

Facility Administration Manual

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Loan Number: LXXXX
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Bangladesh: Skills for Employment Investment
Program

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Facility Administration Manual Purpose and Process

The facility administration manual (FAM) describes the essential administrative and management requirements to implement the project on time, within budget, and in accordance with Government and Asian Development Bank (ADB) policies and procedures. The FAM should include references to all available templates and instructions either through linkages to relevant URLs or directly incorporated in the FAM.

The Ministry of Finance (Finance Division) together with concerned line Ministries are wholly responsible for the implementation of ADB financed projects, as agreed jointly between the borrower and ADB, and in accordance with Government and ADB's policies and procedures. ADB staff is responsible to support implementation including compliance by the MOF of their obligations and responsibilities for project implementation in accordance with ADB's policies and procedures.

At Loan Negotiations, the borrower and ADB shall agree to the FAM and ensure consistency with the Loan Agreement. Such agreement shall be reflected in the minutes of the Loan Negotiations. In the event of any discrepancy or contradiction between the FAM and the Loan Agreement, the provisions of the Loan Agreement shall prevail.

After ADB Board approval of the project's Report and Recommendations of the President , changes in implementation arrangements are subject to agreement and approval pursuant to relevant Government and ADB administrative procedures (including the Project Administration Instructions) and upon such approval they will be subsequently incorporated in the FAM.

ABBREVIATIONS

| | |
|--------|--|
| ADB | – Asian Development Bank |
| AFR | – annual fiduciary review |
| AOP | – annual operations plan |
| ASPR | – annual sector performance report |
| AWPB | – annual work plan and budget |
| BACI | – Bangladesh Association of Construction Industry |
| BACCO | – Bangladesh Association of Call Centers and Outsourcing |
| BASIS | – Bangladesh Association of Software and Information Services |
| BEIOA | – Bangladesh Engineering Industry Owner' Association |
| BGMEA | – Bangladesh Garment Manufacturers and Exporters Association |
| BKMEA | – Bangladesh Knitwear Manufacturers and Exporters Association |
| BITAC | – Bangladesh Industrial Technical Assistance Center |
| BMET | – Bureau of Manpower, Employment and Training |
| BTEB | – Bangladesh Technical Education Board |
| BTMA | – Bangladesh Textile Mills Association |
| CAG | – Office of the Comptroller & Auditor General |
| CAO | – Chief Accounts Officer |
| CGA | – Office of the Controller General of Accounts |
| CSR | – corporate social responsibility |
| DG | – Director General |
| DMF | – design & monitoring framework |
| DP | – development partner |
| DTE | – Directorate of Technical Education |
| EARF | – environmental assessment and review framework |
| ECNSDC | – Executive Committee of National Skill Development Council |
| FAM | – facility administration manual |
| FAPAD | – Foreign Aided Project Audit Directorate |
| GAP | – gender action plan |
| GoB | – Government of Bangladesh |
| IR | – involuntary resettlement |
| PD | – project director |
| IBAS | – Integrated Budgeting and Accounting System |
| ICT | – information & communication technology |
| IDA | – International Development Agency |
| IFR | – interim (unaudited) financial reports |
| ISC | – industry skill council |
| KOICA | – Korea International Cooperation Agency |
| LFMEA | – Leather goods & Footwear Manufacturers & Exporters Association |
| M&E | – monitoring and evaluation |
| MOE | – Ministry of Education |
| MOEWOE | – Ministry of Expatriates' Welfare and Overseas Employment |

| | |
|-------|--|
| MOF | – Ministry of Finance |
| MOI | – Ministry of Industries |
| MOICT | – Ministry of Information and Communication Technology |
| MPO | – monthly payment order |
| MOU | – memorandum of understanding |
| MTBF | – medium-term budgetary framework |
| NCB | – national competitive bidding |
| NGO | – nongovernment organization |
| NSDC | – National Skill Development Council |
| NSDP | – National Skill Development Policy |
| NEP | – National Education Policy |
| PBM | – performance-based management |
| PFM | – public financial management |
| PFR | – periodic financial request |
| PKSF | – Palli-Karma Sahayak Foundation |
| PPP | – public–private partnership |
| RF | – resettlement framework |
| RMG | – ready-made garment |
| SDC | – Swiss Agency for Development and Cooperation |
| SDIC | – Skill Development Implementation Committee |
| SDPF | – skills development program framework |
| SEC | – small ethnic community |
| SECPF | – small ethnic communities planning framework |
| SEIP | – Skills for Employment Investment Program |
| SPS | – safeguard policy statement |
| PSC | – Program/project steering committee |
| SDCMU | – Skills Development Coordination and Monitoring Unit |
| SME | – small and medium enterprise |
| SWAp | – sector-wide approach |
| TOR | – terms of reference |

I. PROJECT DESCRIPTION

1. The proposed investment program will support the Government of Bangladesh's reforms in skills development articulated in the National Skill Development Policy (NSDP). It will catalyze the private sector to provide market responsive skills development and facilitate partnerships with public training institutions to ensure skills development is responsive to identified industry skills needs and emerging labor market trends. Large-scale private sector involvement and public-private partnership is critical in reducing existing skills-gap, crucial for Bangladesh to move from the current "low-skill, low-wage equilibrium" to a higher skill, higher wage equilibrium necessary to transition to a middle income country. The investment program will assist the government to scale-up skilling of new entrants and up-skill the existing workforce to increase productivity necessary to increase income levels and contribute to accelerating economic growth in priority sectors. The investment program also builds on the government's ongoing efforts to strengthen the skills development ecosystem by establishing unified funding and enhancing overall coordination of the currently fragmented skills development system. In doing this, it will support the transition to a sector-wide approach (SWAp).¹

2. **Impact, and Outcome.** The impact will be increased income and productivity of the working age population 15 years and over. The outcome will be increased employment in priority sectors and skills for males and females.

3. **Outputs.** The investment program will be delivered over three overlapping interrelated tranches and will include four outputs: (i) market responsive inclusive skills training; (ii) quality assurance system strengthened; (iii) institutions strengthened; and (iv) effective program management.

4. SEIP adopts a two-pronged strategy to expand the capacity of the public and private sector to provide market responsive skills training with enhanced job placement and/or self-employment rate from the current level of less than 40%. In doing this, the SEIP will focus on four stages of the training cycle—(i) targeted enrolment is achieved, (ii) completion of good quality training is improved, (iii) trainees are placed in jobs within 6 months after completing training, and (iv) trainees stay in the jobs for at least a year. This requires a robust monitoring and evaluation (M&E) system that focuses on tracking the trainees and training providers through the four stages. The emphasis on high labor market outcome is expected to improve the performance of the sector in meeting industry needs and improve collaboration between public and private sector stakeholders (PPP) necessary for a sustainable, relevant skills development services to become available throughout Bangladesh.

Output 1: Market responsive inclusive skills training

5. Key priority economic growth sectors identified by government, have been targeted by SEIP to improve entry level job skills along with up-skilling of the existing workforce to ensure 'required skills to industry standards' are available. The SEIP will support training providers to work with industry to address identified skills to enable industry growth and increased employment through the provision of market responsive inclusive skills training programs. At least 15 priority sectors will be covered during the 10 year period. Six priority sectors are selected for tranche 1 to adopt a demand driven approach with effective inputs from Industry

¹ The Asian Development Bank provided project preparatory technical assistance: ADB. 2011. *Technical Assistance to the People's Republic of Bangladesh for Preparing the Skills for Employment Project*. Manila.

Skills Councils (ISCs), Employer Associations and Employers. The priority sectors targeted initially by SEIP in tranche 1 are: (i) Readymade Garments (RMG) and Textile; (ii) Construction; (iii) Information and Technology (IT); (iv) Light Engineering/Manufacturing; (v) Leather and Footwear; and (vi) Maritime. The leading industries which are internationally recognized employer associations, with substantial membership coverage of priority economic sectors and formally recognized by the Government of Bangladesh (GOB) through the apex policy making body, the National Skills Development Council (NSDC), will be engaged in recruitment, training management and job placement.

Sub-Output 1.1 Number trained in priority sectors and skills enhanced

6. SEIP will finance skills training of 260,000 trainees with 70% job placement (182,000) during tranche 1 and a total training of 1.25 million (875,000 gainful job placement) during the project period (2014-2021). The proposed breakdown is Table 1 below:

| Training | Tranche 1 (2014-15-17-18) | Tranche 2 and 3 (2016-17-2020-21) | Total (7 years) |
|------------------------------|--------------------------------------|--|----------------------------|
| Public | 47,400 | 202,600 | 250,000 |
| Associations | 192,600 | 727,400 | 920,000 |
| BGMEA | | TBD | TBD |
| BKMEA | | TBD | TBD |
| BTMA | | TBD | TBD |
| Leather | | TBD | TBD |
| BACI | | TBD | TBD |
| BEIOA | | TBD | TBD |
| BASIS | | TBD | TBD |
| BACCO | | TBD | TBD |
| Ship Builders Association | | | |
| NGOs/PKSF | 10,000 | 40,000 | 50,000 |
| SME/BB | 10,000 | 20,000 | 30,000 |
| Total | 260,000 | 1,240,000 | 1,250,000 |

BACI = Bangladesh Association of Construction Industry, BACCO = Bangladesh Call Center Operators' Association, BASIS = Bangladesh Association of Software and Information Services, BB = Bangladesh Bank, BEIOA = Bangladesh Engineering Industry Owners' Association, BGMEA = Bangladesh Garment Manufacturers and Exporters Association, BKMEA = Bangladesh Knitwear Manufacturers and Exporters Association, BTMA = Bangladesh Textile Mills Association, NGO = nongovernment organization, PKSF = Palli-Karma Sahayak Foundation, SME = small and medium-scale enterprise, TBB = to be decided.

7. Five types of institutions are expected to deliver these training targets with 70% job placements:

8. **Public training providers.** Around 47,400 training target is proposed through 32 public training providers under three ministries/departments [(8 Technical School and Colleges (TSCs) and one diploma level computer training institute under the Directorate of Technical Education (DTE), 20 Technical Training Centers (TTCs) under the Bureau of Manpower Employment and Training (BMET), and 3 Bangladesh Industrial Technical Assistance Centers (BITACs) under the Ministry of Industry]. These training institutions were identified through a survey to assess their capacity to implement the training program. The criteria used to assess institutions included: (i) annual intake capacity; (ii) number and quality of courses linked to priority sectors and recognized by industry; (iii) capacity to start training program immediately and condition of facilities, equipment and materials; (iv) incremental expansion capacity; (v) employment

achievements of the graduates; (vi) existence of job placement unit, career counseling and linkages with industry; (vii) status of trained teachers and assessors; (viii) status of partnerships with industry; (ix) delegation of power to engage guest instructors and job placement officers, offer short-term flexible courses, and enter into partnerships.

9. SEIP will support public training providers to meet industry skill requirements through grants based on the successful achievement of outputs and targets specified in approved business plans. A 3 Year business plan will be developed by each institution which will specify how training providers will contribute to the achievement of the National Skill Development Policy (NSDP) and road map objectives and targets. Plans will be updated annually on a rolling basis. Funds will be disbursed on the basis of achievement of key performance targets and results specified in the business plan. SEIP will support training operation cost and capacity development cost. The training operation cost includes stipend of the trainees, cost of training materials, contracted industry trainers and job placement officers, allowances of regular TVET trainers, supporting staff, principals of head of institutions, database, tracking activities tracer studies and placement activities etc. Costs for equipment, furniture, repair and maintenance and capacity development are provided separately.

10. **PKSF.** PKSF has over 6 million micro-credit members. It will be able to target skills training to its micro-credit members and their families for wage and self-employment. Around 10,000 training target is proposed through nongovernment organizations which are already PKSF partners in imparting livelihood programs and related training linked to gainful employment or self-employment. PKSF is uniquely placed to link skills training through its well established partnership arrangements with the best NGOs in Bangladesh.

11. **Bangladesh Bank.** Bangladesh Bank's Small and Medium Enterprise (SME) Department is uniquely placed to target skills training to SMEs that involve the largest employment in Bangladesh for self-employment. Since Bangladesh Bank regulates credits to SMEs, the training to those that have access to credit will facilitate self-employment. A major emphasis of Bangladesh Bank is to promote women entrepreneurs, which is crucial to enhance larger participation of women. Bangladesh Bank SME programs have been supported by ADB and World Bank's International Finance Corporation (IFC). IFC has also supported Bangladesh Bank to train and promote entrepreneurship. Around 10,000 training target is proposed through the Bangladesh Bank (BB) linked with its small and medium enterprise support program. Government and ADB already have good experience working with the Bangladesh Bank in implementing the SME project through selected commercial banks. Bangladesh Bank has emphasized the need to address the existing gaps between SME financing and missing link with skills training.

12. **Industry Associations.** Around 192,600 training target (new entrants and up-skilling) is proposed through 8 leading industry associations [Bangladesh Garment Manufacturing and Exporters Association (BGMEA), Bangladesh Knitwear Manufacturers and Exporters Association (BKMEA), Bangladesh Textile Mills Association (BTMA), Leather and Footwear Manufacturers and Exporters Association (LFMEA), Bangladesh Association of Construction Industry (BACI), Bangladesh Engineering Industry Owners' Association (BEIOA), Bangladesh Association of Software and Information Services (BASIS), Bangladesh Association of Call Centers and Outsourcing (BACCO), Bangladesh Shipbuilders Association] in 6 priority sectors during tranche 1. These associations will deliver training through their own training institutions as well as through partnerships with other relevant training institutions. These associations are currently involved in establishing their respective ISCs which will coordinate training, job placement and facilitate partnerships between training providers and employers. ISCs will

provide leadership and strategic advice on skills development issues including the development of standards, identification of critical skill-gaps and ensure quality training provision is aligned to industry development plans and productivity improvement.

13. **Private training providers.** It is proposed to engage 10-15 quality private training providers to partner with industry to achieve targets. ISCs will develop a network of training providers that are endorsed by industry providing service excellence to meeting the skills needs of employers and located throughout the country. Selection of private providers will be based on a set of agreed selection criteria and process.

14. **Training Program.** Training program development will be prioritized based upon ISC and Industry Association identified skills needs and priorities which will be updated annually in the form of a published Industry Training Plan. To maintain the quality and relevance of the training packages developed with ISCs, the SEIP will support the development and implementation of training programs that require structured industrial attachment (on the job training) with learning in the workplace directly relevant to the competencies being acquired in new skills programs developed with industry. From NTVQF Level 1-5, programs should ensure employers are involved in delivery and assessment of skills against the industry standards through structured on the job training to build trust across industry that skills programs address industry requirements and certification of skills involve work place demonstration and assessment. Implementation of new training will involve establishing agreements with industry to undertake workplace based training and ensure training packages specify and link competencies with planned industrial attachment.

15. **Training Courses. Courses will be developed that involve combinations of skill competencies aligned to industry endorsed standards (CBT) reflecting NTVQF requirements.** Courses will be on modular job-focused packages of skill competencies approved by ISCs. When CBT requirements are developed with such as, new occupational standards, certified CBT trainers, industry assessors, registered training organizations (RTO) with BTEB, institutions will then progressively deliver new CBT courses. Industry endorsement of the training course is a precursor to financial assistance from SEIP. Training courses will ensure compliance with industry endorsed standards, government policies and regulations. Laws and regulations concerning occupational health and safety, workplace relations and employment conditions, life skills (including teamwork, communication, technology usage), will be integrated into specific modules in all training courses to be supported by SEIP. A self-employment package will also be integrated to support those who want to start their own ventures or those that find wages inadequate.

16. Delivery methods will be flexible and quality assured with industry providing guidance. Training will include structured on job training to prepare trainees for the workforce and enable employers to be actively involved in training delivery and assessment. Individual training plans and 'skill passports'/portfolio will be developed to support trainees to complete job requirements and have skills assessed and certified during structured on job training components.

Sub-Output 1.2.Support to targeted groups

17. The SEIP will establish and implement a targeting strategy to address the special needs of groups identified in the NSDP and ensure their participation according to NSDP targets and requirements. It is proposed that 40,000 trainees (30% from public training institutions and Bangladesh SME, and 70% from 9 sector associations and PKSf) will be granted financial support through pilot schemes in tranche 1 and be carefully monitored to ensure targeting

strategy is supporting key target groups and innovative projects. Future targets for subsequent tranches will be adjusted to reflect NSDC and NSDP priorities through regular monitoring, skill-gaps surveys and reporting processes. Pilot schemes (stipends and vouchers for poor students and the identified categories of disadvantaged groups prioritized by the NSDP) will be implemented during tranche 1 and they will be replicated nationwide following evaluations. Support to stipends and vouchers will be linked to at least 80% attendance and 70% achievement in periodical competency assessments. Selection of candidates for stipends and vouchers will be based on NSDP criteria which include women, rural and remote communities, ethnic and indigenous minorities and people with disabilities.

Output 2: Quality Assurance system strengthened

Sub-output 2.1 Skills qualifications accredited and institutions registered.

18. 13 CBT programs are already available in the 6 priority sectors which have been developed through the TVET Reform Project and Skills Development Project (SDP). The courses respond to identified industry needs and have been piloted in close collaboration with industry. These programs endorsed by ISCs and BTEB will be implemented by SEIP.

19. The SEIP will enhance the capacity of key stakeholders (ISCs, BTEB, and selected nongovernment organizations/NGOs) to develop skills qualifications and training packages. SEIP will provide support to improve quality and relevance throughout the TVET system to ensure that TVET graduates get gainful employment following training. The SEIP will support the development of a training package with each ISC. Each training package will include standards, learning materials and assessment tools aligned with levels of the National Technical & Vocational Qualifications Framework (NTVQF).

20. SEIP will ensure packaging of job focused skills competencies into qualifications at levels 1, 2, 3, 4 & 5 in accordance with the occupational needs of the priority industries and ensure endorsement by ISC and subsequently approved by BTEB. The training packages comprise off job and on job training. The training will be modularized and will gradually replace the conventional training courses. Assessment and skills certification will be provided in accordance with the NSDP and will enable overseas recognition to promote improved skilled migration and quality improvement of the Bangladesh TVET system. SEIP will facilitate 'adapt and adopt' approaches to fast track course development drawing from good international practices and through partnerships between industry and training provider networks.

Sub-output 2.2 Instructors/trainers, assessors, managers and work place trainers enhanced and expanded

21. SEIP will train 320 trainers, 50 industry assessors and 32 principals/managers and assist public training providers and meet requirements of ISCs, BTEB and the NTVQF. SEIP will also train 1000 trainers, 250 industry assessors and 60 managers for the sector associations and private training providers. Vocational trainer development program will be sandwiched comprising needs based pedagogy and technical skills.

22. The SEIP will prepare vocational trainers and assessors to deliver training in priority sectors. The current TVET teacher/instructor training programs produce small numbers of graduates with inadequate pedagogical and technical skills. The processes of selection and deployment of instructors in the public TVET institutions is slow and inefficient. The NSDP makes clear the required changes in TVET system management, pedagogy, and certification as

well as the need for more technically skilled instructors to support expansion of the system. The SEIP will support the engagement of industry and external contractors initially to manage the delivery of training to develop a network of certified trainers and assessors, including work-based trainers and assessors. It will implement a twinning arrangement program to help pool expertise through a network of institutions (ISCs, training providers, other technical institutions, and enterprises). It is crucial to engage some of the best training providers initially to expand the pool of expertise that can be utilized to expand the system without eroding quality.

23. The SEIP will implement a vocational trainer development program for trainers and assessors and a management leadership program for training provider management personnel reflecting NSDP requirements. The content will focus on ensuring that key staff have the required skills, knowledge and attitudes to deliver quality training and other priorities of the NSDC to implement the NSDP. The program will be carefully monitored to ensure that TVET sector staff skills are upgraded. The professional development programs will include the following activities:

- i. Sector planning and performance management of selected training providers;
- ii. Strengthening TVET managers to implement the SEIP effectively and efficiently;
- iii. Strengthening the standards-based training and assessment capacity of TVET trainers and assessors in selected training providers in selected priority industry sectors;
- iv. Establishing performance systems to provide on-going support to the trainers and assessors delivering standards-based assessment;
- v. Strengthen standards for trainers and assessors and ensure training programs are linked to attainment of endorsed trainer and assessor standards.
- vi. Implement 'return to industry' programs to upgrade the technical skills of trainers and teaching staff to ensure they can deliver industry endorsed training;
- vii. Introduce allowances for trainers that meet industry standards and demonstrate quality provision of revised training programs

24. Assessors will be trained and registered with BTEB. SDCMU and ISCs will identify and select the assessors based on agreed criteria. Assessors will be technically competent in the subject areas they will be assessing throughout the SEIP implementation. The development of a national network of assessors and assessment locations using the industry facilities, public and private TVET institutions will be made available for assessors to use and will need to be sufficient to meet the demand for assessment by the SEIP funded institutional-based training programs, work-based training program and targets for recognition of prior learning (RPL). NSDC Secretariat will maintain a database of industry trainers and assessors to support widespread implementation of training programs in priority sectors.

25. Graduates of TVET training providers in Bangladesh will be in much greater demand from employers if they have better quality skills which they can demonstrate effectively in the workplace. Currently graduates find it difficult to secure jobs in the areas in which they have been trained resulting in widespread entry into the informal labor market or into underemployment. The major contributing factor is that the skills that the graduates hold are not accepted by the industry employers as being of sufficiently high standard or of meeting work requirements. Indeed, many employers re-train employees after they have been engaged in employment. Skills in many sectors of the economy are already embodied in industry standards adopted by employer associations in Bangladesh or abroad. Implementing a world class accreditation and certification system that signals quality benchmarked against internationally recognized standards is critical for improving the competitiveness of the economy and provides

additional opportunities for those seeking to work abroad. Industry standards that require quality work skills should drive skills development in Bangladesh. The SEIP will rapidly expand ISC and industry association provisioning of skills to support the restructuring of training provision to better serve industry needs and meet graduate expectations of gainful employment.

26. The SEIP will develop capacity of BTEB in developing, approving and monitoring a quality assurance framework, and implementing procedures and quality assurance manuals for provider registration and course accreditation. This subcomponent will also support ISC capacity to undertake quality assurance of training providers and training programs and provide industry verification of teaching and learning materials including the use of ICT and assessment tools applied in vocational training programs to ensure skills needs. BTEB will also be supported to prepare and implement quality procedures to ensure quality and consistency with the design of training programs and assessment of skills. Procedures to govern the devolution of functions to ISCs and selected institutions will also be developed and implemented. Support to BTEB will target: (i) provider registration and course accreditation systems and procedures; (ii) assessment and certification system and procedures; (iii) quality assurance, review and regular maintenance of training program procedures; (iv) quality auditing and verification of results from assessment and certification system and procedures; (v) upgrading staff to perform functions; (vi) skills certification benchmarking and mutual recognition agreements established with key labor migration destinations.

27. SEIP will facilitate networks and partnerships between providers and employers across all the identified priority sectors to motivate and engage employer participation in the training system. The informal nature of the employment market in Bangladesh has neither encouraged industry to significantly engage in formal training or apprenticeship programs nor inspired potential workers to explore skills programs linked to employment in domestic and external markets. The SEIP will strengthen the role of the industry in the provision and quality assurance of TVET. The Program will strengthen the role of ISCs as provider of services to (i) support BTEB to implement a nationally consistent quality assurance system for TVET; (ii) develop and validate training programs (standards, learning materials and assessment tools) to meet industry needs; (iii) license industry experts as trainers and assessors to support training providers with implementation and to ensure skills are assessed to industry standards; and (iv) facilitate the placement of students to meet industry skill requirements.

Sub-output 2.3 Improved training facilities

28. The SEIP will support the sequenced improvement of training facilities to ensure relevant skills formation and supply to industry requirements. The SEIP will initially sponsor a review of training facilities and utilization in 6 priority sectors to support Government to have a consolidated overview of the location and condition of training centers and the linkage between the programs they deliver and local, national and overseas employment opportunities given that labor is highly mobile. In supporting the implementation of the NSDP, networks of training providers will be established along sector lines with centers of excellence developed and feeder institutions aligned to ensure national coverage and access. A PPP modality will be adopted to bring together public and private training providers to work within a sector framework to maximize enrolments, share facilities and resources and address industry skills needs. SEIP will facilitate Government to work with industry stakeholders to progressively improve training facilities in providers that implement quality improvement programs, meet quality assurance guidelines and deliver sector results aligned to NSDC priorities.

29. Building on the experience of the Center of Excellence in Leather (COEL) and to promote excellence in skills development, SEIP will assist industry associations to network and coordinate with well performing public and private institutions to develop into centers of excellence that specialize in skills development relevant to key industry sectors. Initially 6 and 15 priority sectors over the 10 years will be supported during the SEIP period with internationally comparable facilities and staff to offer high quality programs in priority sectors. These institutions will lead networks of training institutions in addressing industry skills needs and improving employability of trainees. Industries have already commenced establishment of centers which SEIP can expand to ensure broad coverage and service to industries nationally. A center is not intended to be a standalone training institution but a quality assured network of providers that meet industry requirements. SEIP will also identify teacher training institutions in tranche 1 for upgrading support and to partner with industry to ensure technical skills training requirements are met through 'back to industry' programs for selected teachers and trainers. In 'back to industry' programs a teacher is supported to return to industry to undertake on job training and update technical skills, awareness of work place organization and technology and update training materials to reflect industry requirements.

Sub-output 2.4 Assessment and certification system and RPL program implemented

30. This subcomponent will support the establishment of: (i) systems and procedures to implement assessment and certification activities in the priority sectors under the guidance of BTEB and through the ISC network; (ii) implement a skills assessment and certification system including recognition of prior learning (RPL); and (iii) implement national quality assurance system to ensure consistency and standardization in the priority sectors. Under a quality assurance framework approved and monitored by BTEB, skills assessment and certification will be devolved to ISCs on a criteria basis to establish assessor networks through which skills can be recognized by industry to improve employability in Bangladesh and abroad. In tranche 1 and 2, the SEIP will work with the ISCs and industry associations to fund the establishment of an assessment system in each of the identified priority sectors. Assessment activity will be licensed to quality training providers, enterprises and industry experts to ensure skills are certified to industry standards.

31. **RPL:** Recognition of Prior Learning (RPL) is a system to assess, evaluate and formally recognize the skills and knowledge acquired through work and other life experiences without access to formal education or training. RPL is therefore a strong means to formally recognize and validate competencies gained outside the formal training system for the purpose of certification. The NSDP suggests that an applicant should show a wide variety of evidence to obtain formal recognition and should include i) samples of work, ii) a certification from employer, iii) portfolios, and iv) references and referees reports. The SEIP will establish and institutionalize a credible RPL system in Bangladesh. 20,000 will be served through RPL system during tranche 1. In order to implement the RPL system, 20 assessment centers will be selected from the existing training centers and upgrade them to assess and train the prospective beneficiaries. SEIP will also provide training to 200 RPL trainers and 200 RPL assessors.

Output 3: Skills development system and institutions strengthened

Sub-Output 3.1 Planning, management and monitoring institutions established

32. The implementation of the NSDP will require organizational and policy changes to achieve the coherent and coordinated skills development system as envisaged by the NSDP and reflected in the SEIP policy matrix. The SEIP will support the NSDC and key government ministries to restructure institutional arrangements to enable the TVET system to be able to

meet policy objectives within a coherent skills development framework. Key reform areas to be supported by the SEIP will include:

- i. TVET policy and planning systems including LMIS established and strengthened through the NSDC and ISC network. Initially an LMIS will be established covering 6 priority sectors and these will be expanded progressively to cover additional sectors of the economy through SEIP and other development partner programs.
- ii. A common and integrated MIS system to monitor sector performance including data on training providers and their achievement of NSDC result areas and key performance indicators (KPIs) as well as tracking trainees and their job placements. The MIS system will need to collect and integrate data from BTEB, government ministries and NSDC.
- iii. TVET implementation coordinated through a single authority, a new Ministry of Skills Development or National Skills Authority, and unified MTBF resulting with nationally consistent and coordinated skills development services to employers and communities.
- iv. Implementation of an institutional framework for service delivery through partnerships between training providers and industry. Initially it is proposed to use project agreements/contract between SDCMU and different agencies to disburse funds on approved milestones (progress report). Agreement template will ensure clear management and governance arrangements, clear milestones and targets, and development activities to strengthen capacity of NGO, public and private providers.

33. ISCs in priority sectors will be strengthened to undertake functions prescribed under the NSDC and NSDP. Guidelines and codes of practice will be progressively implemented with 6 priority sectors commencing in tranche 1. Once established according to government requirements (legally registered, operating procedures and constitutions established, governance arrangements with clear roles and responsibilities detailed, financial management requirements established, and membership arrangements specified), the ISCs will be contracted under PPP concept to provide services prescribed under the NSDP, and to strengthen the implementation of the NSDP and support the effective functioning of the NSDC. ISCs will be contracted to: (i) validate LMIS and skills needs analysis including skills gap surveys amongst employer members; (ii) develop and validate industry standards and training packages aligned to industry, BTEB and NTVQF requirements; (iii) prepare and publish annual industry skills plans which identify key skill areas to be addressed by the skills development system and which monitors the progress of meeting priorities set in the previous year; (iv) implementation of a skills assessment and certification system with BTEB oversight; (v) implementation of training provider and trainer accreditation system with BTEB ensuring industry endorsement of products and services; and (vi) placement and employment services with accredited training providers including advocacy and marketing of industry employment opportunities and career pathways.

34. The SEIP will support ISCs and industry associations (building on industry initiatives including COEL) and the NSDC to generate 'skills for employment' initiatives and facilitate partnerships between training providers (selected from private and public sectors) and employers to address needs and achieve specified results. These mechanisms will be carefully monitored initially in tranche 1 and 2 to identify workable models that can then be taken to larger scale in Tranches 3 and 4.

35. **PPP:** The SEIP will also support the establishment of partnerships between employers, industry associations, ISCs, and selected training providers to facilitate placement linked training and improved graduate employment outcomes. The current system has limited

provision for partnerships which constrains opportunities for skills development. Under SEIP, ISCs, training providers and employer/industry associations will form partnerships to address identified skills gaps in priority sectors. Partnership models (for instance, leasing training facilities, workplace-based training in addition to training center-based training, outsourcing services, etc.) will be tested and monitored for expansion to other sectors of the economy and to extend partnerships to address other occupational skills shortages identified through LMIS and ISC processes. The SEIP will establish close coordination with and seek guidance from the PPP Cell at the Prime Minister's Office to tap on existing rich experience and insight on PPP.

