



Technical Assistance Report

Project Number: 53083-002
Transaction Technical Assistance (TRTA)
September 2019

Papua New Guinea: Preparing the Improved Technical and Vocational Education and Training for Employment

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Asian Development Bank

CURRENCY EQUIVALENTS

(as of 12 September 2019)

Currency unit	–	kina (K)
K1.00	=	\$0.294
\$1.00	=	K3.401

ABBREVIATIONS

ADB	–	Asian Development Bank
DHERST	–	Department of Higher Education, Research, Science and Technology
IP	–	Indigenous people
PNG	–	Papua New Guinea
TRTA	–	transaction technical assistance
TVET	–	technical and vocational education and training

NOTE

In this report, “\$” refers to United States dollars.

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TRANSACTION TECHNICAL ASSISTANCE AT A GLANCE

1. Basic Data		Project Number: 53083-002
Project Name	Preparing the Improved Technical and Vocational Education and Training for Employment	Department/Division PARD/PASP
Nature of Activity Modality	Project Preparation Regular	Executing Agency Asian Development Bank
Country	Papua New Guinea	
2. Sector	Subsector(s)	ADB Financing (\$ million)
✓ Education	Technical and vocational education and training	0.80
	Total	0.80
3. Operational Priorities		Climate Change Information
✓ Addressing remaining poverty and reducing inequalities		Climate Change impact on the Project Low
✓ Accelerating progress in gender equality		
✓ Tackling climate change, building climate and disaster resilience, and enhancing environmental sustainability		
✓ Strengthening governance and institutional capacity		
Sustainable Development Goals		Gender Equity and Mainstreaming
SDG 5.1, 5.5, 5.a		Effective gender mainstreaming (EGM) ✓
SDG 8.6		
SDG 10.2, 10.3, 10.4		Poverty Targeting
SDG 12.4, 12.5, 12.8		Geographic Targeting ✓
4. Risk Categorization	Low	
5. Safeguard Categorization	Safeguard Policy Statement does not apply	
6. Financing		
Modality and Sources		Amount (\$ million)
ADB		0.80
Transaction technical assistance: Technical Assistance Special Fund		0.80
Cofinancing		0.29
Government of Australia (Full ADB Administration)		0.29
Counterpart		0.00
None		0.00
Total		1.09
Currency of ADB Financing: US Dollar		

I. THE ENSUING PROJECT

The upcoming reform of the post-secondary sector in Papua New Guinea (PNG) through the proposed Higher and Technical Education Reform Act 2019¹ will provide for a new governance and management framework for teacher training and Technical and Vocational Education and Training (TVET) colleges with increased independence in management and leadership and closer partnerships with industry and business. The proposed Improved TVET for Employment will be aligned with the current sector reform priorities and address the need to strengthen the building blocks for effective TVET institutions that will provide increased employment opportunities for PNG nationals. The following output areas are expected to be delivered: (i) TVET institutions governance and management strengthened; (ii) quality TVET teacher training and development provided; (iii) TVET infrastructure/equipment supporting priority programs and industry requirements developed; and (iv) national level mechanisms for employment partnerships developed. The total indicative cost for the project is \$55 million, of which \$35 million in ordinary capital resources and \$15 million in concessional lending resources is proposed for funding from the Asian Development Bank (ADB). It is expected that the government will allocate estimated \$5.0 million worth of in-kind contribution during the duration of the project. Potential cofinancing from other development partners such as the Government of Australia will be explored.

II. THE TECHNICAL ASSISTANCE

A. Justification

2. The proposed transaction technical assistance (TRTA) will provide technical analysis and assessments to assist the government and the ADB to develop the proposed Improved TVET for Employment. The TRTA is justified given the scope of activities and specialist nature of skills required for the assessment. The project preparation will also require consultations with various stakeholders such as private companies, business associations, and communities to ensure that it will be in line with the current and future demand for TVET skills. Due diligence will be undertaken based on the proposed project design. The TRTA will also build the capacity of the Department of Higher Education, Research, Science and Technology (DHERST) to implement the ensuing project and enhance project readiness for timely implementation start-up given ADB's relatively new engagement with DHERST. The TA is included in the ADB's country operations business plan for PNG.²

B. Outputs and Activities

3. **Output 1: Project scoping and design completed.** This output will develop the project including scoping and designing of key project components to meet the desired outcome of strengthened TVET institutions to provide increased employment opportunities for PNG nationals in priority sectors, such as construction trade and agriculture/agribusiness, within the context of the Higher and Technical Education Reform Act 2019. The project will focus on selected technical colleges deemed by the government as potential Centers of Excellence to nurture other TVET schools and institutions within the geographic or technical area.³ It will address key foundational issues such as (i) assisting the autonomy and effectiveness of TVET institutions by building their

¹ This is expected to take into effect on 1 January 2020.

