

## WORLD BANK ASSISTED VOCATIONAL TRAINING IMPROVEMENT PROJECT

### PROJECT DESCRIPTION

The project has three components: (i) Improving the Quality of Vocational Training, (ii) Promoting Systemic Reforms and Innovation, and (iii) Project Management, and Monitoring and Evaluation.

#### **Component 1: Improving Quality of Vocational Training**

This component focuses on improving quality and relevance of training provided through ITIs. It involves: (i) 400 ITIs from various States and Union Territories, (ii) upgrading the training of instructors, and (iii) providing incentive funds to State/UTs to reward good performance.

##### ***Subcomponent 1.1: Strengthening Industrial Training Institutes***

This subcomponent strengthens the capacity of ITIs to provide quality training *in trades that are in demand in the economy*. New trades in demand may be started under the project. However, the component does *not* cover and does *not* finance – directly or indirectly - strengthening the training facilities in ITIs for trades that have a low level of local demand (measured by employment outcomes and by student take-up rates), or high drop-out rates.

Subcomponent activities comprise:

- modernizing equipment, existing workshops/laboratories, and constructing additional block for classroom, workshop, etc.;
- renovating existing buildings;
- providing equipment to support revised curricula,
- increasing the use of learning resources and media,
- recruiting instructors and trainers for training in advanced modules and newly introduced trades/units; and
- providing rented accommodation for visiting industry experts.

More details on eligible expenditure are in Section (c) below.

##### **(a) Types of Upgrading to Be Supported**

###### **(i) Establishing Centres of Excellence**

In most cases, strengthening will occur by establishing *Centres of Excellence (CoEs)* that focus on individual trade sectors covering multiple trades. Within their specified trade sectors, CoEs provide courses that meet the need for high quality craftsmen by the dominant local industries. The objective of CoEs is to produce a multi-skilled workforce

of world standard. They have adopted a public-private partnership in the form of Institute Management Committees (IMCs) to ensure greater and more active involvement of industry in all aspects of training.

Within each trade sector the first year is made up of Broad-Based Basic (BBB) courses and is common across all ITIs offering courses in that sector. Training in the second year comprises two parts. The first involves students training in Advanced Training Modules (ATM) in ITIs for six months. The second involves placing students as apprentices in employers' establishments. Trainees are assessed at the national level under the aegis of NCVT for the Broad-Based Basic courses as well as the Advanced Training Modules.

The scheme envisages provision of multi-entry and multi-exit. Thus, after completing Broad-Based Basic courses during first year, trainees have the option to seek admission in an Advance Training Module of six months duration. After completing training in an ATM trainees are free to apply for admission to another ATM in the same sector. For example, in the Automobile sector a trainee, having completed training in the ATM 'Diesel Engine', may subsequently apply for admission to another ATM, say 'Petrol Engine'.

There is also provision for the lateral entry of graduates from ITIs in related trades (that is, NTC/NAC pass outs from the conventional system). Such trainees may be offered admission in an ATM subject to the availability of seats.

The facilities and instructors used to provide the ATMs may also be used to provide: short-term and tailor-made courses, including courses, provided on a cost-recovery basis, for employers; additional training for ITI graduates seeking to upgrade their skills; training for the informal sector; and training for ITI instructors (see Subcomponent 1.2, section (a) (ii) below). This use of the spare capacity is subject to IMC approval.

ITIs may establish only one CoE (that is, one industrial sector), reiterating that the project cannot support CoEs for trades that are not in demand (unpopular trades). However, they may also seek funds to upgrade trades which are related to the industrial sector covered by the CoE. Any request for additional /new trades to be upgraded will need to be justified and will be subject to the availability of funds.

#### **(ii) Upgrading ITIs**

It may not be feasible in a number of ITIs in several State/UTs to establish CoEs. In this case, ITIs may opt to upgrade individual trades. Only trades that are in demand can be upgraded and unpopular trades must be dropped before any upgrading of other trades can take place. New trades can be introduced. The number of trades that are upgraded plus the number of new trades introduced would normally be six. Any request for additional trades to be upgraded will need to be justified and will be subject to the availability of funds.

Demand for existing trades determined as follows:

- In the locality it is measured by the high employability of graduates in the previous two years, and

- For students it is measured by the average seat occupancy in the previous two years should have been at least 90% of capacity.

The ITIs financed under this item are termed Upgraded ITIs.

Need for further upgradation of project ITIs will be reviewed at the Mid-Term Review.

### (b) Selection of Institutions

#### **(i) Eligibility Criteria**

In order for its institutions to participate in the project a State/UT must sign a Memorandum of Understanding with the GOI. The MoU defines the eligibility criteria that must be satisfied before a State/UT can receive funds.

GOI has set a target of 400 ITIs to be supported under the project. They are chosen from among the eligible State/UTs and eligible institutions, which are also defined in the MoU.