Sub-output 3.2 Unified funding arrangement established

36. **National Human Resource Development Fund (NHRDF):** SEIP will support the establishment and operationalization of a NHRDF based on the experience from other relevant funds in Bangladesh and in other relevant countries (India, Malaysia, Singapore etc.) to catalyze the private, public and NGO sectors. It will be managed by professional fund managers and will channel funds to training providers on the basis of agreed criteria, procedures and approvals from the institutional arrangements to be set up under the MOF/. NHRDF will provide two windows through which (i) industry bodies; and (ii) industry partnered accredited training providers can access grants for skills development initiatives. The scheme aims to provide employers and training providers with resources to improve skills and service levels and increase employability of graduates. The first window will be the private sector window for employers and employer associations in priority sectors. The second window will be for training providers partnering with industry associations and employers. The skills grants will be allocated on a competitive basis, based on project proposals to be evaluated using agreed indicators and criteria. The indicators, criteria and application process will be detailed in the draft Standard Operating Procedures Manual.

37. The NHRDF will enable financing of industry, ISC, and other ministry proposals to improve TVET quality and employment outcomes for graduates. In Tranche 2 cost recovery and cost sharing schemes will be piloted and taken to scale to ensure adequate industry contributions to maintaining the quality and responsiveness of the skills development system in meeting industry and labor market needs. These schemes are expected to lead towards the creation of a vibrant skills market that will be able to meet the large training needs of the country in a sustainable way.

38. The SEIP will support NSDC to improve TVET financing and establish funding protocols to ensure standardized use of public resources in the implementation of TVET programs. SEIP will: (i) develop consistent funding formula for delivery of occupationally directed training programs involving public financing through the use of consistent unit costs for different programs; (ii) develop and implement training scholarships and voucher scheme to support key industries and target groups; and (iii) develop a fees and charges policy to guide assessment and certification services. Sustainable financing options will be implemented resulting from the approved recommendations from a feasibility study to be completed in tranche 1 which clearly identifies minimum contributions from employers, users and government to sustain high quality TVET. Options will focus on taxation benefits and skills levy systems to stimulate private sector participation and innovation in the skills development system in Bangladesh leading to a vibrant skills market.

Sub-Output 3.3 Participating public training institutions operate with delegation of power

39. This subcomponent will enhance the management capacity of participating public training providers to ensure that they function efficiently guided by the principles of autonomy,

transparency, accountability and sustainability. SEIP will emphasize strengthening training institutions to be more flexible and able to respond to the needs of employers, students and provide quality flexible training services on the assumption that the NSDP would create conducive policy environment through which the Government can strengthen the institutional autonomy of key training providers. In tranche 1 and 2 the SEIP will ensure that as a minimum: (i) selected public training providers can employ guest instructors and resource persons to deliver training courses; (ii) mobilize additional resources from provision of TVET services which will be reflected in additional budget; (iii) flexibly determine training delivery priorities based on local employment opportunities; (iv) partner with industry and employers to provide skills development services which address industry needs; and (v) enter into partnerships with training providers and employers to provide employment linked training courses. These issues will be placed to the government for issuance of orders in due course.

Sub-output 3.4 Strengthened industry linkages, job placement and career counseling and guidance

40. Enrolment and placement targets for SEIP will require selected training providers to work in partnership with industry/employer bodies to ensure training meets labor market needs and generates employment targets of 70% for graduates. Once partnerships are established students will be recruited and trained to standards determined by industry and placed into the work places for structured on the job training. The acquisition of competencies by students will occur through flexible training modalities regulated by the ISCs within Bangladesh Technical Education Board (BTEB) oversight and its quality assurance framework. Specific targets for domestic and overseas markets by training providers are proposed for apprenticeships, community-based and NGO programs, private sector training (enterprise based), industry skills assessment and certification (Recognition of Prior Learning) and through partnerships between employers and selected training providers in the priority sectors.

41. Without the job placement arrangements, training providers will not be able to validate and promote this important link to ensure relevance of their training programs. To expand models which focus on employment outcome will require fostering a partnership between the government, industry, NGO, civil society, and potential students. Some degree of external facilitation will therefore be essential to bring them together, understand and identify mutual interests, and manage new relationships with a view to achieving the overall objective of the NSDP. Advocacy and social marketing, in the form of industry briefings, active consultation, seminars, conferences and road shows will be required to bring industry and training providers fully on board.

42. In tranche 1, funds will be allocated with clear result indicators to (i) facilitate employment linked training programs catering to those with limited education; (ii) facilitate employment linked training courses in identified areas of skills demand in partnership with employer associations and industry bodies, (iii) ISC facilitated partnerships between employer bodies/industry associations and networks of public and private training institutions, and (iv) industry training centers and providers. Training providers will need to ensure that they are accredited with BTEB and that trainers, assessors and training programs comply with NSDP and BTEB requirements within an agreed time frame.

43. SEIP will also support (i) development and implementation of a strategy for career counseling and guidance in selected training institutions which link training provision with jobs and career development opportunities in priority sectors, (ii) launching of a social marketing program to improve the image of TVET and the opportunities it provides to access the job market to complement the career counseling and guidance strategy; (iii) development of an

interface with secondary schools to ensure possible synergies; and (iv) establishment of linkage with the job placement units in selected training providers to build links with local employers and industry associations to improve placement of trainees into on the job training and gainful employment upon graduation.

44. Career counseling and job placement units will be established in 32 selected public training institutions under tranche 1 to provide linkage between training institutions and their local economic and employment communities. A network of these units will be established to share knowledge and experience among the training institutions to enhance the relevance and effectiveness of career counseling and placement services. Central to this service provision in training institutions will be the introduction of revised funding modality to support and recognize the importance of job placement services. SEIP funding will incentivize and reward training institutions for placement of students—both in terms of completing on the job training requirements and job placements. A firm will be contracted to provide initial support to the established job placement units and support job placement officers to establish and develop links with employers. Placement guidelines which include employer and trainee obligations and responsibilities will be developed to ensure trainees are supported on the job, to complete training requirements and to secure gainful employment on graduation.

45. The SEIP will contract a specialist agency to coordinate and pilot 3 approaches to job placement and employment services. The first will facilitate enrolment and establish job placement services unit in training institutions to: (i) facilitate on the job training, (ii) liaise with employers to facilitate job placement and create networking between employers and institutions and (iii) work with employers to improve the responsiveness of training programs to local employer needs and to facilitate training solutions to these identified needs. Training providers will be supported to deliver training programs in flexible ways to meet employer needs. This could involve different types of training provision (apprenticeships, enterprise based training, part time study options) negotiated between the training provider and the employer and reflected in a training plan or agreement. The second approach is to support intermediary agencies that specialize in job placement and employment services and are specifically funded based on the number of graduates they place into employment. And a third approach is to work with employer associations and ISCs to fund placement services through major employer networks to ensure industry skills gaps are filled. These models will be monitored and reported to guide future policy development by the NSDC and key ministries that could be taken to scale in Tranche 3 and 4 of the SEIP.

46. Employers and Industry Associations will be invited to serve on Employers' Committees and guide the establishment of job placement unit in each training provider and also with the establishment of linkages with key industries. Sustainability will depend upon the willingness of training providers to deliver skills required by employers and ensure employers are actively involved in the delivery and quality assurance of the training program.

Output 4: Effective Program Management.

Sub-Output 4.1 Evidence-based planning, budgeting and monitoring implemented

47. Results based monitoring system will be established and implemented to guide and monitor program performance in meeting NSDC priorities.

48. **MIS System.** Strong data processing and monitoring system will be established to improve data accuracy. This data processing center will be located in NSDC Secretariat with a well-defined technical support. A system validation (checking whether information provided is correct or not), compliance monitoring, whether the beneficiaries comply with the agreed criteria

or not will be established. An external agency will be contracted for implementation and operation of MIS. The contracted agency will provide technical inputs to the NSDC Secretariat for analyzing and dissemination of data to the prospective users. The agency will also upgrade the capacity of NSDC Secretariat so that the secretariat can take over in course of time. The NSDC Secretariat will coordinate data analysis from an MIS system and publish an Annual Sector Performance Report for the skills sector which will detail student enrollments, skills training courses implemented and graduate employment as well as progress on key performance indicators. The MIS will analyze and draw from ISC reports, LMIS, employer satisfaction surveys and tracer studies to enable the NSDC to monitor progress in meeting the policy objectives of the NSDP and the action plans approved by ISCs and the NSDC Secretariat. An external firm will be contracted to perform monitoring and evaluation functions and to track the performance of the SEIP. Results will be posted on SEIP and NSDC Secretariat websites. The SEIP will also support cost effectiveness studies to identify skills training programs that achieve good results through more cost-effective measures. This will help to make skills development programs more competitive and cost-effective.

Sub-Output 4.2 Sector planning and financing strengthened

49. **MTBF.** The SEIP Program will strengthen sector planning through provision of TA with the NSDC to review MTBF for all sector ministries and support NSDC coordination of activities and improve results monitoring. In order to move towards a SWAp from tranche 1, necessary activities will be completed in tranche 1. By Tranche 2 the MTBF related to skills across ministries will be harmonized within one single framework for skills development. It is further proposed that a framework to transition to a SWAp will be developed and approved within tranche 1 to support a common policy, sector financing and monitoring and coordination framework and mechanism. This will allow interested development partners to support skills development efficiently.

Sub-Output 4.3 Governance and risk management capacity developed

50. The SDCMU and NSDC will support an Annual Fiduciary Risk Assessment to ensure that the SEIP is implemented effectively, that value for money is ensured, that key results areas are monitored and verified, and that areas for improvements are identified and monitored closely for continuous improvements. This will also support annual post procurement audit and financial audit that will be reported to record progress and improvement in overall accountability. The annual report will also cover compliance reporting on safeguards, environmental aspects and social and gender action plan.

Sub-Output 4.4 Program implementation and technical assistance coordinated and managed effectively

51. The SEIP will support establishment and operation of a strong program management unit (Skills Development Coordination and Monitoring Unit or SDCMU) led by a highly qualified and experienced project director and comprising qualified and experienced experts in key positions such as procurement, financial management and technical specialists with knowledge and experience in skills development.

52. A team of consultants for project implementation and monitoring will assist the SDCMU to ensure effective implementation of the SEIP. To fast track development SEIP will adapt and adopt training programs from overseas where feasible which can be used to address critical skills needs in Bangladesh through a twinning program. Selected training providers, BTEB and the ISC network will be supported through the proposed twinning arrangement to support

Bangladesh to meet initial priority skills needs. Government, through the ADB financed SDP will establish a partnership with external training authorities to secure training programs and adapt these for use in Bangladesh. Further twining is proposed to facilitate support to strengthen the role of BTEB to assure quality of training providers and training programs. ISCs, training providers and BTEB can 'retro-fit' existing courses as CBT qualifications and ensure that all programs developed meet national and international standards in priority sectors.

53. Strong monitoring will be emphasized to ensure training providers are able to meet the training and job placement targets and funding is linked to performance as per the design. Handholding support will be targeted to training providers and other agencies in order to come up to speed at the earliest to meet the quality standards. Progress reports will be prepared as per agreed format and frequency and report on results framework, key results areas, Policy Matrix, safeguards, and assurances. The SDCMU will also coordinate all consultancy services under the SEIP.

54. Project 1 (Tranche 1) will be implemented from FY2014-15 to FY2017-18. It will help lay the foundation for a large-scale, market responsive skills development program by addressing the major principles and elements of a dynamic skills development sector including piloting. In order to facilitate this, it will support the establishment of the National Human Resource Development Fund as envisaged in the NSDP by drawing on good practices from Malaysia (Human Resource Development Fund), Singapore (Skills Development Fund) and India (National Skills Development Fund), among others. By building on the major initiatives taken by the NSDC and its Executive Committee and the secretariat, SEIP will also help the government establish a new Ministry of Human Resource Development or an Authority to implement the NSDP effectively. Tranche 1 will also help to evolve a dynamic skills development sector through a consolidated medium term budgetary framework (MTBF) based on a costed Skills Development Program Framework (SDPF), leading to a SWAp). At the operational level, SEIP will support mainly four areas (i) delegation of powers to participating public training institutions which will be reviewed for consideration by GoB for wider applications in more public training institutions; (ii) catalyzing the private sector through an effective funding channel; (iii) facilitating public-private partnerships to promote large scale training programs that are responsive to evolving labor market needs by fully operationalizing 5 ISCs in 6 priority sectors; and (iv) supporting common monitoring, setting up standard operating procedures, and initiating skills-gap analysis and tracer studies to substantially enhance high job placement rates. tranche 1 will also initiate the ground work to prepare for tranche 2 implementation.

55. Project 2 will be implemented from FY2016-17 to FY2018-20. It will build on tranche 1 interventions and expand coverage to 10 priority sectors by supporting the full operationalization and strengthening of additional 5 ISCs. This phase will expand the activities initiated in tranche 1, both vertically (addressing higher level skills and high demand longer-term training) and horizontally (covering more sectors and related institutions like the ISCs and Centers of Excellence). This phase will help to further refine some of the models for targeting (vouchers and stipends), assessment and certification, sustainable financing (greater contributions from government, development partners, private sector and users) and effective program management (further refinements in output-based financing to link more closely with job placement and retention in better jobs with higher incomes, more effective monitoring). A major emphasis of this phase will be to support the government to fully implement the SWAp modality approved in tranche 1 which will help to expand global networking between ISCs and their corresponding counterparts in relevant countries through bilateral ties and targeted capacity building through twining arrangements with proven institutions in the region as well as globally. The SEIP in Tranche 2 will also support strengthening the human resource authority or ministry implemented by GoB through the policy dialogue initiated by the SEIP in tranche 1. Ongoing

support will also be provided to ensure the NHRDF is fully functioning to sustainably finance skills development throughout Bangladesh.

56. Project 3 will be implemented from FY2018–21. The third tranche will continue with the expansion started in the second tranche to cover at least 15 priority sectors, with operationalization of additional 5 ISCs. It is anticipated that during this phase, more development partners will join the SWAp. The private sector will make larger investments in skills development leading to the expansion of the skills market which will spur innovations, promote better matching between demand and supply of skills, and support workforce development with higher level skills training relevant to improving industrial performance and competitiveness. SEIP will support public training institutions to forge much closer partnerships with the private sector to deliver results linked to improved workplace organization, performance and productivity. It is expected that the new Ministry of Human Resource Development or the Authority will be fully operational during this phase which will consolidate public training agencies under one framework to ensure synergy in terms of (i) developing several centers of excellence along priority sectors and skills levels, (ii) deliver industry recognized training programs that address skills needs from basic to high levels within an industry endorsed quality assurance framework, (iii) expanded effective partnerships between public and private institutions linked to employment, industry development and ensuring national coverage to improve access, and (iv) strengthening sustainable financing mechanism ensuring increased contributions to high quality skills development relevant to industry and meeting government policy objectives.

57. **Implementation Plans:** Project readiness activities are given in Table 2 and implementation plan in Table 3.

Table 2: Project Readiness Activities

| SL | Indicative Activities | Dec 2013 | Feb 2014 | Mar 2014 | Apr 2014 | May 2014 | July 2014 | Responsibility | Remarks |
|----|-----------------------------------|----------|----------|----------|----------|----------|-----------|----------------|---|
| 1 | Establishment of SDCMU | | | | ➤ | | | MOF | Initial 15 months to 30 June 2015 to be financed by SDC and GoB |
| 2 | Advance Action/ Staffing | | | | ➤ | | | MOF | |
| 3 | Advance Contracting (TPP) | | | ➤ | ➤ | ➤ | | MOF/SDC /ADB | TPP will help project readiness |
| 4 | Advance Contracting (DPP) | | | | | ➤ | | MOF/SDCMU | Only selective packages |
| 5 | Government Budget Inclusion | | ➤ | ➤ | | | | MOF | Under the name of SEIP |
| 6 | Loan Negotiation | | | ➤ | | | | ADB/MOF/ERD | Subject to Pre-ECNEC recommendation |
| 7 | Board Approval | | | | ➤ | | | ADB Board | Subject to ECNEC approval |
| 8 | Loan signing | | | | | ➤ | | ADB/ERD | |
| 9 | Government legal opinion provided | | | | | ➤ | | MOE/ERD | |
| 10 | Loan Effectiveness | | | | | | ➤ | ADB/ERD | |

ADB = Asian Development Bank, DPP = Development Project Proforma, ECNEC = Executive Committee of National Economic Council, ERD = Economic Relations Division, GoB = Government of Bangladesh, MOF = Ministry of Finance, SDC = Swiss Agency for Development and Cooperation, SDCMU = skills development coordination and monitoring unit, SEIP = Skills for Employment Investment Program, TPP = Technical Project Proforma.

Table 3: Tranche 1 Implementation Plan

[illegible]

[illegible]

II. PROJECT MANAGEMENT ARRANGEMENTS

58. Project management comprises four levels. At the highest level, the executing agency (EA) is the Finance Division headed by a secretary under the Ministry of Finance (MOF) which is headed by the Minister. The Program Steering Committee chaired by the secretary, Finance Division will include selected members from the Executive Committee of the National Skill Development Council (EC-NSDC), national project director and other representatives from key ministries and institutions, with the Executive Project Director of SEIP as the member-secretary. At the second level a Project Implementation Unit (PIU) headed by an Additional Secretary (ex-officio) as the National Project Director (NPD). The NPD will provide policy advice, review funding and release funds for SEIP. At the third level is the Skills Development Coordination and Monitoring Unit (SDCMU) headed by an additional secretary as the executive project director (EPD) which will serve as the program management unit. All the staff of the SDCMU will be recruited competitively with required expertise and experience and it will be established by April 2014 through a technical project proposal funded by grant financing from the Swiss Agency for Development and Cooperation (SDC). The SDCMU will be responsible for facilitating, coordinating and monitoring implementation of SEIP. At the fourth level there will be the Skills Development Implementation Committee (SDIC) headed by the Executive Project Director with representatives from all the partner agencies to provide a common forum to discuss implementation issues and to make joint efforts to resolve problems emanating from implementation. If problems cannot be resolved at this level, these will be escalated to the PSC level for resolution.

59. Table 4 below provides management roles and responsibilities of the key stakeholders of SEIP as well as other agencies that involved directly or indirectly in SEIP implementation and coordination:

Table 4: Summary of Implementation Arrangements

| | Description | Functions |
|-------|---|--|
| PSC | PSC, headed by the Secretary, Finance Division, MOF, will be the EA for the program. The Member Secretary of PSC will be the PD, SDCMU. Members of ECNSDC will be ex-officio members. In addition, representatives from Planning Commission, IMED, ERD, MOF, CAG will also be included. Other members will be coopted as appropriate. PSC would meet at least once every quarter. | <ul style="list-style-type: none"> • Be responsible to: • oversee the program implementation; • help solve policy-related issues that arise; • provide guidance to the SDCMU; • approve AOPs; • ensure timely budget release and disbursement of funds; • approve of all reports; • ensure compliance with fiduciary oversight arrangements; • ensure oversight and guidance of PPP activities; • monitor the implementation status of GAP; and • ensure the activities implemented are in accordance with EARF, RF, and SECPF. |
| SDCMU | SDCMU will comprise the management team led by the EPD with staff and technical team, and program officials to support concerned agencies. | Be responsible to: <ul style="list-style-type: none"> • Serve as program management unit • Carryout all mandated functions related to project management, coordination, monitoring, procurement, Financial management, monitoring and evaluation, funding concerned institutions arrangements |
| PIU | Project Implementation Unit will be headed by Additional Secretary, FD (ex-officio) | <ul style="list-style-type: none"> • Policy advice • Review funding and fund releasing |

| | Description | Functions |
|------|---|---|
| SDIC | SDIC will be led by the EPD, SDCMU and will be set up with members from concerned agencies. SDIC will meet monthly or as needed. | Be responsible to: <ul style="list-style-type: none"> • coordinate implementation activities; • review program implementation progress; • make recommendations to improve monitoring and reporting systems; • oversee all the reporting and ensuring the quality to seek guidance of PSC; • oversee M&E activities and provide guidance to SDCMU to coordinate the implementation of the program; and recommend annual plans for approval. |

AOP = annual operation plan, CAG = Comptroller and Auditor General, EA = executing agency, EARF = , ECNSDC = Executive Committee of the National Skill Development Council, EPD = executive project director, ERD = Economic Relations Division, GAP = gender action plan, M&E = monitoring and evaluation, MOF = Ministry of Finance, PD = project director, PPP = public-private partnership, PSC = program steering committee, RF = resettlement framework, SDCMU = skill development coordination and monitoring unit, SDIC = skill development implementation committee, SECF = small ethnic communities planning framework

Other Concerned Agencies

| Institutions | Background | General Responsibility and Mandate | SEIP Related Responsibility | Support from SEIP |
|--|--------------------------|---|--|--|
| 1. National Skills Development Council (NSDC) | Chaired by PM | <ul style="list-style-type: none"> • Provide overall policy guidance as specified in the NSDP • Be Responsible for approval and implementation of all governance, regulatory & legislative provision related to HRD and training • Develop and implement a national policy for skills development, oversee key reforms, co-ordinate activities and monitor implementation of technical and vocational education and training (TVET) and skills training. | <ul style="list-style-type: none"> • Provide advice and support to implement SEIP reform strategy anchored on NSDP | <ul style="list-style-type: none"> • Support NSDC Secretariat for effective implementation of common monitoring, formation and strengthening of ISCs, and skills-gap analysis and LMIS • Facilitate the restructuring of the institutional arrangement to enable the TVET system to meet policy objectives |
| 2. Executive Committee of NSDC | Chaired by MOE Secretary | Responsible for the implementation of NSDC decisions | <ul style="list-style-type: none"> • Support SEIP to implement NSDP • Participate in PSC by selected representatives | <ul style="list-style-type: none"> • Technical support for capacity building of ECNSDC in coordination and monitoring |
| 3. National Human Resource Development Fund (NHRDF) | Proposed | To be established by 2015 | <ul style="list-style-type: none"> • Sustain the SEIP program by channeling funds for skills training programs | <ul style="list-style-type: none"> • Provide technical and financial support to develop NHRDF capacity • Provide start up fund • Assist in formulating policy |

| Institutions | Background | General Responsibility and Mandate | SEIP Related Responsibility | Support from SEIP |
|--|--|---|--|---|
| | | | | and guidelines for operating NHRDF |
| 4. Ministry of Education (MOE) | Line Ministry for Post-Primary Education | Formulate, implement, and monitor post-primary education policy and programs including TVET | <ul style="list-style-type: none"> • Serve as focal Ministry for SEIP support to TTCs • Participate in SEIP PSC • Mobilize BTEB and DTE | <ul style="list-style-type: none"> • Technical support to build capacity of TTCs and DTE |
| 5. Ministry of Labor and Employment (MOLE) | <ul style="list-style-type: none"> • Line Ministry for labor | Formulation of Policy and implementation measures for labor standard, minimum wages, skills development training | <ul style="list-style-type: none"> • Participate in PSC • Support SEIP program | <ul style="list-style-type: none"> • Technical support to build capacity of NSDC Secretariat |
| 6. Ministry of Expatriates' Welfare and Overseas Employment (MEWOE) | <ul style="list-style-type: none"> • Line Ministry for expatriate welfare and overseas employment | Formulation and implementation of overseas employment, expatriate welfare and related skills development training | <ul style="list-style-type: none"> • Serve as focal Ministry for SEIP support to TTCs • Participate in SEIP PSC | <ul style="list-style-type: none"> • Technical support to build capacity of TTCs and BMET |
| 7. Ministry of Industry (MOI) | Line ministry for industries | Formulation and implementation of industrial policy | <ul style="list-style-type: none"> • Serve as focal Ministry for SEIP support to BITACs • Participate in SEIP PSC | <ul style="list-style-type: none"> • Technical support to build capacity of BITACs |
| 8. Ministry of Information and Communication Technology (MOICT) | Line Ministry for ICT | Formulation and implementation of ICT policy | <ul style="list-style-type: none"> • Serve as focal Ministry for IT related skills training • Participate in SEIP PSC | <ul style="list-style-type: none"> • Technical support to build capacity for IT related skills development |
| 9. NSDC secretariat | Secretariat of NSDC headed by JS level government official from Ministry of Labour | <ul style="list-style-type: none"> • Serve as secretariat of NSDC • Development of legal framework for the formation of ISCs, • Developing TVET data, coordinating the implementation of action plans of ministries involved in skills development in consonance with NSDP | <ul style="list-style-type: none"> • Serve as focal agency for skills-gap analysis and LMIS, formation and strengthening of ISCs, and common monitoring • Publish Annual Sector Performance Report for the skills sector covering key performance indicators | <ul style="list-style-type: none"> • Technical support to develop and maintain TVET data system and common monitoring, formation and strengthening of ISCs, and facilitating skills-gap analysis and setting up LMIS |

| Institutions | Background | General Responsibility and Mandate | SEIP Related Responsibility | Support from SEIP |
|---|--|---|--|---|
| 10. Bangladesh Bank SME Department | <ul style="list-style-type: none"> Part of the Central Bank of the Country. It is also engaged in training for SMEs | Also involved in entrepreneurship development activities through SME department | <ul style="list-style-type: none"> Serve as implementation agency for providing skills training to SMEs | Financial and technical support to train SMEs including entrepreneurs |
| 11. BTEB | <ul style="list-style-type: none"> Statutory body, Examination Board under MOE. | <ul style="list-style-type: none"> Developing and regulating formal TVET programs Developing & introducing new courses Registration of institutions and accreditation of courses | <ul style="list-style-type: none"> Course accreditation, assessment and certification Approve and monitor quality assurance framework for skills assessment and certification Support MIS of SEIP | <ul style="list-style-type: none"> Capacity building through technical support, facilitate twinning arrangement |
| 12. DTE | <ul style="list-style-type: none"> Directorate under MOE | <ul style="list-style-type: none"> Providing & promoting vocational education Formulation of policy for vocational and technical education Providing technical and financial supports to the private vocational training providers | <ul style="list-style-type: none"> Focal unit for the MOE Implement SEIP program Provide skills training through the training institutes under DTE Establish linkage between industry and institutes under DTE | <ul style="list-style-type: none"> Financial and technical support for strengthening DTE and training centers Support for training in 9 Technical School and Colleges (TSCs) under DTE |
| 13. BITAC | <ul style="list-style-type: none"> Institution under MOI | <ul style="list-style-type: none"> | <ul style="list-style-type: none"> | <ul style="list-style-type: none"> |
| 14. BMET | <ul style="list-style-type: none"> Bureau under Ministry of Expatriates' Welfare and Overseas Employment | <ul style="list-style-type: none"> Promoting and implementing of skills development training Collection and dissemination of labor market information Employment services both in and outside the country and welfare of migrant workers | <ul style="list-style-type: none"> Serve as focal Unit for SEIP Implement SEIP program Provide institutional training through Technical Training Centers Support MIS of SEIP | <ul style="list-style-type: none"> Financial and Technical support to strengthen BMET operation and capacity building of training centers Support for training in 20 Technical Training Centers (TTCs) under BMET |
| 15. Industry | <ul style="list-style-type: none"> Organization for | <ul style="list-style-type: none"> Welfare of the member | <ul style="list-style-type: none"> Serve as | <ul style="list-style-type: none"> Capacity building |

| Institutions | Background | General Responsibility and Mandate | SEIP Related Responsibility | Support from SEIP |
|---------------------------|---|---|--|--|
| associations/ ISCs | sector industries | industries • Assist in developing market-led training courses(ISC) | focal implementation on units for assigned activities • Training assessment and certification together with ISCs | for ISCs |
| 16.PKSF | • Autonomous body under the Company act | • Implementation of microcredit and skills training program through over 200 partner NGOs | • Serve as focal implementation unit for skills training activities through NGOs • Mobilize NGOs to train 10,000 participants | Service fee for the provision of training |
| 17.ISCs | • One ISC in each industry sector. • Legal framework is being established to register ISCs | Yet to be established formally | • Development of flexible, market-led skills training program, • Training assessment and certification | • Establishment of legal framework and capacity development of ISCs to carryout their expected functions |

AD = Assistant Director, AO = Account Officer, AOP = Annual Operation Plan, CAG = Controller and Auditor General, DD = Deputy Director, DG = Director General, DTE = Directorate of Technical Education, EA = executing agency, EARF = Environmental Assessment and Review Framework, ERD = Economic Relations Division, GAP = Gender Action Plan, IFR = interim unaudited financial report, IMED = Implementation Monitoring and Evaluation Division, M&E = monitoring and evaluation, MOE = Ministry of Education, MOF = Ministry of Finance, PD = Program Director, PO = Project Officer, PPP = public-private partnership, PSC = Program Steering Committee, RF = Resettlement Framework, SECPF = Small Ethnic Communities Planning Framework, SEIP = Skills for Employment Investment Program, SDIC = Sector Development Implementation Committee, PSC = Sector Program Steering Committee, SDCMU = Skills Development Coordination and Monitoring Unit, TA = technical assistance.

Source: Asian Development Bank.

