



Technical Assistance Report

Project Number: 49308
Program Preparatory Technical Assistance (PPTA)
April 2016

People's Republic of China: Guangxi Modern Technical and Vocational Education and Training Development Program

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Asian Development Bank

PROGRAM PREPARATORY TECHNICAL ASSISTANCE

A. Justification

1. The program preparatory technical assistance (TA) is required to prepare a results-based lending (RBL) program, for possible funding by the Asian Development Bank (ADB), to support the development of technical and vocational education and training (TVET) in Guangxi, People's Republic of China (PRC). Program components are likely to include a modernization of the schooling environment, quality improvement of TVET standards and teaching, strengthening of school-enterprise partnerships, expansion of regional cooperation initiatives, as well as strengthening of TVET system management capacity. The program will also have a strong poverty reduction focus, emphasizing the development of skills likely to improve rural incomes, particularly in the agriculture sector. The TA will be conducted in two phases.

2. The first phase, which will begin in April/May 2016, will focus on initial program design and capacity building of the Guangxi Zhuang Autonomous Region Government (GZARG) to use RBL and implement TVET reforms, including study visits to other provinces and to another country in the region. Individual consultants and resource persons will be engaged.

3. The second phase, which will be undertaken between October 2016 and April 2017, will focus on the assessments and finalizing the design. ADB will select and engage an international firm for phase 2 based on the quality of the proposal (80%) and the cost (20%) of the services to be provided using a quality- and cost-based selection (QCBS) method and using the simplified technical proposal procedure.

B. Major Outputs and Activities

4. Phase 1 outputs will be conducted by individual consultants to undertake **program design and management**. The consultants (one international, 4 person-months; one national, 5 intermittent person-months and resource persons as needed) will be responsible for the development of a design and monitoring framework, and results and links with disbursements, including a disbursement linked-indicator (DLI) matrix. They will conduct detailed consultations involving stakeholders from the GZARG, representatives of public services sectors, and TVET schools on the problem tree analysis and the proposed results framework. The consultants will discuss and reach preliminary agreement with senior GZARG officials and the executing agency on the (a) program impact, outcome, outputs, components, and activities; (b) preliminary program expenditure analysis; and (c) problem tree and results chain, with proposed DLI matrix. They will also (a) conduct a stakeholder analysis; (b) assess the program implementation arrangements with input from the TVET sector strategy expert; (c) prepare a program monitoring and evaluation plan linked to verification of the DLIs and any program actions; (d) prepare an integrated risk assessment based on the findings of the various fiduciary, safeguards, and technical assessments; and (e) prepare a program action plan to support the capacity building and risk mitigation. The consultants will also oversee and coordinate the overall TA outputs to ensure that all the assessments are undertaken in accordance with ADB requirements for RBL. They will review the technical design of the RBL program to assess program soundness and expenditure, and financing assessment to ensure that the initial program design is technically sound and meets all relevant standards for ADB financing under the RBL modality, and they will coordinate with the firm for preparing the interim and final reports. The consultants will each have preferably at least 15 years of experience in project management and a graduate degree in project management, engineering, finance or economics. Both consultants are expected to have managed projects financed by multilateral

institutions in the PRC. The consultants should ideally have experience in leading ADB-financed TA.

5. Phase 2 outputs will be conducted by a consulting firm that will report to the ADB program team through an assigned team leader, and will deliver the following outputs:

