



Kyrgyz Republic: Skills for Inclusive Growth Sector Development Program

Project Name	Skills for Inclusive Growth Sector Development Program	
Project Number	50024-002	
Country	Kyrgyz Republic	
Project Status	Approved	
Project Type / Modality of Assistance	Grant	
Source of Funding / Amount	Grant: Skills for Inclusive Growth Sector Development Program	
	concessional ordinary capital resources lending / Asian Development Fund	US\$ 18.00 million
	concessional ordinary capital resources lending / Asian Development Fund	US\$ 12.00 million
Strategic Agendas	Inclusive economic growth	
Drivers of Change	Governance and capacity development Knowledge solutions Partnerships	
Sector / Subsector	Education - Technical and vocational education and training	
Gender Equity and Mainstreaming	Gender equity	
Description	The program is aligned with the following impact: government strategies to achieve inclusive growth through improved workforce skills and productivity in the country's key economic sectors, specifically the National Sustainable Development Strategy, 2013 2017; Education Development Strategy, 2012 2020; and the new Regional Policy of the Kyrgyz Republic 2018 2022. The program will have the following outcome: an established market-responsive, entrepreneurial, and inclusive TVET system. The program includes three outputs: (i) TVET governance and finance strengthened, (ii) teaching quality and learning environments improved, and (iii) cooperation with industry increased and entrepreneurship skills developed.	

COUNTRY DEVELOPMENT STRATEGY AND CONSTRAINTS: The Kyrgyz Republic is one of the poorest economies in Central Asia. The country had a per capita gross domestic product (GDP) of \$1,133 in 2015, and an estimated 32% of the population lives below the poverty line. A diagnostic study financed by the Asian Development Bank (ADB) has identified a shortage of skilled labor as one of the four major binding constraints to inclusive economic growth. The National Sustainable Development Strategy 2013-2017, and the upcoming strategy being prepared by the Government of the Kyrgyz Republic, place a high importance on skills development as an integral part of economic development. Economic development in the Kyrgyz Republic has been concentrated in Bishkek and surrounding areas, with fewer economic growth opportunities in other regions. The government's new regional policy addresses regional disparities by promoting region-specific development paths; it stresses the importance of effectively developing and using human resources to meet each region's economic priorities, and seeks to achieve this by modernizing professional education and developing applied qualifications. The national education strategy, acknowledges that the TVET system does not meet the requirements for adequate skills training. The long-term strategy for education under preparation by the Ministry of Education and Science (MOES) will address this shortfall and pursue comprehensive TVET reform, and its alignment with key national and regional economic priorities.

CHALLENGES FACING SKILLS DEVELOPMENT: Government education spending equaled 5.6% of GDP in 2015, is projected to be 5.7% in 2017, and to remain at about 5.3% for 2017-2019, above the Organisation for Economic Co-operation and Development (OECD) average of 5.2%. Since 2000, the average expenditure on education as a percentage of total government expenditure has remained considerably above the OECD average of 11.3%, and is projected to be 18.6% for 2017. In 2015-2017, total expenditure on education grew by 16%, while the growth rate of expenditure on TVET was only 10%. Challenges remain in improving the quality and relevance of skills in response to labor market demand. Inadequate education of the workforce was cited as a major constraint to business development by 33% of the country's firms, well above the regional average of 22%. The proportion of the workforce that is skilled (currently about 20%) should increase, with skills that better meet needs in key economic sectors. For example, while most construction activity is in Chui oblast, the oblast has no TVET programs to train construction workers or technicians. In addition, labor force participation by women (currently at 53%) must be increased to make economic growth more inclusive.

FRAGMENTED TVET SYSTEM: In the Kyrgyz Republic, lyceums provide primary TVET to develop skilled workers, while colleges provide secondary TVET to develop middle-level specialists. Students who wish to enter primary or secondary TVET must complete grade 9. There are no pathways for students between these two levels thus secondary TVET does not follow on from primary TVET. About one-third of colleges providing secondary TVET are affiliated with higher education institutions. When entering higher education, graduates of these colleges are given credit for their previous education.