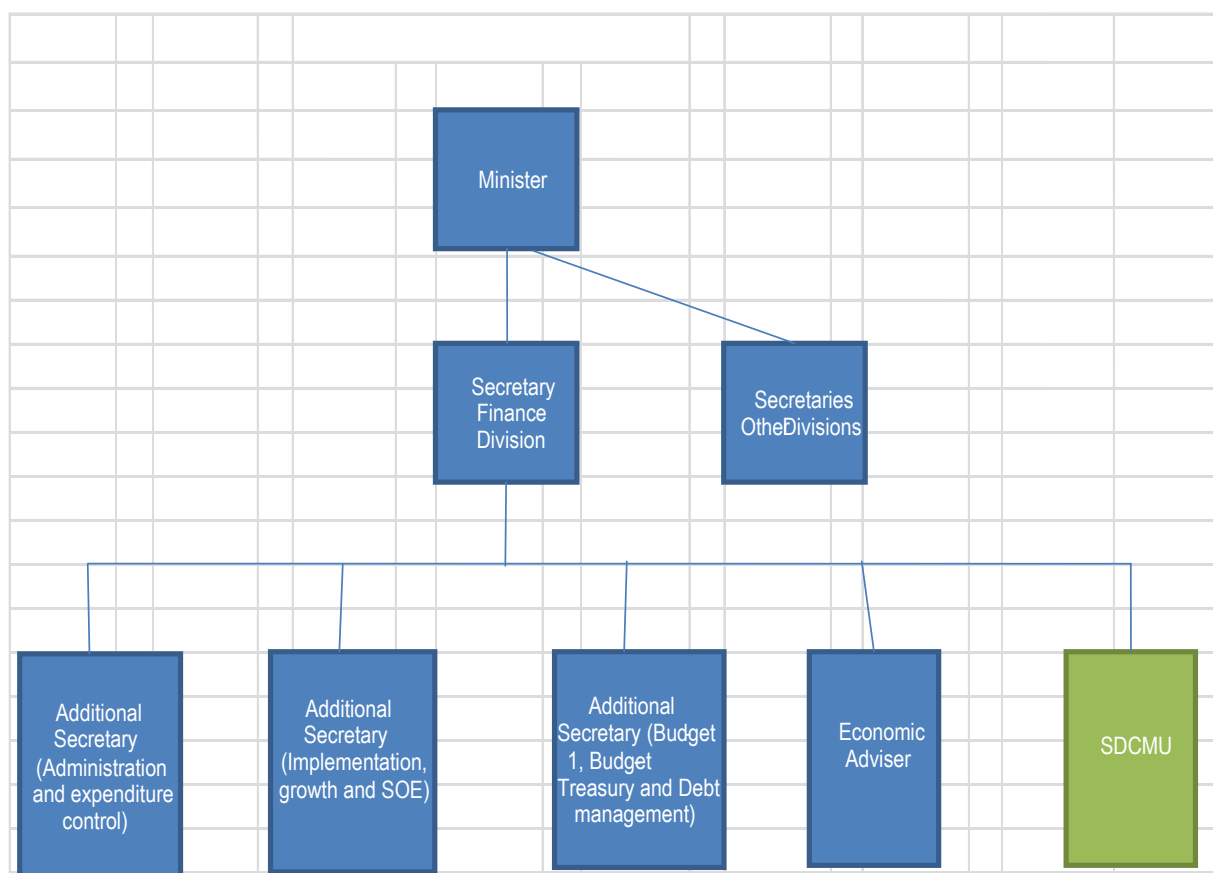
A. Key Persons Involved in Implementation

Table 5: Key Persons Involved in Implementation

| Executing Agency | |
|---|--|
| Ministry of Finance | Fazle Kabir Secretary Ministry of Finance Bangladesh Secretariat Tel: +88 02 716 7577 Email address: fkabir@finance.gov.bd |
| Asian Development Bank | |
| Division Director | Sungsup Ra Director, SAHS South Asia Department Asian Development Bank 6 ADB Avenue Mandaluyong City, 1550, Metro Manila, Philippines Tel: +632 632-4629 sungsupra@adb.org |
| Mission Leader | Brajesh Panth Lead Education Specialist South Asia Department Asian Development Bank 6 ADB Avenue Mandaluyong City, 1550, Metro Manila, Philippines Tel: +632 632-6612 Email: bpanth@adb.org |
| Swiss Agency for Development and Cooperation | |
| | Tahsinah Ahmed Program Manager Swiss Agency for Development and Cooperation Embassy of Switzerland Bay's Edgewater, 8th Floor, Plot 12, North Avenue, Gulshan 2, Dhaka 1212, Bangladesh Tel: +88 02 881 23 92/94 Email: tahsinah.ahmed@eda.admin.ch |

Ministry of Finance Organogram

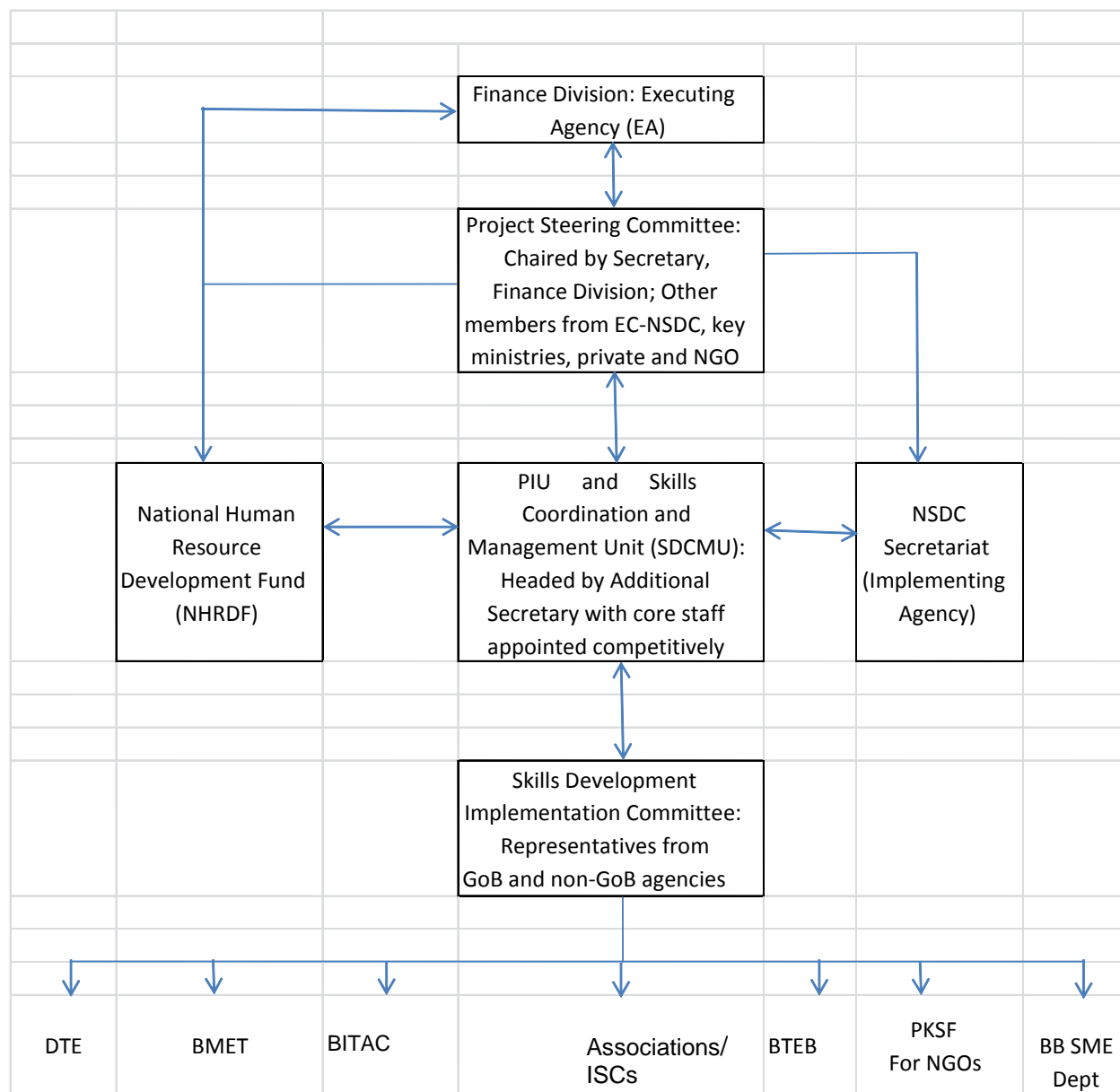
Figure 1: Organogram of the Ministry of Finance



SDCMU = skills development coordination and monitoring unit, SOE = State Owned Enterprises.

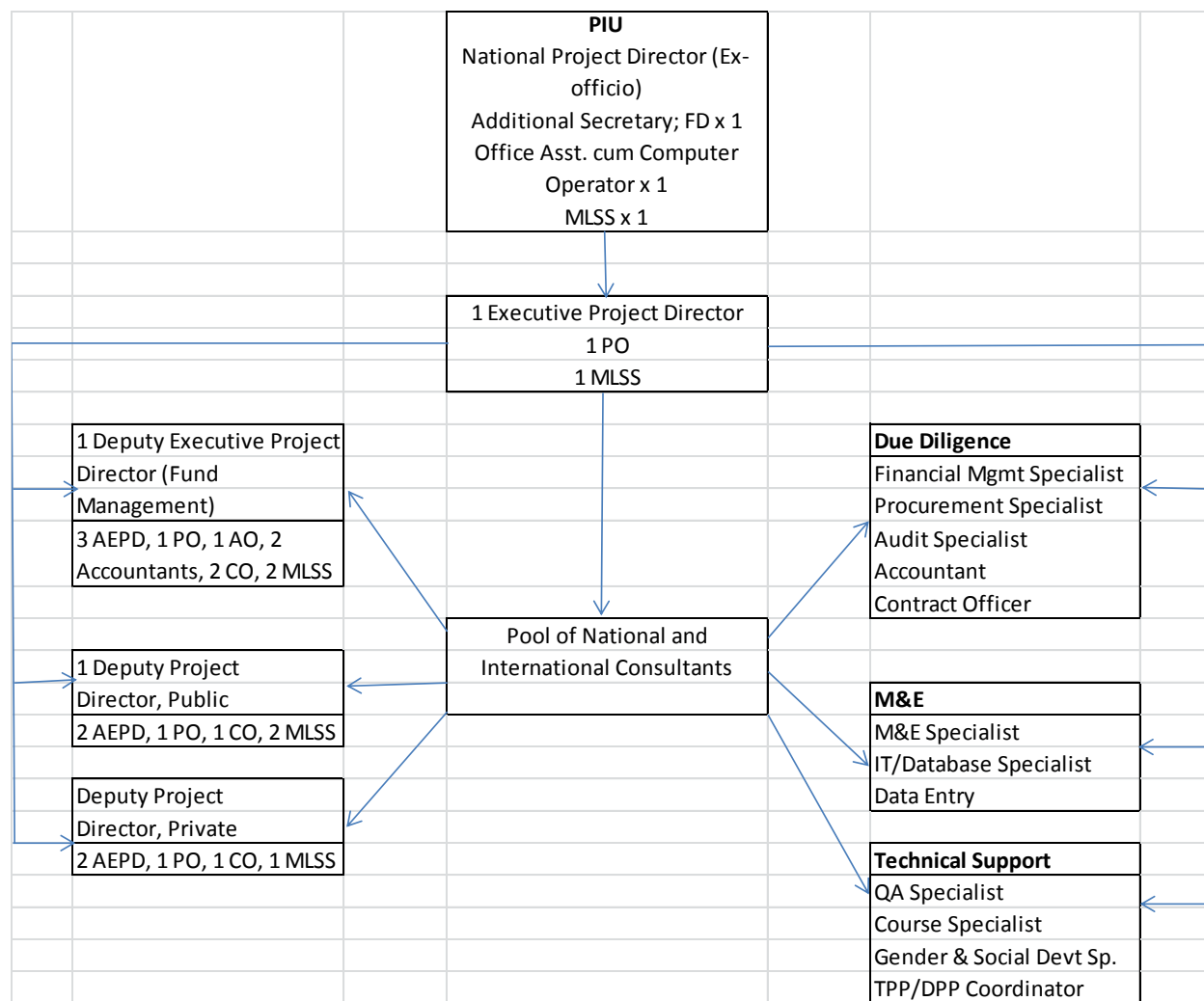
Project Implementation Structure

Figure 2: Skills for Employment Project Implementation Chart



BTEB = Bangladesh Technical Education Board, BMET = Bureau of Manpower, Employment and Training, BB SME Dept = Bangladesh Bank Small and Medium Enterprise Department, BITAC = Bangladesh Institute for Technical Assistance Center, EC-NSDC = Executive Committee of the National Skill Development Council, ISC = industry skills councils, NGO = nongovernment organization, NSDC = National Skill Development Council, PKSf = Palli-Karma Sahayak Foundation.

Figure 3: Project Implementation Unit and Skills Development, Coordination and Monitoring Unit (SDCMU) Organogram



AEPD = assistant executive project director, CO = computer operator, IT = information technology, MLSS = messenger, PO = project officer, TVET = technical and vocational education and training.

Source: ADB staff estimate.

Summary

Total PIU officer and staff: 3

Total SDCMU officers and staff: 32

Consultants: 11 full-time national consultants and pool of national and international consultants (intermittent)

III. COSTS AND FINANCING

A. Program Investment and Financing Plan

60. GoB's 10-year investment program for skills development is estimated to cost \$1,605 million.² The government has requested an MFF in an amount of \$500 million over a 10-year period from ADB's Asian Development Fund to help finance part of the investment program. Table 6 shows that the MFF program is estimated to cost about \$1,070 million over a 7-year period. ADB's allocations for 7 years will be \$350 million in three overlapping tranches: \$100 million for tranche 1 (FY2015–FY2018), \$125 million for tranche 2 (FY2017–FY2020), and \$125 million for tranche 3 (FY2018–FY2021). It is subject to the government's submission of related periodic financing requests, execution of the related loan and project agreements for each tranche, and fulfillment of terms and conditions and undertakings set forth in the framework financing agreement.

Table 6: Project Investment Plan
(\$ million)

| Item | Amount ^a | |
|--|---------------------|--------------|
| | MFF 7-Yr Program | Tranche 1 |
| A. Base Cost | | |
| 1. Market responsive inclusive skills training delivered | 574.4 | 71.6 |
| 2. Quality assurance strengthened | 90.1 | 17.9 |
| 3. Institutions strengthened | 160.2 | 10.1 |
| 4. Effective program management | 78.1 | 12.5 |
| 5. Taxes and duties ^b | 50.0 | 10.5 |
| B. Contingencies^c | 90.7 | 11.8 |
| C. Interest Charges | 26.5 | 4.1 |
| Total (A+B) | 1,070.0 | 138.5 |

GoB = Government of Bangladesh, MFF = multitranchise financing facility.

^a In November 2013 price

^b Government will finance taxes and duties

^c Physical contingency is computed at 1%, and price contingency is computed at 7%.

Source: ADB staff estimates.

61. Table 7 provides MFF program financing plan by each tranche. Of the total MFF cost of \$1.07 billion, ADB's contribution will be \$350 million or 33% in three tranches. ADB will provide \$100 million in tranche 1 or 69% of tranche 1 estimated cost (\$138.5 million). The private sector's contributions (\$3.5 million) in tranche 1 will come in the form of cost sharing in the skills training programs supported by SEIP. The cost breakdown is provided in Table 2 below.

² Full cost estimates of the National Skill Development Policy will be finalized during tranche 1.

Table 7: Financing Plan^a
(\$ million)

| Source | Tranche 1 | Tranche 2 | Tranche 3 | Total 7 Years | Share of Total (%) | 10 Year Plan |
|----------------------|--------------|--------------|--------------|---------------|--------------------|----------------|
| ADB | 100.0 | 125.0 | 125.0 | 350.0 | 32.7 | 500.0 |
| Govt. of Switzerland | 10.0 | 10.0 | 10.0 | 30.0 | 2.8 | 40.0 |
| GoB | 25.0 | 75.0 | 100.0 | 200.0 | 18.7 | 300.0 |
| Other DPs | | 200.0 | 200.0 | 400.0 | 37.4 | 600.0 |
| Private Sector | 3.5 | 26.5 | 60.0 | 90.0 | 8.4 | 165.0 |
| Total | 138.5 | 436.5 | 495.0 | 1,070 | 100.0 | 1,605.0 |

Note: During tranche 1, SEIP will not cover ongoing skills development projects implemented by the Government of Bangladesh. It will gradually include most of the projects funded by the government and DPs as part of the SWAp subsequently.

ADB = Asian Development Bank, DP = development partner, GoB = Government of Bangladesh.

^a Several development partners are expected to cofinance from tranche 2. The parallel contributions from the International Development Agency and Korea International Cooperation Agency in tranche 1 are for the sector and not for SEIP tranche 1.

Source: Asian Development Bank staff estimate.

62. **SDC Financing.** SDC will cofinance SEIP with a total amount of US\$10 million (CHF 9 million equivalent) of grant money during tranche 1. ADB will administer SDC's financing. SDC has indicated that its contributions to subsequent tranches is expected to be of similar amounts or more upon satisfactory completion of each tranche. Hence, the total contributions from SDC for the three tranches is expected to be \$30 million. SDC funding will be utilized to finance the costs associated with the SDCMU staffing and operations including consultancy services related to coordination, M&E, gender mainstreaming and inclusiveness, and institutional capacity development.

63. **Development partner collaboration.** Several development partners (DPs) are either already supporting skills development or are keen to join. SEIP envisages supporting a transition to a SWAp to facilitate interested DPs to support skills development. Besides SDC, Korean International Cooperation Agency (KOICA) is one of the active DPs supporting skills development in Bangladesh. GoB, ADB and KOICA have agreed to treat KOICA support as collaborative financing for SEIP given that both programs will support the IT sector. GoB, ADB and International Development Agency (IDA) have also agreed to treat the support from the IDA to STEP as collaborative financing for SEIP, in order to harmonize each other's support to skills development to avoid any duplication. This is a precursor to the transition to a SWAp under the government's evolving program and strong leadership for which the GoB will approach different DPs to move to a SWAp once there is consensus among the DPs about the modality and arrangements to pool resources.

64. **Opportunity through Corporate Social Responsibility (CSR) Initiative.** The SEIP program has been engaging companies that have an interest in skills development and who have indicated a willingness to invest CSR funds to leverage benefits from the proposed SEIP program. Chevron, AML Enterprises and Standard Chartered have all indicated a willingness to support government efforts through the SEIP Program. Chevron is considering collaborative parallel financing to support poor communities to access SEIP training providers and employment services. They are also interested to support SEIP trainees with self-employment opportunities through their existing partners—MAWTS and UCEP—two of the most successful training providers. The SEIP will develop memorandum of understanding with corporate partner funded programs to align and leverage outcomes that (i) increase participation in the program by poor and disadvantaged groups; (ii) expand partnerships to share experience and build on successful initiatives that achieve high employment outcomes; and improve resource sharing aligned with achieving SEIP result areas.

Table 8: Detailed Cost Estimates by Result (US\$ million): 7 Years Investment Plan

| Items | (Taka Million) | | | (US\$ Million) | | | % of Total |
|--|-----------------|----------------|-----------------|----------------|-------------|----------------|-------------|
| | Local | Foreign | Total | Local | Foreign | Total | |
| A. Output 1-Market responsive inclusive skills training | | | | | | | |
| 1. Number trained in priority sectors and skills | 44,253.2 | | 44,253.2 | 567.3 | - | 567.3 | 53% |
| 2. Support to targeted groups | 550.0 | - | 550.0 | 7.1 | - | 7.1 | 1% |
| Subtotal | 44,803.2 | - | 44,803.2 | 574.4 | - | 574.4 | 54% |
| B. Output 2-Quality assurance system strengthened | | | | | | | |
| 1. Skills qualifications/standards | 250.0 | 200.0 | 450.0 | 3.2 | 2.6 | 5.8 | 1% |
| 2. Instructors/trainers & others trained | 996.8 | 400.0 | 1,396.8 | 12.8 | 5.1 | 17.9 | 2% |
| 3. Improved training facilities | 3,850.0 | - | 3,850.0 | 49.4 | - | 49.4 | 5% |
| 4. Assessment and certification | 1,331.0 | - | 1,331.0 | 17.1 | - | 17.1 | 2% |
| Subtotal | 6,427.8 | 600.0 | 7,027.8 | 82.4 | 7.7 | 90.1 | 8% |
| C. Output 3-Institutions strengthened | | | | | | | |
| 1. Planning, management and monitoring institution established | 2,118.6 | 800.0 | 2,918.6 | 27.2 | 10.3 | 37.4 | 3% |
| 2. Unified funding arrangement established | 530.0 | 200.0 | 730.0 | 6.8 | 2.6 | 9.4 | 1% |
| 3. Participating public training institutions | 2,506.0 | 300.0 | 2,806.0 | 32.1 | 3.8 | 36.0 | 3% |
| 4. Strengthened industry linkage and job placement | 5,521.0 | 520.0 | 6,041.0 | 70.8 | 6.7 | 77.4 | 7% |
| Subtotal | 10,675.6 | 1,820.0 | 12,495.6 | 136.9 | 23.3 | 160.2 | 15% |
| D. Output 4-Effective program management | | | | | | | |
| 1. Evidence-based planning, budgeting & monitoring | 531.0 | 50.0 | 581.0 | 6.8 | 0.6 | 7.4 | 1% |
| 2. Sector planning and financing strengthened | 660.0 | 230.0 | 890.0 | 8.5 | 2.9 | 11.4 | 1% |
| 3. Governance and risk management capacity developed | 330.0 | 450.0 | 780.0 | 4.2 | 5.8 | 10.0 | 1% |
| 4. Program implementation | 2,820.8 | 1,020.0 | 3,840.8 | 36.2 | 13.1 | 49.2 | 5% |
| Subtotal | 4,341.8 | 1,750.0 | 6,091.8 | 55.7 | 22.4 | 78.1 | 7% |
| i. Total baseline costs (A+B+C+D) | 66,248.4 | 4,170.0 | 70,418.4 | 849.3 | 53.5 | 902.8 | 84% |
| II. Taxes and Duties | 3,900.0 | | 3,900.0 | 50.0 | | 50.0 | 5% |
| iii. Contingencies | | | | | | | |
| Physical Contingencies ^b | 2,100.0 | - | 2,100.0 | 26.9 | - | 26.9 | 3% |
| Price Contingencies | 4,974.6 | - | 4,974.6 | 63.8 | - | 63.8 | 6% |
| Total: Contingencies (iii) | 7,074.6 | - | 7,074.6 | 90.7 | - | 90.7 | 8% |
| IV. Financing Charges During Implementation^c | - | 2,067.0 | 2,067.0 | - | 26.5 | 26.5 | 2% |
| Total Project Cost (i+ii+iii+iv) | 77,223.0 | 6,237.0 | 83,460.0 | 990.0 | 80.0 | 1,070.0 | 100% |

^a In November 2013 prices.^b Physical contingencies are set at 3% and price contingencies at 6%.^c Interest charges on the ADB loan will be capitalized at 2% per annum during implementation period.

Source: Asian Development Bank estimates.

Table 9: Detailed Cost Estimates by Result (US\$ million): Tranche 1

| Items | (Taka Million) | | | (US\$ Million) | | | % of Total |
|--|----------------|----------------|-----------------|----------------|-------------|--------------|-------------|
| | Local | Foreign | Total | Local | Foreign | Total | |
| A. Output 1-Market responsive inclusive skills training | | | | | | | |
| 1. Number trained in priority sectors and skills | 5,418.9 | | 5,418.9 | 69.5 | - | 69.5 | 50% |
| 2. Support to targeted groups | 168.0 | - | 168.0 | 2.2 | - | 2.2 | 2% |
| Subtotal | 5,586.9 | - | 5,586.9 | 71.6 | - | 71.6 | 52% |
| B. Output 2-Quality assurance system strengthened | | | | | | | |
| 1. Skills qualifications/standards | 5.1 | 179.4 | 184.5 | 0.1 | 2.3 | 2.4 | 2% |
| 2. Instructors/trainers & others trained | 334.1 | 186.0 | 520.1 | 4.3 | 2.4 | 6.7 | 5% |
| 3. Improved training facilities | 523.7 | - | 523.7 | 6.7 | - | 6.7 | 5% |
| 4. Assessment and certification | 165.0 | - | 165.0 | 2.1 | - | 2.1 | 2% |
| Subtotal | 1,027.9 | 365.4 | 1,393.3 | 13.2 | 4.7 | 17.9 | 13% |
| C. Output 3-Institutions strengthened | | | | | | | |
| 1. Planning, management and monitoring institution established | 312.8 | 135.1 | 447.9 | 4.0 | 1.7 | 5.7 | 4% |
| 2. Unified funding arrangement established | 38.4 | 108.6 | 147.0 | 0.5 | 1.4 | 1.9 | 1% |
| 3. Participating public training institutions | - | 45.0 | 45.0 | - | 0.6 | 0.6 | 0% |
| 4. Strengthened industry linkage and job placement | 149.9 | - | 149.9 | 1.9 | - | 1.9 | 1% |
| Subtotal | 501.1 | 288.7 | 789.8 | 6.4 | 3.7 | 10.1 | 7% |
| D. Output 4-Effective program management | | | | | | | |
| 1. Evidence-based planning, budgeting & monitoring | 40.0 | 78.0 | 118.0 | 0.5 | 1.0 | 1.5 | 1% |
| 2. Sector planning and financing strengthened | 6.0 | - | 6.0 | 0.1 | - | 0.1 | 0% |
| 3. Governance and risk management capacity developed | 84.0 | - | 84.0 | 1.1 | - | 1.1 | 1% |
| 4. Program implementation | 559.7 | 209.8 | 769.4 | 7.2 | 2.7 | 9.9 | 7% |
| Subtotal | 689.7 | 287.8 | 977.4 | 8.8 | 3.7 | 12.5 | 9% |
| i. Total baseline costs (A+B+C+D) | 7,805.6 | 941.9 | 8,747.5 | 100.1 | 12.1 | 112.1 | 81% |
| II. Taxes and Duties | 815.8 | | 815.8 | 10.5 | | 10.5 | 8% |
| iii. Contingencies ^b | | | | | | | |
| Physical Contingencies | 323.2 | - | 323.2 | 4.1 | - | 4.1 | 3% |
| Price Contingencies | 584.5 | 14.4 | 598.9 | 7.5 | 0.2 | 7.7 | 6% |
| Total: Contingencies (iii) | 907.7 | 14.4 | 922.1 | 11.6 | 0.2 | 11.8 | 9% |
| IV.Financing Charges During Implementation ^c | - | 319.8 | 319.8 | - | 4.1 | 4.1 | 3% |
| Total Project Cost [i+ii+iii+iv] | 9,529.1 | 1,276.1 | 10,805.2 | 122.2 | 16.4 | 138.5 | 100% |

^a In November 2013 prices.

^b Physical contingencies are set at 3% and price contingencies at 6%.

^c Interest charges on the ADB loan will be capitalized at 2% per annum during implementation period.

Source: Asian Development Bank estimates.

Table 10: Detailed Cost Estimates by Financier (US\$ Million): Tranche 1

| Items | Total Amount | ADB | | GoB | | | | Private Sector | | SDC ^a | |
|--|--------------|--------------|--------------------|-------------|------------------|---------------------------|--------------------|----------------|--------------------|------------------|--------------------|
| | | Amount | % of Cost Category | Amount | Taxes and Duties | Total GOB including Taxes | % of Cost Category | Amount | % of Cost Category | Amount | % of Cost Category |
| A. Investment Costs | | | | | | | | | | | |
| 1. Civil Works | 1.0 | | 0% | 0.9 | 0.1 | 1.0 | 100% | - | 0% | - | 0% |
| 2. Equipment | | | | | | | | | | | |
| Training Equipment | 8.3 | 5.7 | 69% | | 2.6 | 2.6 | 31% | - | 0% | | 0% |
| SDCMU Equipment | 0.2 | | 0% | | | - | 0% | | 0% | 0.2 | 100% |
| Subtotal | 8.5 | 5.7 | 67% | - | 2.550 | 2.6 | 30% | - | 0% | 0.2 | |
| 3. Furniture | 0.8 | - | 0% | 0.7 | 0.1 | 0.8 | 100% | - | 0% | - | 0% |
| 4. Training | | | | | | | | | | | |
| Local Training | 0.6 | 0.6 | 100% | | 0.0 | - | 0% | - | 0% | - | 0% |
| Overseas Training | 2.4 | 2.4 | 100% | | 0.9 | | 0% | | | | 0% |
| Overseas Training (SDCMU) | 0.3 | | 0% | - | | - | 0% | - | 0% | 0.3 | 100% |
| Subtotal | 4.2 | 3.0 | 72% | - | 0.9 | 0.9 | 21% | - | 0% | 0.3 | 7% |
| 5. Consultancy | | | | | | | | | | | |
| International Consultants | 9.5 | 5.0 | 52% | - | 2.4 | 2.4 | 25% | - | 0% | 2.2 | 23% |
| International Consultants (IC) | 3.1 | 1.9 | 63% | | 0.8 | 0.8 | 25% | | 0% | 0.4 | 12% |
| National Consultants | 8.1 | 5.3 | 65% | | 2.0 | 2.0 | 25% | | 0% | 0.8 | 10% |
| National Consultants (IC) | 4.6 | 0.9 | 20% | - | 1.2 | 1.2 | 25% | - | 0% | 2.6 | 55% |
| Subtotal | 25.2 | 13.1 | 52% | - | 6.3 | 6.3 | 25% | - | | 5.9 | 23% |
| 6. Grants for Training (Associations, BB and | 57.5 | 54.0 | 94% | - | 0.0 | - | 0% | 3.5 | 6% | - | 0% |
| 7. Grants for Training (PTIs) | 11.9 | - | 0% | 11.9 | 0.0 | 11.9 | 100% | - | 0% | | 0% |
| 8. Seminar & Workshop | 0.6 | 0.6 | 100% | | 0.0 | - | 0% | - | 0% | | 0% |
| 9. Stipend for disadvantage group | 1.6 | 1.6 | 100% | - | 0.0 | - | 0% | - | 0% | - | 0% |
| 10. Manpower | 2.3 | - | 0% | - | 0.0 | - | 0% | - | 0% | 2.3 | 100% |
| 11. Operating Cost ^e | 9.1 | 7.8 | 86% | - | 0.6 | 0.6 | 6% | - | 0% | 0.8 | 8% |
| Total baseline Costs [A] | 122.6 | 85.7 | 70% | 13.4 | 10.5 | 23.9 | 19% | 3.5 | | 9.5 | 8% |
| B. Contingencies^b | | | | | | | | | | | |
| Physical Contingencies | 4.1 | 3.5 | 83% | 0.7 | 0.0 | 0.7 | 17% | - | 0% | - | 0% |
| Price Contingencies | 7.6 | 6.7 | 87% | 0.4 | 0.0 | 0.4 | 5% | - | 0% | 0.6 | 7% |
| Total: Contingencies [B] | 11.8 | 10.1 | 86% | 1.1 | 0.0 | 1.1 | 9% | - | 0% | 0.6 | 5% |
| C. Financing Charges During | 4.1 | 4.1 | 100% | - | 0.0 | - | 0% | - | 0% | - | 0% |
| Total Project Cost [A+B+C] | 138.5 | 100.0 | 72% | 14.5 | 10.5 | 25.0 | 18% | 3.5 | | 10.0 | 7% |

^a In November 2013 prices.^b Physical contingencies are set at 3% and price contingencies at 6%.^c Interest charges on the ADB loan will be capitalized at 2% per annum during implementation period.^d Out of US\$10 million of SDC fund, US\$ 3.13 million spending through separate TPP^e Operating cost included office maintenance, Office Rent, transport Rent, Papers, Stationery etc, Operating Cost of SDCMU (\$0.75 million) will be utilized from SDC Fund

IC=Individual Consultant

Source: Asian Development Bank estimates.

