



Technical Assistance Report

Project Number: 50394
Transaction Technical Assistance (TRTA)
November 2017

Kingdom of Cambodia: Skills for Competitiveness Project

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Asian Development Bank

CURRENCY EQUIVALENTS

(as of 19 October 2017)

Currency unit	–	Riel (KR)
KR1.00	=	\$0.00025
\$1.00	=	KR4052.19

ABBREVIATIONS

ADB	–	Asian Development Bank
DGTVET	–	Directorate General for Technical and Vocational Education and Training
MEF	–	Ministry of Economy and Finance
MLVT	–	Ministry of Labor and Vocational Training
MOEYS	–	Ministry of Education, Youth and Sports
TRTA	–	transaction technical assistance
TTI	–	technical training institute
TVET	–	technical and vocational education and training

NOTES

- (i) The fiscal year (FY) of the Government of Cambodia ends on 31 December.
- (ii) In this report, "\$" refers to United States dollars.

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TRANSACTION TECHNICAL ASSISTANCE AT A GLANCE

1. Basic Data		Project Number: 50394-001	
Project Name	Skills for Competitiveness Project	Department /Division	SERD/SEHS
Nature of Activity	Project Preparation	Executing Agency	Ministry of Labor and Vocational Training
Modality	Regular		
Country	Cambodia		
2. Sector		Subsector(s)	
✓ Education	Technical and vocational education and training		ADB Financing (\$ million)
		Total	1.20
3. Strategic Agenda		Subcomponents	
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 Information
		Climate Change impact on the Project	Low
4. Drivers of Change		Components	
Governance and capacity development (GCD)	Institutional development Organizational development		Gender Equity and Mainstreaming
		Gender equity (GEN)	✓
5. Poverty and SDG Targeting		Location Impact	
Geographic Targeting	No	Nation-wide	High
Household Targeting	No		
SDG Targeting	Yes		
SDG Goals	SDG4, SDG8		
6. Risk Categorization		Low	
7. Safeguard Categorization		Safeguard Policy Statement does not apply	
8. Financing			
Modality and Sources		Amount (\$ million)	
ADB		1.20	
Transaction technical assistance: Technical Assistance Special Fund		1.20	
Cofinancing		0.00	
None		0.00	
Counterpart		0.00	
None		0.00	
Total		1.20	

I. THE ENSUING PROJECT

1. The proposed Skills for Competitiveness Project will enhance the skills and competitiveness of Cambodia's industrial sector labor force. Industry has been and will continue to be a key driver of the country's growth. The project will support the national priority of modernizing and transforming Cambodia's industrial structure from labor-intensive to skills-driven by 2025. It will develop human resources in higher value-added industries by (i) strengthening selected public post-secondary technical training institutes (TTIs) in priority sectors and locations; (ii) promoting work-based learning programs to upskill the current workforce; and (iii) supporting the government's planned skills development fund. Education is one of the core sectors of the Asian Development Bank (ADB) in Cambodia¹ and the project is closely aligned with the government's development priorities.² The project cost is estimated at \$60.6 million, of which ADB will finance \$60 million through concessional ordinary capital resources. Both the ensuing loan and the transaction technical assistance (TA) are included in the Cambodia Country Operations Business Plan 2018–2020 (footnote 1).

II. THE TECHNICAL ASSISTANCE

A. Justification

2. The TA will help the government prepare an investment project.³ The TA will review Technical and Vocational Education and Training (TVET) policies, systems, performance, and constraints in Cambodia's industrial sector to identify areas for ADB support to public post-secondary skills development in growing sub-sectors. ADB's ongoing support for TVET policy reforms⁴ focuses on improving quality and expanding access to entry-level skills programs in line with Cambodia's TVET Strategic Plan 2014–2018.⁵ The TA will develop the ensuing project in accordance with the priorities outlined in Cambodia's Industrial Development Policy 2015–2025⁶ and the new National TVET Policy 2017–2025. After loan approval, the TA will provide continued technical support to the skills development fund pilot.

B. Outputs and Activities

3. The TA activities will contribute to three outputs: (i) determining the scope and coverage of the proposed project, (ii) completing the due diligence requirements, and (iii) preparing project implementation arrangements. The TA will be implemented alongside a proposed knowledge and support technical assistance (KSTA) for piloting employment strategies, closely coordinating to ensure synergy and avoid duplication.