#### **Group of 100 ITIs, August 2006 - Retroactive Financing**

The first 100 ITIs were selected before the project became effective and commenced operations in August 2006. GOI's expenditure on these ITIs *may* be financed retroactively. (An earlier group of 100 CoEs upgraded into CoE using domestic resources in 2005-06 is *not* covered by retroactive funding from this project.)

In order for retroactive financing to apply, the following conditions apply:

- It can cover only ITIs in State/UTs that have met the eligibility criteria set out in the MoU.
- It can cover only ITIs that have met the eligibility criteria set out in the MoU.
- It can cover only expenditure that was incurred using the World Bank procedures for procurement (see *Procurement Manual*).
- It can only cover expenditure incurred no earlier than 12 months prior to approval of the project by the World Bank's Board of Directors.
- It cannot exceed 20 percent of total IDA financing.

Claims for retroactive financing outside these conditions are borne by the respective State/UTs.

#### **Group of 300 ITIs, August 2007 and Beyond - Competitive Financing**

The remaining 300 ITIs will be selected competitively during the life of the project. Each State/UT has a notional allocation of ITIs to be selected to participate in the project (see Annex 3 for notional allocation of project ITIs among State/UTs).

The first round of selections will take place by August 2007. At that time, a State/UT may select all of its allocation of project ITIs. However, larger States (that is, one with more than 10 allocated project ITIs) must present their selections in two groups; the first to be financed around August 2007, the second to be financed around August 2008. The

first group may cover no more than two thirds of its notional allocation. The procedure for phasing the allocation of funds to the larger States is given in section (d) below.

### **(ii) Institutional Development Plans (IDPs)**

All ITIs that meet the eligibility criteria set out in the MoU are required to submit Institutional Development Plans. These are developed by the respective IMCs through consultation with stakeholders, including local business interests (such as business chambers), faculty members, students and the community. Each IDP defines the long-term goals of the institution, the issues and challenges facing the institution and the strategies for dealing with them. Each IDP sets targets for institutional improvement, defines performance indicators, and details the financial requirement to meet the needs.

### **(iii) Selection of IDPs**

- IDPs are assessed by respective State Steering Committees. When reviewing IDPs an SSC takes into account the overall needs of the State/UT. If, for example, a number of IDPs present similar plans (such as all focusing on one industry sector or trade sector) the SSC can choose to recommend only a small number of these and require other plans that cover the wider and longer term needs of the State/UT.

SSCs rank IDPs and recommend the ones that are to be financed and the level of funds to be provided. An SSC may recommend only a portion of a particular IDP.

An SSC may not substitute its own proposals. If it has suggestions to make about any IDP these are referred back to the IMC for further consideration.

SSC recommendations are forwarded to the NSC for endorsement. The role of the NSC is one of quality assurance. It ensures the guidelines have been followed and that the overall approach of each SSC is consistent with project objectives and that funds being sought by an SSC are affordable and realistic.

The NSC considers all recommendations from State/UTs. It cannot make or substitute its own recommendations. If it accepts the recommendations it endorses them and sends them to the NPIU to initiate implementation.

The selected IDPs are posted on the Project Website to ensure transparency. SSCs provide comments to unsuccessful ITIs on how to improve their IDPs for future competition.

### **(c) Eligible Expenditure**

There are no fixed allocations for ITIs. Allocations are based on the requests submitted in IDPs and approved by SSCs. However, there are limits on the total allocations that can be made in respect of individual IDPs. They are:

- The average allocation would normally be Rs 3 crore per CoE. Funds earmarked for civil works and for equipment/furniture would be Rs 1 crore and 1.4 crore respectively for establishment of CoE and upgradation of trades. However, the maximum funds normally provided to an ITI establishing a CoE is Rs 3.5 crore (about \$777,000) made up of two elements:

- Rs 2 crore (about \$444,000) for establishing the CoE, and
- Rs 1.5 crore (about \$333,000) for upgrading trades;
- The average allocation would normally be Rs 2 crore per ITI. Funds earmarked for civil works and equipment/furniture would be Rs 0.6 crore and 1 crore respectively for upgradation of ITIs. However, the maximum funds normally provided for an Upgraded ITI is Rs 2 crore (about \$444,000)

Each selected ITI has a specific allocation of funds to meet its plans, as approved by the SSC. The allocation is made in tranches during the year.

The items that may be included in any allocation are shown below.

**(i) Civil works**

There is a limit on the total funds that can be spent on civil works under the project. These are described in the Procurement Manual but, in effect, the total level of *all* civil works under the project cannot exceed 25% of the *total* project cost (including both GOI and State/UT contributions).

The project will *not* finance *new* guesthouses for providing accommodation to industry experts or guest lecturers. However, the State/UT may provide funds for this if they require. The project may provide funds to cover the cost of accommodation for industry experts or guest lecturers.

**(ii) Equipment, materials and furniture - workshops and classrooms**

For CoEs this item covers the equipment, materials and furniture required to operate the modernized workshops, laboratories and classrooms for the multi-skilling trade sectors involved, as well as the workshops, laboratories and classrooms required for CoE-related trades.