Source: Asian Development Bank estimates.

Table 11: Detailed Cost Estimates by Outputs (US\$ Million): Tranche 1

| Items | Total Amount | Output-1 | | Output-2 | | Output-3 | | Output-4 ^d | |
|---|--------------|-------------|--------------------|-------------|--------------------|-------------|--------------------|-----------------------|--------------------|
| | | Amount | % of Cost Category | Amount | % of Cost Category | Amount | % of Cost Category | Amount | % of Cost Category |
| A. Investment Costs | | | | | | | | | |
| 1. Civil Works | 0.9 | - | 0% | 0.9 | 100% | - | - | - | 0% |
| 2. Equipment | | | | | | | | | |
| Training Equipment | 5.7 | | 0% | 5.5 | 96% | 0.2 | 4% | | 0% |
| SDCMU Equipment | 0.2 | | 0% | | 0% | | 0% | 0.2 | 100% |
| Subtotal | 5.9 | - | | 5.5 | 93% | 0.2 | 4% | 0.2 | 3% |
| 3. Furniture | 0.7 | - | - | 0.7 | 100% | - | 0% | - | 0% |
| 4. Training | | | | | | | | | |
| Local Training | 0.6 | - | 0% | 0.1 | 18% | - | 0% | 0.5 | 82% |
| Overseas Training | 2.7 | - | 0% | 0.4 | 14% | 2.1 | 75% | 0.3 | 11% |
| Subtotal | 3.3 | - | 0% | 0.5 | 15% | 2.1 | 62% | 0.8 | 23% |
| 5. Consultancy | | | | | | | | | |
| International Consultants | 7.0 | | 0% | 4.6 | 66% | 1.4 | 20% | 1.0 | 14% |
| International Consultants (IC) | 2.3 | | 0% | | 0% | | 0% | 2.3 | 100% |
| National Consultants | 6.0 | 0.5 | 8% | 1.5 | 24% | 2.5 | 41% | 1.6 | 26% |
| National Consultants (IC) | 3.4 | | 0% | | 0% | | 0% | 3.4 | 100% |
| Subtotal | 18.8 | 0.5 | 3% | 6.1 | 32% | 3.9 | 21% | 8.3 | 44% |
| 6. Grants for Training (Associations, BB and | 57.5 | 57.5 | 100% | - | 0% | - | 0% | - | 0% |
| 7. Grants for Training (PTIs) | 11.9 | 11.9 | 100% | - | 0% | - | 0% | - | 0% |
| 8. Seminar & Workshop | 0.6 | 0.0 | 8% | 0.3 | 52% | 0.1 | 17% | 0.1 | 23% |
| 9. Stipend for disadvantage group | 1.6 | 1.6 | 100% | - | 0% | - | 0% | - | 0% |
| 10. Manpower | 2.3 | - | 0% | - | 0% | - | 0% | 2.3 | 100% |
| 11. Operating Cost ^d | 8.6 | - | 0% | 4.1 | 47% | 3.8 | 44% | 0.8 | 9% |
| Total baseline Costs [A] | 112.1 | 71.6 | 64% | 17.9 | 16% | 10.1 | 9% | 12.5 | 11% |
| B. Taxes and Duties | 10.5 | 0.5 | 5% | 6.3 | 60% | 1.0 | 10% | 2.7 | 25% |
| C. Contingencies | | | | | | | | | |
| Physical Contingencies | 4.1 | 2.6 | 62% | 1.6 | 38% | - | 0% | - | 0% |
| Price Contingencies | 7.7 | 3.0 | 39% | 1.8 | 24% | 1.0 | 13% | 1.9 | 25% |
| Total: Contingencies [C] | 11.8 | 5.5 | 47% | 3.4 | 29% | 1.0 | 8% | 1.9 | 16% |
| D. Financing Charges During Implementation^c | 4.1 | 2.6 | 63% | 0.5 | 12% | 0.5 | 12% | 0.5 | 12% |
| Total Project Cost [A+B+C+D] | 138.5 | 80.2 | 58% | 28.1 | 20% | 12.6 | 9% | 17.6 | 13% |

^a In November 2013 prices.

^b Physical contingencies are set at 3% and price contingencies at 6%.

^c Interest charges on the ADB loan will be capitalized at 2% per annum during implementation

^d Operating cost included office maintenance, Office Rent, transport Rent, Papers, Stationery

IC=Individual Consultant

Source: Asian Development Bank estimates.

Table 12: Detailed Cost Estimates by Year (US\$ Million) : Tranche 1^a

| Items | Year 1 | Year 2 | Year 3 | Year 4 | Total | % of Total |
|---|-------------|-------------|-------------|-------------|--------------|-------------|
| A. Investment Costs | | | | | | |
| 1. Civil Works | 0.5 | 0.2 | 0.2 | - | 0.9 | 1% |
| 2. Equipment | 5.9 | - | - | - | 5.9 | 4% |
| Training Equipment | 5.7 | | | | 5.7 | 4% |
| SDCMU Equipment | 0.2 | | | | 0.2 | 0% |
| Subtotal | 5.9 | | | | 5.9 | 4% |
| 3. Furniture | 0.7 | - | - | - | 0.7 | 1% |
| 4. Training | | | | | | |
| Local Training | 0.2 | 0.2 | 0.2 | - | 0.6 | 0% |
| Overseas Training | 0.3 | 2.4 | - | - | 2.7 | 2% |
| Subtotal | 0.5 | 2.6 | 0.2 | - | 3.3 | 2% |
| 5. Consultancy | | | | | | |
| International Consultants | 1.0 | 2.0 | 2.0 | 2.0 | 7.0 | 5% |
| International Consultants (IC) | 0.5 | 1.0 | 0.5 | 0.3 | 2.3 | 2% |
| National Consultants | 2.0 | 2.0 | 2.0 | | 6.0 | 4% |
| National Consultants (IC) | 1.0 | 1.0 | 1.0 | 0.4 | 3.4 | 2% |
| Subtotal | 4.5 | 6.0 | 5.5 | 2.7 | 18.8 | 14% |
| 6. Grants for Training (Associations, BB and PKSF) | 10.7 | 16.6 | 18.8 | 11.5 | 57.5 | 42% |
| 7. Grants for Training (PTIs) | 2.0 | 3.5 | 4.6 | 1.8 | 11.9 | 9% |
| 8. Research, Seminar & Workshop | 0.1 | 0.2 | 0.2 | 0.1 | 0.6 | 0% |
| 9. Stipend for disadvantage group | 0.2 | 0.6 | 0.8 | - | 1.6 | 1% |
| 10. Manpower | 0.6 | 0.6 | 0.6 | 0.5 | 2.3 | 2% |
| 11. Operating Cost ^d | 2.0 | 2.2 | 2.6 | 1.8 | 8.6 | 6% |
| Total baseline Costs [A] | 27.7 | 32.6 | 33.5 | 18.4 | 112.1 | 81% |
| B. Taxes and Duties | 3.1 | 2.4 | 2.4 | 2.4 | 10.5 | 8% |
| C. Contingencies^c | | | | | | |
| Physical Contingencies | 0.3 | 2.0 | 1.8 | - | 4.1 | 3% |
| Price Contingencies | 0.5 | 1.5 | 2.5 | 3.2 | 7.7 | 6% |
| Total: Contingencies [C] | 0.8 | 3.5 | 4.3 | 3.2 | 11.8 | 9% |
| D. Financing Charges During Implementation^b | 0.3 | 0.8 | 1.3 | 1.8 | 4.1 | 3% |
| Total Project Cost [A+B+C+D] | 31.9 | 39.3 | 41.5 | 25.8 | 138.5 | 100% |

^a In November 2013 prices.^b Interest charges on the ADB loan will be capitalized at 2% per annum during implementation.^c Physical contingencies are set at 3% and price contingencies at 6% period.^d Operating cost includes office maintenance, office rent, transport rent, papers, stationery, etc.

Source: Asian Development Bank estimates.

Source: Asian Development Bank estimates.

Table 13: Skill for Employment Investment Program- PFR1

| ALLOCATION AND WITHDRAWAL OF LOAN PROCEEDS | | | | | |
|---|--------------------------------|------------------------------------|-------------|-----------------------------|---|
| CATEGORY | | | | PERCENTAGE OF ADB FINANCING | |
| No | Item | Amount Allocated for ADB financing | | Percentage | Basis for withdrawal from Loan Proceeds |
| | | Category | Subcategory | | |
| 1 | Equipment | 5,700,000 | | 100% | of Total expenditure Claimed* |
| 2 | Training | 3,040,000 | | 100% | of Total expenditure Claimed* |
| | 2a. Local Training | | 600,000 | 100% | of Total expenditure Claimed* |
| | 2b. Overseas Training | | 2,440,000 | 100% | of Total expenditure Claimed* |
| 3 | Consultancy | 13,040,000 | | 100% | of Total expenditure Claimed* |
| | 3a. International consultants | | 6,880,000 | 100% | of Total expenditure Claimed* |
| | 3b. National Consultants | | 6,160,000 | 100% | of Total expenditure Claimed* |
| 4 | Grants for Training** | 54,000,000 | | 100% | of Total expenditure Claimed* |
| 5 | Seminar and Workshop | 600,000 | | 100% | of Total expenditure Claimed* |
| 6 | Stipend for disadvantage group | 1,640,000 | | 100% | of Total expenditure Claimed* |
| 7 | Operating Cost | 7,800,000 | | 100% | of Total expenditure Claimed* |
| 8 | Interest Charge | 4,100,000 | | 100% | of amount due |
| 9 | Unallocated | 10,080,000 | | | |
| | Total | 100,000,000 | | | |

* Exclusive of taxes and duties

** Grants for training for associations, BB and PKSf

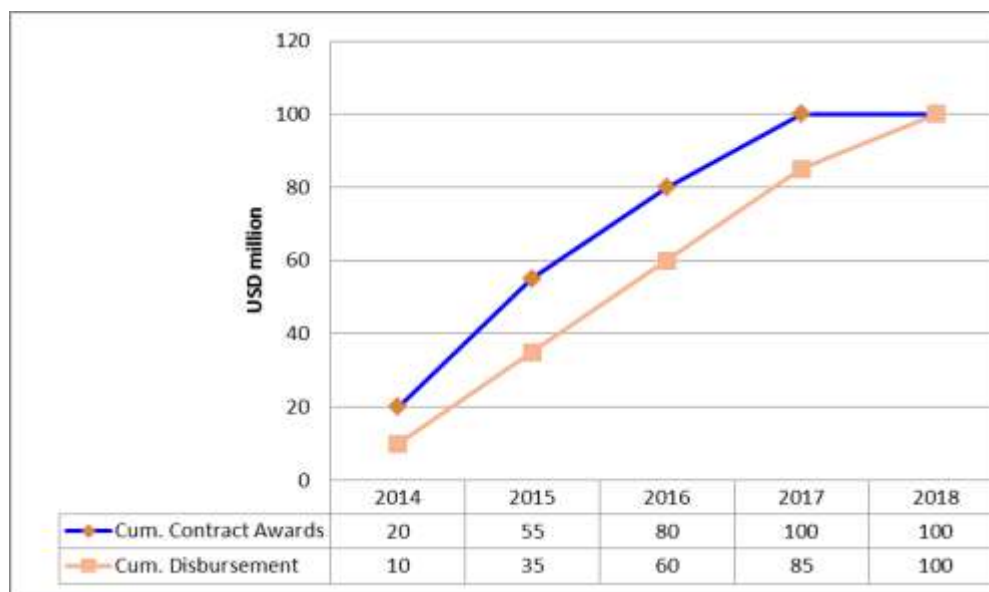
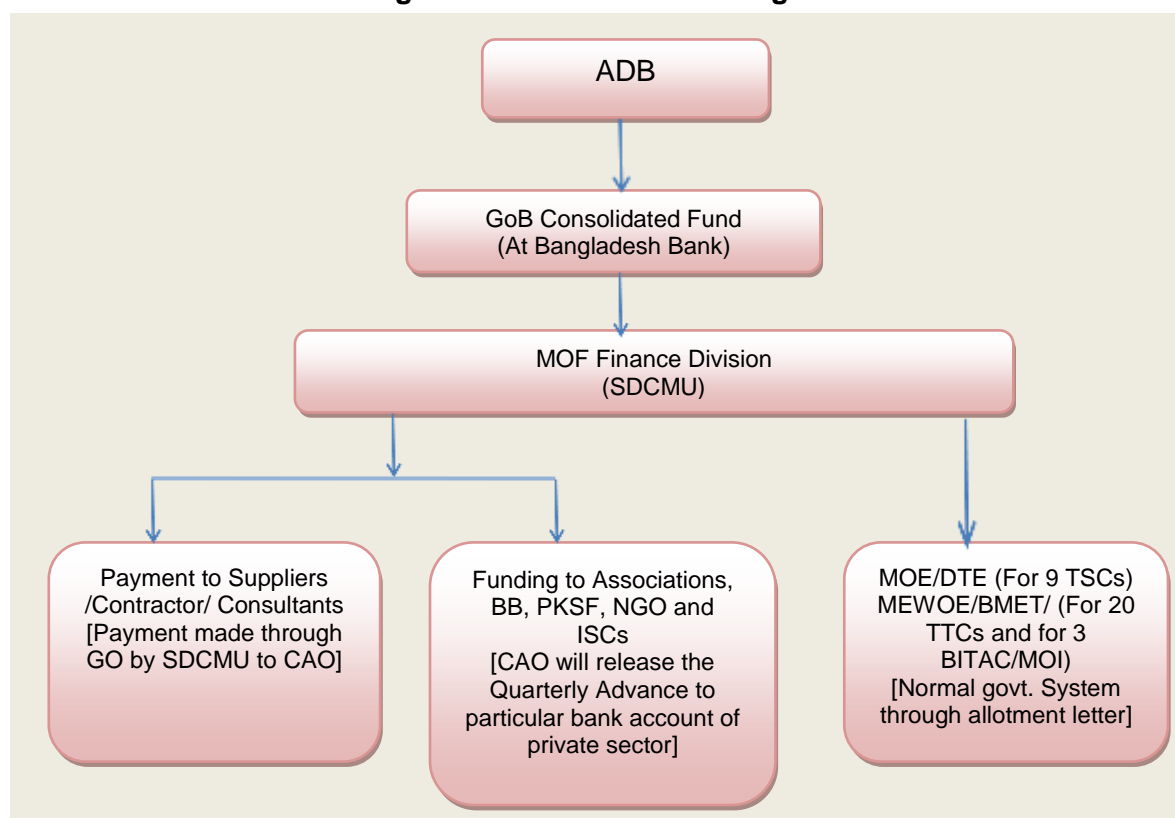
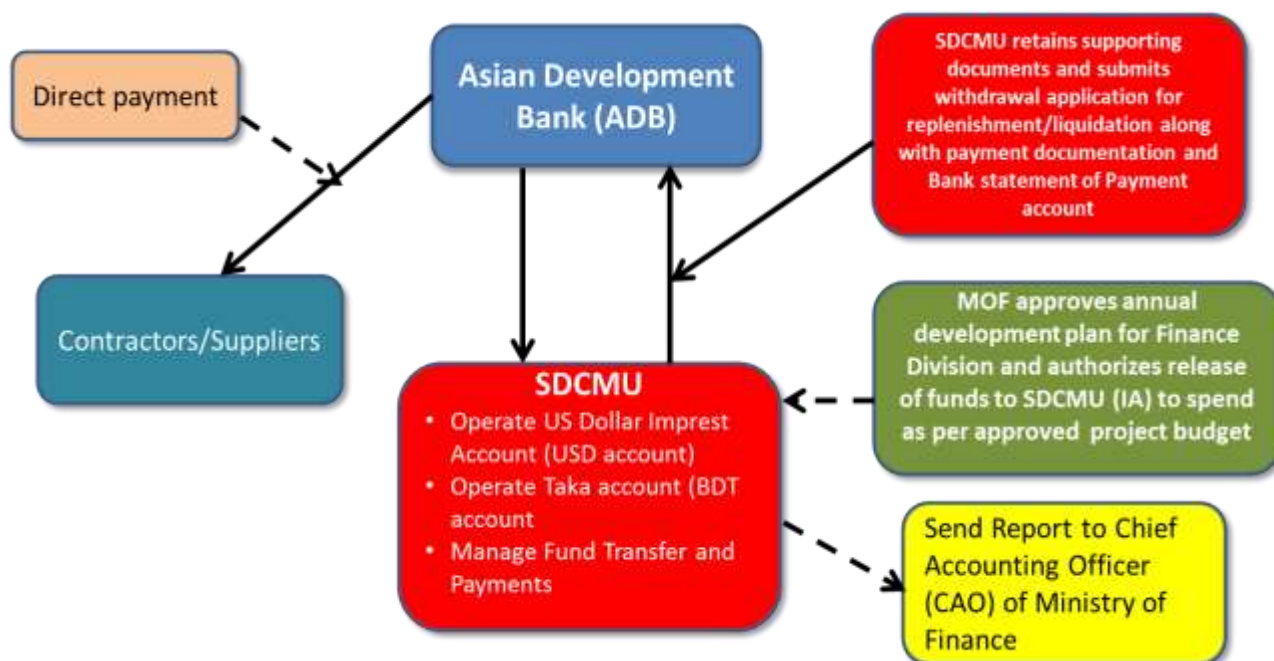
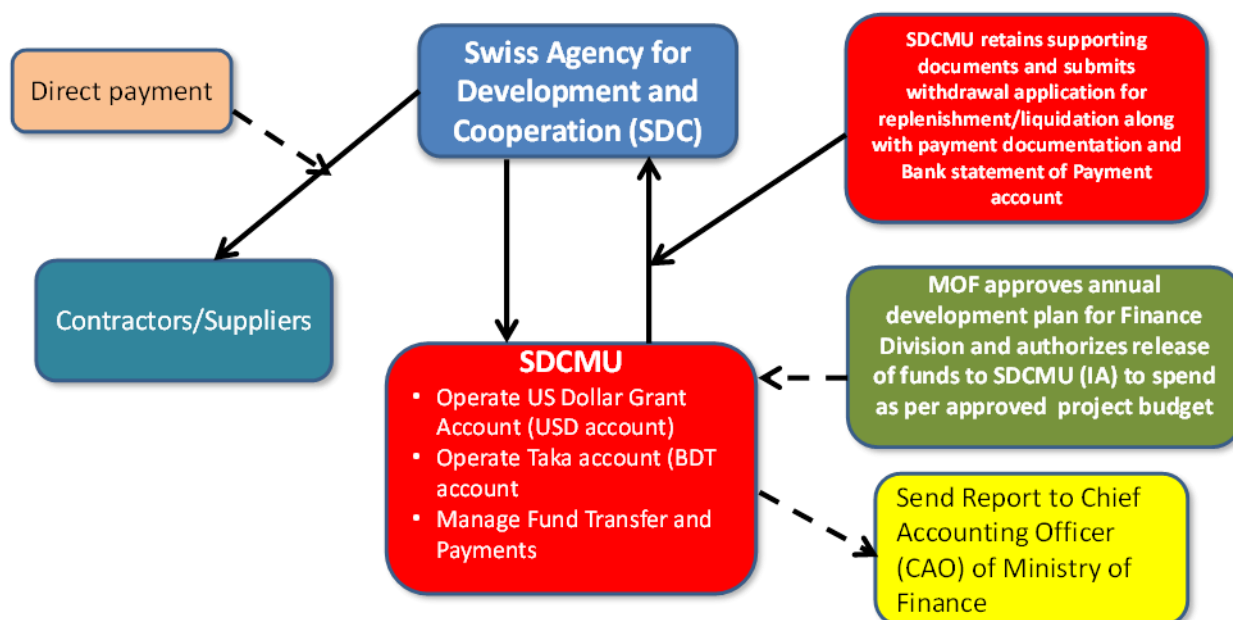
Figure 5: Contract Awards and Disbursement S-curve**Figure 5A: Funds Flow Arrangement**

Figure 5B: Funds Flow for ADB-Financed TA and SDCMU Costs



BDT = Bangladesh Taka, DSHE = Directorate of Secondary and Higher Education, EA = executing agency, IA = implementing agency, MOE = Ministry of Education, MOF = Ministry of Finance, SDCMU = skill development coordination and monitoring unit

Figure 5C: Funds Flow for SDC-Financed TA and SDCMU Costs



BDT = Bangladesh Taka, DSHE = Directorate of Secondary and Higher Education, EA = executing agency, IA = implementing agency, MOE = Ministry of Education, MOF = Ministry of Finance, SDCMU = skill development coordination and monitoring unit.

Table 14: Allocation and Withdrawal of SDC Grant

| Skill for Employment Investment Program- PFR1 | | | |
|---|---------------------------|---|--------------------|
| ALLOCATION AND WITHDRAWAL OF SDC GRANT^a | | | |
| CATEGORY | | | |
| No | Item | Amount Allocated for SDC financing | |
| | | Category | Subcategory |
| 1 | Equipment& Furniture | 200,000 | |
| 2 | Overseas Training | 300,000 | |
| 3 | Consultancy | 5,880,000 | |
| | International consultants | | 2,530,000 |
| | National Consultants | | 3,350,000 |
| 4 | Manpower | 2,300,000 | |
| 5 | Operating Cost | 750,000 | |
| 6 | Unallocated | 570,000 | |
| | Total | 10,000,000 | |

^a Exclusive of taxes and duties

IV. FINANCIAL MANAGEMENT

65. A financial management assessment (FMA) was conducted during September-November 2013 reviewing the financial management practices at the MOF's Finance Division, DTE, BMET, BITAC, Bangladesh Bank's SME Department, 8 Associations, and PKSf. The assessments focused on (i) Planning and Budgeting; (ii) Accounting; (iii) Internal Control; (iv) Financial Reporting; (v) Grant Management; (vi) External Audit, and (vii) Staffing. Analyses from other projects and sources have also been used to inform the FMA, including lessons learned from the Third Primary Education Development Program and Secondary Education Sector Investment Program

66. The Public Financial Management (PFM) system of the GoB is under transition and a number of improvements have been made in recent years. However, overall the system remains weak and associated with substantial fiduciary risks. Specific weaknesses of the GoB system relevant to SEIP implementation exist regarding budget preparation (incremental approach and excluding physical targets), accounting [accumulation of un-cleared advances, delays in payment processing, and lack of reconciliation between agency cash books and registrations in Office of the Controller General of Accounts' (CGA's) bookkeeping system], internal control (no system for automatic budgets checks before payments are processed, and risks related to the payroll system), financial reporting (delays, especially for annual accounts, and lack of budget variance reporting), internal audit (inadequate due to weak staff capacity, poor procedures and lack of independence), and external audit (limited number of qualified staff, procedures lacking systems focus, and reports not published in a timely manner).³

67. The FMAs of the three GoB agencies (DTE, BMET and BITAC) furthermore noted significant shortcomings regarding the staffing of the Accounts Departments (managers and staff generally lacking a relevant background). To further improve financial management practices and mitigate fiduciary risks, measures which were put in the PFM and Procurement Action Plan are the following: (i) reflect resource requirements in the medium-term budget framework for the skills development sector based on the NSDP by FY2017-18; (ii) include internal audit function at the SDCMU in order to ensure appropriate accounting, records keeping and reporting as agreed for SEIP; (iii) agree on external audit arrangements which will be outsourced for private entities including agreeing on external audit needs, and (iv) monitor clearance of advances on a timely basis through the Advance Tracking Module in Integrated Budget and Accounting System (IBAS) for GOB entities and an Aging Analysis for the non-GOB entities, (v) monitor delays between payments recorded by drawing and disbursement officers (DDOs) receiving payments and Account Officers releasing payments, and (vi) closely monitor Working Capital requirements.

68. With regard to the 9 Industry Associations, the FMAs found that the overall fiduciary risks are substantial. Shortcomings relevant to the SEIP included planning and budgeting (not prepared by all entities, and when done with various procedural weaknesses), internal control (most entities lack written procedures, and none have a fully functional fixed asset management system in place), grant management (half of the entities do not have prior experience with donor- and/or GoB-funded activities), and staffing (none of the Accounts Departments are led by a chartered accountant, and the background of other staff is generally mixed).

³ It is noted though that audits undertaken by the Foreign Aided Projects Audit Directorate (FAPAD) generally are deemed satisfactory regarding both quality and timing.

69. The SDCMU shall be required to include at least one professionally qualified accountant, as a condition for loan disbursement. In addition to the Finance Division and SDCMU-led risk mitigation measures, ADB will also conduct periodic Fiduciary Reviews (QFR/AFR) that includes an annual post-procurement review.⁴ A special review may also be conducted should such needs arise. The GoB and ADB will jointly select themes of the QFR and AFR and agree on the terms of references (TORs) every year. ADB will finance and recruit the QFR/AFR consultants through separate sources. The GoB and ADB will agree on actions to be implemented based on the recommendations of the AFRs and update the PFM and Procurement Action Plan. The PFM and Procurement Action Plan is in Appendix 8, the draft TORs for the AFR is in Appendix 10, the TOR for external audit of the 9 Associations is in Appendix 11, and the TOR for post procurement review is in Appendix 12. The draft template for the quarterly Interim Financial Reports (IFRs) shall be developed with the SDCMU during early phases of implementation. The Statement of Audit Needs (SoAN) for the audit of the GOB entities is in Appendix 13. SDC is also interested to help strengthen the financial management system which may include their support through financial reviews and targeted support.

70. The SEIP expenditure framework that includes ADB loan proceeds is composed of specific eligible expenditure items from development expenditures. These eligible expenditures include: skills training, internal training for capacity development of identified institutions and associated personnel, equipment, minor civil works for repair and maintenance, consultancy services, stipends, surveys and studies, and seminars and workshops.

A. Disbursement Arrangements

71. The loan proceeds will be disbursed in accordance with ADB's Loan Disbursement Handbook (2012, as amended from time to time),⁵ and detailed arrangements agreed upon between the GoB and ADB. ADB will reimburse the funds to the GoB's consolidated fund to a designated account with the Bangladesh Bank. Finance Division and SDCMU will follow the regular GoB system for budget execution and all payments for skills training will be made through the CGA system, including transfers to private service providers.

72. All funds for skills training will be shown in the budget of Finance Division under SEIP. The funds will then be channeled to different entities: (i) to public training institutions under 3 ministries based on approved business plans and a Project Implementation Agreement between the SDCMU, public training institutions and respective directorates or ministry, and with Bangladesh Bank SME Department; and (ii) to the 8-9 industry associations in 6 priority sectors⁶ and PKSf based on approved business plans and single source contracts between the SDCMU and the industry associations and PKSf. Funds to PKSf, Bangladesh Bank SME Department and Shipbuilders Association will be disbursed only after their financial management assessment is finalized. A draft contract to engage the 9 industry associations and PKSf will be finalized in consultation between the Finance Division of the Ministry of Finance and ADB. The project implementation agreement to engage the 32 public training providers and Bangladesh Bank SME Department will also be finalized in consultation between the Finance Division and ADB after the SDCMU is established. Based on the unique position of these

⁴ The fiduciary reviews will be funded out of the approved Capacity Development Technical Assistance—Supporting Education and Skills Development Investment Programs—approved by ADB in December 2013.

⁵ Available at: http://www.adb.org/Documents/Handbooks/Loan_Disbursement/loan-disbursement-final.pdf.

⁶ The six priority sectors under tranche 1 are readymade garment and textile, leather, construction, light engineering, information technology, and ship building. Each priority will have one ISC that will be legally incorporated.

associations in Bangladesh and the expectation that the ISCs will take over from Tranche 2, contracts will be drawn up with each of the Associations using Single Source Selection Method for which the justification is provided in the procurement section (paras 100-101). The unit cost per trainee per course established proposed by the Associations under their Business Plans and formalized under the contract shall be rigorously validated with reference to historical unit cost per course/ per trainee (backed up by audited financial statements) as well as comparative costs of training by private trainers in Bangladesh or in the region to ensure reasonableness of the unit costs.

73. ADB funds will be used to finance the training programs by the 8 industry associations, Bangladesh Bank SME Department and PKSf. GoB funds will be used to finance the training programs by the public training institutions. For the public training providers, the Finance Division will channel the funds following the standard budgetary procedures set out in the integrated budget administration system (IBAS). For tranche 1, there are 32 public training institutions from 3 ministries (9 from Directorate of Technical Education under the Ministry of Education, 20 from the Bureau of Manpower, Employment and Training under the Ministry of Expatriates' Welfare and Overseas Employment, and 3 Bangladesh Industrial Technical Assistance Centers under the Ministry of Industry).

74. For the Bangladesh Bank SME Department, 9 industry associations and PKSf, the GoB will release the first quarterly advance to meet their projected training expenditures and working capital requirements for the first quarter based on the business plan and the budget included in the business plan. Subsequent quarterly disbursements will be subject to liquidation of previous advance/expenditures in line with the project agreement.

75. Three milestone payments will be used to finance training by the identified institutions. Based on the approved annual budget, and target provided in the business plans for training, an unit cost per course for training each student will be agreed for each entity for the year. As part of the due diligence, the proposed unit costs under the business plan have been (i) presented by course and (ii) verified against historical financial information and comparable unit costs wherever applicable. **Appendix 18** provides unit cost analysis undertaken for SEIP. This analysis will be further refined where feasible prior to signing contracts with each association, Bangladesh Bank SME Department and PKSf. The costs will also be validated during the first year which will help to update the unit costs every year based on experience and actual progress. There are two types of trainees—skilling of new entrants and up-skilling of existing workers. The 32 public training institutions will be involved only in skilling new entrants.

