



# Report and Recommendation of the President to the Board of Directors

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Project Number: 46535-001  
October 2015

## Proposed Loan, Grant, and Administration of Grant Republic of Tajikistan: Strengthening Technical and Vocational Education and Training Project

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Asian Development Bank

## CURRENCY EQUIVALENTS

(as of 15 October 2015)

Currency unit	–	somoni (TJS)
TJS1.00	=	\$0.1549
\$1.00	=	TJS6.4565

## ABBREVIATIONS

ADB	–	Asian Development Bank
ALC	–	adult learning center
CBT	–	competency-based training
CEF	–	Clean Energy Fund
CTMMEQ	–	Center for Training Methodology and Monitoring of Education Quality
EPCD	–	Engineering Pedagogical College in Dushanbe
GEMP	–	Gender Equity Model Program
MOLME	–	Ministry of Labour, Migration and Employment
MRITP	–	Market-Responsive and Inclusive Training Program
PAM	–	project administration manual
TVET	–	technical and vocational education and training

## NOTE

In this report, “\$” refers to US dollars

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## PROJECT AT A GLANCE

<b>1. Basic Data</b>		<b>Project Number:</b> 46535-001	
<b>Project Name</b>	Strengthening Technical and Vocational Education and Training	<b>Department /Division</b>	CWRD/CWPF
<b>Country</b>	Tajikistan	<b>Executing Agency</b>	Ministry of Labour, Migration and Employment of Population (formerly Ministry of Labor and Social Protection)
<b>Borrower</b>	Tajikistan, Republic of		
<b>2. Sector</b>	<b>Subsector(s)</b>	<b>ADB Financing (\$ million)</b>	
✓ <b>Education</b>	Technical and vocational education and training		30.00
		<b>Total</b>	<b>30.00</b>
<b>3. Strategic Agenda</b>	<b>Subcomponents</b>	<b>Climate Change Information</b>	
Inclusive economic growth (IEG)	Pillar 2: Access to economic opportunities, including jobs, made more inclusive Pillar 3: Extreme deprivation prevented and effects of shocks reduced (Social Protection)	Climate Change impact on the Project	Medium
Environmentally sustainable growth (ESG)	Environmental policy and legislation		
<b>4. Drivers of Change</b>	<b>Components</b>	<b>Gender Equity and Mainstreaming</b>	
Governance and capacity development (GCD)	Institutional systems and political economy	Gender equity (GEN)	✓
Knowledge solutions (KNS)	Application and use of new knowledge solutions in key operational areas		
Partnerships (PAR)	Official cofinancing Private Sector		
Private sector development (PSD)	Conducive policy and institutional environment Public sector goods and services essential for private sector development		
<b>5. Poverty Targeting</b>		<b>Location Impact</b>	
Project directly targets poverty	Yes	Rural	Low
Geographic targeting (TI-G)	Yes	Urban	Medium
		Nation-wide	High
<b>6. Risk Categorization:</b>	Low		
<b>7. Safeguard Categorization</b>	<b>Environment: B</b>	<b>Involuntary Resettlement: C</b>	<b>Indigenous Peoples: C</b>
<b>8. Financing</b>			
<b>Modality and Sources</b>		<b>Amount (\$ million)</b>	
<b>ADB</b>		<b>30.00</b>	
Sovereign Project loan: Asian Development Fund		15.00	
Sovereign Grant projects: Asian Development Fund		15.00	
<b>Cofinancing</b>		<b>2.00</b>	
Clean Energy Fund - Multi-Donor		2.00	
<b>Counterpart</b>		<b>2.00</b>	
Government		2.00	
<b>Total</b>		<b>34.00</b>	
<b>9. Effective Development Cooperation</b>			
Use of country procurement systems		No	
Use of country public financial management systems		No	

## I. THE PROPOSAL

1. I submit for your approval the following report and recommendation on (i) a proposed loan, (ii) a proposed grant, and (iii) the proposed administration of a grant to be provided by the Clean Energy Fund (CEF)<sup>1</sup> under the Clean Energy Financing Partnership Facility, all to the Republic of Tajikistan for the Strengthening Technical and Vocational Education and Training Project.<sup>2</sup>

2. The project promotes a demand-driven, quality-assured, and flexible technical and vocational education and training (TVET) delivery system in Tajikistan. Based on demonstrated market demand, the project will help develop and implement industry-endorsed competency standards and competency-based training (CBT), upgrade the physical learning environment, train TVET teachers and masters, and strengthen governance and management of the TVET system. To ensure market responsiveness, the project will promote private sector participation in TVET policy, operations, and service delivery.<sup>3</sup>

## II. THE PROJECT

### A. Rationale

3. The 1992–1998 civil war in Tajikistan resulted in significant emigration of skilled workers. Tajikistan's gross domestic product growth averaged 7.2% per year during 1998–2008, largely because of high prices for aluminum and cotton exports, and the inflow of remittances, primarily from the Russian Federation.<sup>4</sup> The global financial crisis reduced growth to 3.9% in 2009, but growth recovered to an average of 6.5% from 2010 to 2014. The poverty incidence declined steadily from 96% in 1999 to 32% in 2014, but remains the highest in Central and West Asia. The benefits of economic growth have not been inclusive. Most employment is in agriculture, which has the lowest average monthly income. Agriculture's share of total employment has increased steadily, from 43% in 1990 to 66.1% in 2013, while agriculture's share of GDP declined from 30.1% to 21.1%.<sup>5</sup> The average productivity per agricultural worker has declined between 2005 and 2015. Industry to provide the foundation for sustained growth and employment is undeveloped.

