Report Number: ICRR0022651

## 1. Project Data

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|---|---|---|
| **Project ID**<br>P130193 | **Project Name**<br>Punjab Skills Development | |
| **Country**<br>Pakistan | **Practice Area(Lead)**<br>Education | |
| **L/C/TF Number(s)**<br>IDA-56300 | **Closing Date (Original)**<br>30-Jun-2020 | **Total Project Cost (USD)**<br>48,715,225.32 |
| **Bank Approval Date**<br>30-Apr-2015 | **Closing Date (Actual)**<br>31-Dec-2020 | |

| | IBRD/IDA (USD) | Grants (USD) |
|---|---|---|
| Original Commitment | 50,000,000.00 | 0.00 |
| Revised Commitment | 50,000,000.00 | 0.00 |
| Actual | 48,715,225.32 | 0.00 |

| Prepared by | Reviewed by | ICR Review Coordinator | Group |
|---|---|---|---|
| Judyth L. Twigg | Salim J. Habayeb | Eduardo Fernandez Maldonado | IEGHC (Unit 2) |

## 2. Project Objectives and Components

### a. Objectives

According to the Financing Agreement, the project's objectives were "to improve the quality, labor market relevance of, and access to skills training programs in priority sectors in Punjab."

At a July 2019 restructuring, some outcome and intermediate outcome indicators and targets were modified to adjust baselines based on findings of a 2012 baseline survey, make the intended outcomes more specific, and change one unit of measurement from annual to cumulative. The project's scope was not changed, and



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therefore a split rating is not warranted. This review will assess outcomes based on the revised indicators and targets.

**b. Were the project objectives/key associated outcome targets revised during implementation?**
Yes

**Did the Board approve the revised objectives/key associated outcome targets?**
Yes

**Date of Board Approval**
12-Jul-2019

**c. Will a split evaluation be undertaken?**
No

**d. Components**
The project contained two components:

1. Improving and expanding market-relevant skills training (appraisal: US$ 46 million; actual: US$ 46 million) was to use results-based financing (RBF) to support the achievement of the Government of Punjab's Growth Strategy and Skills Development Strategy and Vision 2018 along three strategic lines: (1) strengthening the skills training system, through (a) support for effective registration and certification of the skills training sector through creation of the Punjab Skills Agency (PSA), to be responsible for accreditation, registration, and course certification of technical and vocational skills training service providers in the province, and (b) strengthening of the Punjab Technical Education and Vocational Training Authority (P-TEVTA) as the province's largest skills training provider and regulatory authority for training institutions, as well as resolving the conflict of interest between its regulatory and training provider roles; (2) improving the quality and relevance of skills training, through (a) introduction of competency-based training and assessment (CBTA) packages aligned to the Pakistan National Vocational Qualifications Framework, and (b) development of a partnership framework to provide guidance and parameters for Partnership Agreements between industry and training providers; and (3) increasing access to market-relevant trades, through establishment of a competitive training fund for public and private sector training providers. For each area, a disbursement-linked indicator (DLI) was identified with time-bound targets. Disbursements were to take place annually against Eligible Expenditure Programs (EEPs).

At the July 2019 restructuring, the component was modified to take into account the government's establishment of a new Punjab Skills Development Authority (PSDA) as the apex institution in the sector in May 2018. The institutional reshuffling unified quality standards across testing agencies. The project's scope was not changed.

2. Project management, monitoring and evaluation (M&E), and technical assistance (appraisal: US$ 4 million; actual: US$ 4 million) was to finance all technical assistance and capacity building required to

enable achievement of the DLIs, and to manage project implementation using a traditional disbursement mode based on unaudited interim financial reports.

