainly include the individuals who participated in various short and long terms training programs. A total of 47,500 seats were contracted from the private Training and Employment Service Providers (TESPs) and public providers encompassing both Level-1 and Level-2 basic skills training in market-demanded occupations. Altogether 47,284 individuals enrolled in the training from which 47,263 managed to complete. Additionally, a total of 1646 (Year 2014-2017) individuals in the long term were enrolled with an average of 547.

E. Economic Benefits

9. The estimation of economic benefits largely relies on comparison between the wages of the training participants prior and following the training or in other words the wage differential is computed. At completion, the monthly wage differentials calculated for short-term and long-term training participants are \$29 and \$110 respectively. The weighted average for both the category is computed as participant's overseas wage is significantly higher than those employed domestically. In computing the Economic Internal Rate of Return (EIRR), the benefit of incremental wage has been considered.

Table A10.3: Wage Differentials for both short-term and long-term training graduates

Short-Term Training (in \$)				
Country of Employment	Pre-training Monthly wage	Post-training Monthly Wage	Difference in Monthly Wage	Difference in Wage (9 months ³)
In-country	129 ⁴	148 ⁵	19	228
Overseas	173 ⁶	310	137	1644
Weighted Average	134	163	29	354
Long-Term Training (in \$)				
Country of Employment	Pre-training Monthly wage	Post-training Monthly Wage	Difference in Monthly Wage	Annual Difference in Wage
In-country	125	220 ⁷	95	1140
Overseas	250	506	256	3072
Weighted Average	137	227	110	1317

Source: Asian Development Bank estimate

³ Three months is spent in training.

⁴ The Final Tracer Study, 2018, CTEVT.

⁵ Average for daily wage earners (The Final Tracer Study, 2018, CTEVT).

⁶ The figure was used at appraisal. There is no data available other than the one used.

⁷ The monthly income of this category is assumed to be similar with one of the categories of civil servants namely 'Nayab Subba' according to officials at the CTEVT.

10. In terms of short-term training graduates, the monthly wage differential at completion (\$29) is same as at the appraisal (\$29). The differential with respect to long-term training graduates is higher at completion (at appraisal: \$93 and at completion: \$110). The higher wage differential at completion for long-term graduates could be due to the gradual increase in minimum referral wages in GCC countries⁸ (international migrant workers) over the project years.

F. Economic Costs

11. The economic costs include investment, recurrent and trainee opportunity costs. The estimated project cost at the completion is \$18.52 million⁹ as against the estimated \$26.9 million at the appraisal. The difference is mainly due to the fluctuation in exchange rate¹⁰. The recurrent costs include administrative expenses of maintaining the improved Technical and Vocational Education and Training (TVET) provision. The total recurrent cost in relation to the project was \$0.72 million.¹¹ The trainee opportunity costs for short-term and long-term training participants are \$134 and \$137, respectively.¹²

G. Economic Internal Rate of Return Analysis

12. The following areas were considered while computing the EIRR:

- i. The investment cost and recurrent costs amount to \$17.8 million and \$0.72 respectively totaling \$18.52. At the appraisal, the investment cost amounted to \$26.9 million.
- ii. The opportunity cost is incorporated until year 5 for the short-term training participants and year 6 for long-term training participants. The opportunity cost for both the category starts from the year of intake until graduation. The short-term training was conducted for 3 months whereas the long-term training was for 36 months.
- iii. The period of analysis is 20 years with a discount rate of 12%.
- iv. The net benefits started in the second year for the short-term training participants and year 6 for the long-term training participants.¹³ The last intake in relation to the long-term training participants was in year 2016 (year 4) who graduated in 2019 (year 7) and the benefit calculated was of the next year (year 8).
- v. Out of 47,284 individuals enrolled in short-term training, 47,263 completed.
- vi. Out of 1,646 long term training participants, 1522 completed.
- vii. Incremental wage differentials in the domestic market are the difference between post-training and pre-training wage rates.
- viii. Only 8% of the graduates are employed overseas.¹⁴ The monthly wages for the short-term and long-term training graduates employed overseas are \$310 and \$506 respectively. In terms of the wage of short-term training graduates, only GCC countries are included while

⁸ Nepal Labor Migration Report 2020, Department of Foreign Employment.

⁹ Use of standard conversion factor to obtain the economic price.

¹⁰ At appraisal the exchange rate was \$1 equivalent to NPR89 and at completion it was \$1=NPR109.

¹¹ Use of standard conversion to obtain the economic price.

¹² The opportunity cost for both the categories is the pre-training wage. The short-term training was conducted for 3 months per project year and 36 months in relation to long-term training starting in year 2 until year 5.

¹³ The long-term training started in 2014 (end of the year) or project year 2. The training was for three years and the benefit started in year 6 (2018).

¹⁴ Third Party Monitoring Report, 2018, ERM for CTEVT.

for the long term, countries that require higher level of skills and qualifications such as Republic of Korea and Japan are also considered¹⁵.

- ix. All financial local cost components and benefits have been converted to economic prices by standard conversion factor of 0.9 in line with the world or border price numeraire as at the appraisal. All costs are assumed to be non-tradable.