4. **Output 1: Scope and coverage of the proposed project determined.** The proposed project aims to improve the quality of selected TTIs. To choose those that will participate in the project, the TA will review selected TTIs and analyze ongoing programs, curriculum, teacher quality, links with industry, and students' level of knowledge and skills. The TA will undertake an industrial sector labor market analysis and propose new TVET programs for selected institutes to be financed by the loan. The TA will assess the need for new construction or expansion of existing

¹ ADB. 2017. *Country Operations Business Plan: Cambodia 2018–2020*. Manila.

² Royal Government of Cambodia. 2013. *National Strategic Development Plan 2014–2018*. Phnom Penh.

³ The TA first appeared in the business opportunities section of the ADB website on 24 October 2017.

⁴ ADB. 2014. *Report and Recommendation of the President to the Board of Directors: Proposed loans to the Kingdom of Cambodia for the Technical and Vocational Education and Training Sector Development Program*. Manila.

⁵ Royal Government of Cambodia. 2014. *The Technical and Vocational Education and Training Strategic Plan 2014–2018*. Phnom Penh.

⁶ Royal Government of Cambodia. 2015. *Cambodia Industrial Development Plan 2015–2025*. Phnom Penh.

facilities of the participating institutes. It will also assess the equipment needs for the new programs.

5. To promote work-based learning in the industrial sector, the TA consultants will conduct surveys to identify the work-based learning needs of workers who are interested to update their technical and vocational skills by taking short courses offered by technical training institutes. The TA will collect basic data to inform work-based learning program development in several sectors under the ensuing loan project, with the participation of skills councils. Once the partners are identified, the project will help develop a tailored program in which employees can participate. The TA will also identify what type of noncognitive and basic skills training current low-skilled workers need. The TA will prepare the basic design of feasible work-based learning programs to be financed by the loan, with a draft implementation plan.

6. To support innovative TVET financing mechanisms the TA will closely review the Ministry of Economy and Finance (MEF) skills development fund pilot proposal and help develop a detailed implementation plan and governance structures. The TA will consult with the private sector—particularly firms in special economic zones and industrial parks—to identify the major constraints to Cambodia’s participation in regional and global value chains and ascertain how support for industrial human resource development under the loan can address these. The TA will recommend sector studies to be financed under the loan on value chains, industry diversification, and Cambodia’s current and future labor market needs.

7. **Output 2: Due diligence requirements completed.** To support loan preparation, the TA will deliver (i) economic and financial analysis of the proposed loan; (ii) poverty, gender mainstreaming, and safeguard assessments including preparation of safeguard documents required for the project to comply with ADB safeguard requirements (environment, resettlement, and indigenous people); (iii) procurement risk assessment, (iv) detailed design and monitoring framework targets and baseline values; and (v) analysis for other required linked documents as needed.

8. **Output 3: Project implementation arrangements prepared.** TA consultants will provide technical support to the project management unit to improve readiness for project implementation, coordinating closely with other ADB-financed capacity development initiatives involving MLVT (in public financial management and project implementation, both managed by ADB’s Cambodia Resident Mission). The TA will prepare (i) a detailed civil works plan and list of equipment plus master bidding documents for the loan’s major procurement packages and (ii) the project administration manual.

C. Cost and Financing

9. The TA is estimated to cost \$1,260,000, of which \$1,200,000 will be financed on a grant basis by ADB’s Technical Assistance Special Fund (TASF 6). The key expenditure items are listed in Appendix 1. The government will provide counterpart support in the form of counterpart staff, office accommodation, secretarial assistance, and other in-kind contributions. ADB informed the government that approval of the TA does not commit ADB to financing any ensuing project.

D. Implementation Arrangements

10. ADB will administer the TA. The executing agency will be MLVT. The implementing agencies will be DGTVET, Ministry of Education, Youth and Sport, and MEF. DGTVET will

establish a project coordination unit. Indicative implementation arrangements are summarized in Table 1.

Table 1: Implementation Arrangements

Aspects	Arrangements		
Indicative implementation period	November 2017 – November 2019		
Executing agency	Ministry of Labor and Vocational Training (MLVT)		
Implementing agencies	DGTVET, MEF, MOEYS		
Consultants	To be selected and engaged by ADB		
	Individual Consultant Selection	65 person-months (International: 14.5, National: 46.5)	\$468,000
	Quality and Cost Based Selection (90:10)	Total person-months TBD	\$732,000
Procurement	none		
Disbursement	The TA resources will be disbursed following ADB's <i>Technical Assistance Disbursement Handbook</i> (2010, as amended from time to time).		