### e. Comments on Project Cost, Financing, Borrower Contribution, and Dates

The project was financed through an Investment Project Financing lending instrument based on an RBF approach. The first component was results-based, with project funds disbursed against selected line items in P-TEVTA annual budgets. The second component used a traditional disbursement mode. Expected total costs of US$ 56.3 million were to be financed through a US$ 50 million IDA credit and US$ 6.3 million from the Government of Punjab. According to the project Data Sheet (ICR, p. 2), US$ 48.7 million of the Bank credit was disbursed. The ICR did not explain the discrepancy between approved and actual Bank financing, and its Annex 3 on "Project Cost by Component" indicates that the full US$ 50 million was disbursed. The project team later clarified that US$ 48.715 million was disbursed, and remaining funds of US$ 2.25 million will be cancelled. The ICR also did not state whether the expected government contribution was made. The project team later clarified that a significantly larger amount than planned, approximately US$ 148.9 million equivalent, was contributed by the government to support DLIs in the sector.

The project was approved on April 30, 2015 and became effective on July 30, 2015. A mid-term review was held in May 2018. There were two restructurings: (a) in July 2019, the project was restructured to update the results framework based on new baseline data as well as institutional changes and new initiatives in the province's technical and vocational education and training (TVET) sector; and (b) in June 2020, the closing date was extended by six months, from June 30 to December 31, 2020, to allow for completion of some activities in the midst of the COVID-19 pandemic. The project closed on December 31, 2020.

## 3. Relevance of Objectives

### Rationale

The project's objectives were highly relevant to country context at appraisal. At that time, the labor market in the Punjab was characterized by low levels of skills, high informality, and low female labor force participation. The rapidly expanding youth workforce had received low average schooling and little or no TVET. Unemployment and underemployment were widespread, yet the supply of skilled workers from the province's TVET system met only about a third of estimated need. The main challenges to skills development included a weak institutional framework, lack of evidence-based policy making, low quality and relevance of training, market failures in industry provision of training, and low access to training (Project Appraisal Document [PAD], p. 2). There was growing demand for market-relevant, job-specific skills, especially in construction, manufacturing, and small and medium enterprises (SMEs). This demand had been corroborated by a 2013 Skills Toward Employment and Productivity (STEP) survey.

The objectives were substantially relevant to government and Bank strategy at appraisal and closing. The Government of the Punjab's 2015-2018 Growth Strategy identified underemployment and widening skills gaps/mismatches as among the main constraints to growth in the province. Its Skills Development Strategy and Vision 2018 contained six strategic areas (improving public sector efficiency in training delivery, facilitating private training provision, improving access to training for women and the underprivileged, improving the quality of training, strengthening relevance of training through improved market linkages, and introducing innovations in delivery mechanisms), all of which were supported by the project's objectives and activities (PAD, p. 7 and Annex 2). The Bank's Country Partnership Strategy (CPS) at appraisal and closing (FY15-FY20) contained a priority area for increased productivity to drive growth and job creation, particularly in agriculture and SMEs, and three relevant pillars (private sector development, with an outcome on improved youth skills for business; inclusion, which encompassed participation of females and the poor in skills training programs; and service delivery, which covered reforms to improve the efficiency and effectiveness of skills training providers).

While the stated objectives did not explicitly commit the project to targeting the underserved, neglected, and poor, the project was expected to benefit those populations, as its design had a pro-poor approach in selecting training providers and in its activities on increasing access.

**Rating**

High

## 4. Achievement of Objectives (Efficacy)

### OBJECTIVE 1

**Objective**

Improve the quality of skills training programs in priority sectors in Punjab

**Rationale**

The theory of change for this objective postulated that institutional strengthening at the sector level would lead to higher quality training programs. Specifically, effective registration and certification of the skills training sector by creating the PSA, responsible for registration, accreditation, and course certification of training providers, would develop capacity for strengthened assessments of skills training; as a result, skills training would benefit from a set of nationally recognized qualifications. Strengthening P-TEVTA would help it become more demand-driven, efficient, and effective as a skills training provider, increasing its capacity to deliver quality, relevant programming. The introduction of competency-based skills training and assessment (CBTA), aligned to the Pakistan National Vocational Qualifications Framework, would strengthen both provision of training and assessment systems, improving their quality and making them more effective and demand-driven.