4. The stated goal of the National Development Strategy of the Republic of Tajikistan for the Period to 2015 is sustainable economic development and poverty reduction.<sup>6</sup> The three strategic development objectives are (i) ensuring food security, (ii) achieving energy sovereignty, and (iii) overcoming communication obstacles. The strategic priority sectors are agriculture, energy, transport, and communications. The major challenge is structural transformation of the economy, both to sustain growth and to ensure that the benefits of development are widely shared.

5. The sources of the previous high growth rates—demand for aluminum and cotton, and remittances from migrant workers—have all been affected by external factors. The demand for

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<sup>1</sup> Financing partners: the government of Australia, Norway, Spain, and Sweden.

<sup>2</sup> The design and monitoring framework is in Appendix 1.

<sup>3</sup> ADB. 2013. *Technical Assistance to the Republic of Tajikistan for Preparing the Strengthening Private Sector Participation in Technical and Vocational Education and Training Project*. Manila (TA 8546-TAJ).

<sup>4</sup> Remittances accounted for 50% of GDP in 2013 and 42% of GDP in 2014.

<sup>5</sup> Statistical Agency of Tajikistan. 2014. *Tajikistan Statistical Bulletin*. Dushanbe.

<sup>6</sup> Government of Tajikistan. 2007. *National Development Strategy of the Republic of Tajikistan for the Period to 2015*. Dushanbe.

and prices of aluminum and cotton declined significantly during 2011–2014. Remittances are under serious threat due to the slowdown of the Russian Federation economy, which hosts over 90% of Tajik migrant workers. Remittances declined from \$4.4 billion in 2013 to \$3.9 billion in 2014, dropping further to \$1.2 billion at the end of June 2015.<sup>7</sup> In addition, the Russian Federation has tightened its migration policies, preventing some 210,000 Tajik migrant workers from reentry. An additional 200,000 migrants are at risk of being deported. When combined with 150,000 new entrants into the labor force each year, the unemployment situation in Tajikistan is extremely serious.

6. There is an urgent need to address the unemployment crisis. Mechanisms are needed to facilitate job search for returning migrants. Skills upgrading, basic skills training and quick-turnaround certification, and access to credit to promote self-employment must be put in place as soon as possible. A comprehensive program for job creation needs to be designed and implemented. Jobs must be created in rural areas. The industry and services sectors need to establish more sustainable, labor-intensive, small and medium-sized enterprises.

7. **Issues in the technical and vocational education and training system.** The TVET system in Tajikistan is largely supply-driven. Most course structure and content is outdated, resulting in a mismatch between graduate skills and labor market demand. Ineffective engagement of private sector partners in TVET, both employers and private trainers, is a key problem. Skills gaps to address energy efficiency and clean energy technologies are also an issue. Most TVET institutions have obsolete and inadequate equipment, dilapidated school buildings, and poorly maintained dormitories. The condition of physical facilities and the lack of modern curricula reinforce the generally low social image of TVET, and contribute to the system's inability to attract students.

8. Primary TVET suffers from deficiencies in both quality and quantity. The total enrollment in 63 lyceums in 2014 was 21,593 students, of whom 18% were girls, an average enrollment size of 343 students per lyceum. The small average enrollment size results in low student–teacher ratios (9:1), high unit cost (TJS1,400 per student per year compared with TJS900 in general education), and a low percentage share of internally generated funds (22%) to total funding (footnote 3).

9. Weak faculty development has resulted in inadequately trained teaching staff. The salary scale of TVET teachers and masters remains very low compared with other civil servants, and with employees in industry and services sectors. Investment in TVET teacher salaries and training is required to build capacity, modernize technical and training skills, match skills to emerging market needs, and increase retention of qualified TVET teachers and masters.

10. The governance and management structure of primary TVET institutions is weak, and needs much closer alignment with the labor market. The supply-driven funding system and ineffective management approach restricts the flexibility of TVET institutions. A regular labor market assessment does not exist currently, and is badly needed to identify and address emerging needs and skills shortages. The labor market survey conducted during the project design, which involved detailed discussions with employers, identified 17 occupations with good employment potential in five priority sectors: agriculture and food processing, construction, energy, tourism and services, and transport and communication.<sup>8</sup> The project proposes to invest

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<sup>7</sup> National Bank of Tajikistan. 2015. *Quarterly report*. Dushanbe.

<sup>8</sup> ADB. *School Mapping Survey*. Manila. Unpublished. The priority occupations include farm worker, bookkeeper, tractor operator-mechanic, fruit and vegetable processing worker, mason, fitter-plumber, finisher, gas and electrical

in key skills training in these sectors, in close collaboration with employers to match demand.

11. **Strategic fit.** The project supports the National Development Strategy of the Republic of Tajikistan for the period to 2015 and a state program to reform the TVET system for 2012–2020. Given the critical migrant situation, the project is particularly well-timed to provide essential rapid certification and other support. The project is consistent with the education sector policy and the Midterm Review of Strategy 2020.<sup>9</sup> It aligns with ADB's interim country partnership strategy for Tajikistan, 2015.<sup>10</sup> It is included in ADB's country operations business plan for Tajikistan, 2015–2017.<sup>11</sup> The project is the first ADB support for the TVET system in Tajikistan and will be the largest TVET project to date in the country.