DGTVET = Directorate General of Technical and Vocational Education and Training; MEF = Ministry of Economy and Finance; MLVT = Ministry of Labor and Vocational Training, TA = technical assistance, TBD = to be determined
Source: Asian Development Bank estimates.

11. **Consulting services.** ADB will engage a consulting firm and individual consultants in accordance with ADB Procurement Policy (2017) and the associated Project Administration Instructions and Technical Assistance Staff Instructions. The TA will finance (i) two individual consultants (one international, one national, 2.5 months each) to undertake preliminary analytical work; (ii) a team of consultants to prepare the project engaged through a firm recruited using performance (output) terms of reference (TOR) and quality and cost-based selection at a ratio of 90:10; and (iii) three individual consultants to support the skills development fund pilot (12 person-months international, 22 person-months each for two national consultants). The individual consultants will be recruited through individual consultant selection.

12. Under the output TOR for the firm, the total number of experts, person-months, and mix of national and international consultants will be determined by the proposing entities, but will include, at minimum, 3 key experts: an international team leader and a national deputy team leader, and an international procurement specialist. Other non-key experts required for the assignment, and their level of effort in person-months, will be defined by the proposing entities. The overall team will demonstrate expertise in TVET planning and management, industrial human resource development, work-based-learning programs, skills development funds, gender and social analysis, private sector engagement, civil engineering and TVET facilities planning, economic and financial analysis, safeguards (environment, resettlement, and indigenous people), and undertaking due diligence for ADB project preparation.⁷

E. Governance

13. The TA will help conduct the due diligence for the project in accordance with ADB guidelines and requirements, to include: (i) project procurement risk assessment; (ii) financial

⁷ Terms of reference for TA consultants accessible from the list of linked documents in Appendix 2.

management assessment, financial evaluation, and financial analysis; and (iii) risk assessment and risk management plan.

COST ESTIMATES AND FINANCING PLAN
(\$'000)

Item	Amount
A. Asian Development Bank^a	
1. Consultants	
a. Remuneration and per diem	
i. International consultants	745.0
ii. National consultants	185.9
b. Out-of-pocket expenditures	
i. International and local travel	52.0
ii. Surveys	23.0
iii. Training, seminars, and conferences	85.0
iv. Reports and communications	12.0
v. Miscellaneous administration and support costs	37.0
2. Contingencies	60.1
Total	1,200.0

Note: The technical assistance (TA) is estimated to cost \$1,260,000, of which contributions from the Asian Development Bank are presented in the table above. The government will provide counterpart support in the form of counterpart staff, office accommodation, secretarial assistance, and other in-kind contributions. The value of government contribution is estimated to account for 5% of the total TA cost.

^a Financed by the Asian Development Bank's Technical Assistance Special Fund (TASF 6).

Source: Asian Development Bank estimates.

LIST OF LINKED DOCUMENTS

<http://www.adb.org/Documents/LinkedDocs/?id=50394-001-TARreport>

1. Terms of Reference for TA Consultants

INITIAL POVERTY AND SOCIAL ANALYSIS

Country:	Cambodia	Project Title:	Skills for Competitiveness Project
Lending/Financing Modality:	Project loan	Department/Division:	Southeast Asia Department (SERD) / Human and Social Development Division (SEHS)