- (i) **Program soundness assessment** that will include an assessment of the TVET sector strategy, and its relevance and rationale. The consultants (two international, 2 person-months (total); one national, 4 person-months; and resource persons as needed) will conduct a comprehensive review of TVET in support of social and economic development in Guangxi Zhuang in the context of the 13th Five-Year Plan. A comprehensive review of multilevel TVET provision in the province will be conducted by the national consultant. This will include an examination of (a) supply of and access to TVET; (b) demand analysis to determine student demand for TVET; (c) existing skills standards, curriculum, training materials, and assessment methods; (d) TVET teacher qualifications, training, and management systems; (e) existing and potential forms of industry partnerships in TVET; (f) frameworks for developing pathways for integration of TVET and academic track; (g) incentives and other interventions to promote access to TVET; and (h) existing systems and methods for labor market analyses for multilevel TVET provision. The sector analysis will include a review of reports, studies, and policy papers prepared by the PRC provincial and municipal governments, and international development agencies. The national consultant will also identify relevant provinces in the PRC (e.g., Chongqing, Guangdong, Guizhou, and Hunan) for the GZARG to learn from other models of TVET reform and demonstration. A study tour in another developing member country of the ADB might be organized as well in close collaboration with the ADB project team. The international consultant will assess the economic rationale of the program and prepare a report on the RBL program's effectiveness, efficiency and economy, and sustainability. Considering the review and international best practices, the consultants will assess the program rationale, the soundness, and justification of the program and make recommendations for the design of the RBL, and produce the draft program soundness assessment. Based on this review and analysis, and in accordance with ADB guidelines and templates, the consultant will prepare a brief report on Guangxi Zhuang's TVET sector, which will form part of a linked document for the report and recommendation of the President. The national consultant will have at least 10 years' experience in the TVET sector in the PRC, and have an advanced degree in education. The international consultant will have at least 10 years' experience, with familiarity of TVET reforms in several countries, and a master's degree.
- (ii) **Program expenditure framework and financing plan.** The firm will undertake an assessment of the effectiveness, efficiency, and adequacy of the program expenditure framework and the adequacy and sustainability of the financing plan for the TVET sector. The consultant will assist the GZARG to develop a robust expenditure framework. The consultant will review whether or not the expenditure framework is realistic in revenues and proposed spending coverage; clearly defined in the budget classification system; and has information on key expenditure composition by subsector and classifications of operating capital and types of activities, etc. The consultant will also assess the GZARG's annual planning and budgeting system and its medium-term fiscal projections to

determine the adequacy (and predictability) of financing for TVET. The assessment will be undertaken by experts fully familiar with government expenditure and budgeting processes, and has at least 10 years' experience in project finance and sector budget analysis, and a graduate degree in finance or related field.

- (iii) **Fiduciary systems assessment.** An assessment of the financial management, procurement, and anticorruption systems governing the program will be conducted. The assessment will include reviews of the applicable rules and procedures; capacity of the relevant agencies, and their performance and practice in the ongoing program; and gaps in the systems, and capacities for each of the three aspects of the fiduciary system. The firm will prepare reports and combine them into an integrated risk assessment. The financial management assessment will include a review of the internal controls, funds flow, accounting and financial reporting, and independent audit systems. Any gaps and risks will also be identified with recommended actions. Procurement assessment will be guided by the sound procurement principles of competition, economy and efficiency, transparency, and fairness, and will include (a) procurement profile of the program; (b) assessment of the regulations, rules, procedures, and arrangements; (c) organizational capacity and arrangements at the implementing agency level; and (d) identification of any gaps and risks along with recommendations for an improved action plan. The fiduciary assessment will assess the following procurement aspects: (a) arrangements for procurement planning and budgeting; (b) accessibility of procurement rules and information to the general public; (c) capacity to handle procurement, and contract management and administration; (d) adequacy of oversight and control systems; and (e) adequacy of complaint-handling mechanisms. The procurement review for effective implementation and procurement capacity assessment tool kits can be used as guides to develop the assessment tool. The anticorruption system assessment will cover the fraud and corruption risk, as well as the anticorruption systems that exist to address risks in the TVET sector in the GZARG.
- (iv) **Program safeguard systems assessment.**¹ A team of social safeguards, social development, and environment consultants will undertake a program safeguard systems assessment (PSSA), based on the initial program screening and categorization of environment, involuntary resettlement, and indigenous peoples safeguards. The PSSA will be prepared on the basis of an environmental systems assessment, a resettlement due diligence report, and a poverty and social/gender analysis. A poverty, social, and gender analysis of the program will be conducted to highlight the positive and negative impacts and required actions to strengthen equity issues relating to poor rural communities. Due diligence will also be conducted on potential legacy issues for involuntary resettlement. The program's initial screening has categorized the RBL program as B for environment, A for involuntary resettlement, and B for indigenous peoples safeguards. A PSSA will be conducted focusing on environment, involuntary resettlement and indigenous peoples to confirm these categorizations and to define program activities to assess the safeguard systems and capacities, and to identify any mitigating or monitoring actions to guide implementation of the

