

PRESS RELEASE:

India's first impact bond to drive employment outcomes – a financial innovation pioneered by NSDC and a consortium of partners – shows promising trends for young women

Launched in 2021, the USD 14.4 million Skill Impact Bond is well on its way to achieving its bold targets of skilling 50,000 young Indians, 60% of whom will be women, and help them secure and retain jobs

May 31, New Delhi: The first-of-its-kind Skill Impact Bond is fifteen months into its journey and has enrolled close to 18,000 young Indians from 18 states and union territories so far. Pioneered by the National Skill Development Corporation (NSDC) – a one-of-a-kind public private partnership model in India under the aegis of the Ministry of Skill Development and Entrepreneurship – and a coalition of mission-aligned partners, the Skill Impact Bond is aimed at transforming the way skill training programmes are implemented, with a focus on bridging the gap between skilling and employment, especially for women.

Even though India has seen tremendous effort and investment being channelled into improving employment opportunities from both the private and public sector, employment rates – particularly for women – remain low. The country's female labour force participation rate (FLPR) has been consistently low at around 30% and research has found that only 10 out of 100 women enrolled in skilling programmes continue to stay in jobs for three months. Recognising this, the NSDC and a coalition of partners launched the four-year Skill Impact Bond in 2021 as India's first development impact bond to drive an outcomes-based approach to focus on job placement and retention.

Alongside the NSDC, the coalition draws strength from a set of funders and partners who have deep experience with innovative finance, skilling, gender, monitoring and evaluation, and data-driven decision-making – the British Asian Trust, the Michael & Susan Dell Foundation, The Children's Investment Fund Foundation (CIFF), HSBC India, JSW Foundation and Dubai Cares, FCDO (UK Government), the United States Agency for International Development (USAID), Dalberg Advisors, and Oxford Policy Management. The skill training is delivered on-ground by Gram Tarang Employability Training Services Pvt Ltd, Learnnet Skills Ltd, Magic Bus India Foundation, PanIIT Alumni Reach For India Foundation, and Tata STRIVE, each partner selected for their capacity to innovate, scale, and reach diverse target groups.

Applauding the efforts under the Skill Impact Bond, **Shri Atul Kumar Tiwari, Secretary, Ministry of Skill Development and Entrepreneurship** said, "Skill Impact Bond has demonstrated its effectiveness in fostering collaboration between governments, private sector entities, and civil society organisations. And by leveraging such innovative financing mechanisms, we are not only increasing the availability of resources but also ensuring their efficient allocation to tackle the persistent challenges of skill gap and unemployment. The initiative has been successful as it operates on the principle of outcome-based funding and, I must say that the results achieved till now look encouraging. Also, I am happy to note that so far in the programme 70% of beneficiaries are women. We appreciate the efforts made by all the training partners and firmly believe that such effective interventions are leveraging the potential of India's youth and creating livelihood and meaningful opportunities."

Speaking further on this landmark initiative, **Ved Mani Tiwari, CEO, NSDC** said, "India's youth have big dreams, and even bigger potential – all they need are the right skills and tools to unleash this. With its focus on supporting 50,000 young people, most of them first-time job seekers, the Skill Impact Bond is a financial innovation helping young people build core skills and competencies required to successfully enter and grow within the workforce. As an outcomes-based instrument, the impact bond takes an innovative approach to actualising this, and the National

Skill Development Corporation is keen to promote good practices and knowledge exchange to catalyse further innovation in the skilling ecosystem.”

The impact bond is strategically designed to link fund flows to outcomes such as certification, job placement and retention, moving beyond a focus on enrolment alone. This focus on outcomes, rather than inputs and outputs, aligns incentives for all those involved and enables all partners to work together towards a shared goal. Till date, the Skill Impact Bond has successfully supported close to 18,000 first-time job seekers from low-income families, of whom 72% are women. Alongside the high female enrolment rates, the first cohort of Skill Impact Bond indicates a promising retention rate, where 1 in 2 women who have enrolled in the training have continued to work in wage employment for three months.