12. **Lessons.** The project design has taken into account lessons from previous ADB TVET projects, including (i) institutionalizing mechanisms to engage employers and other social partners in the TVET system; (ii) ensuring the sustainability of TVET system reforms through incorporation in regular Ministry of Labour, Migration and Employment (MOLME) activities; (iii) involving key stakeholders to foster a strong sense of industry ownership; and (iv) ensuring the legal and regulatory framework supports TVET system reform.

13. **Development partner coordination.** During project design, ADB consulted German development cooperation through GIZ, the European Union, the International Labour Organization, the Islamic Development Bank, the United Nations Children's Fund (UNICEF), and the University of Central Asia (Aga Khan Foundation), which all have small TVET projects. ADB is a member of the TVET Coordination Working Group, which was established by the government and development partners to promote TVET policy dialogue and support the reform agenda.

## B. Impact and Outcome

14. The impact will be a national workforce with an increased proportion of skilled workers employed in Tajikistan. The outcome will be a demand-driven, quality-assured, and flexible TVET system responsive to labor market needs.

## C. Outputs

15. The project has four outputs: (i) technical and vocational education and training system methodology modernized, (ii) physical learning facilities upgraded, (iii) access to quality programs improved, and (iv) governance and management strengthened. The government, private sector (employers and private training providers), nongovernment organizations, and development partners will be involved in delivering the outputs.<sup>12</sup>

16. **Output 1: Technical and vocational education and training system methodology modernized.** The project will develop competency standards and assessment tools aligned to an adapted European qualification framework.<sup>13</sup> Competency-based training (CBT) curriculum

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welder, building electrician, industrial electrician, tailor, cosmetologist, domestic appliance repairman, cook-confectioner, seller, truck driver, and heavy equipment operator-mechanic.

<sup>9</sup> ADB. 2014. *Midterm Review of Strategy 2020: Meeting the Challenges of a Transforming Asia and Pacific*. Manila.

<sup>10</sup> ADB. 2014. *Interim Country Partnership Strategy: Tajikistan, 2015*. Manila.

<sup>11</sup> ADB. 2014. *Country Operations Business Plan: Tajikistan, 2015–2017*. Manila.

<sup>12</sup> Summary of Private Sector Participation in the Project Activities (accessible from the list of linked documents in Appendix 2).

<sup>13</sup> European Qualification Framework Descriptors are in Appendix 3 of the Project Administration Manual (PAM)

and gender-sensitive learning materials will be developed, and competency assessors for 17 occupations will be trained. The occupations have been selected based on the government's development priorities, a labor market survey conducted during project preparation, and inputs from key stakeholders.<sup>14</sup> An implementation plan for the development of the CBT components has been prepared, involving industry working groups, training providers, and development partners.<sup>15</sup> Guidelines and manuals will be prepared to promote future sustainability and development, and periodic upgrading of competency standards, qualifications, and curriculum. The Center for Training Methodology and Monitoring of Education Quality (CTMMEQ) under MOLME will implement output 1. The project will build CTMMEQ capacity and facilitate a twinning partnership with a reputable foreign workforce development agency. The CBT curriculum and learning materials will be piloted in 29 TVET institutions, which were selected based on criteria agreed by MOLME and ADB.<sup>16</sup> The project will strengthen the selected TVET institutions' core programs to enable them to serve as resource centers for other TVET institutions in their respective sectors.

17. **Output 2: Physical learning facilities upgraded.** The project will upgrade the physical learning and teaching facilities of the selected TVET institutions. The design of rehabilitation works takes into consideration teaching requirements, student needs, and environmental and social safeguards. In three project sites, green reconstruction and power approaches will demonstrate options for general building rehabilitation, and help train teachers and students in green reconstruction. The project will also support gender-appropriate dormitory upgrades, which will help increase female student access to formal TVET system.

18. **Output 3: Access to quality programs improved.** The project will develop an in-service TVET teacher training plan to provide teachers and masters with (i) a clear understanding of the CBT methodology, (ii) competencies in student-centered training delivery, and (iii) practical knowledge and skills in respective technology areas through industry internships.<sup>17</sup> The MOLME Engineering Pedagogical College in Dushanbe (EPCD) will lead implementation of the in-service teacher training. The project will develop and implement a market-responsive and inclusive training program (MRITP) to help the TVET system extend its reach to migrants, the disadvantaged and vulnerable, and respond to urgent skills needs of major investment projects.<sup>18</sup> The delivery of eligible MRITP training programs will be open to both public and private providers. To address limited access to TVET by girls and gender segregation of occupations, the Gender Equity Model Program (GEMP) will be piloted in five selected lyceums.<sup>19</sup> This pilot will encourage girls to pursue nontraditional occupations and improve their skills, employability, and incomes. The project will provide 1-year stipends to 2,230 women and girls enrolling in nontraditional courses, to be paid during the last 6 months of study and the first 6 months of their employment.

19. **Output 4: Governance and management strengthened.** The project will support the (i) establishment and operation of industry advisory committees and working groups in the five priority sectors; (ii) training in modern TVET management; (iii) strengthening of the secretariat of

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(accessible from the list of linked document in Appendix 2).

<sup>14</sup> List of Priority Economic Sectors and Selected Occupations by Region is in Appendix 6 of the PAM.

<sup>15</sup> Implementation Plan for Development of CBT Components is in Appendix 4 of the PAM.

<sup>16</sup> Criteria and Procedures for Selection of Technical and Vocational Education and Training Institutions for Project Assistance, and Profile of the Project Technical and Vocational Education and Training Institutions (accessible from the list of linked documents in Appendix 2).