Table A10.4: Economic Cash Flow Analysis (\$, million)

A. Inflow	Year 1	2	3	4	5	6	7	8	9	10-20
i. Incremental Benefit of Short Training	0.0	1.4	4.2	7.1	10.0	11.4	11.4	11.4	11.4	11.4
ii. Incremental Benefit of TSLC/Diploma	0.0	0.0	0.0	0.0	0.0	0.5	0.9	1.4	1.4	1.4
Total Incremental Benefit	0.0	1.4	4.2	7.1	10.0	11.9	12.4	12.8	12.8	12.8
B. Outflow										
i. Investment Cost	3.56	3.56	3.56	3.56	3.56					
ii. Tuition fees			0.7	0.7	0.7					
iii. Opportunity cost	0.0	4.3	4.3	4.3	4.3					
iv. Opportunity cost TSLC/diploma	0.0	0.8	1.6	2.4	0.8	0.8				
v. Recurrent and Operating Costs	0.14	0.14	0.14	0.14	0.14	0.14	0.14	0.14	0.14	0.14
Total Incremental Cost	3.7	8.8	10.3	11.1	9.5	0.9	0.1	0.14	0.14	0.14
Net Incremental Benefit	-3.7	-7.4	-6.1	-4.0	0.5	10.9	12.2	12.7	12.7	12.7
EIRR (%) 29.06%	Net Present Value @ 12% \$32.05 Million									

EIRR= economic internal rate of return, TSLC= technical school leaving certificate.

Source= Asian Development Bank Calculation

13. Taking above mentioned areas into account, the streams of economic costs and economic benefits indicate that the EIRR to be 29.06% with a net present value of \$32.05 million. At appraisal, the EIRR was 35% with a net present value of \$32.3 million. The EIRR computed at the completion was a little lower than what was at the appraisal. The lower EIRR could be due to less investment and recurrent costs than what was estimated at appraisal.

H. Sensitivity Analysis

14. To account for possible risks in accruing benefits, a sensitivity analysis has been undertaken using different scenarios. Outcomes of these analyses are shown in Table 5 below: The scenarios include:

¹⁵ The proportion of workers heading to the GCC countries and Malaysia for temporary employment has increased significantly since the early 2000s (Nepal Migration Report, 2020, Department of Foreign Employment).

- i. Employment rate reduced by 10%
- ii. Cost of training increased by 10%
- iii. Combination of employment rate and cost of training
- iv. Skills Test Pass Rate
- v. Skills Pass Rate reduced by 10%

Table A10.5: Sensitivity Analysis

Scenario	EIRR (%)	NPV (\$)
Employment rate reduced by 10%	24.8	23.77 Million
Cost of training increased by 10%	22.0	18.12 Million
Combination of employment rate and cost of training	23.6	22.33 Million
Skills Test Pass Rate	25.8	28.16 Million
Skills Test Pass Rate reduced by 10%	24.9	27.14 Million

Source: Asian Development Bank Calculation

I. Financial Sustainability

15. Drawing on the data over the five project year years (FY2014– FY2018) of budget allocation to the TVET sector, it can be said that the government allocation is maintained at almost same level of national education budget (see table A10.5). The average allocation is 3.7% over five-year period. Given the current priorities of the government and commitment on the promulgation of TVET act within 2021, it is estimated that the budget allocation will have some incremental increase in future.

Table A10.6: Budget Allocation to TVET Sector 2013/14–2018/19
(\$, million)

Fiscal Year	National Education Budget	TVET	
		Allocation	Percentage
2018	1206.1	35.5	2.9
2017	1069.4	35.8	3.3
2016	921.9	36.9	4.0
2015	860.3	40.3	4.7
2014	826.1	29.8	3.6
Average		3.7%	

TVET= Technical and Vocational Education and Training

Source: MOEST

CONTRIBUTION OF PROJECTS TO ADB RESULTS FRAMEWORK

Operational Priority (Strategy 2030)	Results Framework Indicator (RFI) or Tracking Indicator (TI)	Achievement	Methodology / Remarks
OP 1. Addressing Remaining Poverty and Reducing Inequalities	RFI 1.1: People benefiting from improved education service	48,287	47,284 graduates from basic level market-oriented short-term training which were delivered by private and public training providers; 582 teaching and administrative staff participating in the basic level training delivery and quality improvement and institutional restructuring program; 442 graduates received diploma. All the numbers reported during the project period.
OP 1. Addressing Remaining Poverty and Reducing Inequalities	TI 1.1.1: People enrolled in new or improved facilities	549	The total intake capacity per year from 15 new or updated mid-level skills training programs as part of the quality improvement program where facilities and equipment were refurbished or upgraded during the project period.
OP 1. Addressing Remaining Poverty and Reducing Inequalities	RFI 1.2: Jobs generated	35,992	The employment rate of trained graduates in basic level market-oriented short-term training of the project
OP 2: Accelerating Progress in Gender Equality	RFI 2.1: Skilled Jobs for women generated	14,374	The employment rate of trained women graduates in basic level market-oriented short-term training of the project
OP 2: Accelerating Progress in Gender Equality	TI 2.1.1 Women enrolled in TVET and other skills training	17,331	17,150 women trained in basic level market-oriented skill for employment which will be delivered by private and public training providers; 181 female (on average 33%) intake per year who are enrolled in 15 new or updated mid-level skills training programs as part of the quality improvement program where facilities and equipment were refurbished and upgraded.

ADB= Asian Development Bank, OP=Operational Priorities RFI= results framework indicator, TI= tracking indicator, TVET = technical and vocational education and training
Source: Asian Development Bank estimates.