**Outputs**

A Functional Review (FR) of P-TEVTA was carried out, though significantly later than planned (see below under Outcomes), and an institutional development plan was created and approved (DLI2). 30 competency-based training curricula were introduced, as planned. 84 institutions began offering competency-based curricula, exceeding the target of 80 (DLI3). Course materials included competency standards, rules for qualifications, curriculum, teaching and learning materials, and an assessment package. 584 teachers were trained in the implementation of CBTA.

**Outcomes**

Against a target of the establishment of a functioning PSA, the project approved unified testing quality standards that are now used by all testing agencies (DLI1). The ICR (p. 23) noted that the FR of existing skills agencies was carried out significantly later than planned due to slow progress and sub-standard outputs from the consultants engaged for the task. According to the ICR (p. 13), the existence and implementation of the unified testing quality standards effectively met the target, as the core purpose of the envisioned PSA had been to boost the credibility of certification by establishing unified standards and a mechanism to ensure compliance with them. Formal establishment of the institutional structure to support these standards—the Punjab Skills Testing Agency (PSTA)—is currently under way, pending completion of more "technical and policy level work" as well as consideration of PSTA's relationship with the PSDA (ICR, p. 13). The project team later clarified that the project developed the draft act for the PSTA and submitted it to the government for legislation, still awaiting approval.

The ICR and later statements from the project team cited employment outcomes and employer satisfaction survey data as indicators measuring the quality of skills training programs. In a tracer study of 2015-2018 graduates, 72% of employers rated graduates' technical skills as "good," though only 44% rated their overall performance as good, "suggesting some room for improvement especially in non-technical skills" (ICR, p. 17). In terms of assessing project impact, 73% of employers rated the performance of graduates of project-supported institutes as better than those of non-project graduates.

This ICR Review acknowledges the value of a wide array of indicators in the area of skills for employment, including employment rates as well as longer-term outcomes related to labor productivity, earnings, and economic growth. Neither the project nor the ICR, however, provided information on direct measurement of improvement in skills training, per the objective. The achievement of the stated objective is therefore rated modest due to insufficient evidence.

**Rating**
Modest

## OBJECTIVE 2

### Objective

Improve the labor market relevance of skills training programs in priority sectors in Punjab

### Rationale

In addition to the logic presented under the first objective, the theory of change for this objective held that industry partnership agreements (IPAs) would ensure that the skills supplied by training providers would meet private sector demand, in terms of market relevance, coverage of priority sectors, and quality.

**Outputs**

P-TEVTA established a new job placement mechanism that was approved and piloted in project-supported institutes (DLI2). Job Placement Officers and Industry Liaison Officers were appointed in each placement office.

52 IPAs were signed, exceeding the original target of 12 and meeting the revised target of 52 (DLI4). These IPAs covered curriculum development, teacher and student training, faculty and institutional development, support for job placement, joint ventures and research development, and overall capacity development for TVET institutes, among other areas. Nine priority sectors were involved (automobiles, advanced cooking and baking, footwear, chemicals, engineering, manufacturing, sanitary, textiles, and agricultural projects).

**Outcomes**

2,639 students benefited from IPAs, where "benefit" was broadly defined to include any participation in the IPA areas noted above. This result exceeded both the original target of 800 and the revised target of 2,000; these students had a employment rate of 71.8%, exceeding the target of 55%. The ICR (p. 31) noted that the indicator was initially disaggregated by gender, but that IPAs "requiring gender diversity were sometimes perceived as constraints for industries," and so the gender element of the indicator was dropped.

The percentage of graduates employed six months after completing training in market-relevant courses financed through the Punjab Skills Development Fund (described under Objective 3) increased from 42% in 2014 to 60.9% in 2019 for males, exceeding the target of 46%; and from 28% in 2014 to 41.8% in 2019 for females, exceeding the target of 32%.