<sup>17</sup> TVET Teachers Training Program for CBT is in Appendix 9 of the PAM.

<sup>18</sup> Concept Paper on Market-Responsive and Inclusive Training Program is in Appendix 5 of the PAM.

<sup>19</sup> Gender Equity Model Program is in Appendix 10 of the PAM.



the National Coordination Council for Vocational Education and Training; (iv) provision of equipment for the Scientific Research Institute on Labour, Migration and Employment under MOLME to support annual labor market assessments; (v) a social marketing program; (vi) development and implementation of the project monitoring and evaluation system; and (vii) designation of a resource center in each region to facilitate coordination and ensure efficient project implementation.<sup>20</sup> A skills conference in year 4 will showcase CBT achievements.

20. CEF cofinancing will help the project integrate clean energy and energy efficiency technologies, and will support (i) output 1 through the development of specific clean energy competency standards, qualifications, and curriculum for the selected energy sector courses; (ii) output 2 by incorporating clean energy technologies into the civil works at three selected sites for better energy use and overall habitability; (iii) output 3 through technology demonstration to teachers and students in priority energy sector occupations at the selected sites; and (iv) project management by handling clean energy procurement and installation, and strengthening linkages to ongoing clean energy industry development in Tajikistan.<sup>21</sup>

#### D. Investment and Financing Plans

21. The project is estimated to cost \$34 million (Table 1).

**Table 1: Project Investment Plan**  
(\$ million)

Item	Amount <sup>a</sup>
<b>A. Base Cost<sup>b</sup></b>	
1. Modernized technical and vocational education and training system methodology	3.1
2. Upgraded physical learning facilities	17.9
3. Improved access to quality programs	5.7
4. Strengthened governance and management	3.4
5. Project management support	1.3
<b>Subtotal (A)</b>	<b>31.4</b>
<b>B. Contingencies<sup>c</sup></b>	2.3
<b>C. Financing charges during implementation<sup>d</sup></b>	0.3
<b>Total (A+B+C)</b>	<b>34.0</b>

<sup>a</sup> Includes in-kind contribution of \$100,000 and taxes and duties of \$1.9 million to be financed by the Government of Tajikistan through exemptions.

<sup>b</sup> In mid-2015 prices.

<sup>c</sup> Physical contingencies computed at 5% for works and equipment costs. Price contingencies computed at 2.5% on foreign exchange costs and 6% on local currency costs; includes provision for potential exchange rate fluctuation under the assumption of a purchasing power parity exchange rate.

<sup>d</sup> Interest during construction for the Asian Development Bank loan has been computed on Asian Development Fund rates at 1% per year during the 8-year grace period.

Source: ADB estimates.

22. The government has requested a loan in various currencies equivalent to SDR10,633,000 from ADB's Special Funds resources to help finance the project.<sup>22</sup> The loan will have a 32-year term, including a grace period of 8 years, an interest rate of 1.0% per annum

<sup>20</sup> Regional Resource Centers are in Appendix 15 of the PAM.

<sup>21</sup> ADB. 2013. *Report and Recommendation of the President to the Board of Directors: Proposed Grant and Administration of Technical Assistance Grant to the Republic of Tajikistan for Access to Green Finance Project*. Manila (Grant 0346-TAJ).

<sup>22</sup> A country's eligibility for Asian Development Fund grants under the revised grant framework is determined by its risk of debt distress. The latest debt sustainability analysis determined that Tajikistan had a moderate risk of debt distress and was therefore eligible to receive 50% of its Asian Development Fund allocation as grants.

during the grace period and 1.5% per annum thereafter, and such other terms and conditions as are set forth in the draft financing agreement. The government has requested a grant not exceeding \$15 million from the ADB's Special Funds resources to help finance the project.

23. In addition, there will be a \$2 million grant from the CEF to integrate clean energy and energy efficiency technologies at selected TVET facilities. ADB will administer the CEF grant on a parallel cofinancing basis. Universal procurement will apply to all procurement and consulting services packages to be financed under the project.<sup>23</sup> The government will contribute approximately \$2 million of in-kind support for counterpart staff, office accommodation and facilities, logistics support, translation, and taxes and duties through exemptions. The financing plan is in Table 2 and is detailed in the project administration manual (PAM).

**Table 2: Financing Plan**

<b>Source</b>	<b>Amount (\$ million)</b>	<b>Share of Total (%)</b>
Asian Development Bank		
Special Funds resources (grant)	15.0	44.1
Special Funds resources (loan)	15.0	44.1
Clean Energy Fund under the Clean Energy Financing Partnership Facility (grant) <sup>a</sup>	2.0	5.9
Government of Tajikistan <sup>b</sup>	2.0	5.9
<b>Total</b>	<b>34.0</b>	<b>100.0</b>

<sup>a</sup> Financing partners: the governments of Australia, Norway, Spain, and Sweden. Administered by the Asian Development Bank.

<sup>b</sup> Includes government contribution of \$1.9 million for taxes and duties and in-kind contribution of \$100,000. The government will finance taxes and duties through exemptions. If expenditures are not tax-exempted, the Asian Development Bank may finance taxes if (i) the amount will be within the reasonable threshold identified during ADB's country partnership strategy preparation process, (ii) the amount will not represent an excessive share of the project investment plan, (iii) the taxes and duties apply only to ADB-financed expenditures, and (iv) the financing of the taxes and duties is material and relevant to project success.