76. For skilling of new entrants, the distribution of weight for three milestone payments is (i) first milestone: 40% upon enrollment of targeted enrollees in identified priority sectors; (ii) second milestone: 40% upon successful completion of training programs by the trainees; and (iii) third milestone: 20% upon job placement of completers within 6 months of completing training. The most critical milestone is 70% job placement of the trainees enrolled. If this is achieved after the completion, the entities achieving this will be paid 100% of the amounts associated with the second and third milestones. The distribution of weight for the three milestones for up-skilling existing workforce is: (i) 30% upon enrollment; (ii) 30% upon completion; (iii) 40% upon job placement. Three milestones for up-skilling existing workforce will help to monitor the type of training, job continuity and changes in earnings after up-skilling.

77. As noted above, the unit costs for skilling new entrants and up-skilling existing workforce will be applied based on unit cost analysis. Approximately 50% or \$69.4 million of the total project cost of \$138.5 million relates to the costs for training by training providers, which largely

includes direct training costs like salaries of trainers, training materials, stipends, utilities, and related overhead costs (administrative costs including administrative salaries, monitoring, etc). The rest of the expenditures relate to stipends, surveys, workshops and studies, etc. A 'unit cost method' is proposed to remunerate the training providers to cover their costs less their own contribution to the training. Unit cost represents the average direct and indirect cost of training attributable to each student, excluding cost of equipment and furniture. For tranche 1, the students funded by SEIP will not be charged any fees or costs. To ensure reasonableness of unit costs claimed by trainers, the agencies engaged will be required to submit detailed computations of unit costs which shall be (i) compared with similar training providers regionally (ii) required to be supported by audited financial statements and (iii) re-assessed annually. The total amount due to a training provider will be based on the unit cost per trainee of the training program multiplied by the percentage for the corresponding milestone multiplied by number of trainees.

78. Before any training is rolled out, each entity is required to maintain a web-based, integrated computerized tracking system to track trainees for each milestone to avoid any unintended duplication across institutions and program. The SDCMU will maintain the overall tracking system based on information updated by the training entities. The estimated cost of establishing such a tracking system on an urgent basis is included in the procurement plan through a single source selection method. The training entities will have to submit the list of trainees as supporting document for each milestone achieved. The SDCMU will also engage an M&E firm to check and verify on random basis the tracking system of different entities to ensure that tracking is done effectively and is highly reliable. In addition, the SDCMU will also organize an annual performance review to ascertain the achievement of each entity against the target. Entities that are able to achieve their targets will continue to receive funds as planned and may also receive more funds to train more trainees if this is feasible. Those that are lagging behind will receive less funds until they are able to improve their performance. This will allow funds to be reallocated to entities that are performing well.

79. As minimum internal control procedures, each entity shall also be required to (i) pay salaries to trainers only through bank accounts, (cash payments to teachers shall not be permissible) (ii) maintain detailed attendance records for trainees, (iii) perform a monthly aging analysis of advances and monthly projected cash flow requirements.

80. The SDCMU will obtain the monthly aging and cash flow analysis from the Associations and also obtain access to the Advance Tracking Module in IBAS for the 32 public training providers and closely monitor the status of advances to ensure that there is a smooth flow of funds to avoid any disruption on training due to lack of funds. The financial management specialist and the M&E specialist at the SDCMU will monitor this.

81. For the expenditures of training conducted by different agencies, the SDCMU will request, in accordance with the Loan Disbursement Handbook, reimbursement from ADB primarily on a quarterly basis (July, October, January, and April) by withdrawal applications and the statement of expenditures which list the progress payments based on the project agreements with the GoB entities and the contracts with the Associations and PKSf. All the supporting documents below the ceiling of the statement of expenditure (SOE) procedure, \$100,000 equivalent per individual payment, such as invoices and receipts are not attached to the SOE but shall be retained by the agencies engaged as appropriate, for audit and ADB review missions. The SDCMU will further ensure (i) milestones (progress) achieved as per the project agreements including certified list of trainees at each milestone; and (ii) compilation of IFRs and progress reports on a quarterly basis. The IFRs will be prepared by the SDCMU with

support from the Chief Accounting Officer (CAO), MOF's Finance Division, based on the IBAS-generated budget management reports in accordance with the IFR format

82. As noted above, the Finance Division will record the SEIP funds in its budget. It will follow the standard budgetary procedures to channel funds to the 32 public training institutions. After the second quarterly advance, subsequent advances will be subject to liquidation against milestone payments. For the associations, Bangladesh Bank SME Department and PKSf, the SDCMU on behalf of Finance Division will channel first quarterly advance to the designated bank account of each entity in an agreed bank. Subsequent advances will be subject to liquidation of previous advance/expenditures based on progress made on milestone payments.

83. To ensure effective project implementation and timely disbursement, MOF's Finance Division in close coordination with Bangladesh Bank, will be responsible for (i) preparing disbursement projections, (ii) collecting supporting documents, (iii) preparing withdrawal applications, and (iv) sending them to ADB.

84. For each quarter, each agency engaged in training will submit expenditure statement along with bank statement to the Project Director at the SDCMU. Each agency will submit quarterly progress reports and expenditure reports in agreed format. Third party monitoring outsourced by the SDCMU for performance monitoring will be done on a regular basis and bills, vouchers and supporting documents will be examined by the internal auditors at the SDCMU before further fund is disbursed from CAO. The Executive Project Director will review the statement and submit an advance adjustment bill to CAO who will make adjustment. The Executive Project Director will simultaneously submit a new advance bill for CAO to transfer the next quarterly advance to the service providers. The amount of advance will be adjusted for balances remaining from previous advance.

85. Any balances of advances at the end of the fiscal year will be transferred back to the GoB's consolidated fund.

86. As part of the annual performance review, from the second year, those performing better will receive more funds. Performance will be based on the progress made against the targets, milestone payments, complying with quality assurance requirements, and retention of trainees in jobs for more than 6 months. Those that are unable to make progress as per the targets and other requirements will receive less funds until they demonstrate further progress.

87. In addition to the funds flow through the consolidated fund, there will be an imprest account for expenditures related to the SDCMU and consultancy services. The ceiling of the advance to the imprest account for the ADB loan will be \$3 million. There will also be a grant account for the cofinancing from the Government of Switzerland that will be administered by ADB. The Grant will cover the costs associated with the SDCMU staffing and operations and consultancy services for selected areas. The ceiling of the advance to the imprest account for the SDC grant will be \$1 million. The strong SDCMU with the required expertise agreed will be able to manage the imprest accounts in accordance with ADB's Loan Disbursement Handbook. The funds flow diagrams are in Figures 5a, 5b and 5c.

88. The statement of expenditure (SOE) procedure will be used for reimbursement of eligible project expenditures and liquidation and replenishment of the advances provided to the imprest accounts for payments not exceeding \$100,000 equivalent per individual payment.

B. Accounting

89. The SDCMU, on behalf of the Finance Division and in close consultation with CGA, will maintain SEIP books and records by funding source for all expenditures incurred on the SEIP. Each IA and Association shall maintain separate bank accounts for the purpose of this program, to provide an audit trail and allow the preparation of the SEIP consolidated financial statements. The SDCMU will prepare financial statements (i) for all expenditure incurred by the GOB entities in accordance with the GoB's accounting laws and regulations which are consistent with international accounting principles and practices and (ii) each of the 9 Associations and Bangladesh Bank and PKSf shall prepare separate project financial statements for all expenditure incurred by the Associations/Bangladesh Bank/PKSf. The consolidated financial statements of the GoB entities shall be prepared on a cash basis of accounting and shall include a Statement of Sources and Uses of Funds, Statement of Budget Vs. Actual, and related explanatory notes and details of accounting policies. The Sources and Uses of Funds shall comprise all sources of funds, including from ADB. The project financial statements of each of the Associations/Bangladesh Bank/PKSf shall be prepared in accordance with Bangladesh Accounting Standards (BAS), on an accrual basis of accounting. The SDCMU will be assigned sufficient and qualified accounting staff, including a financial management specialist and an accountant, with preferably one of them being a professionally qualified accountant. Financial statements for individual tranches may be consolidated. All in all SDCMU will submit 11 sets of audited project financial statements to ADB.

C. Auditing

90. The SDCMU will cause the detailed consolidated project financial statements for GOB entities to be audited by FAPAD and the project financial statements of the Associations to be audited in accordance with International Standards on Auditing and with the Government's audit regulations, by an independent external auditor acceptable to ADB. The audited project financial statements will be submitted in the English language to ADB within six months of the end of the fiscal year by the SDCMU.

91. The government is providing grants to the associations and PKSf to train people; hence, the government wants to ensure that the funds are utilized for the intended purpose efficiently. To serve this purpose, external audit of the non-GoB entities (sector associations and PKSf) will be undertaken by a private audit firm appointed by ADB, and with the audit fee charged to the loan. The statutory auditor of the Associations and PKSf may also act as auditors of the special purpose project financial statements, provided that the statutory auditor is A rated by the Bangladesh Bank. The scope of this external audit will only include the SEIP-funded activities, and will be based on special purpose financial statements and using the same fiscal year as the GoB (so as to facilitate overall consolidation). The ToR for External Audit is included as Appendix 11.

92. External audit of the GoB entities (i.e. funding spent by MoF's Finance Division as well as DTE, BMET and BITAC, and also Bangladesh Bank's SME Department) will be undertaken by CAG's FAPAD. A Statement of Audit Needs is in Appendix 13.

93. Each of the associations will also cause their entity-level financial statements to be audited in accordance with International Standards on Auditing and with the Government's audit regulations, by an independent auditor acceptable to ADB and ranked 'A' by the Bangladesh

Bank.⁷ The audited entity-level financial statements, together with the auditors' report and management letter, will be submitted in the English language to ADB within one month after their approval by the competent authority.

94. The annual audit report for both of the project financial statements (consolidated GoB entities and consolidated non-GoB entities) will include audit opinions which cover (i) whether the project financial statements present a true and fair view or are presented fairly, in all material respects, in accordance with the applicable financial reporting framework; (ii) whether loan proceeds were used only for the purposes of the project or not; (iii) the level of compliance for each financial covenant contained in the legal agreements for the project; (iv) use of the imprest fund procedure; and (v) the use of the statement of expenditure procedure certifying to the eligibility of those expenditures claimed under SOE procedures, and proper use of the SOE and imprest procedures in accordance with ADB's Loan Disbursement Handbook and the project documents. A management letter covering any control weaknesses or performance related matters identified by the auditor during the course of his audit with respect to the implementation of the project shall also be provided. In the case of non-GoB entities, a management letter may be dispensed with, if the statutory auditors have already issued one along with the entity-level financial statements and no the project auditors do not consider that there is any additional matter to report.

95. Compliance with financial reporting and auditing requirements will be monitored by review missions and during normal program supervision, and followed up regularly with all concerned, including the external auditor.

96. The Government, each of the GOB entities and the Associations have been made aware of ADB's policy on delayed submission, and the requirements for satisfactory and acceptable quality of the audited project financial statements.⁸ ADB reserves the right to require a change in the auditor (in a manner consistent with the constitution of the borrower), or for additional support to be provided to the auditor, if the audits required are not conducted in a manner satisfactory to ADB, or if the audits are substantially delayed. ADB reserves the right to verify the project's financial accounts to confirm that the share of ADB's financing is used in accordance with ADB's policies and procedures.

97. Public disclosure of the project financial statements, including the audit report on the project financial statements, will be guided by ADB's Public Communications Policy (2011).

⁷ CA Firms are ranked by Bangladesh Bank for the purpose of determining eligibility to audit banking and non-banking financial institutions in Bangladesh. This rating is also used by other stakeholders to assess auditor quality. List of A grade audit firms as ranked by the BB are given in <http://www.bb.org.bd/mediaroom/noticeboard.php>

⁸ ADB Policy on delayed submission of audited project financial statements:

- When audited project financial statements are not received by the due date, ADB will write to the executing agency advising that (i) the audit documents are overdue; and (ii) if they are not received within the next six months, requests for new contract awards and disbursement such as new replenishment of imprest accounts, processing of new reimbursement, and issuance of new commitment letters will not be processed.
- When audited project financial statements have not been received within 6 months after the due date, ADB will withhold processing of requests for new contract awards and disbursement such as new replenishment of imprest accounts, processing of new reimbursement, and issuance of new commitment letters. ADB will (i) inform the executing agency of ADB's actions; and (ii) advise that the loan may be suspended if the audit documents are not received within the next six months.
- When audited project financial statements have not been received within 12 months after the due date, ADB may suspend the loan.

After review, ADB will disclose the project financial statements for the project and the opinion of the auditors on the financial statements within 30 days of the date of their receipt by posting them on ADB's website. The management letter and entity level financial statements will not be disclosed.

V. PROCUREMENT AND CONSULTING SERVICES

A. Advance Contracting and Retroactive Financing

98. Advance contracting is allowed for recruitment of consulting services. All advance contracting will be undertaken in conformity with ADB's Guidelines on the Use of Consultants (2013, as amended from time to time).⁹ The borrower and the agencies engaged have been advised that the approval of advance contracting does not commit ADB to finance the project.

99. **Retroactive Financing.** Withdrawals from the Loan Account may be made for reimbursement of eligible expenditures incurred under the project before the effective date but not exceeding one year earlier than the date of the loan agreement in connection to recruitment of consultants for the initial phase of the project and/or operating costs of the SDCMU, subject to a maximum amount equivalent to 20% of the loan amount. Note, however, that approval of retroactive financing does not commit ADB to financing the project.

B. Procurement of Goods, Works, and Consulting Services

100. The government will carry out all procurement of goods, works, and consulting services. Goods and civil works will be procured in accordance with ADB's Procurement Guidelines (2013, as amended from time to time). Goods and works valued more than \$1 million and \$2 million respectively will be procured using International Competitive Bidding and ADB's standard bidding documents, and subject to prior review. Goods and civil works valued below the respective International Competitive Bidding threshold will be procured using the National Competitive Bidding (NCB), in accordance with the government's Public Procurement Act (2006) and Public Procurement Rules (2008) subject to modifications agreed between the government and ADB as set out in the Facility Administration Manual (FAM) and procurement plan. For efficiency and economy, small civil works can be grouped together into larger bid packages, wherever feasible.

101. All consultants will be selected using ADB's Guidelines on the Use of Consultants (2013, as amended from time to time). Consulting firms will be recruited through Quality and Cost-Based Selection, Quality Based Selection, Consultants' Qualification Selection and Single Source Selection (SSS) methods and subject to ADB's prior review. Outline TORs for consultants are in Appendix 14.

102. There are 12 SSS contracts which include 9 renewable contracts with 8 industry associations and PKSf to provide skills training. If ship building is able to submit a satisfactory proposal and their financial management assessment indicates that they can achieve training targets compatible with the SEIP design, they will also be contracted in line with the other 8 industry associations. The justifications for using SSS are the following: (i) GoB is convinced that by engaging the industry associations it will be possible to mobilize the private sector in a big way to scale up skills training for which it is committed to provide the funds to these

⁹ Available at: <http://www.adb.org/Documents/Guidelines/Consulting/Guidelines-Consultants.pdf>.

institutions on a grant basis to train people in priority sectors and skills identified in the SEIP design; (ii) the identified industry associations are globally known entities unique to the six priority sectors identified for tranche 1 and are registered as not-for-profit trade organizations under the Trade Organization Act, 1961 (amended) to serve the interest of its member enterprises for increased growth and competitiveness of which human resource development is a common priority; (iii) some of the industry associations are also making financial contributions to share the cost of skills training thereby increasing their ownership; (iv) this arrangement supports the GoB's interest to scale up skills training (supply side) and ensure high labor market outcomes (demand side); (v) this arrangement ensures that the training programs meet quality standards set by the national quality assurance body (BTEB) as well as that of the industry by registering training providers and accrediting courses within a stipulated time frame; (vi) this serves as a precursor to the GoB's plan to establish a NHRDF by 2015 to provide a large window for funding skills training by catalyzing the private sector in a big way; (vii) some other agencies like the World Bank, Netherlands, ADB, German Government and EU have also supported some of these agencies; and (viii) there is an understanding that once the ISCs are legally incorporated and develop the needed capacity in tranche 1, they will serve the role of overall coordination of skills training for the respective sector as dedicated industry bodies for skills development in line with the NSDP.

103. PKSF has been selected for SSS contract to tap on its large micro-credit clientele (there are over 6 million micro-credit members comprising 90% females). Their involvement will facilitate skills training to micro-credit members that will lead to self-employment and wage employment. The combination of skills training to those already receiving micro-credit is more likely to lead to employment and self-employment. This synergy is crucial to reach out to poorer and disadvantaged groups as emphasized by NSDP and in line with SEIP's emphasis on targeting disadvantaged groups. PKSF has also served previously as executing agency in ADB funded projects (first and second participatory livestock projects). In addition, several development partners including the World Bank have funded different projects through PKSF.

104. Besides the SSS for skills training, three other SSS contracts include the following: (i) engaging a well-known international organization for twinning arrangement that can support quality assurance related areas such as course development and accreditation, registration of training organizations, training of trainers, assessment and certification; (ii) engaging an experienced organization (national or international) that has proven experience in addressing occupational health and safety measures and soft skills crucial in all training programs either as integrated training modules or as specific modules to cater to specific industry needs; and (iii) engaging an institution (national or international) that has proven experience in developing a web-based trainee tracking system by adapting their existing system that is already in use.

105. An 18-month procurement plan indicating threshold and review procedures, goods, works, consulting service contract packages, and NCB modifications is in Section C.

106. In support of transparency in procurement and implementation under the program, the executing agency will develop a monitoring system and will post all details about each package on its website, as well as maintain records in the SDCMU. The details will include (i) package number; (ii) name, location of the school, and local education offices; (iii) estimated cost; (iv) financing agency; (v) date of issue of invitation for bids; (vi) date and time of submission; (vii) opening of bids; (viii) bid opening location; (ix) bid opening statement; (x) names of entities that purchased the bidding documents; (xi) names of bidders; (xii) names of the bid evaluation committee; (xiii) name of the approving authority; (xiv) name, designation and telephone number

of officer in charge for implementation; (xv) name of the successful bidder; (xvi) contract amount; (xvii) date of start; and (xiii) scheduled date of completion.

107. The executing agency will also post, on a quarterly basis, the physical progress achieved and payments made to the contractor. Lastly, the website will also indicate the actual date of completion. Physical records including reports from the field, copies of bills, and claims and checks shall be maintained at the concerned entities and SDCMU, and will be available for inspection and audit.

PFR 1 PROCUREMENT PLAN

Table 15: Basic Data

| | |
|--|---|
| Project Name: Skills for Employment Investment Program | |
| Country: Bangladesh | Executing Agency: Finance Division, Ministry of Finance |
| Loan Amount: \$100 million | Loan Number: |
| Date of First Procurement Plan: loan approval date | Date of this Procurement Plan: |
| Source: Asian Development Bank. | |

A. Process Thresholds, Review, and 18-Month Procurement Plan

1. Project Procurement Thresholds

108. Except as ADB may otherwise agree, the following process thresholds shall apply to procurement of goods and works (Table 16).

Table 16: Procurement of Goods and Works

| Method | Threshold |
|---|-------------------|
| International Competitive Bidding for Works | \$2 million |
| International Competitive Bidding for Goods | \$1 million |
| National Competitive Bidding for Works | Below \$2 million |
| National Competitive Bidding for Goods | Below \$1 million |
| Shopping for Works | Below \$100,000 |
| Shopping for Goods | Below \$100,000 |

Source: Asian Development Bank.

2. ADB Prior or Post Review

109. Except as ADB may otherwise agree, the following prior or post review requirements apply to the various procurement and consultant recruitment methods used for the project (Table 17).

Table 17: Prior or Post Review Requirements for Various Procurement and Consultant Recruitment Methods

| Procurement Method | Prior or Post | Comments |
|--|---------------|---|
| Procurement of Goods and Works | | |
| ICB Works | Prior | |
| ICB Goods | Prior | |
| NCB Works | Prior/Post | ADB will prior review the 1 st package |
| NCB Goods | Prior/Post | ADB will prior review the 1 st package |
| Shopping for Works | Post | |
| Shopping for Goods | Post | |
| Recruitment of Consulting Firms | | |
| QCBS | Prior | |
| QBS | Prior | |
| CQS | Prior | |
| Single Source Selection | Prior | |
| Recruitment of Individual Consultants | | |
| Individual Consultants | Prior | |

ADB = Asian Development Bank, CQS = consultant qualification selection, ICB = international competitive bidding, NCB = national competitive bidding, QBS = quality based selection, QCBS = quality and cost-based selection.
Source: Asian Development Bank.

3. Goods and Works Contracts Estimated to Cost More than \$1 Million

110. Table 18 lists goods and works contracts for which procurement activity is expected to commence within the next 18 months.

Table 18: Goods and Works Contracts with Procurement Activity Expected to Commence Within the Next 18 Months

| General Description | Contract Value | Procurement Method | Prequalification of Bidders | Advertisement Date (quarter/year) | Comments |
|---------------------|----------------|--------------------|-----------------------------|-----------------------------------|----------|
|---------------------|----------------|--------------------|-----------------------------|-----------------------------------|----------|

ICB = international competitive bidding.
Source: Asian Development Bank.

4. Consulting Services Contracts Estimated to Cost More Than \$100,000

111. Table 19 lists consulting services contracts for which procurement activity is expected to commence within the next 18 months.

Table 19: Consulting Services Contracts with Procurement Activity Expected to Commence Within the Next 18 Months

| General Description | Contract Value | Recruitment Method | Advertisement Date (quarter/year) | International or National Assignment | Comments |
|--|----------------|--------------------|-----------------------------------|--------------------------------------|----------------|
| Twining arrangement | 2.67 million | SSS | Q2-14 | International | For continuity |
| International training program | 3.25 million | QCBS (90:10) | Q2-14 | International | |
| Quality assurance | 3.07 million | QCBS (90:10) | Q2-14 | International | |
| Institutional strengthening, MIS at NSDC Secretariat, skill-gaps analysis & tracer studies | 2.87 million | QCBS (90:10) | Q2-14 | International | |
| Teacher & assessor training | 0.33 million | CQS | Q2-14 | National | |

| General Description | Contract Value | Recruitment Method | Advertisement Date (quarter/year) | International or National Assignment | Comments |
|---|----------------|--------------------|-----------------------------------|--------------------------------------|----------------------------|
| Teacher & assessor training | 0.33 million | CQS | Q2-14 | National | |
| Teacher & assessor training | 0.27 million | CQS | Q2-14 | National | |
| Teacher & assessor training | 0.27 million | CQS | Q2-14 | National | |
| Management training | 0.67 million | QBS | Q2-14 | National | |
| Due Diligences and PFR 2 Design Consultants | 1.33million | QCBS (90:10) | Q2-15 | International | |
| Planning and management & PPP | 1.20 million | QBS | Q2-14 | International | |
| Social marketing, road show, targeting | 0.80 million | QBS | Q2-14 | National | |
| Career counseling and job placement & Enrollment facilitation service | 1.33 million | QBS | Q2-14 | National | |
| SEIP M&E | 0.53 million | QBS | Q2-14 | National | |
| Trainee Tracking | 0.20 million | SSS | | National | |
| Annual external audit | 0.67 million | QBS | Q2-14 | National | |
| Development of Modules for laws and regulation OSH /Life skills | 0.27 million | SSS | Q2-14 | National / International | Engage already experienced |
| NGO for Selection of Disadvantage group | 0.67 million | QCBS | Q2-14 | National | |
| Skills Training of Light Engineering(BEIOA) | 2.1 million | SSS | Q2-14 | | |
| Skills Training of Construction works (BACI) | 5.9 million | SSS | Q2-14 | | |
| Skills Training of Leather Technology (LFMEAB) | 7.3 million | SSS | Q2-14 | | |
| Skills Training of Call Centre | .35 million | SSS | Q2-14 | | |
| Skills/shipbuilding (BACCO) | | | | | |
| Skills Training of IT Skills (BASIS) | 6.0 million | SSS | Q2-14 | | |
| Skills Training of RMG skills-1 (BKMEA) | 7.4 million | SSS | Q2-14 | | |
| Skills Training of RMG skills-2 (BGMEA) | 8.9 million | SSS | Q2-14 | | |
| Skills Training of Textile skills (BTMA) | 4.2 million | SSS | Q2-14 | | |
| Skills training of PKSF | 7.8 million | SSS | Q2-14 | | |
| Pooled consultants for SDCMU (international) | 3.11 million | Individual | Q2-14 | International | |
| SDCMU (national consultants) | 4.59 million | Individual | Q2-14 | National | |

CQS = consultants' qualification selection, ISC = industry skill council, M&E = monitoring and evaluation, NSDC = National Skill Development Council, PPP = public-private partnership, QCBS = quality and cost-based selection, QBS = quality-based selection, SSS = single source selection, SDCMU = skills development coordination and monitoring unit, TBD = to be decided.

Source: Asian Development Bank

5. Goods and Works Contracts Estimated to Cost Less than \$1 Million and Consulting Services Contracts Less than \$100,000

112. Table 20 groups smaller-value goods, works, and consulting services contracts for which procurement activity is expected to commence within the next 18 months.

Table 20: Smaller-Value Goods, Works, and Consulting Services Contracts with Procurement Activity Expected to Commence Within the Next 18 Months

| Goods and Works | | | | | Comments |
|---|----------------|--------------------|-----------------------------|-----------------------------------|----------|
| General Description | Contract Value | Procurement Method | Prequalification of Bidders | Advertisement Date (quarter/year) | |
| Civil works | 0.9 million | NCB | N | Mar-14 | |
| Furniture | 0.77 million | NCB | N | Mar-14 | |
| Procurement of Desktop Computers, laptops Printers, UPS, Server, Software, internet networking and others (1582 sets) | \$1.29million | NCB | N | Q-2/14 | |
| Procurement of air conditioner, telephone sets, camera, photocopier, fax machine Multimedia Projector (232 nos.) | \$0.50 million | NCB | N | Q-2/14 | |
| Procurement of Generator(12 nos.) | \$0.24 million | NCB | N | Q-2/14 | |
| BKMEA training equipments (90 nos) | \$0.10 million | NCB | N | Q-2/14 | |
| BGMEA training equipments (825 nos) | \$0.39 million | NCB | N | Q-2/14 | |
| Leather association training equipment (lumpsum) | \$0.65million | NCB | N | Q-2/14 | |
| Light engineering associations (14 nos) | \$0.46million | NCB | N | Q-2/14 | |
| Training Equipment for PTI's (BMET) | \$01.12million | NCB | N | Q-2/14 | |
| Training Equipment for PTI's (DTE & BITAC) | \$0.98million | NCB | N | Q-2/14 | |
| BTMA training equipment (4 nos) | \$0.7million | NCB | N | Q-2/14 | |
| BACI training equipment (lumpsum) | \$0.08million | NCB | N | Q-2/14 | |

BACI = Bangladesh Association of Construction Industry, BACCO = Bangladesh Call Center Operators' Association, BASIS = Bangladesh Association of Software and Information Services, BEIOA = Bangladesh Engineering Industry Owners' Association, BGMEA = Bangladesh Garment Manufacturers and Exporters Association, BKMEA = Bangladesh Knitwear Manufacturers and Exporters Association, BTMA = Bangladesh Textile Mills Association, CQS = consultants' qualification selection, IT = information technology, LFMEA = Leathergoods & Footwear Manufacturers & Exporters Association, M&E = monitoring and evaluation, MIS = management information system, NGO = nongovernment organization, NSDC = National Skill Development Council, OSH = occupational safety and health, PFR = periodic financing request, PKSf = Palli-Karma Sahayak Foundation, PPP = public-private partnership, QCBS = quality and cost-based selection, QBS = quality-based selection, SEIP = skills for employment investment program, SSS = single source selection, SDCMU = skills development coordination and monitoring unit.

Source: Asian Development Bank

Consulting Services

| General Description | Contract Value | Procurement Method | Prequalification of Bidders | Advertisement Date (quarter/year) | Comments |
|--|----------------------------------|--------------------|-----------------------------|-----------------------------------|----------|
| Pooled consultants for SDCMU (international) | Some with less than \$300,000 | TBD | N | Q-2/14 | |
| SDCMU Staff (national consultants) | Several with less than \$100,000 | TBD | N | Q-2/14 | |

SDCMU = skills development coordination and monitoring unit, TBD = to be decided.

Source: Asian Development Bank

6. Indicative List of Packages Required Under the Project

113. Tables 21, 22 and 23 provide an indicative list of all procurement (goods, works and consulting services) over the life of the project. Contracts financed by the Borrower and others should also be indicated, with an appropriate notation in the comments section.

Table 21: Indicative List of Goods Packages Required Under the Project

| General Description | Contract Value | Estimated number of contracts | Procurement method | Domestic preference Applicable | Comments |
|--|----------------|-------------------------------|--------------------|--------------------------------|------------------|
| Furniture | 0.77 million | 1 | NCB | | SDCMU to Procure |
| Procurement of Desktop Computers, laptops, Printers, UPS, Server, Software, internet networking and others (1582 sets) | \$1.29million | 1 | NCB | N | SDCMU to procure |
| Procurement of air conditioner, telephone sets, camera, photocopier, fax machine Multimedia Projector (232 nos.) | \$0.50 million | 1 | NCB | | SDCMU to Procure |
| Procurement of Generator(12 nos.) | \$0.24 million | 1 | NCB | | SDCMU to Procure |
| BKMEA training equipments (90 nos) | \$0.10million | 1 | NCB | | SDCMU to Procure |
| BGMEA training equipments (825 nos) | \$0.39 million | 1 | NCB | | SDCMU to Procure |
| Leather association training equipment (lumpsum) | \$0.65million | 1 | NCB | | SDCMU to Procure |
| Light engineering associations (14 nos) | \$0.46million | 1 | NCB | | SDCMU to Procure |
| BTMA training equipment (4 nos) | \$0.70million | 1 | NCB | | SDCMU to Procure |
| Training Equipment for PTI's (BMET) | \$1.12million | 1 | NCB | | SDCMU to Procure |
| Training Equipment for PTI's (DTE & BITAC) | \$0.98million | 1 | NCB | | SDCMU to Procure |
| BACI training equipment (lumpsum) | \$0.08million | 1 | NCB | | SDCMU to Procure |

BACI = Bangladesh Association of Construction Industry, BGMEA = Bangladesh Garment Manufacturers and Exporters Association, BITAC = Bangladesh Institute of Technical Assistance Center, BKMEA = Bangladesh Knitwear Manufacturers and Exporters Association, BMET = Bangladesh Bureau of Manpower, Employment and

Training, BTMA = Bangladesh Textile Mills Association, DTE = Directorate of Technical Education, NCB = national competitive bidding, PTI = public training institute, SDCMU = skill development coordination and monitoring unit.
Source: Asian Development Bank.