### Rating

Substantial

## OBJECTIVE 3

### Objective
Improve access to skills training programs in priority sectors in Punjab

### Rationale
In addition to the logic presented under the first and second objectives, the theory of change for this objective held that the establishment of a training fund for public and private training providers, with contracts covering course-related costs including tuition, training materials, uniforms, certification examination fees, and a stipend, would increase access to training programs. At least 15 percent of the total trained workers were to be female, and there were two mechanisms supporting pro-poor targeting: selection preference for training programs that had outreach mechanisms for the poor, and a requirement that training programs prioritize admission of applicants living under demonstrable poor socio-economic conditions. These provisions were to improve access to skills training programs.

**Outputs**

The Punjab Skills Development Fund (PSDF) was established as a competitive mechanism, under separate windows for public and private training providers, to cover training costs for students. According to the ICR (pp. 21-22), in selecting providers, the PSDF assigned priority to those that gave preference to a greater share of the poor among the trainees enrolled in their programs; however, although the ICR (p. 27) stated that "M&E activities tracked inclusion indicators covering women and the poor with respect to numbers trained and graduates employed," no disaggregated information was provided in the ICR on the socioeconomic status of students who actually enrolled in supported programs.

**Outcomes**

54,879 students, including 15,853 females, were enrolled in market-relevant courses through the PSDF, exceeding the target of 51,000 students. 44,030 students passed out from these courses, exceeding the target of 40,000. Of these, 30,766 were male (against a target of 32,800), and 13,264 were female (against a target of 7,200). Market relevance was defined as falling under one of the priority sectors specified in the government's 2015-2018 Growth Strategy (textile and garments, surgical instruments, sports goods, light engineering, agriculture, construction, automotive and transport, and information and communication technology).

As of early 2021, 5,440 students had passed-out from competency-based courses, not meeting the original target of 16,200 or the revised target of 6,800. Of these, 4,486 were male, not meeting the original target of 14,580 or the revised target of 6,300; and 954 were female, not meeting the original target of 1,620 but exceeding the revised target of 500. The ICR noted that another 3,156 students who had enrolled before COVID-19-related shutdowns were expected to resume when institutions re-opened in February 2021; with the graduation of that cohort later in 2021, the total number of students passing these courses was likely to have exceeded the revised targets.

**Rating**
Substantial

## OVERALL EFFICACY

**Rationale**

The ICR (p. 23) noted that the UK Department for International Development (DfID) was the largest donor partner in the skills sector, active in financing training providers since 2010, and that Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) had been supporting implementation of the government's National Skills Strategy since 2011. No information was provided in the ICR on the specific ongoing activities of these partners and their contribution to the results reported under this project. The project team later added that GIZ worked primarily at the national level, and that PSDF tracked DfID-supported activities separately from those financed by this project, enabling plausible attribution of observed outcomes specifically to this project.

According to the PAD (p. 13), the project's planned spending constituted about 7.6% of total expenditures in the skills sector from 2013/14 through 2017/18. Project financing augmented existing spending by expanding beyond supply-driven skill provision to focus on skills constraints faced by employers and industry. The project made substantial contributions to improving access to market-relevant skills training programs in the province, though there were no direct measures of the improved quality of these skills training programs. With two objectives substantially achieved and insufficient evidence to demonstrate achievement of the other objective, overall efficacy is rated Substantial.

**Overall Efficacy Rating**

Substantial

## 5. Efficiency

The project was expected to accrue benefits on the individual (strengthened employability and earnings), sectoral (improved TVET system management and enhanced quality and relevance of TVET programs), and societal (strengthened productivity and competitiveness) levels. The PAD conducted a cost-benefit analysis that found a net present value (NPV) of US$ 22.75 million and economic internal rate of return (EIRR) of 17.4%. Its assumptions were reasonable: an 80% pass-out rate, based on 2013 pass-out rates of major public training providers; a 39% rate of employment immediately after graduation, based on a tracer study conducted by the Bank in 2011; a 1% wage increase for TVET beneficiaries, based on improved quality of training under the project but simultaneous downward pressure on wages due to increased supply of trainees; an inflation rate of 7.7%, as in 2013; a discount rate of 12%; and a 30-year time horizon. Sensitivity analysis showed the NPV varying from US$ 17.8 million to US$ 47.6 million, and the EIRR from 16.3% to 21.2%, with the cases varying the pass-out rate from 80% to 85%, the employment rate from 39% to 44%, and the earnings premium from zero to 1%.