I. POVERTY IMPACT AND SOCIAL DIMENSIONS
<p>A. Links to the National Poverty Reduction Strategy and Country Partnership Strategy</p> <p>Under Cambodia's Industrial Development Policy 2015–2025, the Royal Government of Cambodia has set out industrialization—in particular, the modernization and transformation of industry from labor-intensive to skills-driven—as a long-term development goal, and includes the development of high quality human resources is a key strategy to achieve this goal. The government aims to enhance development of competitive labor which will directly contribute to inclusive economic growth. The National Technical and Vocational Education and Training Policy 2017-2025 aims to improve the quality of TVET to meet national and international labor market demand, to increase equitable access to TVET, to promote private sector engagement to ensure relevance and sustainability, and to improve governance of the TVET system. These four main goals support the vision of enhanced human resources with the knowledge, skills, work attitude, and professional ethics for lifelong employability, productivity and competitiveness. The Asian Development Bank (ADB) Cambodia Country Partnership Strategy 2014–2018 prioritizes education and TVET in support of Cambodia's goal of becoming an upper middle-income country.^a</p>
<p>B. Poverty Targeting</p> <p><input checked="" type="checkbox"/> General Intervention <input type="checkbox"/> Individual or Household (TI-H) <input type="checkbox"/> Geographic (TI-G) <input type="checkbox"/> Non-Income MDGs (TI-M1, M2, etc)</p> <p>The proposed project will include low-skilled workers among the potential beneficiaries of new work-based learning programs to upskill the existing industrial labor force. Low-skilled workers are among the country's most vulnerable, finding themselves in low-paid, tenuous jobs at risk of retrenchment in times of recession or economic crisis.</p>
<p>C. Poverty and Social Analysis</p> <p>1. Key issues and potential beneficiaries.</p> <p>2. Impact channels and expected systemic changes. The expected impact of the project is that Cambodia's industrial structure will transform from low-cost and labor-intensive industry to a skills-driven industry by 2025. The project will contribute to increases in labor productivity and diversification of industries in Cambodia, which will result in the expansion of economic opportunities for men and women, and thus inclusive growth.</p> <p>3. Focus of (and resources allocated in) the TRTA or due diligence. The TRTA will review and assess the performance of the TVET sector in Cambodia and identify the challenges and weakness that are a bottleneck to socio-economic growth. The TRTA will include poverty, social and gender analysis.</p>
II. GENDER AND DEVELOPMENT
<p>1. What are the key gender issues in the sector/subsector that are likely to be relevant to this project or program? Key gender issues in post-secondary TVET include (i) limited access to and affordability of advanced skills training for women; and (ii) the limited number of female students who study science, technology, engineering and math subjects at the post-secondary level. To expand access of women to good quality TVET programs, the TRTA will identify obstacles to women's access to TVET institutions and propose mitigating measures. The project will also explore women graduates' employment rates and propose measures to encourage women graduates to find jobs in the industrial sector. The TA team's outputs specifically include a gender assessment report, gender monitoring indicators for the project's design and monitoring framework, and a gender action plan to guide achievement of the gender targets. Project due diligence will include poverty, social and gender analysis to assess the social impact of the proposed loan project in accordance with the <i>Guidelines for Incorporation of Social Dimensions in ADB Operations</i>, identification of challenges and constraints to women's participation in post-secondary TVET, collecting sex-disaggregated baseline data (data should also be disaggregated by urban-rural and by income); and developing specific gender design elements under each of the project's outputs.</p> <p>2. Does the proposed project or program have the potential to make a contribution to the promotion of gender equity and/or empowerment of women by providing women's access to and use of opportunities, services, resources, assets, and participation in decision making?</p> <p><input checked="" type="checkbox"/> Yes <input type="checkbox"/> No A gender action plan will be prepared during TRTA.</p> <p>3. Could the proposed project have an adverse impact on women and/or girls or widen gender inequality?</p> <p><input type="checkbox"/> Yes <input checked="" type="checkbox"/> No</p>