¹ ADB. 2013. *Staff Guidance for Piloting Results-Based Lending for Program*. Manila (Appendix 6: Program Safeguards System Assessment—Indicative Outline Executive Summary).

program. The PSSA will do an equivalence and adequacy assessment of the program's safeguards system, including applicable and relevant laws and procedures for managing and mitigating the safeguard impacts; and the program's capacity to adhere to the safeguards system; and define an action plan to mitigate any significant gaps between ADB's Safeguard Policy Statement (SPS) principles and program safeguard system including necessary procedures in accordance with SPS principles (refer to Appendix 6 of staff guidance of RBL).

- (v) **Detailed skills gap and labor market analysis.** The firm will also undertake a baseline survey and analysis of the current and projected demand for and supply of skills in the GZARG. This survey will be conducted in conjunction with a baseline survey for an impact evaluation study. The questionnaire will be developed in close consultation with the ADB program team and the data collected through the survey submitted to ADB. The baseline survey will collect data on individual students and graduates. It will include traditional sociodemographic data (e.g., gender, family background) and schooling information (e.g., educational attainment, fields of study). In addition, the survey will gather information on students' learning experience, such as exposure to practical training (e.g., on-the-job training, school-industry partnerships) and international/regional experience (e.g., participation in a student exchange program). It will also look into how students decide to attend a particular school and training program. This will help to better understand incentives and barriers to participate in TVET. The survey will include questions on labor market outcomes as well, such as employment (including wage and self-employment), earnings, whether or not graduates' occupations are related to their field of study and whether or not they have access to good quality jobs (e.g. full-time employment, access to on-the-job training). Building on surveys such as the Programme for the International Assessment of Adult Competencies (PIAAC) and the STEP Skills Measurement Program, the survey will also explore the possibility of assessing respondents' skills to measure learning outcomes. This survey will include a labor market analysis in the priority sectors for GZARG. This will provide valuable information to update the sector assessment, inform the design of the program, and establish a baseline for assessing the impact of specific features of the reform.
- (vi) **Regional cooperation in TVET study.** A study on the existing and potential TVET collaboration between Guangxi institutions and ASEAN (and possibly Pacific) TVET institutions will be conducted. The purpose of the study is to identify the potential impacts of such programs on promoting meaningful regional cooperation, including for enhanced trade, investment, and employment opportunities. How such programs benefit ASEAN countries will also be reviewed. The study will also explore compatible skills standards, training curriculum labor market information, and especially how the program can coordinate with and support ASEAN in implementation of the Mutual Recognition Arrangements for eight professional occupations.

6. The major outputs and activities are summarized in Table A3.1.

Table A3.1: Summary of Major Outputs and Activities

Major Activities	Expected Completion Date	Major Outputs	Expected Completion Date
Program design and management (individuals)	Feb 2017	Draft Design and monitoring framework	Oct 2016
		Draft Disbursement-linked indicator matrix	Dec 2016
		Stakeholder analysis	Sep 2016
		Program implementation arrangements	Oct 2016
		Monitoring and evaluation plan	Sep 2016
		Integrated risk assessment	Oct 2016
		Program action plan	Dec 2016
		Final report	Feb 2017
Program soundness assessment	Dec 2016	TVET sector assessment and analysis report	Oct 2016
		Assessment of economic rationale	Oct 2016
		Full report	Dec 2016
Capacity building on TVET Reforms	Sep–Oct 2016	Study visits	Oct 2016
Program expenditure framework and financing plan	Dec 2016	Final report and ongoing support for program design	Jan 2017
Fiduciary systems assessment	Dec 2016	Review of provincial TVET expenditure framework, annual budgeting system, and fiscal projections	
		Assessment of financial management, procurement, and anticorruption systems	Nov 2016
PSSA	Dec 2016	Report for integrated risks	
		Ethnic minority assessment	Nov 2016
		Environment assessment	Nov 2016
		Resettlement due diligence	Nov 2016
Poverty, social, and gender	Dec 2016	PSSA report and gender action plan	Nov 2016
		Inputs to program action plan	
Skills gap and labor market analysis	Dec 2016	Survey on demand and supply of skills	Oct–Dec 2016
		Analysis and final report submission	Jan 2017
		Submission of the data collected through the survey	
Regional cooperation study	Dec 2016		