Source: ADB estimates.

## E. Implementation Arrangements

24. MOLME will be the executing agency. The implementation arrangements are summarized in Table 3 and described in detail in the PAM.<sup>24</sup>

**Table 3: Implementation Arrangements**

<b>Aspects</b>	<b>Arrangements</b>
Implementation period	March 2016–February 2021
Estimated completion date	28 February 2021 (estimated completion date) 31 August 2021 (estimated grant and loan closing date)
<b>Management</b>	
(i) Oversight body	Project steering committee: Chair: Deputy prime minister Members: Deputy ministers of the MOLME, MOF, MOEDT, MOES, MINT, MEWR, MOA, MOTC, Committee for State Investment and State Property Management, Committee for Youth Affairs and Tourism, Committee for Women and Family Affairs, industry associations, and nongovernment organizations.
(ii) Executing agency	MOLME

<sup>23</sup> ADB. 2013. *Blanket Waiver of Member Country Procurement Eligibility Restrictions in Cases of Cofinancing for Operations Financed from Asian Development Fund Resources*. Manila.

<sup>24</sup> Project Administration Manual (accessible from the list of linked documents in Appendix 2).

Aspects	Arrangements		
(iii) Implementation unit	Center for Training Methodology and Monitoring of Education Quality, Engineering Pedagogical College in Dushanbe, SRILME, PAG (nine staff)		
Procurement	International competitive bidding	2 contracts	\$7.08 million
	National competitive bidding	13 contracts	\$9.65 million
	Shopping	6 contracts	\$0.30 million
Consulting services	Quality- and-cost-based selection	1 contract	\$1.45 million
	Individual consultant selection	9 contracts	\$1.11 million
	Consultant's qualifications selection <sup>a</sup>	6 contracts	\$0.85 million
Advance contracting and retroactive financing	Advance action is requested to recruit five PAG staff, international industry partnership specialist, an international competency standards development and assessment specialist, a project implementation firm (international), and a national research firm to conduct a survey for the Market-Responsive and Inclusive Training Program. Retroactive financing is requested for the recruitment of five PAG staff and related office expenses, to finance up to 20% of the loan and grant amounts of eligible expenditures incurred prior to loan and grant effectiveness but not earlier than 12 months before the financing and grant agreements are signed.		
Disbursement	The loan and grant proceeds will be disbursed in accordance with ADB's <i>Loan Disbursement Handbook</i> (2015, as amended from time to time) and detailed arrangements agreed between the government and ADB.		

ADB = Asian Development Bank, MEWR = Ministry of Energy and Water Resources, MINT = Ministry of Industry and New Technologies, MOA = Ministry of Agriculture, MOEDT = Ministry of Economic Development and Trade, MOES = Ministry of Education and Science, MOF = Ministry of Finance, MOLME = Ministry of Labour, Migration and Employment, MOTC = Ministry of Transport and Communications, PAG = project administration group, SRILME = Scientific Research Institute on Labour, Migration and Employment.

<sup>a</sup> The Market-Responsive and Inclusive Training Program contracts are not included. It is envisaged that about 30 contracts will be awarded for the 5-year implementation period, for an estimated total value of \$3 million. The consultants' qualifications selection method is proposed to award contracts, and reflected in the procurement plan. Source: Asian Development Bank.

### III. DUE DILIGENCE

25. By the end of the fifth year the project will directly benefit 17,868 students of the project TVET institutions studying in the selected priority occupations. The MRITP will benefit 15,000 persons. Approximately 2,230 female students will benefit through the GEMP and will increase their skills and employability.<sup>25</sup> About 25,000 walk-ins, mostly migrant workers, will assess their skills to facilitate their job search process. Employers will benefit from TVET graduates with improved skills, resulting in higher productivity, and cost-sharing of graduate GEMP scholars during 6-month apprenticeships. Teachers and masters will benefit from staff development training programs. Managers of selected TVET institutions will strengthen their skills through management training. The TVET system will benefit from the introduction of CBT policies, guidelines, and procedures, enabling improved national policies on skills development.

#### A. Economic and Financial

26. **Economic benefits.** The economic benefits of the project will be mainly derived from the increased workers' productivity and improved industry profitability. Direct economic benefits will flow from the increased numbers of skilled TVET graduates who find direct wage- or self-employment, and start businesses that may employ other workers. Indirect economic benefits occur from (i) an increase in the number of trained employed persons; (ii) incremental

<sup>25</sup> Employability indicates the number of graduates employed in their field within 90 days of graduation. The data will be gathered through tracer studies of graduates during project implementation.

productivity gains resulting from improved quality and efficiency of training, expressed in terms of the incremental income (premium on wages) of the graduates; and (iii) increased remittances owing to diversification of migration destinations and increased earnings for better-trained workers. The project economic internal rate of return is estimated at 14.48%.

27. **Financial sustainability.** The project is financially sustainable. With the new CBT curriculum, upgraded facilities, and trained teachers and masters, the capacity of project lyceums and ALCs to raise revenues will be significantly enhanced. Potential revenue sources include offering new CBT-certifiable short courses to the public, customized training programs for employees of partner industries, job contracts with industries, production and sale of products made by lyceums and ALCs, and rental of upgraded facilities. The government plans to increase TVET budget allocations nominally by 5% annually under the state program on TVET reforms for 2013–2020.