² ADB. 2018. *Country Operations Business Plan: Papua New Guinea, 2018-2020*. Manila.

³ Indicative priority institutions include: Port Moresby Technical College, Bougainville Technical College, Madang Technical College, Mt Hagen Technical College, Highlands Agricultural College, Goroka Technical College, PNG National Polytechnic Institute, West New Britain Technical College, Western Province Technical College and Don Bosco Technical Institute.

management and governance capacities and partnership with industry and the community; (ii) building the capacity and qualification of TVET teachers especially in priority sectors and set-up a mechanism to address their training and development needs in a sustainable manner; (iii) supporting TVET priority sectors and required program offers, infrastructure and equipment requirements to ensure an industry demand-driven TVET-approach; (iv) assessing incentives and barriers to participate in TVET especially for women and low-income families; and (v) developing national mechanism for employment partnerships in large infrastructure. At the same time, the scoping exercise will determine the most effective sequencing of outputs and strategic alignment and collaboration with the ongoing education and TVET programs of other development partners, private institutions, and government within the context of the overall sector reform. Particularly, complementarity with the Government of Australia's TVET support in PNG such as the Skills for Growth Program will be ensured. The project design will also draw from the key lessons learned and best practices in implementing similar projects in PNG, assess the capacity of the implementing agency and concerned government offices involved and identify the implementation modality that will best deliver the project outputs.

4. **Output 2: Project due diligence undertaken.** The TA will support all required due diligence based on the project design. It is expected to be done concurrently with finalizing the scope as some findings might lead to adjustments in the design with financial and cost implications. Due diligence includes economic and financial assessment, poverty, social and gender analysis, safeguards assessment and instruments, financial management and procurement capacity assessment, risk assessment and management plans; cost estimates and financing plan and project implementation arrangements including monitoring and evaluation, among others. Based on these assessments and analyses, all the required project and linked documents will be prepared based on ADB requirements and standards.

5. **Output 3: Support to project readiness and project management capacity of the implementing agency.** This output will support project preparation and readiness by providing for an advisory role in finalizing the design of the project, overall implementation arrangements and assessing implementation risks and recommending effective mitigation measures, in coordination with key government and relevant industry stakeholders. This output also includes assisting the government during project start-up, such as preparation for the recruitment of a project management unit, managing the mobilization period and preparing any draft bidding documents required and providing coordination support with key government agencies and other relevant stakeholders such as sharing the outcome of the TRTA and soliciting inputs and concurrence where necessary. The capacity of the executing and implementing agencies for project preparation and implementation will also be strengthened and how to enhance the existing management information system will be assessed. Key activities include (i) assessing the institutional capacity and set-up and identifying gaps with regards to project preparation and implementation; and (ii) organize training, capacity building exercises and activities to address identified gaps and areas requiring improved capacity.

Table 1: Summary of Major Outputs and Activities

Major Outputs	Delivery Dates	Key Activities with Milestones
1. Project scope and design	September 2020	1.1 Project scope and design including corresponding assessments and analysis
2. Due diligence based on final project design	September 2020	2.1 Economic and financial analysis 2.2 Financial management assessments 2.3 Procurement assessments, plans and preparation of bidding documents if required

Major Outputs	Delivery Dates	Key Activities with Milestones
		2.4 Poverty, social and gender analysis including gender action plan 2.5 Risk assessment and management plans 2.6 Safeguards due diligence and instruments 2.7 Integrity due diligence 2.8 Sector assessment 2.9 Project administration manual and consultancy requirements
3. Support to project readiness and project management capacity of the implementing agency	July 2020 to June 2021	3.1 Advisory role to ensure effective project design and implementation arrangements and coordination within the project steering committee. 3.2 Preparation of project management unit recruitment and mobilization and bidding document if required 3.3 Project management capacity assessment and training and capacity building exercises to address identified capacity requirements for relevant government agencies

Source: Asian Development Bank estimates.