Table 22: Indicative List of Works Packages Required Under the Project

| General Description | Contract Value | Estimated number of contracts | Procurement method | Domestic preference Applicable | Comments |
|---------------------|----------------|-------------------------------|--------------------|--------------------------------|----------------|
| Civil works | 0.9million | 1 | NCB | N | PMU to procure |

NCB = national competitive bidding, PMU = project management unit.

Source: Asian Development Bank.

Table 23: Indicative List of Consulting Services Packages Required Under the Project

| General Description | Contract Value | Estimated number of contracts | Recruitment Method | Type of Proposal | Comments |
|--|----------------|-------------------------------|--------------------|------------------|--|
| Twining arrangement | 2.67 million | 1 | SSS | FTP | For continuity |
| International training program | 3.25 million | 1 | QCBS (90:10) | FTP | |
| Quality assurance | 3.07 million | 1 | QCBS (90:10) | FTP | |
| Institutional strengthening, MIS at NSDC Secretariat, skill-gaps analysis & tracer studies | 2.87 million | 1 | QCBS (90:10) | FTP | For 3 years |
| Teacher & assessor training | 1.2 million | 4 | CQS | BTP | |
| Management training | 0.67 million | 1 | QBS | STP | For 3 years |
| Due diligence and PFR 2design consultants (international) | 1.33 million | 1 | QCBS(90:10) | STP | |
| Planning and management & PPP | 1.20 million | 1 | QBS | STP | |
| Social marketing road show, targeting | 0.80 million | 3 | QBS | STP | For 3 years |
| Career counseling and job placement & Enrollment facilitation service | 1.33 million | 1 | QBS | FTP | For 3 years |
| SEIP M&E | 0.53 million | 1 | QBS | STP | For 3 years |
| Trainee Tracking | 0.20 million | 1 | SSS | BTP | |
| Annual external audit | 0.67 million | 1 | QBS | STP | For 3 years |
| Development of Modules for laws and regulation OHS /Life skills | 0.27 million | 1 | SSS | BTP | Selecting an NGO which is already doing this |
| NGO for Selection for Disadvantage group | 0.67 million | 1 | QCBS | STP | For 3 years |
| Skills Training of Light Engineering(BEIOA) | 2.1 million | 1 | SSS | N/A | For 3 years |
| Skills Training of Construction works (BACI) | 5.9 million | 1 | SSS | N/A | For 3 years |
| Skills Training of Leather Technology (LFMEAB) | 7.3 million | 1 | SSS | N/A | For 3 years |
| Skills Training of Call Centre | 0.35 million | 1 | SSS | N/A | For 3 years |
| Skills/shipbuilding (BACCO) | 6.0 million | 1 | SSS | N/A | For 3 years |
| Skills Training of IT Skills (BASIS) | 7.4 million | 1 | SSS | N/A | For 3 years |
| Skills Training of RMG skills- 1 (BKMEA) | 8.9 million | 1 | SSS | N/A | For 3 years |
| Skills Training of RMG skills- 2 (BGMEA) | 4.2 million | 1 | SSS | N/A | For 3 years |
| Skills Training of Textile skills (BTMA) | 7.8 million | 1 | SSS | N/A | For 3 years |
| Skills training of PKSF | 3.11 million | TBD | Individual | N/A | Intermittent |
| SDCMU Pool of International | | | | | |

| General Description | Contract Value | Estimated number of contracts | Recruitment Method | Type of Proposal | Comments |
|----------------------------|----------------|-------------------------------|--------------------|------------------|-------------|
| Consultants | | | | | |
| SDCMU National Consultants | 4.59 million | TBD | Individual | N/A | For 3 years |

BACI = Bangladesh Association of Construction Industry, BACCO = Bangladesh Call Center Operators' Association, BASIS = Bangladesh Association of Software and Information Services, BEIOA = Bangladesh Engineering Industry Owners' Association, BGMEA = Bangladesh Garment Manufacturers and Exporters Association, BKMEA = Bangladesh Knitwear Manufacturers and Exporters Association, BTMA = Bangladesh Textile Mills Association, BTP = bio-data technical proposal, CQS = consultants' qualification selection, FTP = full technical proposal, LFMEA = Leathergoods & Footwear Manufacturers & Exporters Association, M&E = monitoring and evaluation, MIS = management information system, N/A = not applicable, NGO = nongovernment organization, NSDC = National Skill Development Council, OHS = occupational health and safety, PFR = periodic financing request, PKSf = Palli-Karma Sahayak Foundation, PPP = public-private partnership, QCBS = quality and cost-based selection, QBS = quality-based selection, SEIP = skills for employment investment program, SSS = single source selection, SDCMU = skills development coordination and monitoring unit, STP = simplified technical proposal, TBD = to be decided.

Note: All the packages are inclusive of taxes and VAT except package of associations.

Source: Asian Development Bank

C. National Competitive Bidding

1. General

114. The procedures to be followed for NCB shall be those set forth for the National Open Tendering Method in the government's Public Procurement Rules, 2008 (as updated and issued pursuant to the Bangladesh Public Procurement Act, 2006) with the clarifications and modifications described in the following paragraphs required for compliance with the provisions of the Procurement Guidelines.

2. Advertising

115. Bidding of NCB contracts estimated at \$500,000 or more for goods and related services or \$1,000,000 or more for civil works shall be advertised on ADB's website via the posting of the Procurement Plan.

3. Anti-Corruption

116. Definitions of corrupt, fraudulent, collusive, and coercive practices shall reflect the latest ADB Board-approved Anti-Corruption Policy definitions of these terms and related additional provisions (such as conflict of interest, etc.).

4. Location of Bid Submission

117. Submission of bids to 'primary' and 'secondary' locations, or 'multiple droppings' of bids shall not be required or allowed. Advertisements and bidding documents shall specify only one location for delivery of bids.

5. Rejection of All Bids and Rebidding

118. Bids shall not be rejected and new bids solicited without ADB's prior concurrence.

119. Member Country Restrictions: Bidders must be national of member countries of ADB and offered goods must be produced in member countries of ADB.

6. Lottery

120. A lottery system shall not be used to determine a successful bidder, including for the purpose of resolving deadlocks.

7. Qualification Requirements

121. A successful bidder must be determined by an assessment process that shall include the application of qualification requirements to all bids.

8. Rejection of Bids

122. A bid shall not be rejected on the grounds that its bid price is not within a percentage range above or below the contract estimate.

VI. SAFEGUARDS

123. The Borrower shall ensure, or cause the Project Executing Agencies to ensure, that no proceeds of the Loan are used to finance any activity included in the list of prohibited investment activities provided in Appendix 5 of the Safeguard Policy Statement (SPS).

124. The investment program does not include any substantial civil works that can impart significant impact on environment and involuntary resettlement (IR). Consequently, it is anticipated that none of the tranches in the MFF will constitute 'A' for environment or IR however, may trigger category 'B' for tranche 2 and 3. In case of small ethnic community in Bangladesh (designated as indigenous peoples in ADB Safeguard Policy Statement 2009), category 'B' is anticipated as the highest category that can be incurred by the implementation of the MFF program.

125. **Environment.** Environmental implication for Project 1 has been reviewed and has been found to be negligible. Accordingly, Project 1 has been categorized as 'C' for environment. Under Project 1, only existing facilities will receive support for minor adjustment or renovations to cater to the need of the training activities. An environmental review framework has been prepared to guide the environmental assessment process for the program should an impact of substantive nature be identified in tranche 2 and 3. The EARF is attached as Appendix 15.

126. **Small Ethnic Communities.** Similarly, no adverse impact is envisaged on the small ethnic communities (SECs) of Bangladesh. However, tranche 1 is categorized as category "B" for IP/SEC safeguards, as the program encompasses non-discriminatory skill enhancement of participants from all over Bangladesh including the SECs. Some skill training programs would be conducted in 3 SEC dominant hill districts, where more than 50% participants would be SEC peoples. It is presumed that any involvement of SECs will experience positive impacts through generating livelihood opportunities. While SEC dominant hills districts are part of tranche 1 activities, exact location and centers to be targeted are yet to be determined. Accordingly, a brief SEC's planning framework (SECPF) has been developed to guide the EA and IAs to assess the presence of SECs in the project area and conduct separate consultations to elicit their views and identify the need for culturally compatible mechanisms for their participation and ensure incorporation of adequate measures in project activities. Where necessary, such assessments will aid in the preparation of SEC plans for individual subprojects as these are identified. . The SECPF is attached as Appendix 16.

127. **Resettlement.** The SEIP will support training needs in 6 priority sectors to support public and private training providers to meet emerging labor market needs. Except for some minor repairs and maintenance, no new construction has been planned under tranche 1. Therefore, there is no need for any land acquisition, nor there is any implication on displacement of people from any intervention of the project works. No one will lose any of their regular income generating activities due to implementation of any component of the project. As a result, there will be no adverse impact related to IR safeguards and tranche 1 is categorized as category "C" for IR safeguards. A Resettlement Framework (RF) has been prepared to comply with the Safeguard Requirements 2 and 4 of ADB's Safeguards Policy Statement (SPS) 2009, and to cater for any unforeseen future intervention of civil works, which might lead to physical or economical displacement of the project affected people in Tranche 2 and 3. The RF is attached in Appendix 17.

VII. GENDER AND SOCIAL DIMENSIONS

128. There are three major issues relating to women's participation in Technical and Vocational Education and Training (TVET) in Bangladesh. First, women participation is strikingly imbalanced and generally low, ranging from 9% to 13% in public institutions and 33% in private institutions. Second, there are certain trades (sewing, tailoring, housekeeping, some computer training and electronic assembling) that are dominated by women while there are other trades (automobile repair, welding, machine operation, electrical repairs, etc.) where women participation is very low. Third, technical and vocational training options are limited for women in Bangladesh as they lack information on existing opportunities. The SEIP will support the public and private training providers to address these issues systematically.

129. The gender action plan (GAP) will be implemented by the Finance Division through the Skill Development Coordination and Monitoring Unit (SDCMU) in close coordination with all the key agencies. The Program Steering Committee (PSC) will focus on key targets and achievements at the progress review meetings based on monitoring and survey data, and will provide regular guidance to ensure progress. The PSC will also facilitate close coordination with the Executive Committee of the National Skill Development Council to align with the National Strategy for Gender. The business plans prepared by all the participating entities will indicate the targets and strategies to ensure gender-friendly approach. During the first 6 months of the Program a baseline will be established. The monitoring system will provide sex-disaggregated data and tracer studies will ascertain job placement information. A full time gender and social development specialist will be recruited at the SDCMU to coordinate the GAP. The GAP is attached as Appendix 7. Progress on GAP will be included in quarterly and annual progress reports to ADB.

VIII. PERFORMANCE MONITORING, EVALUATION, REPORTING AND COMMUNICATIONS

A. Project Design and Monitoring Framework

130. The DMF is a summary of the program design and contains the core indicators that focus on the overall project results. Impact and outcomes are achieved through results area inputs aimed at achievement of performance targets and/or output indicators. The DMF defines the extent of ADB inputs for SESIP target achievement.

DESIGN AND MONITORING FRAMEWORK FOR THE INVESTMENT PROGRAM

| Design Summary | Performance Targets and Indicators with Baselines ^a | Data Sources and Reporting Mechanisms | Assumptions and Risks |
|---|--|---|--|
| Impact Increased income and productivity of the working population aged 15 years and over (NSDP 3) ^b | By 2025, 70% of incremental GDP growth is from labor productivity growth GDP per household doubled (baseline 2010: \$3,300) to \$6,600 by 2025 Exports in priority sectors doubled (baseline 2012: \$24 billion) to \$48 billion by 2025 Remittances increased by 75% (baseline 2012: \$14 billion) to \$21 billion by 2025 | For all indicators National accounts publication HIES Labor force survey Special surveys Bangladesh Bank publications Export Promotion Bureau | Assumption High economic growth is sustained to generate demand for higher skilled workers in priority growth sectors. |
| Outcome Increased employment in priority sectors and skills for males and females (NSDP 2 and 3) | Employment increased in formal sector (baseline 2010: 12.5% [M: 14.5%, F: 7.7%]) to 20% by 2021 (M: 22%, F: 16%) (NSDP 2, 3, 5, and 17) Youth unemployment decreased (baseline 2010: 8.7% [M: 7.8%, F: 9.2%]) to 7.2% by 2021 (M: 7%, F: 7.5%) Share of vocational training in labor force increased (baseline 2010: 4% [M: 76%, F: 24%]) to 12% (M: 65%, F: 35%) by 2021 (NSDP 17 and 22) | For all indicators HIES Labor force survey Tracer studies M&E reports Special surveys | Assumption Government is committed to implementing the approved NSDP. Risk Slow progress in addressing legal issues and binding capacity constraints slow NSDP implementation. |
| Outputs 1. Market responsive inclusive skills training delivered | By 2021, 1.25 million new entrants and existing workforce trained (F: 30%) By 2021, 70% of trained participants (F: 30%) employed and self-employed within 6 months (baseline 2013: less than 40%) By 2021, 200,000 poor and disadvantaged (F: 40%) granted financial support | For all indicators: M&E reports Special surveys BTEB QMS reports Training providers including NGO monitoring reports | |
| 2. Quality assurance system strengthened | By 2021, 15 training packages (standards, learning materials, and assessment tools) aligned with the NSDP requirement implemented By 2021, 1.19 million certificates issued (F: 30%) By 2021, 150 courses and training materials endorsed by BTEB By 2021, 100 public training providers registered with BTEB By 2021, 3,000 trainers and 1,000 industry assessors certified (F: 25%) By 2017, TOT facilities development plan, including PPP and twinning arrangement, developed By 2021, 50,000 persons (F: 30%) certified | For all indicators: M&E reports Special surveys BTEB database TOT facilities development plan | Assumption BTEB and ISCs are willing and able to collaborate to implement quality assurance as per the NSDP. Risk Weak capacity and partnerships between industry, regulatory bodies, and training providers may lead to slow implementation. |

| Design Summary | Performance Targets and Indicators with Baselines ^a | Data Sources and Reporting Mechanisms | Assumptions and Risks |
|--|--|--|---|
| | through RPL | | |
| 3. Institutions strengthened | <p>By 2017, a new ministry or authority for skills established</p> <p>By 2017, MTBF for skills development implemented</p> <p>By 2015, the NHRDF established and by 2018 fully operating with diversified funding (vouchers, student loan, stipends, taxes and/or levies)</p> <p>By 2018, 90% of skills training fund channeled through the NHRDF</p> <p>By 2020, at least 15 ISCs in priority sectors fully functioning (baseline: 9 ISCs formed)</p> <p>By 2020, 100 public training institutions granted delegation of powers</p> <p>By 2021, job placement system fully operational at all levels (training providers and proposed new ministry or authority for skills)</p> | <p>For all indicators:</p> <p>Gazette notification and circulars</p> <p>MTBF and ADP publications</p> <p>M&E reports</p> <p>Special surveys</p> <p>External audit reports</p> | <p>Assumption</p> <p>The government and private sector share commitment to work together to ensure strong coordination and unified funding of skills development.</p> <p>Risk</p> <p>Slow process in establishing coordination and sustainable financing leads to continued fragmentation and inadequate financing.</p> |
| 4. Effective program management | <p>By 2017, MTBF guide completed</p> <p>By 2017, sector MIS system functioning</p> <p>By 2014, a robust tracking system established at the SDCMU</p> <p>By 2021, results disseminated from three tracer studies, three employer satisfaction surveys, and three skills-gap analysis in each sector by 2021</p> <p>Financial management and procurement action plan implemented annually based on lessons learned</p> | <p>For all indicators:</p> <p>M&E reports</p> <p>Annual sector performance report</p> <p>Special surveys</p> <p>Unified annual MTBF guide</p> <p>NSDC database</p> <p>AFR report</p> | <p>Risk</p> <p>Working capital from advances and milestone payments does not meet physical targets.</p> |
| Activities with Milestones 1. Market responsive inclusive skills training delivered 1.1 Training and business plan for identified training providers finalized by June 2014 and upgraded later to ensure agreed targets (1.25 million by 2021) 1.2 Operations manual approved by June 2014 to deliver market responsive and ISC-endorsed training packages by involving ISCs, BTEB, NSDC, and training providers 1.3 Awareness campaign targeting prospective trainees, training providers, and employers designed and contracted by December 2014; implemented nationwide 1.4 Targeted financial support scheme developed in 2014, piloted in 2015, replicated nationwide based on evaluation of pilots, and expanded in 15 sectors by 2021 2. Quality assurance system strengthened 2.1 An operations manual with roles and responsibilities developed and implemented to (i) develop CBT courses, (ii) define steps to be followed by | | | Inputs Loan ADB: \$350 million Government of Bangladesh: \$200 million Grant Government of Switzerland: \$30 million |

| | |
|---|--|
| <p>training providers in developing and implementing CBT courses, and (iii) define steps to be followed by ISCs to endorse courses.</p> <p>2.2 Training packages developed and endorsed by ISCs, approved by industries and disseminated: 5 training packages by 2017 and 15 by 2021; course materials designed and developed.</p> <p>2.3 Capacity development plan for training providers and key institutions developed and implemented within a devolved quality assurance framework of BTEB by 2020</p> <p>2.4 100 public training institutions registered by BTEB as RTO by 2021</p> <p>2.5 Agencies for training of trainers, assessors, and managers identified and outsourced starting in 2014; 3,000 teachers, 1,000 industry assessors, and 200 managers trained and certified by 2020</p> <p>2.6 RPL system designed and approved in 2014 and first batch of RPL training and assessment completed in 2015 to cover 20,000 trainees by 2017 and 50,000 by 2021</p> <p>3. Institutions strengthened</p> <p>3.1 Activities to establish a new ministry or skills authority initiated in 2014 by reviewing roles of existing institutions; the new ministry or authority established by 2017 and fully operating by 2020</p> <p>3.2 Activities to establish the NHRDF initiated in 2014; the NHRDF established with its own governance structure by 2015 and fully operating by 2017</p> <p>3.3 Costed SDPF for the NSDP developed and approved; implementation initiated in coordination with potential development partners by 2017</p> <p>3.4 Capacity development plan developed and implemented for 5 ISCs by 2017 and for at least 15 ISCs by 2021</p> <p>3.5 The government issues a circular to delegate powers to 32 public training institutions by June 2014 and extended to cover around 100 public institutions by 2021</p> <p>4. Effective program management</p> <p>4.1 Costing of the NSDP completed by 2015, MTBF for the skills sector developed by 2018 and fully operating by 2020</p> <p>4.2 MIS for the skills sector established by 2017 and fully functioning by 2020</p> <p>4.3 SWAp road map and framework agreed by 2017; implementation initiated from 2018 and operating by 2020</p> <p>4.4 Four tracer studies, four employer satisfaction surveys, and four skills-gap analysis in each sector completed and results disseminated by 2021</p> <p>4.5 Baseline data established for all indicators by 2014</p> <p>4.6 Risk mitigation plan fully implemented based on program lessons</p> | <p>Other development partners: \$400 million</p> <p>Private sector: \$90 million</p> |
|---|--|

ADB = Asian Development Bank, ADP = annual development plan, AFR = annual fiduciary review, BTEB = Bangladesh Technical Education Board, CBT = competency-based training, F = female, GDP = gross domestic product, HIES = household income and expenditure survey, ISC = industrial skills council, M = male, M&E = monitoring and evaluation, M/F = male/female, MIS = management information system, MTBF = medium-term budgetary framework, NGO = nongovernment organization, NHRDF = National Human Resource Development Fund, NSDC = National Skills Development Council, NSDP = National Skills Development Policy, PPP = public-private partnership, QMS = quality management system, RPL = recognition of prior learning, RTO = registered training organization, SDCMU = skills development coordination and monitoring unit, SDPF = skills development program framework, SWAp = sector-wide approach, TOT = training of trainers.

^a A baseline survey will be undertaken in year 1 to firm up baselines for all indicators. Some of the targets will be revisited to explore higher targets for females, such as female trainees and trainers.

^b Government of Bangladesh. 2011. *National Skills Development Policy, 2011*. Dhaka. Each number refers to the policy objective.

Source: Asian Development Bank.

DRAFT DESIGN AND MONITORING FRAMEWORK FOR TRANCHE 1 (2014–17)¹⁰

| Design Summary | Performance Targets and Indicators with Baselines | Data Sources and Reporting Mechanisms | Assumptions and Risks |
|---|---|--|---|
| Impact Increased employment in priority sectors and skills for males and females [NSDP 2 & 3] | <ul style="list-style-type: none"> • Employment increased in formal sector from 12.5% (M: 14.5%; F:7.7%) in 2010 to 18% by 2021 (M: 20%; F: 14.5%) [NSDP 2, 3, 5 & 17] M/F • Share of vocational training in labor force increased from 4% (M: 76%; F: 24%) in 2010 to 8% (M: 70%; F: 30%) by 2021 [NSDP 17 & 22] • Youth unemployment decreased from 8.7% (M: 7.8%; F:9.2%) in 2010 to 8.3% (M: 7.5%; F: 8.8%) by 2021 | For all indicators <ul style="list-style-type: none"> • National Accounts publication • HIES • Labor force survey • Special surveys | Assumption Economic growth is sustained at high level to generate demand for higher skilled workers in priority growth sectors |
| Outcome Increased inclusive access to skills training in priority sectors | By 2017 (for all indicators) <ul style="list-style-type: none"> • Annual skills training capacity in priority sectors increased by 10% (F: 30%) • Annual share of higher skills training in priority sectors increased by 15% (F: 30%) • Annual share of disadvantaged groups in skills training in priority sectors increased by 10% (F: 40%) • Annual share of certified trainees in priority sectors increased by 10% (F:30%) | For all indicators <ul style="list-style-type: none"> • HIES • Labor Force Survey • Tracer studies • M&E reports • Special surveys • BMET reports (overseas recognition) • ISC and BTEB reports | Assumption The government is committed to implement the approved National Skill Development Policy Risk Slow progress in addressing legal issues and binding capacity constraints stifle pace of NSDP implementation |
| Outputs 1. Market responsive inclusive skills training delivered | <ul style="list-style-type: none"> • 260,000 new entrants and existing workforce trained by 2017 (F: 30%) • 70% of trained participants (F: 30%) employed and self-employed within 6 months of completion of training program by 2017 (base line: less than 40% in 2013) • 40,000 poor and disadvantaged granted financial support through pilot schemes (F: 40%) by 2017 | For all indicators <ul style="list-style-type: none"> • M&E reports • Special surveys • BTEB QMS reports • Training provider (including NGO) monitoring reports | |
| 2. Quality assurance system strengthened | <ul style="list-style-type: none"> • 5 training packages (standards, learning materials and assessment tools) aligned with NSDP requirement implemented by 2017. • 40 public and private training providers registered with BTEB by 2017 • 1,320 teachers, 300 industry assessors and 92 managers certified by 2017 (F: 25%) • 20 RPL centers registered by 2017 • 200 RPL trainers and 200 RPL (F: 25%) assessors certified by 2017 | For all indicators: <ul style="list-style-type: none"> • M&E reports • Special surveys • BTEB QMS reports • Training providers including NGO monitoring reports | Assumption BTEB and ISCs are willing and able to collaborate to implement quality assurance as per NSDP Risk Weak existing capacity and partnerships between industry, regulatory bodies and training |

¹⁰

A baseline survey will be undertaken in year 1 to firm up baseline for all indicators. Some of the targets will be revisited to explore higher targets for females, such as female trainees and trainers.

| Design Summary | Performance Targets and Indicators with Baselines | Data Sources and Reporting Mechanisms | Assumptions and Risks |
|--|--|---|---|
| | <ul style="list-style-type: none"> 20,000 persons certified through RPL (F: 30%) | | providers may lead to slow implementation |
| 3. Institutions strengthened | <ul style="list-style-type: none"> A new Ministry or Skills Authority established by 2017 (baseline: institutions fragmented) NHRDF operational by 2017 (baseline: NHRDF does not exist) At least 6 ISCs in priority sectors fully operational by 2017 (baseline 9 ISCs formed) 32 public training institutions granted delegation of powers by 2017 50 job placement officers deployed to ensure job placement support to public and private institutions by 2014 (F: 25%) MTBF for skills development implemented by 2017 Sustainable funding sources identified for NHRDF (vouchers, student loan, stipends, tax/levy) by 2017 | <p>For all indicators:</p> <ul style="list-style-type: none"> Gazette notification/circulars MTBF and ADP publications M&E reports Special surveys External audit reports | <p>Assumption GoB and private sector are committed to work together to ensure strong coordination and unified funding for skills training.</p> <p>Risk Slow process in establishing coordination and sustainable financing lead to continued fragmentation and inadequate financing and implementation.</p> |
| 4. Effective program management | <ul style="list-style-type: none"> SDCMU operational by 2014 MTBF guide and funding requirements completed by 2017 SWAp framework approved by 2017 MIS system operational by 2017 Results disseminated from 1 tracer study, 1 employer satisfaction survey, and 1 skill-gaps analysis in each sector by 2017 | <p>For all indicators:</p> <ul style="list-style-type: none"> M&E reports Special surveys NSDC database GoB 5-year MTBF plan published Annual Sector Performance Report Study reports | <p>Risk Lack of timely policy decisions may delay program implementation.</p> |
| Activities with Milestones Output 1: Market responsive inclusive skills training delivered 1.1 Training/business plan for public, private, industry association, Bangladesh Bank and PKSF finalized by March 2014 and implemented to cover 260,000 participants by June 2018 1.2 Operational manual to deliver responsive packages by involving ISCs/Associations, BTEB, NSDC and training providers approved by June 2014 and 5 training packages endorsed by ISCs by December 2015. 1.3 Awareness campaign targeting potential participants, training providers, employers designed and contracted by December 2014 and implemented nationwide 1.4 Targeted financial support scheme developed in 2014, piloted in 2015 and replicated nation-wide based on evaluation of pilots. Output 2: Quality assurance system strengthened 2.1 The operational manual will include (i) procedures to develop CBT courses, (ii) steps to be followed by training providers in developing and implementing CBT courses (iii) steps to be followed by ISCs to endorse courses. 2.2 Capacity development plan for 32 public training providers identified for tranche 1 and finalized by 2014, with institutions registered based on CBT registration process (BTEB requirements). | | | Inputs ADB: \$100 million Government: \$25 million Government of Switzerland: \$10 million Private Sector: \$3.5 million Total: \$138.5 million |

| Activities with Milestones | Inputs |
|---|--------|
| <p>2.3 5 training packages developed and endorsed by ISCs and disseminated by 2015 and 105 existing courses reviewed, revised and updated by 2017.</p> <p>2.4 Training agencies identified and outsourced in 2014 and 1320 teachers, 92 managers and 300 industry assessors trained and certified by 2017.</p> <p>2.5 Possibility of developing existing organizations as TOT trainers, managers and assessors explored in 2014, appropriate organizations identified in 2015 and capacity developed by 2017.</p> <p>2.6 RPL system designed and approved in 2014 and first batch of RPL training and assessment completed in 2015 to cover 20,000 trainees by 2017.</p> <p>Output 3: Institutions strengthened</p> <p>3.6 Preparatory exercise to establish a new Ministry or Skills Authority institutions initiated in 2014 and the new Ministry or Authority established by 31 December 2017.</p> <p>3.7 A concept note with a governance structure and costed action plan to establish the NHRDF approved by 30 June 2014 and established by 2015.</p> <p>3.8 Capacity development plan for at least 6 ISCs developed in 2014 and implemented by 2017.</p> <p>3.9 A costed action plan to establish and develop 4 additional ISCs approved by 2014 and plan implemented by 2017.</p> <p>3.10 A circular to provide delegation of powers to 32 public training institutions included in the DPP and approved by March 2014.</p> <p>3.11 Government assesses the impact of delegation of powers during mid-term review and makes decisions for wider applications.</p> <p>3.12 Costed Skills Development (SD) Program Framework (SDPF) for NSDP developed, approved, and implementation initiated in coordination with potential DPs by 2017.</p> <p>Output 4: Effective program management</p> <p>4.1 SDCMU established and operational by May 2014.</p> <p>4.2 Costing of NSDP policy completed and MTBF developed for the skills development sector by 2017 for implementation to guide annual priorities and funding requirements.</p> <p>4.3 SWAp road map and framework agreed by 2017 and implementation initiated from 2018.</p> <p>4.4 Baseline information established by 2014 including sex disaggregated database.</p> <p>4.5 External monitoring including MIS functions outsourced by June 2014.</p> <p>4.6 MIS for common monitoring completed by 2017 for NSDC secretariat.</p> <p>4.7 Agreed studies completed and disseminated by 2017 (1 in each sector tracer study, employer satisfaction survey, skill-gap analysis).</p> <p>4.8 Fiduciary risk mitigation action plan approved by March 2014 and implemented as per plan through quarterly and annual fiduciary risk management.</p> <p>4.9 LMIS established guiding market responsive training by 2017 through NSDC and ISC network.</p> | |

BBS = Bangladesh Bureau of Statistics, BMET = Bureau of Manpower Employment and Training, BTEB = Bangladesh Technical Education Board, CBT = competency based training, GDP = gross domestic product, GSEAP = gender, social and equity action plan, GoB = Government of Bangladesh, HIES = household income and expenditure survey, HRD = human resource development, ISC = industry skills council, M&E = monitoring and evaluation, MIS = management information system, MTBF = medium term budget framework, NHRDF = National Human Resource Development Fund, NGO = nongovernment organization, NSDC = National Skill Development Council, NSDP = National Skill Development Policy, QMS = quality management system, SDCMU = Skills Development Coordination and Monitoring Unit, SWAp = sector wide approach, TOR = terms of reference.

