



Technical Assistance Report

Project Number: 48101
Project Preparatory Technical Assistance (PPTA)
August 2014

People's Republic of China: Guizhou Vocational Education Development Program

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 Guizhou, the People's Republic of China (PRC). Program components are likely to include development of demonstration TVET institutions (i.e., upgrading TVET facilities and provision of teaching equipment), a TVET resource center to build capacity for practical TVET, development of competency-based curriculum, promotion of industry involvement, and design and implementation of institutional partnerships. The TA will be conducted in two parallel phases, with the first phase focusing on initial design, and capacity support and awareness building for the technical scope of the program, including through visits to other provinces and workshops to gain knowledge on TVET reforms and success models; and the second phase undertaking the detailed design and program assessments for the RBL program.

B. Major Outputs and Activities

2. Phase 1 outputs will be conducted by individual consultants to undertake

- (i) **Program design and management.** The consultants (one international, 6 person-months; one national, 6 person-months) 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 Guizhou Provincial Government (GPG), representatives of public services sectors, and involved TVET schools on the problem tree analysis and the proposed results framework. The consultants will discuss and reach preliminary agreement with senior GPG 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. The consultants will 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.
- (ii) **Program soundness assessment** that will include an assessment of the TVET sector strategy, and its relevance and rationale. The consultant (one national,

4 person-months; one international, 1 person-month) will conduct a comprehensive review of TVET in support of social and economic development in Guizhou in the context of the Twelfth Five-Year Plan. A comprehensive review of TVET provision at multilevel 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) incentives and other interventions to promote access to TVET; and (g) 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 organize study tours to relevant provinces in the PRC (e.g., Chongqing, Guangdong, and Hunan) for the GPG to learn from other models of TVET reform and demonstration. 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 Guizhou'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.

- (iii) **Program capacity building.** A project analyst (one international, 6 person-months, intermittent) will be engaged to provide continued capacity building and project analyst support. In order to build awareness of the GPG and the project management office of best practice in TVET, visits to different models of TVET programs will be conducted (e.g., Chongqing, Guangdong, and Hunan). Workshops to discuss different interventions and brainstorm on appropriate design aspects for Guizhou will be held, and a report prepared to make recommendations based on the outcomes of the visits and workshops for program design. The project analyst will also provide support to the TA and the GPG on RBL requirements and preparation. The consultant will be fluent in Chinese but can be an international consultant who has worked on a number of TVET projects in the PRC and is familiar with regional developments in TVET. The consultant will work with the program design and management consultants in preparing a Capacity Building Program Action Plan, based on the findings of the assessments. The consultant will have a master's degree in education, public policy or related social sciences, and at least 5 years' work experience in the education sector in the PRC, knowledge of ADB-financed projects and technical assistance, and excellent written and verbal Chinese and English language skills.

3. Phase 2 TA outputs will be conducted by a team of consultants engaged through a firm and include

- (i) **Program expenditure framework and financing plan** (one national, 4 person-months). The consultant 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 GPG to develop a robust expenditure framework. The consultant will review whether 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, etc., types of activities. The consultant will also assess the GPG's annual planning and budgeting system and its medium-term fiscal projections to determine the adequacy (and predictability) of financing for TVET. The consultant will be fully familiar with government expenditure and budgeting processes, and have at least 10 years' experience in project finance and sector budget analysis, and a graduate degree in finance or related field.
- (ii) **Fiduciary systems assessment** (one national, 4 person-months; one international, 2 person-months). The consultants will conduct an assessment of the financial management, procurement, and anticorruption systems. The national consultants will have at least 10 years' experience in financial management and procurement, and be familiar with the PRC national, provincial, and local fiduciary systems and processes. The international consultant will have preferably at least 15 years' experience and an advanced degree in financial management, accounting, and public resources and be familiar with risk-based fiduciary assessments. The assessments 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 consultants will prepare their reports and combine 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 (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 improvement 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 Guizhou.

- (iii) **Program safeguard systems assessment.**¹ A team of social and gender, and environment consultants (three national, total 4 person-months; two international, total 3 person-months) will undertake a program safeguard systems assessment (PSSA), based on the initial program screening and categorization of environment, involuntary resettlement, and indigenous peoples. The program's initial screening has categorized the RBL program as B for environment, B for involuntary resettlement (although this may be changed to C after the assessment's early findings are available), and B for indigenous peoples. A PSSA will be conducted focusing on environment and indigenous peoples to confirm these categorizations, and program activities to assess the safeguard systems and capacities, and to identify any mitigating or monitoring actions to guide implementation of the program. The assessments will also include poverty, and social and gender aspects, and impacts of the program identify gender actions to ensure effective gender mainstreaming, and highlight the positive impacts and required actions to strengthen equity issues relating to poor rural communities. The PSSA will specify and recommend adequate program actions relevant to filling the gaps in safeguards. Due diligence will also be conducted on potential legacy issues for involuntary resettlement.
- (iv) **Detailed skills gap and labor market analysis.** In addition, a survey and research firm will be engaged (on a lump-sum basis) to undertake an employer-based survey and conduct a labor market analysis in the priority sectors. This will provide valuable information to update the sector assessment, and to inform the design of the program. The firm will have expertise in data and research in the area of employment and TVET.