C. Cost and Financing

6. The TA is estimated to cost \$ 1,092,400, of which (i) \$800,000 will be financed on a grant basis by ADB's Technical Assistance Special Fund (TASF 6) and (ii) AUD430,000 (\$292,400 equivalent) will be financed on a grant basis by the Government of Australia and administered by ADB.⁴ The government will provide in-kind support in the form of counterpart staff, office space, data, information, and other in-kind contributions. The key expenditure items are listed in Appendix 1. The government was informed that approval of the TA does not commit ADB to finance any ensuing project.

D. Implementation Arrangements

7. ADB will administer the TA. The Pacific Department's Social Sectors and Public Sector Management Division will lead the TA implementation and will select, administer, evaluate, and supervise the consultants. Both ADB and DHERST will supervise the consultants' outputs to be delivered for the ensuing project. The Government of Australia will participate in missions, review the project design and provide feedback on all project due diligence including providing other guidance as necessary during the implementation of the TRTA. The existing Project Steering Committee being led by DHERST will guide the project preparation including the technical aspects of the design through the project review team it will establish in consultation with stakeholders. The project steering committee is envisaged to continue its support during the implementation of the project.

8. The implementation arrangements are summarized in Table 2.

⁴ The proposed grant from the Government of Australia is AUD430,000, which is equivalent to approximately \$292,400 as at 5 August 2019.

Table 2: Implementation Arrangements

Aspects	Arrangements		
Indicative implementation period	January 2020–June 2021		
Executing agency	Department of Treasury		
Implementing agencies	Department of Higher Education, Research, Science and Technology		
Project Steering Committee	Current membership includes: Department of Higher Education, Research, Science and Technology, Department of Education, Department of National Planning and Monitoring, Department of Treasury, National Procurement Commission and Department of Works and Department of Health.		
Consultants	To be selected and engaged by ADB		
	Quality and cost-based selection	Consulting firm for project design, due diligence and project readiness and capacity building support	\$927,500
	Individual consultant selection	National experts Project Management Coordinator/ Procurement Specialist (3 person-months) TVET Advisor (4 person-months)	\$90,600
	Government of Australia's technical support to the project (in-kind)		
Individual consultants	Existing TVET Specialist/Advisors funded by the Government of Australia and other relevant experts of the Australia Pacific Training Coalitions.	In-kind contribution in addition to AUD430,000.	
Disbursement	The TA resources will be disbursed following ADB's <i>Technical Assistance Disbursement Handbook</i> (2010, as amended from time to time). Disbursement will be done on a cost-sharing arrangement with the Government of Australia.		

ADB = Asian Development Bank, TA = technical assistance, TVET = technical and vocational education and training.
Source: Asian Development Bank.

9. **Consulting services.** ADB will engage the consultants following the ADB Procurement Policy (2017, as amended from time to time) and its associated project administration instructions and/or staff instructions.⁵ ADB will recruit one international consulting firm with an estimated 36.5 person-months for project design, due diligence and project readiness and capacity building under the quality and cost-based selection method with a quality cost ratio of 80:20 and full-technical proposal. The proposed consultants to be engaged under the firm are in Table 3. Lump-sum payments and/or output-based contracts will be considered. A national Project Advisor and a Procurement Specialist will be recruited individually for 4 person-months and 3 person-months

⁵ Terms of Reference for Consultants (accessible from the list of linked documents in Appendix 2).

respectively. The Government of Australia's existing funded TVET advisors in DHERST and experts from the Australia Pacific Training Coalitions will provide technical inputs into the project design and due diligence to be undertaken by the consulting firm. The indicative list of technical inputs is in Appendix 4.

Table 3: Summary of All Experts by the Consulting Firm

Position	Indicative Person-Months
TVET Specialist (TVET governance and management expert)/Team Leader	5 person-months, international (Team Leader); 2 person-months, national
TVET capacity building and training specialist	3.5 person-months
Labor market/project economist	3.5 person-months
TVET Facilities and Equipment Specialist	4 person-months
Agriculture/agribusiness Specialist	2.5 person-months
Financial Management Specialist	3.5 person-months
Gender and Social Development/Safeguards Specialist	2 person-months, international; 3 person-months, national
Environment/Climate and Disaster Risk Specialist	2 person-months, international; 2 person-months, national
Procurement Specialist	3.5 person-months
Total	36.5 person-months

TVET = technical and vocational education and training.

