

 Early Warning System

ADB-46462-003

Odisha Skill Development Project



Quick Facts

Countries	India
Financial Institutions	Asian Development Bank (ADB)
Status	Proposed
Bank Risk Rating	B
Sectors	Education and Health
Investment Type(s)	Loan
Investment Amount (USD)	\$ 102.00 million



Project Description

DESCRIPTION

The Government of Odisha requires both financial and technical assistance to achieve the desired outcomes from skills development programs and achieve employment targets. The proposed project will help the Government of Odisha to develop a 10-year road map for skills development. This in turn will help to develop a phased market-responsive and quality assured, sustainable skills development system in Odisha in line with a long-term vision envisaged in the National Skill Development Policy, 2009 and various initiatives and strategies that have evolved in the past few years at the central and state level. This is consistent with the country partnership strategy, 2013 2017, and the country operations business plan, 2013 2015, for India.

PROJECT RATIONALE AND LINKAGE TO COUNTRY/REGIONAL STRATEGY

The proposed project will increase the employability and productivity of young people in Odisha through substantial increase and improvement in market-responsive skills training. The project will support the Government of Odisha (GoO) in providing relevant skills to its working age population, specially youth and disadvantaged groups, in line with its existing and emerging economic structure and labor market. In doing this the project would adopt an integrated approach to address issues of underemployment, employability and/or unemployability in agriculture, service sector, industry, and in micro, small and medium enterprises (MSME). The project will also reach out to the large numbers of people working in the unorganized and informal sectors, to build their skills and increase their employment outcomes. Sustained investment to lift skills across the State can, over time, shift Odisha from being an exporter of unskilled labor towards a state known for its skilled and job-ready young people.

The core problem is the low employability of the workforce associated with low skills, weak synergy with industries, fragmented skills ecosystem, and weak capacity. While overall unemployment in Odisha is not much higher than the national average (2.51% compared to 2.32% nationally), youth unemployment (6.47% compared to 6.12% for all India) and particularly underemployment (23.5% compared to 17.6% for all India) rates are high. India's 12th Five Year Plan (2012 2017) focuses on skills development aligned with demand, and promotes growth in manufacturing, so that underemployed labor force can speedily move from low-paid farm jobs to better paid manufacturing and services jobs.

Traditionally, Odisha has been largely an agrarian state, and agriculture still accounts for around 60% of peoples' stated economic activity. However, the economic contribution from agriculture to state gross domestic product has steadily declined from 36.5% in 1990 to 17.5% in 2012 2013, while the contributions from services and manufacturing sectors have increased to 54% and 28% of state gross domestic product, respectively. The role of the micro and small and medium enterprises is limited although its potential remains very high particularly for generating self-employment and expanding jobs. The training system needs to rapidly reorient towards these new economic opportunities.

India's weak human capital and skill base is a key binding constraint which needs to be addressed urgently to reap its demographic dividend and facilitate inclusive growth in labor surplus states like Odisha. With nearly 47% of the population in Odisha below 25 years, the demographic dividend of a young population from more schooling and skilling is enormous. With a visible demographic shift from agriculture to services and manufacturing sectors, reskilling is essential to efficiently facilitate the transition of the workforce from farm to nonfarm activities (e.g. construction). As per 2009 10 data, the organized sector in Odisha reportedly employed only 731,000 individuals, of which women comprised only around 16%. Around 90% of the working population was in the informal sector which implies lack of income security, high sensitivity to natural and economic disruptions, casualization and marginalization. Of the 10% employed in the organized sector, the vast majority (83.2%) were in public sector jobs, which has limited prospects for further growth. Two key messages emerge: significant effort must go to increasing private sector jobs in the formal economy and efforts to add value to the informal economy. Higher skills of the population can assist both objectives.



Investment Description

- Asian Development Bank (ADB)

Loan: Odisha Skills Development Project

Ordinary capital resources US\$ 102.00 million

TA: Odisha Skills Development Project

Japan Fund for Poverty Reduction US\$ 2.00 million



Contact Information

ACCOUNTABILITY MECHANISM OF ADB

The Accountability Mechanism is an independent complaint mechanism and fact-finding body for people who believe they are likely to be, or have been, adversely affected by an Asian Development Bank-financed project. If you submit a complaint to the Accountability Mechanism, they may investigate to assess whether the Asian Development Bank is following its own policies and procedures for preventing harm to people or the environment. You can learn more about the Accountability Mechanism and how to file a complaint at: <http://www.adb.org/site/accountability-mechanism/main>

CONTACTS

Responsible ADB Officer Lee, Sunhwa

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Responsible ADB Division Human and Social Development Division, SARD

Executing Agencies

Skill Development and Technical Education Department

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Bank Documents

- [Odisha Skill Development Project: Draft Environmental Assessment Review Framework](#) [Original Source]
- [Odisha Skill Development Project: Draft Environmental Assessment Review Framework \(April 2017\)](#) [Original Source]
- [Odisha Skill Development Project: Draft Indigenous Peoples Plan](#) [Original Source]
- [Odisha Skill Development Project: Draft Indigenous Peoples Plan \(April 2017\)](#) [Original Source]
- [Odisha Skill Development Project: Draft Initial Environmental Examination Report](#) [Original Source]
- [Odisha Skill Development Project: Draft Initial Environmental Examination Report \(April 2017\)](#) [Original Source]
- [Odisha Skill Development Project: Project Data Sheet \(hindi\)](#) [Original Source]
- [Odisha Skills Development Project: Initial Poverty and Social Analysis](#) [Original Source]
- [Project Disclosure PDF](#)



Other Related Projects

- ADB-46462-002 Odisha Skills Development Project