4. The major outputs and activities are summarized in Table A4.1.

Table A4.1: Summary of Major Outputs and Activities

Major Activities	Expected Completion Date	Major Outputs	Expected Completion Date
Program design and management	August 2015	DMF	March 2015
		DLI matrix	April 2015
		Stakeholder analysis	April 2015
		Program implementation arrangements	April 2015
		Monitoring and evaluation plan	April 2015
		Integrated risk assessment	April 2015
		Program action plan	April 2015
		Final report	August 2015
Program soundness assessment	March 2015	Review of national experiences	December 2014
		TVET sector assessment and analysis report	January 2015
		Assessment of Economic rationale Full report	March 2015 March 2015
Capacity building on RBL	June 2015	Workshops on design aspects	January 2015
		Study visits	January 2015
		Final report and ongoing support for program design	June 2015
		Review of provincial TVET	February 2015
Program expenditure	June 2015		

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

Major Activities	Expected Completion Date	Major Outputs	Expected Completion Date
framework and financing plan		expenditure framework, annual budgeting system, and fiscal projections	
Fiduciary systems assessment	March 2015	Assessment of financial management, procurement, and anticorruption systems Report for integrated risks	March 2015 March 2015
PSSA	April 2015	Ethnic minority assessment Environment assessment	March 2015 March 2015
Social and gender Assessment	April 2015	Resettlement due diligence	March 2015
Skills gap and labor market analysis (survey firm)	February 2015	Employer-based survey	February 2015

DLI = disbursement-linked indicator, DMF = design and monitoring framework, PSSA = program safeguard systems assessment, RBL = results-based lending, TVET = technical and vocational education and training.
Source: Asian Development Bank estimates.

C. Cost Estimate and Proposed Financing Arrangement

5. The TA is estimated to cost \$650,000 equivalent, of which \$600,000 equivalent will be financed on a grant basis by ADB's Technical Assistance Special Fund (TASF-other sources). The government will provide counterpart support for the TA in the form of counterpart staff, office accommodation, office supplies, secretarial and translation assistance, domestic transportation, communication facilities for consultants, and other in-kind contributions. The detailed cost estimate is presented in Table A4.2.

Table A4.2: Cost Estimates and Financing Plan
(\$'000)

Item	Total Cost
Asian Development Bank^a	
1. Consultants	
a. Remuneration and per diem	
i. International consultants (18 person-months)	234.0
ii. National consultants (22 person-months)	200.0
b. International and local travel	45.0
c. Reports and communications ^b	13.0
2. Equipment (computer, printer, etc.) ^c	8.0
3. Workshops, training, seminars, and conferences	35.0
4. Surveys	30.0
5. Miscellaneous administration and support costs ^d	15.0
6. Contingencies	20.0
Total	600.0

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

^b Includes office communications; printing and binding of reports; and translation of inception, interim, draft final, and final reports and documents into Chinese.

^c Equipment (will be turned over to Guizhou Education Department after TA closure).

Type	Quantity	Cost
Laptop	3	\$4,000.00
Printer and photocopier	1 each	\$2,000.00
Others (i.e., projector, digital camera, etc.)	1 each	\$2,000.00

^d Includes secretarial, translation, and other logistical support.

Source: Asian Development Bank estimates.

D. Consulting Services

6. 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 based on the quality of the proposal (80%) and the cost (20%) of the services to be provided (the quality- and cost-based selection method) using the simplified technical proposal procedure. A total of 40 person-months of consulting services (18 international and 22 national) are required. Additionally, a survey firm will be engaged for an employer-based labor market analysis on a lump-sum basis. A summary of consulting services requirement is in Table A4.3.

Table A4.3: Summary of Consulting Services Requirement

Item	International Person-months	National Person-months
Program design and management	6.0	6.0
Program soundness assessment – TVET		4.0
Program soundness assessment – Economic	1.0	
Program capacity building	6.0	
Program expenditure framework and financing plan		4.0
Fiduciary systems assessment	2.0	4.0
Program safeguard systems assessment	3.0	4.0
Total^a	18.0	22.0

TVET = technical and vocational education and training.

^a It is estimated that 13 person-months of international consultants and 10 person-months of national consultants will be engaged as individuals.

Source: Asian Development Bank.

E. Implementation Arrangements

7. The TA will be implemented from 1 October 2014 to 31 December 2015. The Guizhou 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 Guizhou Education Department will provide qualified counterpart staff, and 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.

8. The proposed TA processing and implementation schedule is listed in Table A4.4.

Table A4.4: Technical Assistance Processing and Implementation Schedule

Major Milestones	Expected Completion Date
Program preparatory technical assistance approval/concept clearance	August 2014
Contract negotiations	October 2014
Mobilization	November 2014
Submit inception report	After 2 months
Submit interim report	After 4 months
Submit draft final report	August 2015
Submit final report	Within 2 weeks of receiving comments on the draft final report from authorities and Asian Development Bank
Physical completion	December 2015
Financial closure	March 2016

Source: Asian Development Bank.