The ICR (pp. 43-44) repeated the analysis using the same methodology, counting only benefits and costs associated with direct beneficiaries in order to ensure comparability. It found an NPV of US$ 20.54 million with an EIRR of 18.1%. No sensitivity analysis was included, though there was a brief demonstration that the results would have been less robust if opportunity costs of training for students had been taken into account (the PAD's analysis did not include these costs).

According to the ICR (p. 19), implementation efficiency was strong despite a six-month shutdown of educational institutions due to the COVID-19 pandemic. However, there were moderate shortcomings. The Project Implementation Unit (PIU) occasionally became overburdened with activities that were beyond the project's scope; this was addressed by assigning these functions to an appointee in the Planning and Development Directorate of the Department of Industries, Commerce and Investment (DoICI). More importantly, due to differences in salaries and benefits between government departments and project offices, it was difficult to attract specialist staff with the required skills and experience. As a result, positions in the PIU were, at times, left vacant or filled by staff lacking adequate qualifications, "thereby impacting project management and the carrying out of critical functions of procurement" (ICR, p. 24). Project implementation suffered from problems with contracting and later performance of consultants for two key studies (ICR, p. 23). Finally, there was a brief delay in allocation of funding in the project's fourth year of implementation, "a critical juncture when the impact of all ongoing activities was converging," that led to temporary downgrading of the Development Objective and Implementation Progress ratings. This issue was resolved with the 2019 restructuring.

### Efficiency Rating

Substantial

a. If available, enter the Economic Rate of Return (ERR) and/or Financial Rate of Return (FRR) at appraisal and the re-estimated value at evaluation:

| | Rate Available? | Point value (%) | *Coverage/Scope (%) |
|---|---|---|---|
| Appraisal | ✓ | 17.40 | 100.00<br>☐ Not Applicable |
| ICR Estimate | ✓ | 18.10 | 100.00<br>☐ Not Applicable |

* Refers to percent of total project cost for which ERR/FRR was calculated.

## 6. Outcome

The project was fully relevant to Bank and government strategies and to country context. It substantially achieved two of its three objectives, to improve access to skills training programs in priority sectors and enhance the market relevance of those programs, but had insufficient evidence on the achievement of its objective to improve the quality of skills training. The project's substantial efficiency was demonstrated through positive economic analysis and implementation efficiency that experienced only moderate shortcomings.

Overall, these ratings are indicative of only minor shortcomings in the project's preparation and implementation, producing an Outcome rating of Satisfactory.

### a. Outcome Rating

Satisfactory

## 7. Risk to Development Outcome

The ICR (p. 29) stated that the Government of Punjab remains fully committed to the skills sector. The COVID-19 pandemic has introduced uncertainties related to economic growth (which may affect the demand for skilled workers and the sustainability of IPAs) and hurdles to in-person training and internships. The institutional development supported under the project, including the establishment of a single agency responsible for overseeing the skills sector and the setting of unified testing standards, is highly likely to be sustained. The Asian Development Bank (ADB), at the time of the ICR, was preparing a US$ 100 million workforce readiness project that would strengthen the TVET sector's ability to support economic growth and job creation in priority sectors; the project team later updated that the provincial government had approved this ADB project in early September 2021, and it has been forwarded to the federal government for approval.