## **B. Governance**

28. The financial management assessment identified the main financial management risks as (i) low financial management capacity, (ii) a manual payment system, (iii) weak internal audit, (iv) lack of an integrated financial management information system, (v) no external audit, and (vi) lack of experience with ADB financial management requirements and disbursement procedures. MOLME's overall financial management risk prior to mitigation is high. An action plan is outlined to improve MOLME financial management by recruiting qualified and experienced accounting experts, providing training to finance staff, using accounting software to automate accounting and reporting, and hiring a qualified external auditor to audit the project financial statements.

29. MOLME has limited exposure to international procurement practice.<sup>26</sup> The national procurement law does not provide standard bidding documents or procurement guidelines. The project will support MOLME by recruiting international and national procurement experts to assist with bidding documents, bidding, bid evaluation, contract award and contract management, and extension of local language use in documents and advertising. Governance will be improved through close monitoring, enhanced financial management processes, improved internal audit, and external audit. ADB's Anticorruption Policy (1998, as amended to date) was explained to and discussed with the government and MOLME. The specific policy requirements and supplementary measures are described in the PAM.

## **C. Poverty and Social**

30. **Poverty.** About two-thirds of the labor force has low skill levels. The project will benefit low- and unskilled youth and adults who will obtain competitive technical qualifications, skills, and jobs from improved TVET training. The poor and vulnerable groups will be trained under the MRITP and linked directly to employment opportunities. Returning migrants, who are particularly vulnerable, will obtain skills certification and improve their job options at home and abroad. Improved accommodation in rehabilitated dormitories will improve access to TVET training for girls, women, and students from remote areas. The proposed infrastructure improvements will substantially improve learning environments and the quality of life of students and TVET staff.

31. **Gender.** The project is categorized as gender equity. It will increase girls' enrollment in nontraditional courses and completion of formal primary TVET, thus enhancing employment

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<sup>26</sup> Procurement Capacity Assessment (accessible from the list of linked documents in Appendix 2).

readiness. The gender action plan ensures that gender is mainstreamed in the improved TVET system.<sup>27</sup> The GEMP will demonstrate how temporary special measures in five lyceums can create an enabling environment for girls to be trained in nontraditional occupations, improving their job and income opportunities.

#### D. Safeguards

32. The project is classified category B for environment. A consolidated initial environmental examination and environmental management plan was prepared for rehabilitation of selected TVET institutions in accordance with ADB's Safeguard Policy Statement (2009). Potential negative environmental impacts include removal, handling, and disposal of old asbestos cement roofing, dust and solid waste, and occupational and community safety risks. Adequate mitigation measures will be implemented. Over 465 potentially affected persons were publicly consulted from December 2014 to March 2015. The initial environmental examination and the environmental management plan were disclosed on the ADB website on 31 March 2015.

33. The project is classified as category C for involuntary resettlement. The project activities will not require land acquisition or resettlement. Resettlement due diligence confirmed that there are no campus legacy issues. Classroom and dormitory rehabilitation will take place on existing campuses. If any additional land requirements or involuntary resettlement impacts are identified, a resettlement plan will be prepared in accordance with ADB's Safeguard Policy Statement and approved by ADB before any related civil works contract is awarded. The executing agency will submit semiannual monitoring reports to ADB for review and disclosure. The project is classified as category C for indigenous peoples. No project activities will adversely affect indigenous peoples.

#### E. Risks and Mitigating Measures

34. The overall risk is medium with mitigation measures. The integrated benefits and impacts are expected to outweigh the costs. Major risks and mitigating measures are summarized in Table 4 and are described in the risk assessment and risk management plan.<sup>28</sup>

**Table 4: Summary of Risks and Mitigating Measures**

<b>Risks</b>	<b>Mitigating Measures</b>
Industries (employers) are reluctant to participate in project activities	The project will support the organization, strengthening, and operation of 5 priority industry associations. The project steering committee and TVET National Coordination Council will support industry participation.
Teachers and masters resist change and implementation of the curriculum	Intensive training for teachers and masters, and an incentive and promotion program for those certified as competent by EPCD will help in adjustment.
Limited capacity of MOLME to manage procurement and contract administration	An international consultant will be hired to help with bid preparation, tendering, evaluation and contract award. The PAG and MOLME procurement staff will be trained in procurement and disbursement procedures.
Procurement delays may impact rehabilitation schedule	Close monitoring of each procurement stage and pre-bid meetings will be ensured. A procurement expert will be hired through advance action and retroactively financed. PAG will support MOLME in procurement.
Lack of competition for undertaking national works	Bids will be published in national newspapers of wide circulation. Bid documents for national competitive bidding will be translated into the

<sup>27</sup> Gender Action Plan (accessible from the list of linked documents in Appendix 2).

<sup>28</sup> Risk Assessment and Risk Management Plan (accessible from the list of linked documents in Appendix 2).

<b>Risks</b>	<b>Mitigating Measures</b>
contracts for rehabilitation	local language, and pre-bid meetings will be arranged with interested bidders
Low financial management capacity and no experience in implementing ADB-funded projects	Qualified, experienced financial management experts will be hired. Training programs on project financial management will be provided to MOLME staff. A project-specific manual will be developed and used.

EPCD = Engineering and Pedagogical College of Dushanbe, MOLME = Ministry of Labour, Migration and Employment, PAG = project administration group, TVET = technical and vocational education and training  
Source: Asian Development Bank.

#### **IV. ASSURANCES**

35. The government has assured ADB that implementation of the project will conform to all applicable ADB policies including those concerning anticorruption measures, safeguards, gender, procurement, consulting services, and disbursement as described in detail in the PAM and loan and grant documents. The government has agreed with ADB on certain covenants for the project, which are set forth in the financing and grant agreements.