PSSA = program safeguard systems assessment, TVET = technical and vocational education and training.
Source: Asian Development Bank estimates.

C. Cost Estimate and Financing Plan

7. The TA is estimated to cost \$550,000 equivalent, of which \$500,000 equivalent will be financed on a grant basis by ADB's Technical Assistance Special Fund (TASF-other sources). The government is expected to provide approximately \$50,000 in-kind support to the TA in the form of counterpart staff, office accommodation, administrative assistance, domestic travel for field visits and workshops, and other in-kind contributions. The detailed cost estimate is presented in Table A3.2.

Table A3.2: Cost Estimates and Financing Plan
(\$'000)

Item	Total Cost
Asian Development Bank^a	
1. Individual consultants	
a. Remuneration and per diem	
i. Individual international consultants (4 person-months)	52.0
ii. Individual national consultants (5 person-months)	40.0
b. International and local travel	35.0
c. Resource persons	5.0
2. Consulting Firm ^b	300.0
3. Workshops, training, seminars, and conferences ^c	42.0

Item	Total Cost
4. Miscellaneous administration and support costs ^d	10.0
5. Contingencies	16.0
Total	500.0

^a Financed by the Asian Development Bank's Technical Assistance Special Fund (TASF-other sources).

^b Includes remuneration; preparation and submission of all assessments, studies, surveys, documentation, translation; equipment; office communications; printing and binding of reports; translation of inception, interim, draft final, and final reports and documents into Chinese; and contingencies.

^c Includes secretarial, translation, and other logistical support. Travel costs of ADB staff to act as resource person or facilitator for workshops may be supported.

^d Representation costs may be included with prior approval of ADB.

Source: Asian Development Bank estimates.

D. Consulting Services

8. The consulting services will be engaged by ADB, in accordance with ADB's Guidelines on the Use of Consultants (2013, as amended from time to time) to ensure immediate mobilization and facilitate program scoping. Individual consultants will be engaged to conduct phase 1 activities. ADB will select and engage an international firm for phase 2. The consulting firm will be selected using QCBS with cost and quality ratio of 80:20 and simplified technical proposal procedure. As an output-based approach, this method will be used to deliver the clearly defined outputs such as assessments and studies.

E. Implementation Arrangements

9. The TA will be implemented from April 2016 to April 2017. The Guangxi Education Department will serve as the executing agency for the TA. A steering committee comprised of Provincial Finance Department, Provincial Development and Reform Commission, Education Department, and other relevant departments will provide overall guidance to the TA. The Guangxi Education Department will provide qualified counterpart staff, adequate office accommodation, and support for the consultants. Disbursements will be undertaken in accordance with ADB's *Technical Assistance Disbursement Handbook* (2010, as amended from time to time). The government was advised that the approval of the TA does not commit ADB to financing any ensuing loan.

10. The proposed TA processing and implementation schedule is listed in Table A3.3.

Table A3.3: Technical Assistance Processing and Implementation Schedule

Major Milestones	Expected Completion Date
Program preparatory technical assistance approval/concept clearance	April 2016
Contract negotiations	April 2016 (individual); August (firm)
Mobilization	April 2016 (individual); September/October (firm)
Submit inception report	After 2 months
Submit interim report	After 4 months
Submit draft final report	January 2017 (individual); March 2017 (firm)
Submit final report	Within 2 weeks of receiving comments on the draft final report from authorities and Asian Development Bank
Physical completion	April 2017
Financial closure	July 2017

Source: Asian Development Bank.