The coalition will attempt to drive up retention with every cohort, and speaking on the progress, **Sangita Jindal, Chairperson, JSW Foundation** said, “Our vision is to empower communities with sustainable livelihoods and recognise the crucial role of today's youth in shaping the future. Through the Skill Impact Bond, we leverage our expertise in skilling to ensure lasting impact for India. Applying an outcomes-based approach to our funding drives social transformation, moving beyond outputs. With each cohort, the focus on outcomes inspires the skilling and employment sectors nationwide.”

Early evidence from the impact bond's first few cohorts shows that higher retention of women in the workforce could be linked to training partners being able to address deeply entrenched socio-cultural barriers that typically prevent women from seeking and staying in jobs. This has been done by establishing contextualised selection and counselling processes, not just with the candidate but also with parents, and tackling invisible issues such as poor health and nutrition. Similarly, the training partners have designed fit-for-purpose delivery methods and curricula, which are aligned to the needs of employers and aspirations of young women. Lastly, post-placement tracking and guidance such as regular check-ins with candidates and migratory assistance are imperative to women feeling comfortable taking jobs, adapting to new environments and challenges and reducing dropouts. Thus, the razor-sharp focus on retention has influenced all aspects of programme design and delivery among partners.

Beyond the innovative financial design that drives the Skill Impact Bond, the coalition has prioritised use of performance management, technology, data-driven decisions, and tight monitoring and evaluation to ensure that the impact bond is robust, rigorous, and builds a strong evidence base. This also aids its longer-term goals – to create a paradigm shift within the skilling and employment ecosystems from their current state to an aspirational state where focus is centred around gainful employment, retention in the workforce and overall well-being.

Quotes on the initiative and progress from the Skill Impact Bond's coalition of partners:

Prachi Windlass, Senior Director, India Programs, Michael & Susan Dell Foundation said: “The Skill Impact Bond aims to bridge the gap between skilling and employment for youth from low-income families by focusing on meaningful outcomes. Our partners work toward training and certification, and also on ensuring young people get and stay in jobs. This is a paradigm shift in approach – one that is urgently required to match talent to jobs appropriately. As the Skill Impact Bond continues to see promising placement and retention rates, we will share our learnings to help others adopt similar data-driven, outcomes-based approaches so more people have opportunities to better their lives.”

Manjula Singh, Executive Director, India, Children's Investment Fund Foundation (CIFF) said: "When women work, everybody wins, and the Skill Impact Bond builds outcomes for women into the very core of its design and empowers women at every stage. It ensures women are supported at every step of the way – from enrolment to job placements and retention. Encouraging results from early cohorts indicate the effectiveness of this approach. Going forward, we remain committed to collaborating with the National Skill Development Corporation and other partners in the programme to identify and overcome the barriers that hinder women's sustained engagement in the workforce. Our goal is to work with the ecosystem to integrate these valuable insights into broader initiatives, making a positive impact on women's empowerment and professional development."

Aloka Majumdar, Head of Corporate Sustainability, HSBC India said: "Progression from skilling to employment is an important outcome that is core to HSBC India's skill development initiatives. By supporting the Skill Impact Bond, a natural progression of our work in the skilling sector, we're using outcomes-based financing to shift the focus from training thousands of young Indians to supporting thousands of young people to earn a livelihood while contributing to the country's economy. Through our 'learning agenda' within the Skill Impact Bond, we aim to capture results, learnings, and insights to support the larger skilling ecosystem in India."