#### **V. RECOMMENDATION**

36. I am satisfied that the proposed loan and grants would comply with the Articles of Agreement of the Asian Development Bank (ADB) and recommend that the Board approve

- (i) the loan in various currencies equivalent to SDR10,633,000 to the Republic of Tajikistan for the Strengthening Technical and Vocational Education and Training Project, from ADB's Special Funds resources with an interest charge at the rate of 1.0% per annum during the grace period and 1.5% per annum thereafter; for a term of 32 years, including a grace period of 8 years; and such other terms and conditions as are substantially in accordance with those set forth in the draft financing agreement presented to the Board;
- (ii) the grant not exceeding \$15,000,000 to the Republic of Tajikistan from ADB's Special Funds resources for the Strengthening Technical and Vocational Education and Training Project, on terms and conditions that are substantially in accordance with those set forth in the draft financing agreement presented to the Board; and
- (iii) the administration by ADB of the grant not exceeding the equivalent of \$2,000,000 to the Republic of Tajikistan for the Strengthening Technical and Vocational Education and Training Project, to be financed from the Clean Energy Fund under the Clean Energy Financing Partnership Facility on terms and conditions that are substantially in accordance with those set forth in the draft grant agreement presented to the Board.

Takehiko Nakao  
President

19 October 2015

## DESIGN AND MONITORING FRAMEWORK

<b>Impact the Project is Aligned with:</b>			
A national workforce with an increased proportion of skilled workers employed in Tajikistan (State Program for TVET Development to 2020). <sup>a</sup>			
<b>Results Chain</b>	<b>Performance Indicators with Targets and Baselines</b>	<b>Data Sources and Reporting Mechanisms</b>	<b>Risks</b>
<b>Outcome</b> A demand-driven, quality-assured, and flexible TVET system responsive to labor market needs	By 2021 a. Employer satisfaction rate with quality of graduates in selected TVET institutions increased by 10% (sex-disaggregated baselines will be determined at the start of the tracer study) b. CBT assessment and certification system operational (2015 baseline: no system) c. At least 50% (1,115) of the GEMP Program's beneficiaries received TVET certifications in nontraditional occupations (2015 baseline: 0)	a. Employer satisfaction surveys b. Project progress reports c. MOLME tracer studies and annual reports	Low social image of TVET limits interest of potential trainees
<b>Outputs</b> 1. TVET system methodology modernized	1.a Occupational standards and assessment tools for 17 selected occupations endorsed by industry working groups and approved by MOLME by 2018 (2015 baseline: no standards) 1.b CBT curriculum and gender-sensitive learning materials for 17 occupations endorsed by industry expert panels and approved by MOLME by 2019 (2015 baseline: no curriculum) 1.c Competency assessment and certification system applied on a pilot basis to graduates in selected occupations by 2019 (2015 baseline: no system)	1a-c. MOLME approvals, project progress reports	Lack of project coordination and engagement of key government agencies Industries (employers) are reluctant to participate in project activities
2. Physical learning facilities upgraded	2a. 96 workshops, 96 classrooms, and 7 dormitories rehabilitated with female-friendly facilities by 2018 (baseline: 0 in targeted sites) 2b. Equipment packages for 17 occupations provided in five skill areas by 2018 (2015 baseline: 0) 2c. Technologies and measures to improve energy efficiency installed in 15 workshops and 15 classrooms in selected TVET institutions by 2018 (2015 baseline: 0)	2a-c. MOLME annual reports, project progress reports	Limited capacity of MOLME to manage procurement and contract administration Prices escalate more than budgeted
3. Access to quality programs improved	3a. At least 90% of EPCD staff trained in CBT methodology by 2017 (2015 baseline: 0) 3b. At least 90% of TVET teachers and masters in selected occupations in selected	3a. MOLME teacher training reports 3b. Project progress	Technical capacity is insufficient to implement CBT

Results Chain	Performance Indicators with Targets and Baselines	Data Sources and Reporting Mechanisms	Risks
	<p>TVET institutions (females account for a minimum of 35% of teachers and 25% of masters) trained in CBT methodology by 2019 (2015 baseline: 0)</p> <p>3c. Enrolment of females in 12 CBT nontraditional courses in the five GEMP TVET institutions increased to 15% of total enrolment by 2020 (2015 baseline: 0)</p> <p>3d. Social marketing program's activities conducted in 29 districts by 2020 (2015 baseline: 0)</p> <p>3e. A total of 15,000 beneficiaries (at least 40% females) complete training under the MRITP by 2020 (2015 baseline: 0)</p> <p>3f. A total of 25,000 workers, most of whom are returning migrants, are technically assessed, with qualified migrants receiving skills certification, by 2020 (2015 baseline: 0)</p>	<p>reports</p> <p>3c-f. MOLME tracer studies</p>	
4. Governance and management strengthened	<p>4.a Industry advisory committees, with at least 20% female members, operational in selected TVET institutions by 2018</p> <p>4.b All directors and at least one senior staff member (includes all female senior management staff) of selected TVET institutions trained in modern educational management approaches by 2018</p> <p>4.c Annual labor market study by the Scientific Research Institute on Labour, Migration and Employment started by 2017</p> <p>4.d Project M&amp;E system with gender indicators established by 2016</p>	4a-d. MOLME reports	Inadequate staffing to manage and operate the selected TVET institutions