COST ESTIMATES AND FINANCING PLAN
(\$'000)

Item	Amount
A. Asian Development Bank^a	
1. Consultants	
a. Remuneration and per diem	655.8
b. International and local travel	105.5
c. Reports and communications	5.0
2. Training, seminars, and conferences ^b	15.0
3. Contingencies	18.7
Subtotal (A)	800.0
B. Government of Australia^c	
1. Consultants ^d	195.0
2. Surveys	30.0
3. Miscellaneous administration and service ^e	58.5
4. Contingencies	8.9
Subtotal (B)	292.4
Total	1092.4

Note: The technical assistance is estimated to cost \$1,092,400, of which contributions from the Asian Development Bank and the Government of Australia are presented in the table above. The government will provide counterpart support in the form of counterpart staff, office accommodation, and other in-kind contributions.

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

^b Includes rent of venue, cost of materials, refreshments, honorarium and travel costs of resource persons, and other workshop-related expenses. Also covers travel costs of ADB staff acting as resource persons.

^c Administered by the Asian Development Bank.

^d Total consulting firm outputs (lump sum), which encompasses all costs incurred by the firm or individual to deliver the TA outputs, including travel expenses, remuneration and per diem, reports and communications, out-of-pocket expenditures and other costs

^e This amount also includes ADB's administration fee, audit costs, bank charges, and provision for foreign exchange fluctuations, if any, to the extent that these items are not covered by the interest and investment income earned on this grant, or any additional grant from the Government of Australia.

Source: Asian Development Bank estimates.

LIST OF LINKED DOCUMENTS

<http://www.adb.org/Documents/LinkedDocs/?id=53083-002-TARreport>

1. Terms of Reference for Consultants

INDICATIVE LIST OF TECHNICAL SUPPORT AVAILABLE FROM THE GOVERNMENT OF AUSTRALIA'S FUNDED TVET EXPERTS

The following are the areas of support available from the existing TVET experts, including the advisors embedded in DHERST, currently being funded by the Government of Australia. These technical inputs are expected to contribute in finalizing the project design and due diligence to be led by the consulting firm to be engaged under the TRTA.

1. **TVET Policy, Governance and Management (including equity)**
 - i. Ensuring awareness of TVET systems needs to align with ongoing program of reforms being led by DHERST.
 - ii. Consideration of program governance manual (and other policy compliance tools) prepared by DHERST.
 - iii. Clarifying PNG-specific requirements for TVET systems oversight and program monitoring
 - iv. Defining PNG-specific and effective means of linking industry to TVET policy and practice
 - v. Assessing barriers to women and other disadvantaged populations (low income, remote, etc) in accessing TVET training and defining how to overcome those barriers
 - vi. Defining appropriate policy implementation quality assurance mechanisms.
 - vii. Assessing the value of and possible structure of governing bodies for TVET (broadly) and TVET institutions.
 - viii. Defining and applying lessons learnt from TVET development program in PNG and region.
 - ix. Phasing and scheduling TVET reforms for maximum effect and impact.

2. **Deliver Capacity and TVET Quality**
 - i. Identifying skills demands in key economic sectors/sub-sectors.
 - ii. Assessing capacities of institutions to deliver high-quality TVET services (with corresponding qualifications) both currently and in the future (post capacity development).
 - iii. Aligning programming with the National Skills Development Agency (via DHERST).
 - iv. Defining appropriate quality assurance mechanisms for institutions.
 - v. Defining and applying lessons learnt from TVET development program in PNG and region.
 - vi. Assessing system capacity needs in teaching and resourcing.
 - vii. Phasing and scheduling TVET programming for sustained gains in skills outcomes.

3. **Program Design**
 - i. Defining industry value chains that can be supported through targeted TVET programming.
 - ii. Designing responses to defined skills needs - i.e. creating systems and sub-systems that can respond to demands for skills.
 - iii. Designing competitive grants schemes for institutional upgrading
 - iv. Application of incentive funds.
 - v. Outlining continuous professional development needs for teaching upgrading.
 - vi. Designing institutional/industry linkage mechanisms.
 - vii. Identifying areas for innovative interventions.