LIMITED YOUTH PARTICIPATION AND EMPLOYABILITY: A recent national study indicates (i) TVET participation rates are very low (just 10.6% of youth aged 15-24 are in TVET, 2.3% in primary TVET and 8.3% in secondary TVET); (ii) a large proportion of youth (27.9%) are not in education, employment, or training, and in some regions this proportion exceeds 30%; (iii) among school graduates (grades 9, 10, and 11), 27.9% enroll in TVET, while 21% enter higher education, and over 51% enter the labor market or join the pool of those who are not in education, employment, or training, and lack any skills training. The skills profile of TVET graduates does not correspond to regional economic priorities. On average, the skills profile of graduates differs from the sectoral profile of the regional labor forces by 75%.

INSUFFICIENT QUALITY AND OPTIONS FOR TRAINING: Only a fraction of the many skilled occupations (434) and specializations (243) are taught; the lack of diversity in training programs makes TVET less attractive and skews the gender distribution, with mostly male TVET students in lyceums, and female TVET students in colleges. While secondary TVET college enrollments have increased significantly, teaching in colleges remains highly theoretical, and does not adequately equip youth with the practical skills they need in the labor market. Many new teachers lack pre-service training, and in-service training opportunities for existing teachers are limited. These weaknesses are reinforced by a shortage of sophisticated training materials and equipment.

ADB SUPPORT: ADB has been a key development partner of MOES since 1997 with three completed projects, including two TVET projects: one that ended in 2012 and a current project that will end in 2018. ADB has also provided support to skills training through a component in Investment Climate Improvement Program of the Ministry of Economy.

The two TVET projects have for the most part supported primary TVET, covering about 75% of primary TVET lyceums in the country. The projects have focused on improving quality, facilities and equipment, and skills development leading to immediate employment. They have helped to introduce key elements of a labor-market focused TVET system, including

(i) development of occupational standards through sector skills councils, (ii) competency-based training, (iii) teachers' in-service training, and (iv) an innovative skills development fund that helps the private sector purchase skills training. While this assistance has improved primary TVET performance, the conventional project modality has not supported the comprehensive reforms particularly creation of an enabling policy environment required if TVET is to meet the country's evolving labor market needs.

SECTOR DEVELOPMENT PROGRAM APPROACH: The proposed new program will help the government take key reform steps to create a more coherent TVET policy and system, which is necessary to improve the quality, relevance, and efficiency of skills development corresponding with the country's national and regional economic priorities. A sector development program modality is proposed to help (i) MOES develop an enabling policy environment for comprehensive TVET reform, and (ii) finance the cost of and implement the reforms. The program will build on achievements, and represents a logical progression in ADB support by institutionalizing the skills development fund, providing more extensive support to secondary TVET, fostering closer collaboration between TVET and employers, and introducing entrepreneurship education. ADB will also support the restructuring of the TVET system, including the potential merger of primary and secondary TVET into a system that can respond more effectively to labor market priorities and provide effective skills pathways for students. To achieve this, pilots of innovative centers of excellence (COEs) will be supported to (i) link skills training with regional priorities in the country; (ii) align curricula and create student pathways between primary and secondary TVET; (iii) ensure close collaboration with industry; and (iv) provide entrepreneurship development modules to help students pursue self-employment, and help leaders of TVET institutes adopt entrepreneurial activities that can increase institutional revenues. The program design reflects lessons from prior projects, including the need for enabling policy reform, and reducing implementation delays. The program is integral to the ADB country partnership strategy, 2013-2017 for the Kyrgyz Republic; both it and the new strategy under preparation are closely aligned with national priorities, including an increasing emphasis on skills development. The comprehensive reform to be supported by the new ADB-financed program will also serve as a framework for MOES to improve donor coordination.

Impact	Government's strategies to achieve inclusive growth through improved workforce skills and productivity in the country's key economic sectors
--------	--

Project Outcome

Description of Outcome	A market-responsive, entrepreneurial, and inclusive TVET system established
------------------------	---

Progress Toward Outcome

Implementation Progress

Description of Project Outputs	TVET governance and finance strengthened Teaching quality and learning environments improved Cooperation with industry increased and entrepreneurship skills developed
--------------------------------	--

Status of Implementation Progress (Outputs, Activities, and Issues)

Geographical Location	Nation-wide
-----------------------	-------------

Safeguard Categories

Environment	C
Involuntary Resettlement	C
Indigenous Peoples	C

Summary of Environmental and Social Aspects

Environmental Aspects	Due diligence will be required for the classrooms rehabilitation works. This can be submitted through the Environmental Screening and Management Checklist.
Involuntary Resettlement	There will be no resettlement impacts. All civil works will be limited to government-owned sites, with no informal settlers or issues of rightful land ownership.
Indigenous Peoples	The education reforms will generally benefit all students, including those from ethnic minority groups. Consultations with ethnic minorities were carried out and results of consultations indicate that they support the proposed program interventions. The project will support the government to ensure that school boards of trustees will reflect the communities they serve.