#### Key Activities with Milestones

##### 1. Technical and vocational education and training system methodology modernized

- 1.1 Establish five industry working groups to develop CBT standards by Q3 2016.
- 1.2 Review and adapt TVET qualification framework by Q4 2016.
- 1.3 Form industry expert panels recommended by the industry working group by Q3 2016.
- 1.4 Renovate facilities and install new equipment at CTMMEQ by Q4 2016.
- 1.5 Develop occupational standards for 17 occupations by Q1 2018.
- 1.6 Industry validates the developed occupational standards by Q1 2018.
- 1.7 Industry expert panels develop CBT curriculum and learning materials for 17 occupations by Q2 2017.
- 1.8 Train EPCD staff in implementation of CBT curriculum and learning materials by Q1 2018.
- 1.9 EPCD staff train teachers and masters to use CBT curriculum and learning materials by Q2 2018.
- 1.10 Train competency standards development and assessment facilitators by Q2 2018.
- 1.11 Start facilitator training of independent competency assessors from industries to conduct competency assessment by Q3 2018.
- 1.12 Establish a twinning partnership with a reputable foreign workforce development agency by Q3 2017.



**Key Activities with Milestones****2. Physical learning facilities upgraded**

- 2.1 Recruit international and national procurement consultants by Q1 2016.
- 2.2 Prepare, finalize and issue bidding documents for works and invite proposals by Q2 2016.
- 2.3 Evaluate proposals and award contracts by Q3 2016.
- 2.4 Start rehabilitation of selected TVET institutions by Q4 2016.
- 2.5 Prepare and issue bidding documents for furniture and equipment, and invite proposals by Q3 2016.
- 2.6 Evaluate and award contracts for furniture and equipment by Q1 2017
- 2.7 Delivery and install furniture and equipment by Q1 2018.
- 2.8 Complete rehabilitation and construction by Q1 2018.

**3. Access to quality programs improved**

- 3.1 Conduct baseline surveys for MRITP and GEMP by Q2 2016.
- 3.2 Prepare MRITP operations manual (policies, guidelines, and procedures) by Q3 2016.
- 3.3 Prepare training plan for MRITP and training packages for tender by Q4 2016.
- 3.4 Deliver training and monitor implementation progress starting Q1 2017.
- 3.5 Deliver capacity-building activities for EPCD by Q4 2017.
- 3.6 Prequalify training providers, request proposals, evaluate and award training contracts by Q3 2017.
- 3.7 Develop the EMP implementation plan and guidelines for the selection of beneficiaries by Q2 2017.
- 3.8 Train teachers and masters on CBT curriculum and learning materials by Q1 2019.
- 3.9 Conduct gender training and orientation sessions for curriculum developers, EPCD, industry working groups, industry associations, industry advisory committees, industry expert panels, teachers, masters, and school directors by Q1 2019.

**4. Governance and management strengthened**

- 4.1 Conduct sex-disaggregated baseline study by Q4 2016.
- 4.2 Develop guidelines and procedures for establishment of IACs by Q3 2017.
- 4.3 Upgrade MOLME's internal M&E system by Q4 2017.
- 4.4 Provide research equipment and conduct training for the SRILME by Q4 2017.
- 4.5 Train management and technical staff of 29 TVET institutions on modern management by Q1 2018.
- 4.6 Establish IACs and provide training to IACs on their roles and responsibilities by Q4 2018.
- 4.7 Run midterm evaluation study by Q4 2018.
- 4.8 Conduct sex-disaggregated tracer study by Q4 2020.

**Inputs**

Asian Development Bank (Asian Development Fund): \$30 million comprising \$15 million (grant) and \$15 million (loan)

Cofinancier: Clean Energy Fund under the Clean Energy Financing Partnership Facility: \$2 million (grant)

Government of Tajikistan: \$2 million

**Assumptions for Partner Financing: Not applicable**

CBT = competency-based training, CTMMEQ = Center for Training Methodology and Monitoring of Education Quality, EPCD = Engineering Pedagogical College in Dushanbe, GEMP = Gender Equity Model Program, IAC = industry advisory committee, M&E = monitoring and evaluation, MOLME = Ministry of Labour, Migration and Employment, MRITP = Market-Responsive and Inclusive Training Program, Q = quarter, SRILME = Scientific Research Institute on Labour, Migration and Employment, TVET = technical and vocational education and training.

<sup>a</sup> Government of Tajikistan. 2014. *State Program for TVET Development to 2020*. Dushanbe. Dushanbe.

<sup>b</sup> Financing partners: the governments of Australia, Norway, Spain, and Sweden.

Source: Asian Development Bank.

### **LIST OF LINKED DOCUMENTS**

<http://www.adb.org/Documents/RRPs/?id=46535-001-2>

1. Financing Agreement
2. Externally Financed Grant Agreement
3. Sector Assessment (Summary): Education
4. Project Administration Manual
5. Contribution to the ADB Results Framework
6. Development Coordination
7. Economic and Financial Analysis
8. Country Economic Indicators
9. Summary Poverty Reduction and Social Strategy
10. Gender Action Plan
11. Initial Environmental Examination
12. Risk Assessment and Risk Management Plan

#### **Supplementary Documents**

13. Procurement Capacity Assessment
14. Summary of Private Sector Participation in the Project Activities
15. Criteria and Procedures for Selection of the Technical and Vocational Education and Training Institutions for Project Assistance
16. Profile of the Project Technical and Vocational Education and Training Institutions