



Quality Assurance of Skills Training through Outcome-based Payment Modality



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The overall objective of sub-component 1.3 (Decent Jobs) of SAMRIDHHI Project is to provide economically poor youth with quality skills relevant to local employment and enterprise opportunities, to enable them to secure decent jobs and/or establish their own skills based Rural Micro and Small Enterprises (RMSEs) through Training and Employment Service Providers (T&Es). The Project has replicated the tried and tested outcome-based payment modality, piloted by Helvetas Nepal through the Employment Fund. The hallmark of an effective training is the transition of the graduates into employment, which in turn depends on market-oriented quality training and the effort by the T&Es for the graduates' job placement (or for their self-employment)

earning them at least a minimum monthly threshold amount. The modality has adequately considered incentivizing the T&Es through differential pricing mechanism to encourage them to include in training a maximum number of the Project's target beneficiaries. Since not all the graduates stay in the country to work, it has devised means to also verify the employment and income of the graduates working in India and abroad. The Project's online database system for use by the T&Es and the Project staff facilitates the process of monitoring, reporting and payment.



“This modality is good as it makes the involved agencies accountable and time bound. We have sensed that the services that we deliver under this modality are of a better quality than those delivered under other modalities. I suggest the government to adopt this modality to assure quality service from the private sector.”

Lalan Tiwari

Managing Director, Social Development Center Pvt. Ltd.

What is the outcome-based payment model followed by the Project?

As the names suggests, in the outcome-based payment model the T&Es are paid for the results they deliver at different points in the entire training cycle and for the graduates' employment. Key milestones in the training cycle and during employment have been identified and linked with the payment to the T&Es to help the Project meet its objectives. These milestones are:

- ◆ Commencement of training
- ◆ Completion of training
- ◆ During the employment and income verification of the graduates, three months after the training completion
- ◆ During the employment and income verification of the graduates, six months after the training completion

Before getting into the payment itself, it is important also to understand the different cost headings used to calculate the payment to the T&Es, which fall into three major headings:

◆ **Direct Training Cost:**

It includes the cost incurred prior to training commencement by the T&Es.

◆ **Incentive Money:**

This is to incentivize the T&Es to include as many from the Project’s target group as per differential pricing mechanism – 60%, 50%, 40% and 30% of the Direct Training Cost for including the different categories of the Project’s target groups – A, B, C and D respectively¹.

◆ **Facilities Cost:**

The facilities cost is estimated as per the agreement between the Project and the T&Es and is paid as per actual after the completion of the training. The cost of skills testing of the trainees is included under this heading.