Source: Asian Development Bank

B. Project Performance Monitoring, Communication, and Reporting

131. M&E under SEIP support will focus on the following five areas. First, before the commencement of any training program under SEIP, a tracking system will be established (i) to track trainees from enrollment to gainful employment and (ii) to track performance of institutions against agreed indicators. Second, the SDCMU will outsource the validation of the tracking system used by the agencies engaged. The outsourced firm will undertake random checks to monitor whether the training institutions are delivering their training programs as per agreed criteria (e.g. participation of females in different training programs) and standards and whether the trainees are able to complete their training within the prescribed time and are able to get gainful employment. Third, the SDCMU with support from a full time M&E specialist will prepare a consolidated quarterly report to track progress in different results areas included in the results frameworks and DMF, and based on the quarterly progress reports submitted to SDCMU by all agencies engaged in training. Fourth, the SDCMU will engage a firm to undertake tracer studies to ascertain whether the trainees are getting meaningful employment and whether the employers are satisfied with the performance of the trainees. Fifth, SEIP will provide consultants to support NSDC Secretariat and ISCs to undertake skills-gap analysis by priority sector for domestic and overseas markets. SEIP will also support the NSDC Secretariat to set up a common sector monitoring system including strengthening the management information system and to publish an Annual Sector Performance Report.

132. Each year SDCMU will undertake a comprehensive progress review of all institutions involved under SEIP. The purpose of such a progress review is to ascertain whether training institutions are able to improve their approach and capacity in imparting skills training programs. SEIP will also require each institution, both public and private, to build a strong monitoring system in their organizations.

133. **Safeguard Monitoring: Environment.** Environmental compliance monitoring, in line with the monitoring arrangement stipulated in the agreed environmental framework, will be carried out by the SDCMU to ensure natural, ecological, and human environment in different stages of repair and maintenance. SDCMU's reporting for Q1 and Q3 will include updates of compliance with environmental safe guards.

134. **Social Safeguard Monitoring: Involuntary Resettlement and Indigenous Peoples.** SDCMU will provide ADB with information on all contract packages included in the civil works program for their review of performance and compliance with ADB's SPS as agreed in the involuntary resettlement framework. Reporting on indigenous people will occur in line with the agreed Indigenous Peoples framework. SDCMU's reporting for Q1 and Q3 will include updates of compliance with safeguards.

135. **Gender and Social Dimensions Monitoring.** The GAP identifies specific gender- and social dimension-related tasks and assurances to be undertaken during SEIP implementation. Each output has corresponding targets/indicators agreed upon by the Finance Division and ADB. Effective use of stipends to support targeted groups will also be monitored. Each output and corresponding targets and indicators give preference where feasible to improve the inclusion of women in SEIP implementation. A full time gender and development specialist at the SDCMU will focus on improving gender inclusion in line with NSDP strategies.

136. SEIP will also support the NSDC Secretariat to develop a common monitoring mechanism for the skills development sector leading to Annual Skills Development Sector

Performance Report. This will prepare the stage for applying such a reporting mechanism once the NHRDF is established and operationalized to pursue results based funding more rigorously.

C. Review and Evaluation

137. Each year, two ADB review missions will be fielded. The review mission in November will focus on annual progress report from the previous fiscal year to ascertain the progress and achievement made against targets. This mission will also focus on performance of the first quarter of the current fiscal year to ensure adequate flow of funds and effective implementation of the planned annual work plan and budget. At this time, decisions on the methods and procedures for the AFR will be taken, with assessment and update of the PFM action plan. The review mission in May/June will focus on whether adequate budget has been allocated for the next fiscal year. The mission will also rely on selected visits to training providers and technical institutions (BTEB, training of trainers, certification) to ascertain the progress made on quality aspects.

138. The mid-term review of tranche 1 is planned in the last quarter of 2015, which will help to prepare the periodic financing request (PFR) for tranche 2. During the review, the progress of the overall results, project implementation, and the design of SEIP will be assessed rigorously.

D. Communication Strategy

139. A major task of the SDCMU will be to ensure that the progress reports are uploaded on the project website to inform the public of regular progress made by the project. It will also highlight initiatives to undertake various activities such as social marketing to mobilize communities and to raise awareness of the benefits of the programs, job placement, ensure social safeguards and occupational health and safety measures, highlight measures to ensure greater participation of women and special efforts to target disadvantaged groups including people with disability. The communication strategy will also highlight various initiatives taken by the industry associations, PKSF, Bangladesh Bank SME department, and the public training institutions in promoting market responsive skills training programs.

IX. ANTI-CORRUPTION POLICY

140. ADB's own country level, as well as external Public Expenditure and Financial Accountability assessments, rate Bangladesh as a high-risk environment, showing concerns on public financial management. Bangladesh has improved its score and position in 2013 in the Corruption Perception Index (CPI) of Transparency International (TI) as published on 3 December 2013. On a scale of 0-100, Bangladesh has scored 27, one point higher than in 2012, and has been ranked 16th from bottom, 3 steps higher than that in 2011 and 2012. Counted from the top, Bangladesh has ascended by 8 positions to 136th among 177 countries, compared to 144th among 176 countries in 2012. In recent years, the government implemented several key governance and anti-corruption reforms, including the constitution of an independent Anti-Corruption Commission (ACC) in 2004, enactment of a law on right to information (RTI) and establishment of the Information Commission in 2009, enactment of a law on whistle blower protection in 2011, anti-money laundering act in 2012, and approval of a comprehensive National Integrity Strategy (NIS) in 2012. Despite the progress noted, corruption is still perceived to be a major concern throughout the public sector. The governance risks at each sector level mirror national risks. Education sector-specific risks, which also mirror skills development, relate to the undue political interventions, a lack of knowledge of procurement rules and the misuse of financial resources. Most anti-corruption measures are embedded in the

PFM Action Plan. Particularly: (i) to increase transparency and accountability, Finance Division will disclose in its website key information of the Project Procurement Monitoring Information System and other key program-related information; (ii) Finance Division will explore adoption of e-government procurement during the MFF to increase transparency and efficiency in procurement; (iii) CGA will monitor compliance with payment processing; and (iv) the AFR will focus on areas of potential risks.

141. ADB reserves the right to investigate, directly or through its agents, any violations of the Anti-corruption Policy relating to the project.¹¹ All contracts financed by ADB shall include provisions specifying the right of ADB to audit and examine the records and accounts of the executing agency and all project contractors, suppliers, consultants, and other service providers.

142. Anti-corruption policy of ADB (1998) will be strictly applied under the program. ADB's Anti-corruption Policy was explained to and discussed with Finance Division and ERD. ADB, as per policy, reserves the right to investigate directly or through its agents, any alleged corrupt, fraudulent, collusive, or coercive practices related to the project. All those activities would be pursued as part of the good governance, accountability, and transparency. To support these efforts, relevant provisions of ADB's Anti-Corruption Policy are included in the loan agreement and the bidding documents for the project. In particular, all contracts financed by ADB in connection with the project shall include provisions specifying the right of ADB to audit and examine the records and accounts of Finance Division and SDCMU and all contractors, suppliers, consultants, and other service providers as they relate to the program.

143. The project implementation manual, project progress, and business opportunities associated with the project will be announced on Finance Division's website. In addition, the website will at least disclose the following information in relation to goods and services procured for the project: (i) the list of participating bidders, (ii) the name of the winning bidder, (iii) the amount of the contracts awarded, and (iv) the goods and services procured. (please refer para).

X. ACCOUNTABILITY MECHANISM

144. People who are, or may in the future be, adversely affected by the project may address complaints to ADB, or request the review of ADB's compliance under the Accountability Mechanism.¹²

XI. RECORD OF FACILITY ADMINISTRATION MANUAL CHANGES

145. All revisions/updates during the course of implementation should be retained in this section to provide a chronological history of changes to implemented arrangements recorded in the FAM.

¹¹ Available at: <http://www.adb.org/Documents/Policies/Anticorruption-Integrity/Policies-Strategies.pdf>.

¹² For further information, see: <http://compliance.adb.org/>.

BANGLADESH SKILLS FOR EMPLOYMENT INVESTMENT PROGRAM ROAD MAP (2014–2021)

| Impact: Increased income and productivity of the working age population 15 years and over [NSDP 3] ¹³ <ul style="list-style-type: none"> • Incremental GDP growth by 2025 [of the incremental GDP growth, 70% to come from increase in labor productivity (skills)] • Average household annual income doubled from \$3,300 in 2010 to \$6,600 by 2025 • Exports doubled from \$24 billion in 2012 to \$48 billion by 2025 [NSDP 17 & 22] • Remittances increased by 75% from \$14 billion in 2012 to \$25 billion by 2025 (number + per capita remittance) [NSDP 18] | |
|--|--|
| Outcome: Increased employment in priority sectors and skills for males and females [NSDP 2 & 3] <ul style="list-style-type: none"> • Employment increased in formal sector from 12.5% (M: 14.5%; F: 7.7%) in 2010 to 20% by 2021 (M: 22% & F: 16%) [NSDP 2, 3 5 & 17] • Youth unemployment decreased from 8.7% (M: 7.8%; F: 9.2%) in 2010 to 7.2% by 2021 (M: 7%; F: 7.5%) • Share of vocational training in labor force increased from 4% (M: 76%; F: 24%) in 2010 to 12% (M: 65%; F: 35%) by 2021 [NSDP 17 & 22] | |
| Result Areas | Key Performance Indicators by 2021 |
| Result Area 1: Market responsive inclusive skills training provided | |
| 1.1 Number trained in priority sectors and skills [NSDP 3, 4, 8, 9, 12, 13, 17, 18, 20] | <ul style="list-style-type: none"> • 1.25 million new entrants and existing workforce trained (public: 250,000, private: 950,000 NGOs: 50,000) • 70% of trained participants employed and self-employed (875,000) (base line: less than 40% in 2013) • 150 market responsive training programs (with targets) developed and financed |
| 1.2 Support to targeted groups [NSDP 4, 8, 9, 12, 13, 14, 15, 17, 18, 19, 20 & 22] | <ul style="list-style-type: none"> • 200,000 trainees receive targeted support based on initial pilots (financial support and mechanism for selection) |
| Result Area 2: Quality assurance system strengthened | |
| 2.1 Skills qualifications/ standards, courses and materials developed and accredited [NSDP 4, 5, 6, 7, 8, 9, 12, 17, & 18] | <ul style="list-style-type: none"> • 150 skills training courses and materials developed • 15 training packages endorsed by ISCs and/or approved by BTEB in identified sectors by skills level (standards, courses, learning materials, and assessment tools) |
| 2.2 Instructors/trainers, assessors, managers and work place trainers enhanced and expanded [NSDP 8 & 10] | <ul style="list-style-type: none"> • 30% of training needs addressed based on mapping to meet SEIP targets • 20 of training of trainer institutions strengthened and new institutions operationalized • TVET leadership and management development program reviewed and expanded |
| 2.3 Improved training facilities [NSDP 7, 8, 11, 15 & 17] | <ul style="list-style-type: none"> • 200 public, private and NGO training providers supported • Twinning Program with international training providers developed, implemented and expanded |
| 2.4 Assessment and certification system and RPL program implemented [NSDP 6, 8 & 13] | <ul style="list-style-type: none"> • National competency assessment and certification (NCAC) system comprising certified assessors, assessment facilities and equipment, assessment tools and NTVQF information management system established • RPL system implemented covering both training and assessment pathway (training and assessment of some units of competency and RPL for other units of competency) |

¹³ National Skills Development Policy 2011. Each number refers to the Policy Objective.

| | |
|---|---|
| | <ul style="list-style-type: none"> • 50,000 students trained and assessed through RPL • Career pathways of instructors and assessors established |
| Result Area 3: Institutions strengthened | |
| 3.1 Planning, management and monitoring institution established [NSDP 3, 4, 11, 20, 21 & 22] | <ul style="list-style-type: none"> • A new Ministry or Skills Authority established building on NSDC and fully operationalized |
| 3.2 Unified funding arrangement established [NSDP 8, 11, 19, 20 & 22] | <ul style="list-style-type: none"> • NSDP fully costed and reflected in unified MTBF • Unified annual MTBF for skills development implemented • National Human Resource Development Fund (NHRDF) established under company act with limited liability and fully operationalized with an independent governance structure • 90% of all funding in skills development channeled through the NHRDF • Sustainable student financing piloted (vouchers, student loan, stipends, tax/levy) and expanded |
| 3.3 Quality assurance system operational and decentralized [NSDP 5, 7 & 8] | <ul style="list-style-type: none"> • BTEB strengthened within a devolved quality assurance framework (course accreditation, registration of institutions, assessment and certification) • At least 15 ISCs in priority sectors established and/or strengthened with public private partnership mechanism |
| 3.4 Participating training institutions operate with principles of autonomy [NSDP 11] | <ul style="list-style-type: none"> • At least 100 public training institutions provided delegation of power to (i) generate earnings, (ii) hire trainers and resource persons to ensure high quality market responsive training, (iii) offer flexible modular training programs to meet labor market needs, and (iv) enter into partnerships with employers and private sector ** 90% public and private training providers have partnership with industries with job placement mechanism ** 50% of training providers registered to implement CBT courses |
| 3.5 Strengthened industry linkages, job placement and career counseling and guidance [NSDP 4, 8, 11, 16 & 17] | <ul style="list-style-type: none"> • 85% of SEIP supported institutions with career counseling, guidance and job placement • Linkages with industry and public-private partnerships established to meet SEIP targets • 400 job placement staff recruited and deployed |
| Result Area 4: Effective program management | |
| 4.1 Evidence-based planning, budgeting and monitoring implemented [NSDP 19, 20 & 21] | <ul style="list-style-type: none"> • National Skills Data system fully operational with fully functional Skills MIS Cell • Results-based monitoring system established • 20 Issue-based studies completed (tracer studies, employer satisfaction survey, skill-gaps analysis) and results disseminated |
| 4.2 Sector planning and financing strengthened [NSDP 19, 20 & 21] | <ul style="list-style-type: none"> • SWAp framework operationalized • 90% of skills development funds channeled through NHRDF |
| 4.3 Governance and risk management capacity developed [NSDP 19, 20 & 21] | <ul style="list-style-type: none"> • Annual sector performance report disseminated annually from 2016 • Annual fiduciary risk report as per approved fiduciary risk mitigation action plan prepared and shared |
| 4.4 Program implementation and technical assistance coordinated and managed effectively [NSDP 20 & 21] | <ul style="list-style-type: none"> • Twinning arrangement established and operationalized to meet priority needs • Industry skills experts pooled |

SECTOR-WIDE APPROACH ROAD MAP FOR SKILLS FOR EMPLOYMENT

| Areas | Current Status (FY2013) | FY2014 – FY2017 | FY2018 – FY2023 |
|--|--|---|--|
| I Sector Planning, Financing and Management | | | |
| 1. Sector program | National Skills Development Policy (NSDP) approved by Cabinet. No coherent sector program developed and implemented but different ministries, NGOs and the Private Sector are preparing action plans aligned with NSDP which NSDC Secretariat is coordinating. GoB funded and DP/GoB funded projects under different ministries are running parallel, no unified MTBF for overall framework. Contribution of NGO and private sector not well recognized. | Implementation of NSDP initiated Skills Development (SD) Program Framework (SDPF) developed, approved, and implementation of a Skills Development Program initiated in coordination with potential DPs. NSDP fully costed and included in MTBF SDPF will specify targets, funding, targeting, reporting and quality assurance requirements. | SDPF refined as appropriate to ensure synergy with macro policies and fully implemented. SDPF to provide overall framework to develop and implement a full SD Sector Program covering GoB development and non-development budgets and NGO and private sectors. |
| 2. Projects | Isolated projects with limited communication. Three major donor funded projects under MOE (STEP funded by World Bank, SDP funded by ADB/SDC, and TVET Reform Project by EU/CIDA). | Discrete projects continue within SDPF with the provision of common planning, review and monitoring arrangement. All new projects developed and approved in line with SDPF. Some projects merge within NSDP envisaged planning framework and SEIP program. | Provision of discrete projects only for special interventions. Number of discrete projects reduced All projects contribute to SDPF objectives and targets. |
| 3. Management of projects | All projects implemented through Project Management Units (PMUs) headed by a Project Director (PD). | Implementation through PMUs continues with possibility of sharing PMUs. Assigning focal persons in regular positions of co-partner agencies encouraged (for example, DG, DTE can be designated as focal person of DTE wide program). | Regular structure of agencies engaged to implement skills development program and serve as focal agency for concerned projects with an exception of few discrete projects. |

| Areas | Current Status (FY2013) | FY2014 – FY2017 | FY2018 – FY2023 |
|------------------------------|--|---|---|
| 4. Budgeting and financing | <p>Artificial categorization of development and non-development projects and development partner (DP) support provided only for development projects. Current financing for skills development is inadequate.</p> <p>Limited implementation of HRD fund with recognition in NSDP to set up a National HRD Fund.</p> | <p>Revenue and capital budget categorization initiated and DP funds to be used for the program as a whole under MTBF. Channeling funds through treasury system initiated.</p> <p>SDPF provides parameters to mobilize adequate funding to meet training targets and job placements in priority sectors and skills.</p> <p>Autonomous NHRDF fund established and operationalized with professional fund management. SEIP fund channeled through this fund</p> | <p>All DP funds channeled and managed through treasury system and DP funds used to finance all eligible items under revenue and capital budgets (e.g. civil works, salary, equipment, stipends) under one consolidated MTBF.</p> <p>Adequate funding arrangements made and duly reflected in the MTBF to finance agreed targets.</p> <p>NHRDF serves as an unified funding vehicle to fund skills development. All DPs fund channeled to this fund</p> |
| 5. Institutional development | <p>No unified management structure or an implementation and performance framework aligned to NSDP.</p> <p>Government training providers operating under different ministries with private and NGO sector dominating the provision of training. System characterized by duplication, fragmentation of effort, and disconnect from NSDP.</p> | <p>GoB skill training agencies restructured in line with NSDP and its implementation framework (SDPF) and institutional development plan including decentralization plan developed and approved.</p> <p>Establishment of new Ministry of Skills Development (MOSD) or Authority initiated to perform the task of coordinating, funding, monitoring and reporting. Implementation of institutional development plan including decentralization plan initiated in a phased manner.</p> <p>Targeted capacity development plan developed and implementation initiated to strengthen existing and new agencies at national and local levels.</p> <p>Twinning and partnership arrangements developed and implementation initiated to support continuous improvements.</p> | <p>A Ministry of Skills Development or a National Skills Authority from existing institution(s) and/or as a new institution established and fully operational.</p> <p>Decentralized skills development system fully operationalized.</p> <p>Centers of Excellence along the line of COEL established in priority sectors covering public and private training institutions to meet national and international skills needs. The overall governance of the skills development sector improves with streamlined institutions and skilled human resources.</p> |
| 6. Monitoring and evaluation | <p>Only project specific M&E exists. NSDC plans to establish an M&E system for skills development sector.</p> | <p>Sector M&E system geared towards learning and steering employment and industrial development established and implemented with sector</p> | <p>Sector M&E system fully operationalized and contribute to improvements in sector performance.</p> |

| Areas | Current Status (FY2013) | FY2014 – FY2017 | FY2018 – FY2023 |
|--|---|--|---|
| | Limited research done and documentation limited to project requirements. | performance reporting against sector targets and priorities. Skills MIS cell established and operationalized to track performance including student tracking | |
| 7. Access, equity and dignity | National Strategy for Gender Mainstreaming in TVET approved but yet to be implemented. Activities to address the needs of people with special needs limited to some projects and only in regard to physical disability. | Approved National Strategy for Gender Mainstreaming in TVET implemented with adequate M&E and reporting on key performance indicators. | Appropriate measures taken to ensure desired and visible impact of National Strategy for Gender Mainstreaming and equity areas. The principles of Decent Employment are adhered to. |
| II. Development Partners Coordination and Aid Harmonization | | | |
| 8.DP coordination and harmonization | Some efforts for coordination with limited harmonization but largely project focused and not sector focused. Project specific mechanisms and procedures set up. | Joint planning and review missions initiated. Harmonized approach initiated where feasible under government leadership. | Full harmonization of procedures, with common monitoring report and progress review. Harmonized approach ensured through a common agreement. |
| 9. Alignment with country system | DPs largely use their own procedures including financial management (e.g. separate accounts) and procurement management. | Country system assessed. Use of country system initiated where feasible and relevant. Joint policy dialogue and capacity development in key areas initiated. Joint fiduciary oversight conducted where feasible. | Expanded use of country system. DPs contribute to system improvement. Joint fiduciary oversight conducted. |
| 10. DP support instrument | Project aid and transaction (disbursement based on activities and inputs) based support. | Mixture of inputs and result-based financing (use of disbursement linked indicators-DLIs). | Expanded use of result-based financing. |
| 11. Technical Assistance | Consultant driven implementation of projects. | TA to support the Institutional Development Plan. Institutional Assessment completed and twinning arrangement introduced. TA coordination initiated | Continued TA support through a coordinated TA facility and expanded twinning arrangement. |

DP = development partner, NSDP=national skills development policy, SDPF=Skills development program framework, SWAp=Sector Wide Approach, TA=technical assistance

SEIP RESULTS MATRIX

Skills for Employment Investment Program (SEIP): RESULTS FRAMEWORK

1. This Appendix describes the results anticipated for each of SEIP's key result area and sub-output over the next four years in tranche 1. This is summarized in terms of:

Number: This column identifies each sub output in terms of its key result area

Sub-Output: Provides the name of the sub-output and identifies the accountable party for achieving each year's identified results; in each case, the head of the responsible unit is accountable.

Indicator and Baseline: Identifies the indicators included in the Monitoring and Evaluation (M&E) framework.

Results: Anticipated for years 0 through 4 are presented in the columns in a progressive way to show development over the years.

| | |
|----------|---|
| A | Impact: Increased income and productivity of the working age population 15 years and over |
| | A.1 By 2025, 70% of incremental GDP growth is from labor productivity growth |
| | A.2 Average household annual income doubled from \$3,300 in 2010 to \$6,600 by 2025 |
| | A.3 Exports in priority sectors doubled from \$24 billion in 2012 to \$48 billion by 2025 |
| | A.4 Remittances increased by 75% (baseline 2012: \$14 billion to \$21 billion by 2025) |
| B | Outcome: Improved quality and delivery of skill development programs in priority sectors for males and females |
| | B.1 Employment increased in formal sector from 12.5% (M: 14.5%; F: 7.7%) in 2010 to 20% by 2021 (M: 22% & F: 16%) [NSDP 2, 3, 5 & 17] M/F |
| | B.2 Youth unemployment decreased from 8.7% (M: 7.8%; F: 9.2%) in 2010 to 7.2% by 2021 (M: 7%; F: 7.5%) |
| | B.3 Share of vocational training in labor force increased from 4% (M: 76%; F: 24%) in 2010 to 12% (M: 65%; F: 35%) by 2021 [NSDP 17 & 22] |

SEIP RESULTS MATRIX

| No. | Sub-output | Indicator and baseline | 2014-15 | 2015-16 | 2016-17 | 2017-18 (up to Dec 17) |
|--|--|---|--|---|--|---|
| Output 1: Market responsive inclusive skills training | | | | | | |
| 1.1 Number trained in priority sectors and skills | <p>Selected market responsive and inclusive training programs implemented and expanded</p> <p>Accountable: NSDC, ISCs, PMU, concerned agencies, training providers</p> | <ul style="list-style-type: none"> • 260,000 new entrants and existing workforce trained (47,400 trained by public providers, 202,600 by private providers and 10,000 by NGOs) by 2017 (F: 30%) • 70% or 182,000 trained participants (30% females) employed and self-employed (base line: less than 40% in 2013) • 25 market responsive training programs (with targets) developed, updated and financed <p>Baseline: SEIP funded training programs in six priority sectors identified (i) Readymade Garments (RMG) & Textile ; (ii) Leather and Footwear; (iii) Construction; (iv) Light Engineering/ Manufacturing; (v) Information and Technology (IT); and (vi) Ship Building</p> | <ul style="list-style-type: none"> • Manuals with procedures and guidelines to engage training providers developed and approved to standardize the process • Three year Skills Training plan with target approved for implementation by the Program Steering Committee • Contract/participation agreement signed with 32 public training providers, 8 industry associations, PKSF, Bangladesh Bank SME and 10 private training providers • Training plan for public, private, industry association, Bangladesh Bank and PKSF finalized by April 2014 • Operational manual to deliver responsive packages by involving ISCs/Associations, BTEB, and training providers approved by March 2014 • 52,000 trained and certified (15,600 females) | <ul style="list-style-type: none"> • 91,000 trainees (27,300 females) trained and certified in employment-related livelihood training courses • 36,400 trainees (10,900 females) employed and self-employed | <ul style="list-style-type: none"> • 117,000 trainees (35,100 females) trained and certified in employment-related livelihood training courses • 63,700 trainees (19,110 females) employed and self-employed | <ul style="list-style-type: none"> • 81,900 trainees (24,570 females) employed and self-employed in livelihood training |
| 1.2. Support to targeted groups | <p>Targeting mechanism implemented</p> <p>Accountable: PSC, SDIC, NSDC, ISCs, PMU</p> | <p>40,000 poor and disadvantaged granted financial support through pilot schemes by 2017 (F: 40% or 16,000)</p> | <ul style="list-style-type: none"> • Strategies developed and approved to target students from poor families and to reduce opportunity cost • Targeted financial support scheme developed in 2014 | <ul style="list-style-type: none"> • Strategies to target students from poor families and to reduce opportunity cost implemented • 35% or 14,000 | <ul style="list-style-type: none"> • 45% or 18,000 trainees (with 7,200 females) receiving targeted support | <ul style="list-style-type: none"> • 40,000 trainees (with 16,000 females) receiving targeted support • Targeting |

| No. | Sub-output | Indicator and baseline | 2014-15 | 2015-16 | 2016-17 | 2017-18 (up to Dec 17) |
|---|---|---|--|---|---|---|
| | | Baseline: Different targeting mechanisms exist but a consolidate approach needed | <ul style="list-style-type: none"> •Awareness campaign targeting potential participants, training providers, employers designed and contracted by December 2014 • 20% or 8,000 trainees (with 3,200 females) receiving targeted support | <ul style="list-style-type: none"> trainees (with 5,600 females) receiving targeted support •Awareness campaign targeting potential participants, training providers, employers implemented nationwide •Targeted financial support scheme, piloted in 2015 and replicated national wide based on evaluation of pilots. | | evaluated and improvements introduced for expansion |
| •Output 2: Quality assurance system strengthened | | | | | | |
| 2.1 Skills qualifications/standards, courses and materials developed and accredited Quality assurance system operational and decentralized | Capacity for accrediting qualifications and registering institutions enhanced Accountable: ISCs identify skills and skills sets needed, BTEB accredits courses and registers institutions, courses developed by experts with PMU support | <ul style="list-style-type: none"> •Number of skills qualifications, courses and materials developed that meet national and international standards in identified sectors and higher skills Baseline: 13 courses accredited and 6 institutions registered (RMG/textile, leather, construction, light engineering, IT) <ul style="list-style-type: none"> •Number of skills qualifications, courses and materials developed that meet national and international standards in identified sectors and higher skills | <ul style="list-style-type: none"> •Procedures and manuals for accreditation and registration developed and disseminated Comprehensive operational manual develop in 2014 which will elaborate processes and roles and responsibilities to (i) to develop CBT courses, (ii) steps to be followed by training providers in developing and implementing CBT courses (iii) steps to be followed by ISCs to endorse courses. • ISCs define sets of competencies and/or qualifications for priority courses • 60 (existing) skills qualifications, courses, materials reviewed, updated and endorsed by ISCs •institutions registration | <ul style="list-style-type: none"> •At least 5 CBT new skills qualifications, courses and materials identified and development initiated • 15 institutions registered as RTO • 30 (existing) skills qualifications, courses, materials reviewed, updated and endorsed by ISCs • 10new modular skills qualifications, courses and materials identified and development initiated | <ul style="list-style-type: none"> • 15 institutions registered as RTO • 15 (existing) skills qualifications, courses, materials reviewed, updated and endorsed by ISCs • 5new modular skills qualifications, courses and materials identified and development initiated | <ul style="list-style-type: none"> • |

| No. | Sub-output | Indicator and baseline | 2014-15 | 2015-16 | 2016-17 | 2017-18 (up to Dec 17) |
|---|---|--|--|--|--|--|
| | | Baseline: 13 courses available or ready for approval | <p>process initiated based on CBT</p> <ul style="list-style-type: none"> • 10 institutions registered as RTO • At least 10 new modular skills qualifications, courses and materials identified and development initiated • Capacity development plan for 32 public training providers identified for tranche-1 and finalized by 2014 • Training agencies identified and outsourced in 2014 | . | | |
| 2.2 Instructors/trainers, assessors, managers and work place trainers trained | <p>Capacity for training master trainers, instructors/trainers, assessors, managers and work place trainers enhanced and expanded</p> <p>Accountable: BTEB, NSDC, ISCs, training providers</p> | <ul style="list-style-type: none"> • 1700 Master trainers, instructors/trainers, assessors, managers, and work place trainers trained to meet standards in priority sectors and skills (F: 25%) <p>Baseline: 2,500 available</p> | <ul style="list-style-type: none"> • Training target approved for implementation • 300 persons (with 75 women) trained against target • Possibility of developing existing organizations as TOT trainers, managers and assessors explored in 2014, | <ul style="list-style-type: none"> • Database for certified master trainers, instructors/trainers, assessors, managers and work place trainers updated and made publicly available on website • 700 persons trained against target (320 instructors, 300 assessors, 92 managers, and 1000 workplace trainers) (with 175 women) | <ul style="list-style-type: none"> • Database for certified master trainers, instructors/trainers, assessors, managers and work place trainers updated and made publicly available on website • 700 persons trained against target (320 instructors, 300 assessors, 92 managers, and 1000 workplace trainers) (with 175 women) • Capacity of training institutions developed by | <ul style="list-style-type: none"> • Database for certified master trainers, instructors/trainers, assessors, managers and work place trainers updated and made publicly available on website |