## 8. Assessment of Bank Performance

### a. Quality-at-Entry

Project design was based on a series of analytic studies conducted by the Bank team from 2012 through 2014, the Government of Punjab's Growth Strategy and Skills Development Strategy and Vision 2018, and a 2018 Bank policy note that contributed to the drafting of those strategies. The project also incorporated lessons learned through the Bank's support for Pakistan's TVET sector from 1981 through 1997, as well as an ongoing Sindh Skills Development Project approved in 2011. These lessons included: the DLI approach increases both the Bank's and client's focus on delivery of results; balancing immediate goals with longer-term reform needs requires careful identification of achievable targets for the short, medium, and long term; implementing ambitious reforms requires phasing in of key interventions; a competitive mechanism to support private and public training providers can lead to increased access to skills training; and a market-driven skills development system is critical for increasing the relevance of public and private training programs through partnerships with industry. According to the ICR (p. 23), there was close collaboration with DfID and GIZ during preparation. Overall implementation risk was rated Substantial at appraisal (PAD, p. 18 and Annex 4), with high risks related to stakeholder management, governance, and implementation capacity; however, according to the PAD, the potential impact in the event these risks materialized was considered to be low. Mitigation measures included the capacity-building inputs funded by the project's second component, as well as formal consultations with internal and external stakeholders during the project's early stages to gather feedback for refining implementation.

M&E design was adequate overall, but with moderate shortcomings. There was no outcome indicator to measure directly achievement of the objective to improve the quality of skills training programs, and there were alignment issues between the objectives, strategic areas, outcome indicators, and DLIs (ICR, p. 26).

**Quality-at-Entry Rating**
Moderately Satisfactory

### b. Quality of supervision

According to the ICR (p. 28), supervision was timely and responsive, carried out mostly by a Country Office-based team. There were two Task Managers during the project's lifetime. A total of eleven Implementation Status and Results Reports (ISRs) were filed during implementation. The ICR (p. 29) reported that the Bank team adjusted the project at restructuring to revise baselines and targets in line with the baseline survey, and also to introduce cost-sharing of some training programs with industry. The team worked effectively with the client to accelerate remaining actions, including procurement, disbursement, monitoring, and reporting, during the project's final stages when the COVID-19 pandemic arose.

**Quality of Supervision Rating**
Satisfactory

**Overall Bank Performance Rating**
Moderately Satisfactory

## 9. M&E Design, Implementation, & Utilization

### a. M&E Design

The project aimed to support the development of an integrated skills sector M&E and labor market information system (PAD, p. 17). Initially, the PIU under the DoICI was to be responsible for routine monitoring of project performance, reporting the data necessary to monitor the results framework, providing evidence for the DLIs, conducting project mid-term and completion reviews, and coordinating surveys and evaluations during the project's lifetime. The PIU was to designate an M&E officer to carry out these activities and to coordinate with M&E units of skills development agencies. It was envisaged that, as the project evolved, the PIU would be embedded within a larger coordinating body for the sector, to be supported by DfID and the Bank, that would undertake overall sector M&E and labor market information analysis. Third-party monitoring was to be carried out throughout project implementation to verify results-based performance, with activities including evaluation of partnership agreements, employer satisfaction surveys, third-party validation of enrollment and pass-rate data, and employment tracer studies.

The results framework at appraisal was mostly adequate, with DLIs, output indicators, and outcome indicators logically aligned with the objectives. Baselines and annual/cumulative targets were specified. However, as noted in Section 8a, there was no outcome indicator that directly measured improvement in the quality of skills training programs (Objective 1). Furthermore, there were some misalignments between the objectives, strategic areas, outcome indicators, and DLIs; for example, the first objective referred to "quality," while the related strategic area referred to "system strengthening," and the outcome indicator was more aligned with the strategic area than with the objective (ICR, p. 26).

### b. M&E Implementation

With the exception of the quality of skills training programs, the project's M&E framework as implemented was adequate to measure progress. A consultant was engaged to provide third-party verification of enrollment and pass-out data, validating progress toward DLI targets. The PSDF and third-party monitoring team routinely conducted supervision visits to training providers to monitor implementation of project-funded training programs. A tracer study completed in January 2020 tracked graduates' employment experiences prior to training, six months after training, and at the time of the survey, covering multiple cohorts from 2015 through 2018. The ICR did not indicate whether there was progress toward establishment of the envisaged integrated skills sector M&E and labor market information system.