Stakeholder Communication, Participation, and Consultation

During Project Design	Ministry of Education and Science, Agency for Vocational Schools have been consulted. there was an inception workshop held participated by all stakeholders of the project.
During Project Implementation	In compliance with the minimum requirements of ADB's Public Communications Policy (2011), PIU and MOES will be responsible for: (i) designating a focal point for regular contact with people affected by the program and other stakeholders; (ii) identifying mechanisms for feedback during design and implementation; (iii) identifying details of types of information to be disclosed, and mechanisms for public notice including language and timing; and (iv) implementing and monitoring disclosure and dissemination.

Business Opportunities

Consulting Services	All individual consultants and firms will be recruited in accordance with ADB's Guidelines on the Use of Consultants (2013, as amended from time to time). The terms of reference for all consulting services are detailed in Section D. An estimated 420 person-months (86 international and 334 national) of consulting services will be required to: (i) facilitate project management and implementation, and (ii) strengthen the institutional and operational capacity of the executing agency. The international project implementation firm will be engaged using the quality- and cost-based selection (QCBS) method with a standard quality cost ratio of 90:10. Full technical proposal will be used for hiring the firm. Individual consultants will be recruited using individual consultant selection method. Consultant's qualification selection (CQS) for hiring an entrepreneurship firm with an estimated contract value of \$250,000. The least cost selection (LCS) will be used for the engagement of an audit firm with a contract amount of less than \$100,000.
---------------------	--

Procurement 48. The project will provide workshop equipment, tools and instruments for conducting training programs in selected occupations, teaching equipment using computers, printing and reproduction equipment for teaching materials, workshop and dormitory furniture, along with civil works for the rehabilitation of 5 Center of Excellence including heating and sanitary facilities.

(i) International competitive bidding (ICB) procedures will be used for the procurement of specialized workshop equipment, tools and instruments for priority occupations and other related goods with each contract estimated to cost \$1,000,000 and above.

(ii) (National competitive bidding (NCB) will be undertaken for civil works below \$3 million and supply and goods contracts estimated to cost less than ICB threshold values, but more than \$100,000 for goods and works. The NCB contracts will involve rehabilitation of 5 Center of Excellence including existing workshops, classrooms, dormitories, heating and sanitary facilities and procurement of furniture for dormitories and classrooms.

(iii) Before the start of any procurement, ADB and the government will review the public procurement laws of the central and state governments to ensure consistency with ADB's Procurement Guidelines (2015, as amended from time to time) in the conduct of NCB.

(iv) (Shopping will be used for procurement of off-the-shelf tools, equipment and minor civil works of small value worth \$99,999 and less. Shopping is a procurement method based on comparing price quotations from several suppliers with a minimum of three to assure competitive prices. Requests for quotations shall indicate the description and quantity of the goods or specifications of works, as well as desired delivery (or completion) time and place. The evaluation of quotations shall follow the same principles as of open bidding. The terms of the accepted offer shall be incorporated in a purchase order or brief contract.

Responsible ADB Officer	Sarvi, Jouko
Responsible ADB Department	Central and West Asia Department
Responsible ADB Division	CWSS
Executing Agencies	<i>Ministry of Education and Science 257 Tynystanov str., 720040, Bishkek, Kyrgyz Republic</i>

Timetable

Concept Clearance	22 Oct 2016
Fact Finding	10 Jul 2017 to 21 Jul 2017
MRM	04 Sep 2017
Approval	20 Nov 2017
Last Review Mission	-
Last PDS Update	29 Sep 2017

Project Page	https://www.adb.org/projects/50024-002/main
Request for Information	http://www.adb.org/forms/request-information-form?subject=50024-002
Date Generated	22 November 2017

ADB provides the information contained in this project data sheet (PDS) solely as a resource for its users without any form of assurance. Whilst ADB tries to provide high quality content, the information are provided "as is" without warranty of any kind, either express or implied, including without limitation warranties of merchantability, fitness for a particular purpose, and non-infringement. ADB specifically does not make any warranties or representations as to the accuracy or completeness of any such information.