<p>4. Indicate the intended gender mainstreaming category: <input checked="" type="checkbox"/> GEN (gender equity) <input type="checkbox"/> EGM (effective gender mainstreaming) <input type="checkbox"/> SGE (some gender elements) <input type="checkbox"/> NGE (no gender elements)</p>
<p>III. PARTICIPATION AND EMPOWERMENT</p> <p>1. Who are the main stakeholders of the project, including beneficiaries and negatively affected people? Identify how they will participate in the project design. The main stakeholders are the Ministry of Labor and Vocational Training, other line ministries to be determined, technical training institutes (i.e. TVET institutions including polytechnics and technical universities), industry, skills councils, workers, special economic zones and industrial parks, among others to be determined. Participation in project design will be through consultation, focus group discussions, and other means.</p> <p>2. How can the project contribute (in a systemic way) to engaging and empowering stakeholders and beneficiaries, particularly, the poor, vulnerable and excluded groups? What issues in the project design require participation of the poor and excluded? The project will support low-skilled workers —among the most vulnerable—through provision of vocational and noncognitive (soft) skills training. Wages and job security of young people with limited technical skills are low. The project will identify the training needs of low skilled workers in special economic zones.</p> <p>3. What are the key, active, and relevant civil society organizations in the project area? What is the level of civil society organization participation in the project design? <input checked="" type="checkbox"/> Information generation and sharing <input checked="" type="checkbox"/> Consultation <input checked="" type="checkbox"/> Collaboration <input type="checkbox"/> Partnership Industry skills councils are expected to collaborate in TVET program design.</p> <p>4. Are there issues during project design for which participation of the poor and excluded is important? What are they and how shall they be addressed? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No</p>
<p>V. SOCIAL SAFEGUARDS</p> <p>A. Involuntary Resettlement Category <input type="checkbox"/> A <input type="checkbox"/> B <input checked="" type="checkbox"/> C <input type="checkbox"/> FI</p> <p>1. Does the project have the potential to involve involuntary land acquisition resulting in physical and economic displacement? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No The project will include the expansion of existing facilities at existing polytechnics and technical universities. However, the TRTA will conduct due diligence to confirm that no involuntary resettlement will take place.</p> <p>2. What action plan is required to address involuntary resettlement as part of the TRTA or due diligence process? <input type="checkbox"/> Resettlement plan <input type="checkbox"/> Resettlement framework <input type="checkbox"/> Social impact matrix <input type="checkbox"/> Environmental and social management system arrangement <input checked="" type="checkbox"/> None (TRTA safeguard consultants will prepare site clearance documents to ensure that the project will not have the potential to involve resettlement)</p> <p>B. Indigenous Peoples Category <input type="checkbox"/> A <input type="checkbox"/> B <input checked="" type="checkbox"/> C <input type="checkbox"/> FI</p> <p>1. Does the proposed project have the potential to directly or indirectly affect the dignity, human rights, livelihood systems, or culture of indigenous peoples? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No</p> <p>2. Does it affect the territories or natural and cultural resources indigenous peoples own, use, occupy, or claim, as their ancestral domain? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No</p> <p>3. Will the project require broad community support of affected indigenous communities? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No The project will be implemented in selected TVET institutions and private firms in the special economic zones.</p> <p>4. What action plan is required to address risks to indigenous peoples as part of the PPTA or due diligence process? <input type="checkbox"/> Indigenous peoples plan <input type="checkbox"/> Indigenous peoples planning framework <input type="checkbox"/> Social Impact matrix <input type="checkbox"/> Environmental and social management system arrangement <input checked="" type="checkbox"/> None</p>
<p>V. OTHER SOCIAL ISSUES AND RISKS</p> <p>1. What other social issues and risks should be considered in the project design? None <input checked="" type="checkbox"/> Creating decent jobs and employment <input type="checkbox"/> Adhering to core labor standards <input type="checkbox"/> Labor retrenchment <input type="checkbox"/> Spread of communicable diseases, including HIV/AIDS <input type="checkbox"/> Increase in human trafficking <input type="checkbox"/> Affordability <input type="checkbox"/> Increase in unplanned migration <input type="checkbox"/> Increase in vulnerability to natural disasters <input type="checkbox"/> Creating political instability <input type="checkbox"/> Creating internal social conflicts <input type="checkbox"/> Others, please specify _____</p>

2. How are these additional social issues and risks going to be addressed in the project design? The project design will focus on sectors and industries with high potential for creating decent work for skilled, competitive labor.

VI. TRTA OR DUE DILIGENCE RESOURCE REQUIREMENT

1. Do the terms of reference for the TRTA (or other due diligence) contain key information needed to be gathered during TRTA or due diligence process to better analyze (i) poverty and social impact; (ii) gender impact, (iii) participation dimensions; (iv) social safeguards; and (v) other social risks. Are the relevant specialists identified?

Yes No

2. What resources (e.g., consultants, survey budget, and workshop) are allocated for conducting poverty, social and/or gender analysis, and participation plan during the TRTA or due diligence?

The consultant team TOR includes undertaking poverty, social, and gender analysis and preparing specific recommendations for strengthening the social development and gender mainstreaming aspects of the project. The TRTA budget includes a survey and workshop budget.

TOR = terms of reference, TRTA = transactional technical assistance, TVET = technical and vocational education and training

^a ADB. 2014. *Country Partnership Strategy: Cambodia, 2014–2018*. Manila.