### c. M&E Utilization

The PIU produced semi-annual monitoring reports and a comprehensive progress report in mid-2018. These documents helped the government and Bank team evaluate progress and challenges to implementation. Monitoring data and findings were used to identify needed adjustments in the project's implementation framework and design as input to the project's restructuring. Recommendations from third-party verification of DLIs were used to authorize disbursements. According to the ICR (p. 27), project M&E and tracer studies "provided useful insights for the design of future skills programs in the Punjab," but no detail was provided; the project team later noted that the project experience positioned Punjab to act as a mentor to other provinces, but no specific examples were provided.

### M&E Quality Rating

Substantial

## 10. Other Issues

### a. Safeguards

The project was classified as Environmental Assessment category C. No safeguard policies were triggered. During implementation, two issues were noted (ICR, p. 27): occupational health and safety measures were part of the training and curriculum; and IPAs had to incorporate clauses related to environmental aspects to ensure environmentally friendly working conditions for trainees. The ICR did not provide additional information on these issues.

### b. Fiduciary Compliance

Financial management arrangements relied on existing country systems and implementing entities. Disbursements under the first component were results-based, contingent on meeting pre-defined yearly targets for the five DLIs, and supported by expenditures under EEPs, as planned. Interim Financial Reports and audit reports of the project and P-TEVTA's financial statements were submitted in a timely fashion; the only exception was the 2018 audit, which was submitted "with substantial delay" due to staffing issues with the PIU.

Procurement risk was rated High at appraisal due to lack of experience with a separate and dedicated procurement function. Despite planned mitigation measures, mission aides-memoire repeatedly noted that procurement was being handled on an ad hoc basis and that there was a need to improve procurement planning through the preparation of quarterly Procurement Plans. Capacity weaknesses persisted despite on-line training for the PIU's procurement consultant, but according to the ICR (p. 28), the only procurement issue that impacted implementation directly was delays and shortcomings in the original consultancies to carry out functional reviews of skills agencies.

### c. Unintended impacts (Positive or Negative)

None reported.

### d. Other

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## 11. Ratings

| Ratings | ICR | IEG | Reason for Disagreements/Comment |
|---|---|---|---|
| Outcome | Satisfactory | Satisfactory | |
| Bank Performance | Satisfactory | Moderately Satisfactory | Quality at Entry had M&E shortcomings stemming from the lack of direct measures for improvement in the quality of skills training, and from alignment issues between the objectives, strategic areas, outcome indicators, and DLIs. |
| Quality of M&E | Substantial | Substantial | |
| Quality of ICR | --- | Substantial | |

## 12. Lessons

The ICR (pp. 29-31) offered a series of insightful lessons, including:

**A results-based financing approach, with carefully defined disbursement-linked indicators, increases focus on results, but there should be flexibility, perhaps in the form of scalable targets, to allow and incentivize achievement beyond pre-defined DLI targets.** In this case, the original DLI target for industry partnerships was achieved early, and a large number of additional agreements were not recognized through incremental disbursements.

**A competitive grant funding mechanism that channels funds to both public and private training providers can help increase access to skills training across multiple dimensions.** In this case, the private providers were more responsive to labor demand, but public providers reached larger numbers of trainees and were more likely to provide opportunities to trainees from marginalized areas.

## 13. Assessment Recommended?

No

## 14. Comments on Quality of ICR

The ICR was concise and evidence-based, and it followed guidelines. Its Annex 7 contained a clear and comprehensive theory of change, covering inputs through end-of-project and longer-term outcomes. Annexes 6 and 8 contained tables that clearly explained the indicators and DLIs, any modifications to indicators and targets, and achievement. However, there were some shortcomings. The efficiency discussion did not note some important elements of implementation efficiency that were covered elsewhere in the document, and the cost benefit analysis did not include a sensitivity analysis (though there was a separate assessment that included opportunity costs). There were errors in the presentation of some outcome targets and results. The ICR made some claims that were not supported by evidence in the document, including in the M&E discussion (on the extent to which the project's M&E and tracer studies produced information and analysis relevant to future skills development interventions in the province), and in the final lesson (on the project's likely impact on skills training in other parts of the country).

**a. Quality of ICR Rating**
Substantial