His Excellency Dr. Tariq Al Gurg, Chief Executive Officer and Vice-Chairman of Dubai Cares said: "Dubai Cares firmly believes in the significance of equipping young people with meaningful skills for a successful future and for driving economic growth in their respective countries. Skills development and vocational training hold tremendous potential in advancing India's economic growth and development goals. Our commitment to the Skill Impact Bond programme in India, initiated by the British Asian Trust, reflects our belief in collaborating with innovative partners who seek to make transformational impact on young people's lives, especially amongst women. Through this programme, we will work together in contributing towards the country's COVID-19 recovery efforts through enhancing skills capacity building in strategic sectors, so we can catalyse transformative change for youth."

Alex Ellis, British High Commissioner to India said: "The UK has a strong record of addressing development challenges including through the innovative mechanism of Development Impact Bonds (DIBs). Following the success of Quality Education Impact Bond in India, the British government is partnering with the British Asian Trust (BAT) and other stakeholders to launch the Skill Impact Bond that aims to equip young Indians, especially women, to be employment-ready as we look to build back better after Covid-19."

Veena Reddy, Mission Director, United States Agency for International Development (USAID) in India, said, "The United States is proud to support the Skill Impact Bond, which has reached an impressive milestone of enhancing employment opportunities for 18,000 young people in critical sectors such as healthcare, information technology, manufacturing, and more. Through partnerships with the private sector, such as this, we have enormous potential to maximize our impact and create lasting, systemic change that benefits communities across India, while demonstrating models to share with the world."

Abha Thorat-Shah, Executive Director, Social Finance, British Asian Trust said: "Since its inception, the Skill India Bond has been deeply committed to achieving impactful employment outcomes, particularly for women in India. The strong foundation that we've built with our coalition of partners has enabled us to leverage innovative finance to actualise these outcomes, and it's fantastic to see all our work coming together! We have no doubt that the promising trends we're seeing now will continue to develop in a way that benefits thousands of young, job-seeking Indian women!"

Dr Divya Nambiar, Principal Consultant, Oxford Policy Management said: The Skill Impact Bond is one of the most complex and ambitious projects of its kind in the world. To evaluate its outcomes, we have designed a robust framework that respects and reflects the diverse perspectives our stakeholders bring. We balance that rigour with agility, cycling insights from every data collection round to training partners to ensure that programme delivery is constantly upgraded. We are privileged to support such committed partners as they drive better employability outcomes for India's aspiring youth.

Tushar Thakkar, Associate Partner, Dalberg Advisors said, "It is promising to witness the success achieved by the Skill Impact Bond within a short time since its launch. Our training partners have delivered strong livelihood outcomes for women despite operating in a highly uncertain COVID-affected jobs ecosystem. This is also a testament to the effectiveness of a data-driven approach to performance management, where a sharp focus on livelihood outcomes has enabled training partners to deliver high transition rates across the entire skilling value chain, ranging from enrolment and certification to placement and retention. By embracing performance management as an integral part of the Skill Impact Bond, we have rooted a strong culture of evidence generation, accountability, and the well-being of beneficiaries within our skills development initiatives".

The Skill Impact Bond's coalition of partners



Note to the editor: The Skill Impact Bond consists of an international coalition of public, not for profit and private sector organisations.

On an operational level, the impact bond's risk investors – the National Skill Development Corporation and the Michael & Susan Dell Foundation – provide upfront working capital to the training providers to implement skill development programmes. The outcome funders – The Children's Investment Fund Foundation, JSW Foundation, HSBC India, and Dubai Cares – repay the risk investors based on whether predetermined outcomes are achieved, assessed by an independent third-party evaluator – Oxford Policy Management.

The training partners – Gram Tarang Employability Training Services Pvt Ltd, Learnet Skills Ltd, Magic Bus India Foundation, PanIIT Alumni Reach For India Foundation, and Tata STRIVE – carry out individual programmes for each cohort of the Skill Impact Bond, supported by performance managers – NSDC and Dalberg Advisors. The British Asian Trust serves as the convenor and transaction manager for the Skill Impact Bond, with the Foreign,

Commonwealth & Development Office (UK Government) and the United States Agency International Development (USAID) as technical partners.