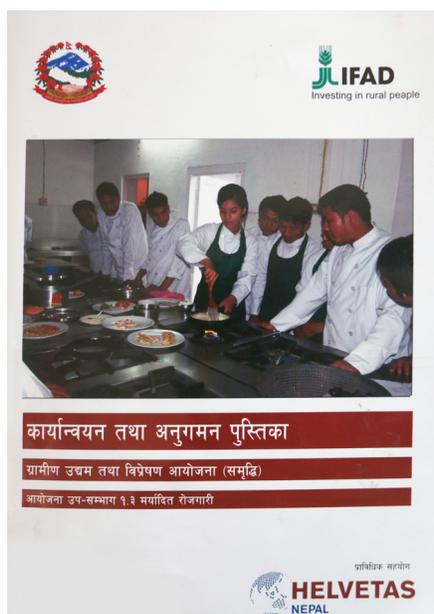
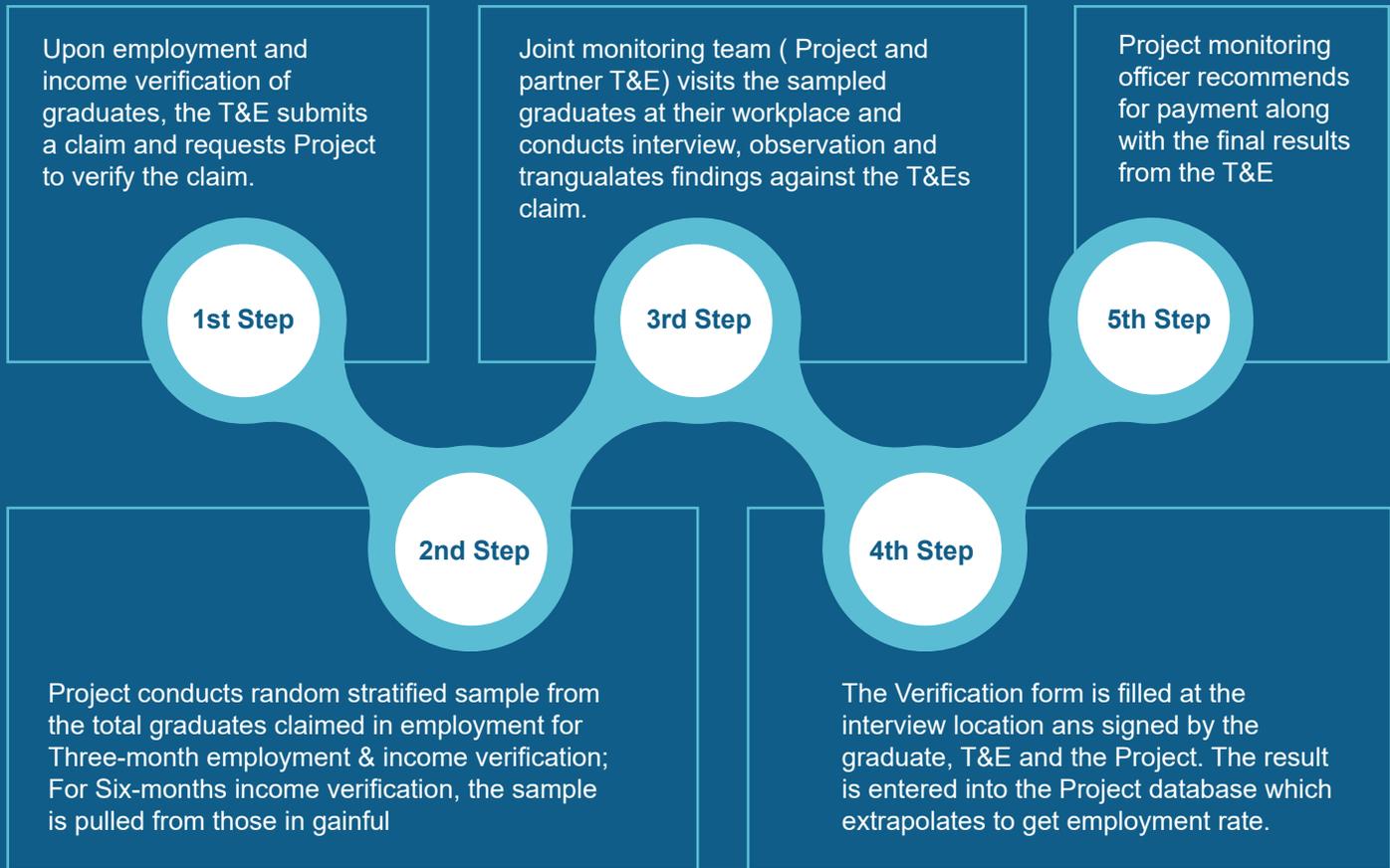
The Project has tied the payment to the T&Es for their service in a total of four instalments based on the previously mentioned milestones. The T&Es are entrusted with the responsibility of producing/presenting the results. The result is then verified jointly by the Project and the T&Es and based on the mutually agreed terms the payment is made as follows:

	1 st Installment	2 nd Installment	3 rd Installment	4 th Installment
% of total Outcome Price ²	10%	40%	25%	25%
Timeline for Payment	After the training has commenced and upon submission of a list of trainees.	After the training has completed and upon submission of the training completion report.	After verification of employment and income, three months after the training has completed.	After verification of employment and income, six months after the training has completed.

1 A: Economically poor women from discriminated groups (Dalit, single, differently abled, HIV/AIDs infected; orphan, prior bonded labour, victims of domestic violence, victims of sexual violence, forced to serve in sex trade); B: All economically poor women who do not fall in category A; C: Economically poor men from discriminated groups (Dalit, Janajati, Madheshi, differently abled, HIV/AIDs infected); D: All economically poor men who do not fall in category C.

2 Outcome price includes the Direct Training Cost and the Category-based Incentive Money; Category-based Incentive Money is based on differential pricing mechanism which is 60%, 50%, 40% and 30% of the Direct Training Cost for category A, B, C and D respectively; Total Investment includes the Outcome price and the Facilities Cost.

The disbursement of the 3rd and the 4th instalments follows a rigorous process involving six steps. In the three-month employment and income verification, the Project extrapolates the results of the employment and income verification that it carries out on a sample size of 15 to 25% of the total number of trainees claimed as meeting the threshold income by the T&Es. The Project uses random stratified sampling which considers the representation by sex, category, trade and the training group. The process is the same for six-month income verification for which the sample size is 35 to 45%.