For Upgraded ITIs, the item covers the equipment, materials and furniture required to upgrade the trades that are in demand in the locality of the ITI (a maximum of 6 trades).

‘Materials’ is taken to include raw materials, learning resources and the media required to distribute those resources.

**(iii) Salaries and Honoraria**

The project will finance the salaries or honoraria of the following types of staff:

- Permanent staff recruited into positions *formally* established once an ITI has been selected to participate in the project.
- Contract faculty engaged to enable an approved ITI to meet its plans;
- Visiting experts or instructors engaged for short periods to provide specialized instruction so as to enable an approved ITI to meet its plans.
- Honoraria paid to an officer designated to be an ITI’s TCPO (this is expected to be either a Vice Principal or a Group Instructor).

#### **(iv) Office equipment, materials and furniture**

This item includes the cost of computer equipment (hardware and software) and ancillary equipment, materials and furniture, such as printers, consumables, and ergonomic desks and chairs. This equipment is used to run the project MIS and access the Project Website. Advice should be sought from the NPIU as to the suitability of various items before procuring such equipment. It should be noted that two computers, with appropriate software installed, will be supplied from a central fund to ensure that *all* ITIs, not just Project ITIs, can be part of the MIS network.

#### **(v) Travel**

This item covers the cost of travel to any national or State/UT level workshops; travel associated with inspecting ITIs participating in the project, particularly for monitoring the project. The cost of travel for staff in the SPIUs is covered under Component 3.1.

The project will cover the travel costs of guest faculty, including the cost of accommodating them in rented premises. It will also cover the cost of hiring vehicles for visits of trainees to industry premises.

#### **(vi) Staff Training**

The cost of training staff is split between this Subcomponent and Subcomponent 1.2.

This Subcomponent covers the cost of non-instructor training and a limited part only of instructor training. Each Project ITI has a specific budget provided through its approved IDP. The budget covers the cost of management training for senior ITI staff, the training of general staff (for example, those concerned with maintaining accounts and other records), and any training that specifically arises out of the operations of the project itself. The costs include any travel involved (including the cost of accommodation and per diems) and any charges levied by third part trainers.

An IDP budget also covers the cost of instructor training provided by third parties contracted by the ITI itself; this includes equipment manufacturers and suppliers, public training institutions outside MoLE (for example, technical colleges) or guest trainers.

The cost of *all* other instructor training, the considerable majority, is provided centrally and is included under Subcomponent 1.2 (*Strengthening the Capacity for Instructor Training*). It includes:

- Entry level for new instructors
- Development courses for CoE instructors; and
- Refresher courses for experienced instructors teaching basic trades.

The training may be provided through the existing central Instructor Training Network or through new facilities termed Instructor Training Wings (see Subcomponent 1.2).

## Status of VTIP in Haryana

### 1. ITIs being upgraded into CoE During 2006 (Retroactive Funding)

<u>Sr.No.</u>	<u>Name of ITI</u>	<u>Trade/Sector</u>	<u>Existing Trades being upgraded</u>	<u>Name of Industry who has adopted ITI</u>
1	Sirsa	Automobile	DMC, DMM, Machinist, Turner, Fitter, Electrician	--
2.	Rohtak	Automobile	Electronics, T&D, Turner, Machinist, Instrument Mech.	M/s Maruti Udyog Ltd. GGN
3	Hisar	Fabrication	COPA, Welder, Machinist, Electrician, MMV, Turner	--
4	Narwana	Fabrication	MMV, Machinist, Electrician, Fitter, Welder, DMC	--
5	Rewari	Refrigeration and Air Conditioning	Wireman, Welder, Electronics, Fitter, S/Hindi, R&TV	--

### 2. ITIs being upgraded into CoE During (Competitive Funding)

<u>Sr.No.</u>	<u>Name of ITIs approved by NSC/DGE&amp;T</u>	<u>Trade/Sector (CoE)</u>	<u>Existing Trades being upgraded</u>	<u>Name of Industry who has adopted ITI</u>
1	Panipat	Process Plant Maintenance	Turner, Fitter, Machinist, Electrician, Welder, Motor Mechanic Vehicle	--
2	Gohana	Electrical	Turner, Electronics Mech, Fitter, Welder, Draughtsman Civil, Wire Man	--
3	Jind	Electrical	Welder, Fitter, Electronic Mech., Steno Hindi, Drafts man Mech. and Cutting & Tailoring	--
4	Palwal	Fabrication	Welder, Fitter, Tool & Die Maker, Machinist and Turner	--
5	Ambala City(W)	Information Technology	Electronic Mech., Drafts Man Mechanical, Embroidery & Needle work, Hair & Skin Care, Cutting & Sewing, Stenography English	--
6.	Sonipat	Electrical	Turner, Machinist, Tool & Die, Fitter, Welder, Draughtsman Mechanical	