Rural Enterprises and Remittance Project (RERP)-SAMRIDDHI
PRE-TRAINING MONITORING CHECKLIST

T&E Name: Address:
Event ID: Trade Name:

Training Venue:
District: Palka/Na Pa. Ward: Tole:

Interview Date: Training End Date:

Training Start Date:
Number of applicants: Total: Men: Women:

Total Shortlisted applicants: Men: Women:

SN	Pre-Training Activities	Compliance status		
		NCR (0)	PCR (0.5)	CR (1)
1.	Training Announcement			
1.1	Announcement duration followed as per implementation and monitoring manual (at least 15 days announcement)			
1.2	Applied mediums for announcement (at least 3 mediums-poster/pamphlets, FM, newspaper)			
1.3	Contents covered in announcement(as per manual)			
2.	Collection of application			
2.1	Collection of 150 percent applicants (i.e. 50 percent more than the minimum no. of trainees required to be selected)			
3.	Logistic arrangements			
3.1	Main Instructor (at least L-2 and 2 years of instructional experience in related trade, general ToT)			
3.2	Co-Instructor (at least L-1 and 5 years' working experience as practitioner in same occupation)			
3.3	Arrangement of training hall, drinking water, tiffin, toilets			
3.4	Arrangement of training materials			
3.5	Availability of factsheet, banner in the training site with complete information following the manual.			
4.	Trainees selection process			
4.1	Preliminary screening done by T&E			
4.2	Pre Scoring done by T&E			
4.3	Formation of selection interview panel as per manual			

NCR: Not Complied the Requirement, PCR: Partially Complied the Requirement, CR: Complied the Requirement

Rural Enterprises and Remittances Project (RERP) - SAMRIDDHI
Vocational Skills Training (VST)

During Training Monitoring Checklist

Date of monitoring visit:

T&Es Name: Event ID No:

Trade Name: Training Venue:

Training start Date: Training End Date: Training time:

No. of hours per day: (Theory session: Practical work:)

No. of participants (Enrolled): (Men: Women:)

No. of participants (Actual present during monitoring): (Men: Women:)

Main Instructor's -
Name: Qualification/Level: General ToT # Cell No.

Co-instructor's -
Name: Qualification/Level: General ToT # Cell No.

Training Coordinator Name: Cell No.

फारम नं. _____

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ग्रामीण उद्यम तथा विप्रेषण आयोजना (सामुदायिक)
रोजगार तथा आम्दानी रुजु फारम
 ३ महिना ६ महिना

(अनुभव गर्न सक्ने जस्तो कति नमूना नुपी (Sample list) को आधारमा अनुभव गर्ने तर विभिन्नता लक्षित/संगत/आवश्यकता अनुसार तालिम दिनु सक्नु पर्ने)

१. व्यक्तिगत विवरण

नाम: _____ पति/पत्नी: _____ उमेर (वर्ष): _____

लिंग: महिला पुरुष अन्य अन्य: A B C D

संस्थागत विवरण: _____ सम्पर्क नं: _____ बैङ्किङ्ग सम्पर्क नं: _____

ठेगाना: प्रदेस: _____ जिल्ला: _____ गा.पा./न.पा./उ.न.पा./स.न.पा.
बडा नं. _____ टोल: _____

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“I am happy with this model as it is result oriented and it makes the service providers more responsible and accountable. It would be better, had we been able to connect with the banking system. Nevertheless, we could not do so as most of the graduates are working on wages in the informal sector.”



Shalik Ram Dahal,
Project Manager, RERP/SAMRIDDHI

Challenges

- ◆ The process is time taking, rigorous and costly as it needs intensive monitoring of the different stages of the training cycle (pre, during and post training).
- ◆ As the modality is not pervasive, it has not been well internalized by all T&Es.
- ◆ This model can function well only when the required rules, law, regulation and policies are in place.
- ◆ If the demand and supply status is not captured well, it results in issues relating to non-absorption of the trained graduates in the labour market and the subsequent implication to the T&Es' payment.
- ◆ For the model to yield the desired effectiveness, all those whose support is required in its implementation, must be able to comprehend the model well.
- ◆ The model needs to be reviewed and updated in a timely manner to reflect the changed context of digitization.



“Outcome-based Payment modality is beneficial not only for the Project, but it also benefits us by making us more professional and result oriented. The most challenging aspect it involves is the need for a large pool of human resources and plenty of time for quality assurance and tracking progress.”

Shyam Kandel

Managing Director, Kantipur Bahu Prabidhik Shikshalaya Pvt. Ltd.