| No. | Sub-output | Indicator and baseline | 2014-15 | 2015-16 | 2016-17 | 2017-18 (up to Dec 17) |
|---|---|--|---|--|---|--|
| | | | | | 2016 | |
| 2.3 Improved training facilities | Capacity to develop market responsive training facilities improved Accountable: BTEB, ISCs, concerned directorates Women-friendly training facilities | <ul style="list-style-type: none"> 6 centers of excellence demonstrate high quality training Baseline: 4 center of excellence declared Female-friendly facilities, (e.g., separate toilets, washroom, changing rooms, lounges, etc) installed in all public training institutions within project period | <ul style="list-style-type: none"> Criteria for COE agreed and costed action plan approved to establish 6 COEs in tranche 1 2 COEs established TOT facilities development plan including PPP and twinning arrangement developed At least 50% of public training institutions have separate toilets and changing rooms for males and females | <ul style="list-style-type: none"> 2 COEs established All public training institutions have separate toilets and changing rooms for males and females | <ul style="list-style-type: none"> Additional 2 COEs established At least 30% of all public training institutions have separate lounges for women | |
| 2.4 Assessment and certification system implemented including RPL | Capacity for assessment and certification enhanced and expanded Accountable: BTEB, ISCs, training providers | <ul style="list-style-type: none"> 20,000 trained, assessment conducted and certified (RPL) (F; 40%) Baseline: annual capacity for assessment for CBT (300) and certification (300), but none for RPL | <ul style="list-style-type: none"> Procedures and manuals for assessment and certification of students for RPL and other candidates developed and disseminated 10 RPL center identified and selected for RPL program implementation 4000 trained (with 1,600 women), assessment conducted and certified (RPL) 40 RPL Trainers trained and certified 40 RPL Assessors trained and certified | <ul style="list-style-type: none"> 10 RPL center identified and selected for RPL program implementation 8000 trained (with 3,200 women), assessment conducted and certified (RPL) 100 RPL Trainers trained and certified 100 RPL assessors trained and certified | 8000 trained (with 3,200 women), assessment conducted and certified (RPL) <ul style="list-style-type: none"> 60 RPL Trainers trained and certified 60 RPL assessors trained and certified | <ul style="list-style-type: none"> RPL assessment covered 20,000 trainees (with 8,000 women) by 2017. |
| • Output 3: Institutions strengthened | | | | | | |
| 3.1 Planning, management and monitoring institution established | Planning, management and monitoring institutions established | Institutional framework for service delivery, institutional management and financing developed, approved and | Institutional framework for service delivery, institutional management and financing developed with costed action plan for phase-wise | Institutional framework for service delivery, institutional management and financing approved | Phase-wise implementation continued as per agreed costed action plan | Phase-wise implementation continued as per agreed costed action plan |

| No. | Sub-output | Indicator and baseline | 2014-15 | 2015-16 | 2016-17 | 2017-18 (up to Dec 17) |
|--|--|--|--|---|--|---|
| | Accountable: NSDC, ISCs, concerned ministries and directorates, PMU | implemented Baseline: Institutions either fragmented or non-existent | implementation <ul style="list-style-type: none"> • Feasibility of new institution to coordinate skills development sector and unified funding system conducted • Preparatory exercise to establish Ministry of Skills Development based on the review of roles of existing institutions initiated in 2014 | and phase-wise implementation initiated as per agreed costing action plan <ul style="list-style-type: none"> • Initial steps taken to establish new coordination institution and funding system | <ul style="list-style-type: none"> • Budget provided to finance key staff and functions of the new coordination institution and funding system | <ul style="list-style-type: none"> • Budget provided to finance key staff and functions of the new coordination institution and funding system • New Ministry established by 2017. |
| 3.2 Unified funding arrangement established | Unified funding arrangement established Accountable: MOF, NSDC, Bangladesh Bank, PMU | National Human Resource Development Fund (NHRDF) established and operational Baseline: An unified funding arrangement does not exist and only ad hoc funding approaches exist | <ul style="list-style-type: none"> • Initial funding arrangement agreed by Bangladesh Bank and PMU • Concept paper with costing action plan to establish NHRDF agreed • Feasibility study designed and completed with recommendations for piloting sustainable financing schemes and taking them to scale • Preparatory exercise to establish a NHRDF with institution charter initiated in 2014 | <ul style="list-style-type: none"> • Initial funding routed through a commercial bank with joint oversight from BB and PMU • NHRDF establishment agreed with a clear governance structure for fund management, disbursement to eligible institutions, procedures and guidelines • Feasibility study completed and pilot programs started | <ul style="list-style-type: none"> • NHRDF starts disbursing funds to eligible training providers • Sustainable financing schemes taken to scale | <ul style="list-style-type: none"> • NHRDF disburses funds to 05 institutions • Sustainable financing schemes reviewed for further improvements • NHRDF fully operational with its own governance structure by 2015. |
| 3.3 Participating public training institutions operate with principles of autonomy | Delegation of powers granted to participating training institutions Accountable: Participating ministries, MOF, NSDC | <ul style="list-style-type: none"> • Delegation of powers granted to 32 of public institutions Baseline: Centralized management of training providers and overly dependent on government sources | <ul style="list-style-type: none"> • Identification of delegation requirements, mechanisms to grant delegation of powers, funding mechanism, and phase wise implementation plan approved • A circular to provide additional powers and authority to 32 public training institutions to | <ul style="list-style-type: none"> • Performance review of institutions delegated with powers with more funds to better performing institutions | <ul style="list-style-type: none"> • Performance review of institutions delegated with powers with more funds to better performing institutions | <ul style="list-style-type: none"> • Performance review of institutions delegated with powers with more funds to better performing institutions • implementation of |

| No. | Sub-output | Indicator and baseline | 2014-15 | 2015-16 | 2016-17 | 2017-18 (up to Dec 17) |
|---|--|--|---|---|--|---|
| | | | ensure flexibility to the training providers issued by GoB by January 2014 • 32 public institutions delegated with powers | | | the circular monitored. |
| 3.4 Strengthened industry linkages and job placement | Effective career counseling, guidance and job placement system developed and institutionalized Accountable: Training providers, ISCs, PMU | • 100% of SEIP supported institutions with career counseling, guidance and job placement unit Baseline: none | • Procedures and manuals for establishing and managing career counseling, guidance and job placement units developed and disseminated • 40% of SEIP supported institutions with career counseling, guidance and job placement unit • 40 job placement officers (with 10 females) deployed to ensure job placement support to public and private institutions • Capacity development plan for at least 5 ISCs developed in 2014 | • 60% of SEIP supported institutions with career counseling, guidance and job placement unit functioning • 10 job placement officers (with 3 females) deployed to ensure job placement support to public and private institutions | • 100% of SEIP supported institutions able to achieve job placement targets | • 100% of SEIP supported institutions able to achieve job placement targets • Capacity development plan for at least 5 ISCs implemented by 2017. • ISC capacity building plan implemented by 2017 |
| Output 4: Effective program management | | | | | • | • |
| 4.1 Evidence-based planning, budgeting and monitoring implemented | Evidence-based planning, budgeting and monitoring implemented Accountability: steering committee, technical committee, MOF, NSDC, PMU | • Results-based monitoring system established and issue-based studies completed Baseline: Ad hoc and fragmented | • Comprehensive M&E costing action plan developed • MIS functions outsourced by June 2014 and MIS activities started from 2015. | • Comprehensive M&E costing action plan approved and implementation initiated • Comprehensive national skills data system of trainees, training providers and major employers developed • Skills MIS cell established and operational | • Comprehensive national database of trainees, training providers and major employers updated • 05 studies completed • Quarterly progress report and annual national sector performance report generated • Comprehensive national database of | • Comprehensive database of trainees, training providers and major employers updated • 05 studies completed • Quarterly progress report and annual national sector performance report generated |

| No. | Sub-output | Indicator and baseline | 2014-15 | 2015-16 | 2016-17 | 2017-18 (up to Dec 17) |
|--|--|--|--|--|--|---|
| | | | | | trainees, training providers and major employers updated •Quarterly progress report and annual national sector performance report generated | •MIS system established and operationalized by 2017 •1 tracer study, 1 employer satisfaction survey, and 1 skill-gaps analysis in each sector completed and results disseminated by 2017 |
| 4.2Sector planning and financing strengthened | Sector planning and financing strengthened Accountability: PMU with guidance from steering committee, technical committee, MOF, NSDC | •Unified MTBF for skills training implemented Baseline: Only ministry wise available | •MTBF for skills sector developed and approved for inclusion in 2014-15 budget •Unified annual MTBF for skills development developed and implementation initiated from 2015. •SWAp framework shared with all development partners and stakeholders | •Budget allocated as per agreed MTBF •SWAp framework developed in consultation with key stakeholders and endorsed by GoB and development partners •NSDP fully costed and reflected in the approved MTBF for skills sector developed for 2014-15 budget | •Budget allocated as per agreed MTBF •SWAp framework implementation initiated •Budget allocated as per agreed MTBF •Feasibility study designed and completed with recommendations for piloting and taking to scale and Pilots initiated | •Budget allocated as per agreed MTBF •SWAp framework developed and approved by 2017 |
| 4.3Governance and risk management capacity developed | Governance and risk management capacity developed Accountability: steering committee, technical committee, MOF, NSDC, PMU | Effective implementation of agreed risk mitigation plan Baseline: Risk mitigation plan to be prepared as part of SEIP design | •Annual Fiduciary Review (AFR) conducted and agreed actions implemented •Website designed •Public Financial Management and Procurement Action Plan approved by April 2014 | •AFR conducted and agreed actions implemented •Annual performance report published •Website operational and maintained | •AFR conducted and agreed actions implemented •Annual performance report published •Website operational and maintained | •AFR conducted and agreed actions implemented •Annual performance report published •Website operational and |

| No. | Sub-output | Indicator and baseline | 2014-15 | 2015-16 | 2016-17 | 2017-18 (up to Dec 17) |
|--|--|--|--|--|--|--|
| | | | | | | maintained |
| 4.4Program implementation and technical assistance coordinated and managed effectively | Program implementation and technical assistance coordinated and managed effectively Accountability: Steering committee, technical committee, PMU | Program management functioning effectively Baseline: SEIP is a new program | <ul style="list-style-type: none"> •SDCMU established and operationalized by April 2014. •Strong counterpart team established to facilitate SEIP design •By loan negotiation, PMU set up with core staffing approved by pre-ECNEC •Twinning institutions identified and advance action initiated •Advance actions initiated immediately following loan negotiations •Fully functional PMU by the time SEIP is approved by ADB Board and government ECNEC •Initial consultancy team available by SEIP effectiveness •TOR for identified studies approved in 2014 (1 in each sector tracer study, employer satisfaction survey, skill-gap analysis) and studies completed and disseminated by 2017 | Full team of PMU and consultancy working effectively | Full team of PMU and consultancy working effectively | Full team of PMU and consultancy working effectively |

KEY TARGETS FOR TRAINERS, MANAGERS, ASSESSORS, AND TRAINEES

| | | SEIP Key Targets | | | | | |
|---|--|------------------|--------|--------|--------|---------|-------------|
| Training - Enrollment | | | | | | | |
| Location | | 2014 | 2015 | 2016 | 2017 | Total | Percent (%) |
| Public Institutions | | | | | | | |
| | Managers | 10 | 11 | 11 | 0 | 32 | 0.07 |
| | Teachers (Pedagogy & Technical skills) | 50 | 145 | 125 | 0 | 320 | 0.67 |
| | Trainees | 00 | 18,960 | 18,960 | 9,480 | 47,400 | 99.16 |
| | Assessors | 10 | 20 | 20 | 0 | 50 | 0.10 |
| Total | | 70 | 19,136 | 19,116 | 9,480 | 47,802 | 100.00 |
| Sector Association, PKSF, BB SME Depart | | | | | | | |
| | Managers | 12 | 24 | 24 | 0 | 60 | 0.03 |
| | Teachers (Pedagogy & Technical skills) | 100 | 476 | 424 | 0 | 1,000 | 0.47 |
| | Trainees | 21,260 | 58,465 | 85,040 | 47,835 | 212,600 | 99.39 |
| | Assessors | 50 | 100 | 100 | 0 | 250 | 0.12 |
| Total | | 21,422 | 59,065 | 85,588 | 47,835 | 213,910 | 100.00 |
| Training – certification | | | | | | | |
| Location | | 2014 | 2015 | 2016 | 2017 | Total | Percent (%) |
| Public Institutions | | | | | | | |
| | Managers | 9 | 10 | 10 | 0 | 29 | 0.06 |
| | Teachers (Pedagogy & Technical skills) | 47 | 138 | 119 | 0 | 304 | 0.66 |
| | Trainees | 00 | 18,012 | 18,012 | 9,006 | 45,030 | 99.18 |
| | Assessor | 9 | 19 | 19 | 0 | 47 | 0.10 |
| Total | | 65 | 18,179 | 18,160 | 9,006 | 45,410 | 100.00 |
| Sector Association, PKSF, BB, | | | | | | | |
| | Managers | 11 | 23 | 23 | 0 | 57 | 0.03 |
| | Teachers (Pedagogy & Technical skills) | 95 | 452 | 402 | 0 | 949 | 0.46 |
| | Trainees | 20,197 | 55,542 | 80,788 | 45,444 | 201,971 | 99.40 |
| | Assessor | 48 | 95 | 95 | 0 | 238 | 0.11 |
| Total | | 20,351 | 56,112 | 81,308 | 45,444 | 203,215 | 100.00 |
| Training - Employment | | | | | | | |
| Location | | 2014 | 2015 | 2016 | 2017 | Total | Percent (%) |
| | Public Institutions | 0 | 6,636 | 13,272 | 13,272 | 33,180 | 18.24 |
| | Sector Association, PKSF, BB, | 14,882 | 40,925 | 59,528 | 33,485 | 148,820 | 81.76 |
| Total | | 14,882 | 47,561 | 72,800 | 46,757 | 182,000 | 100.00 |

LIST OF BENEFICIARIES

| Agencies | Training Targets | Total Targets | Unit cost in BDT | Salary without training in BDT | Salary with Training in BDT |
|---|------------------|------------------|------------------|--------------------------------|-----------------------------|
| Public Training Institutions | | 47,400 | | | |
| BMET | 33,900 | | 19,500 | 4,000 | 8,000 |
| DTE | 10,800 | | 19,500 | 4,000 | 8,000 |
| BITAC | 2,700 | | 21,060 | 4,000 | 8,000 |
| BGMEA | | 43,800 | 9,785 | | |
| a. Skill training for New Entrants | 12,300 | | | 4,000 | 8,000 |
| b. Up Skilling for Existing Work force | 12,000 | | | 10,000 | 12,000 |
| c. Management Training | 19,500 | | | 8,000 | 15,000 |
| BKMEA | | 41,510 | 14,829 | | |
| a. Skill training for New Entrants | 13,590 | | | 4,000 | 8,000 |
| b. Up Skilling for Existing Workforce | 27,920 | | | 10,000 | 12,000 |
| BTMA | | 30,960 | 8,777 | | |
| a. Skill training for New Entrants | 18,000 | | | 3,000 | 7,000 |
| b. Up Skilling for Existing Workforce | 18,000 | | | 10,000 | 12,000 |
| Leather | | 21,385 | 20,911 | | |
| a. Skill training for New Entrants | 20,300 | | | 4,000 | 10,000 |
| b. Up Skilling for Existing Work force | 1,085 | | | 8,000 | 12,000 |
| BACI (construction) | | 13,005 | | | |
| a. Skill training for New Entrants | 13,005 | | 32,339 | 4,000 | 20,000 |
| Light engineering | | 8,940 | | | |
| a. Skill training for New Entrants | 1,680 | | | 5,000 | 24,000 |
| b. Up Skilling for Existing Work force | 7,260 | | 14,187 | 10,000 | 15,000 |
| IT(BASIS) | | 23,000 | 16,146 | | |
| a. Skill training for New Entrants | 20,000 | | | 6,000 | 20,000 |
| b. Up Skilling for Existing Work force | 3,000 | | | 15,000 | 18,000 |
| | | | | | |
| IT (BACCO) | | 10,000 | 2,009 | | |
| a. Skill training for New Entrants | 10,000 | | | 6,000 | 12,000 |
| | | | | | |
| | | | | | |
| BB SME Department | | 10,000 | 36,121 | 4,000 | 8,000 |
| PKSF | | 10,000 | 76,777 | 4,000 | 8,000 |
| Total | | 260,000 | | | |
| | Targets | Unit Cost | | | |
| Other Training and Support | | | | | |
| Target Group Support (Stipends/Vouchers) | 40,000 | 3,120 | | | |

| Agencies | Training Targets | Total Targets | Unit cost in BDT | Salary without training in BDT | Salary with Training in BDT |
|-------------------------------------|-------------------------|----------------------|-------------------------|---------------------------------------|------------------------------------|
| TOT and Assessors training -Public | 372 | 39,000 | | | |
| TOT and Assessors training -Private | 1,250 | 39,000 | | | |
| CPDP master trainer | --- | --- | | | |
| CPDP Manager | 92 | 23,400 | | | |
| RPL Assessment | 20,000 | 7,800 | | | |
| Assessors Training for RPL | 200 | 39,000 | | | |
| RPL Trainer | 200 | 39,000 | | | |

PRIORITY POLICY MATRIX¹⁴

| Policy Area | Current Status | Phase I Action Tranche 1 and 2: 2014-18 | Phase II Action Tranche 3 and 4: 2018-23 |
|---|--|---|---|
| Result Area 1: Market responsive inclusive skills training | | | |
| Industry linkages and job placement NSDP (17) | <ul style="list-style-type: none"> • 9 ISC's established but yet to be fully functional. • EBT not recognised or financed in current system. | <ul style="list-style-type: none"> • ISC operations manual prepared and governance and administration systems functional in at least 10 ISCs. • EBT implemented in 10 priority sectors. | <ul style="list-style-type: none"> • EBT extended to all priority sectors (at least 15 priority sectors). |
| Private Training Provision NSDP (15) | <ul style="list-style-type: none"> • Active private provision but not formally recognised and funding is limited. | <ul style="list-style-type: none"> • Public Private Partnership (PPP) mechanism and procedures established with 20 PPP operational. • Significant share of private training providers including effective training models in 10 priority sectors. | <ul style="list-style-type: none"> • PPPs expanded and 40 PPP operational in all priority sectors. |
| Strengthened Apprenticeships NSDP (12) | <ul style="list-style-type: none"> • Apprenticeship systems are being upgraded. | <ul style="list-style-type: none"> • 15,000 new apprenticeships endorsed by ISCs in all priority sectors and registered with BMET/BTEB. • 10,500 trainees trained and placed into gainful employment. | <ul style="list-style-type: none"> • 35,000 new apprenticeships endorsed by ISCs in all priority sectors and registered with BMET/BTEB. • 24,500 trainees trained and placed into gainful employment. |
| Skills Development for Overseas Employment NSDP (18) | <ul style="list-style-type: none"> • Priority of GoB. • % distribution of skills levels in overseas employment. | <ul style="list-style-type: none"> • 20 % of trainees trained and placed into gainful employment by skills levels | <ul style="list-style-type: none"> • 35 % of trainees trained and placed into gainful employment by skills levels (unskilled, semi-skilled, skilled, professional). |

¹⁴ Baseline survey will firm up the indicators and provide missing information.

| Policy Area | Current Status | Phase I Action Tranche 1 and 2: 2014-18 | Phase II Action Tranche 3 and 4: 2018-23 |
|---|--|--|--|
| | | (unskilled, semi-skilled, skilled). | |
| Result Area 2: Quality assurance system established | | | |
| Nationally Recognized Qualifications NSDP (5) {NSDP: 4, 5, 6, 6.5, 7, 8, 9, 12, 17 and 18 aligns with Result Area 1.1, 1.3, 1.4, 1.6, and 2.1) | BTEB establishing a Cell to fast track development and alignment of qualifications onto the NTVQF. | <ul style="list-style-type: none"> •Revise TVET qualifications, including those for higher level skills in 15 priority sectors. •Strengthen industry role, through ISCs, to guide new qualifications to meet skills needs including preparation of manuals and guidelines. •NTVQF developed. •Initiate pilot implementation of RPL. •Strengthen BTEB capacity. •Strengthen ISC capacity. | <ul style="list-style-type: none"> •Revise TVET qualifications, including those for higher level skills in 15 priority sectors. •Strengthen industry role, through ISCs, to guide new qualifications to meet skills needs. •50,000 trainees/workforce assessed and certified using RPL model. |
| Competency Based Training & Assessment NSDP (6) | Trainer training in CBTA has already commenced with over 3,000 trainers trained. | Revise TVET qualifications, including those for higher level skills in 10 priority sectors implemented, with ISCs involved in assessment and certification within a devolved quality assurance framework of BTEB. | Revise TVET qualifications, including those for higher level skills in additional 5 priority sectors, with respective ISCs involved in assessment and certification within a devolved quality assurance framework of BTEB. |
| Training Programs and Providers Quality Assured NSDP (7) | BTEB system being established. | •40 registered training providers strengthened to meet BTEB requirements. | •100 registered training providers strengthened to meet BTEB requirements. |

| Policy Area | Current Status | Phase I Action Tranche 1 and 2: 2014-18 | Phase II Action Tranche 3 and 4: 2018-23 |
|--|--|---|--|
| Competent and Certified Instructors and Trainers NSDP (10) | BTEB system being established. | <ul style="list-style-type: none"> • Legal framework established to allow ISC to licence industry trainers and assessor with BTEB. • Establish a National System for Certification and Training of Instructors and Assessors under the NTVQF. | <ul style="list-style-type: none"> • 3,000 trainers trained in CBTA. |
| Result Area 3: Institutions strengthened | | | |
| Overall coordination of the Skills Development Sector NSDP (20 & 22) | <ul style="list-style-type: none"> • Approval of NSDP Policy in 2012. • NSDC Act being developed to strengthen the role of NSDC. | <ul style="list-style-type: none"> • Strengthen NSDC Secretariat to support EC-NSDC for effective coordination of NSDP Actions. • Initiate the establishment of a new Ministry or Skills Authority. • Initiate efforts to move towards a SWAp. | <ul style="list-style-type: none"> • New institution made fully operational. • SWAp framework fully operational with full support of interested development partners. |
| National Human Resource Development Fund (NHRDF) NSDP (20) | <ul style="list-style-type: none"> • Government allocated budget for a fund established at Ministry of Expatriate Welfare and Overseas Employment. • NSDP envisages establishment of a NHRDF under MOF administration. | <ul style="list-style-type: none"> • Initiate funding mechanism to fund the private sector through a bank. • Evolve the funding arrangement into an NHRDF including development and approval of a legal framework to operationalize the proposed NHRDF as an autonomous and sustainable | <ul style="list-style-type: none"> • NHRDF established and fully operationalized. • Successful sustainable financing mainstreamed to fund skills development including targeted funding to students. |

| Policy Area | Current Status | Phase I Action Tranche 1 and 2: 2014-18 | Phase II Action Tranche 3 and 4: 2018-23 |
|--|---|--|---|
| | | unified fund to support skills development. •Sustainable student financing piloted (vouchers, student loan, stipends, tax/levy) | |
| Delegation of powers to public training providers NSDP (11) | Public training providers depend on line ministries and departments and operate strictly as regular government institutions without flexibility in manpower contracting, implementing new courses, retaining funds, and entering into partnerships with employers and industries. | •Special dispensation granted to participating public training providers to , (i) hire guest staff to ensure high quality market responsive training, (ii) offer flexible modular training programs to meet labour market needs, and (iii) enter into partnerships with employers and private sector. Legal framework developed to support autonomy. •32 public training providers participating in SEIP provided autonomy. | •All public training providers operate under autonomy with approved legal framework. •100 public training providers participating in SEIP provided autonomy. |
| Career counseling, guidance and job placement system NSDP (9 & 16) | Job placement services available only in a few training institutions especially for domestic labor market. | Job placement systems developed with employer associations and all participating training providers to establish job placement units. | Job placement systems operational and extended to all priority sectors, and all participating training providers to have functioning job placement units. |
| Result Area 4: Effective program management | | | |
| Planning, | MTBF available for | Unified annual | •Unified MTBF fully operational. |

| Policy Area | Current Status | Phase I Action Tranche 1 and 2: 2014-18 | Phase II Action Tranche 3 and 4: 2018-23 |
|---|--|---|---|
| management and monitoring mechanism NSDP (21) | each Ministry/agency. | MTBF for skills development implemented. •Unified M&E system established. •NSDC-S strengthened to carryout coordination and monitoring functions. | •Unified M&E fully operational. |
| Twinning arrangement NSDP (4, 18) | Limited or no twinning arrangements. | Twinning arrangement initiated to target capacity development. | Twinning arrangement fully operational to meet priority needs. |
| Accurate Skills and Labour Market Data for Planning and Monitoring NSDP (9) | Fragmented database maintained by different agencies and training providers. | •Support NSDC to outsource skills-gap analysis in partnership with respective ISCs in at least 10 priority sectors to establish and operationalize a reliable LMIS. •Tracer studies and employer satisfaction surveys conducted regularly. | •LMIS system fully operational. •Skills-gap analysis completed in additional 5 priority sectors. |

BTEB = Bangladesh Technical Education Board, CBTA = competency-based training, EBT= enterprise-based training, ISC = industry sector council, LMIS = Labour Market Information System, MOSD = Ministry of Skills Development, NHRDF = National Human Resource Development Fund, NSDP = National Skills Development Policy, NSDC = National Skills Development Council, NTVQF = National Technical Vocational Qualification Framework.

GENDER ACTION PLAN (TRANCHE 1)¹⁵

| Project Component | Proposed Actions | Targets/Indicators | Responsibility |
|---|---|--|--|
| Output 1 Market responsive inclusive skills training | <ul style="list-style-type: none"> Conduct a skills-gap analysis of each priority sector with attention to gender-related issues such as gender-tracking and limited female access in specific occupations Ensure and track gradual increase in the number of women TVET entrants and graduates in all levels of the NTVQF in different occupations in 6 priority sectors. Ensure that at least 40% of the 40,000 poor and disadvantaged students targeted for financial support through schemes, are females Engage with industry partners to improve competency-based job placement of women graduates Ensure and track employment of certified female graduates Conduct social marketing and awareness raising programs on accessing TVET and showing women in non-traditional trades, involving media and communication channels accessible to poor women | <p>By 2017, reports on the skills-gap analysis conducted in six priority sectors, completed SEIP targets are further aligned with the targets set by National Strategy for Gender when establishing baseline.</p> <p>By 2017, at least 78,000 women trainees are certified</p> <p>By 2017, at least 16,000 poor and disadvantaged female trainees are supported in tranche 1.</p> <p>At least 50% of identified industry partners employ women TVET graduates</p> <p>By 2017, 54,600 women (30% of the target 182,000 trainees) placed in jobs in the 6 priority sectors with a sequential increase of their income ((targets to be set following baseline).</p> <p>1 public service advertisement and 2 kinds of posters developed</p> <p>At least 80% of all community members in the project areas reached by IEC</p> | <p>SDCMU, SDIC and implementing agencies</p> <p>SDCMU to set the baseline in the first 6 months of SEIP implementation</p> |
| Output 2 Quality assurance system strengthened | <ul style="list-style-type: none"> Ensure female participation in selection of trainers and assessors Ensure that the Equity Advisory Committee of BTEB is functional Increase number of women in the | <p>At least 25% or 425 women trainers and assessors recruited/selected At least 15% of women participation in committee with 10% women in decision making</p> | <p>SDCMU in close coordination with BTEB, ISCs and implementing</p> |

¹⁵ A baseline survey will be undertaken in year 1 to complete and firm up the baseline for all indicators and targets, and to (i) explore if it is possible to set higher targets for female trainees and female trainers, (ii) explore if it is possible to set higher share of females on Industry Skills Councils, and (iii) set targets for female trainees and trainers by each priority sector.

| Project Component | Proposed Actions | Targets/Indicators | Responsibility |
|--|---|--|---|
| | Industry Skill Councils <ul style="list-style-type: none"> Review training packages if any gender biases exist and correct as necessary when aligning with NSDP requirement Install female-friendly facilities in training institutions | roles All training packages devoid of any gender bias Female-friendly facilities, (e.g., separate toilets, washroom, changing rooms, lounges, etc) installed in all public training institutions within project period. | agencies |
| Output 3 Institutions strengthened | <ul style="list-style-type: none"> Develop (or incorporate in existing faculty and staff training programs) a gender orientation/training module for faculty and staff of TVET institutions Conduct gender orientation / trainings to all faculty and staff of TVET institutions Establish extensive gender-responsive support systems with counseling services. | Gender orientation modules developed / gender concepts incorporated in staff training modules All faculty and staff of TVET institutions recognize and ensure gender targets At least 13 of 50 job placement officers deployed are women All female TVET students access counseling and career services | PSC SDCMU in close coordination with implementing agencies and gender network |
| Output 4 Effective program management | <ul style="list-style-type: none"> Ensure female participation in project steering committee, employers committee and implementation committee. Conduct a baseline study to establish and maintain a TVET database that includes sex-disaggregated data on all key indicators and committees. Regularly update TVET database with sex-disaggregated data. GAD Specialist in SDCMU will conduct GAD orientation for the whole team. Work with GAD Focal point in relevant GoB and non-GoB agencies. Participate in SDC's Gender Forum. | <ul style="list-style-type: none"> 30% women participation ensured Annual gender audit conducted A database with sex disaggregated data established and regularly updated All SDCMU knowledgeable on gender issues in TVET GAD focal points in relevant GoB and non-GoB entities cooperate in meeting project targets | PSC SDCMU in close coordination with NSDC Secretariat and implementing agencies SDCMU M&E Gender Specialist of ADB's BRM and ADB review mission to monitor |

ADB = Asian Development Bank, BB SME = Bangladesh Bank Small and Medium Enterprise, BITAC = Bangladesh Institute for Technical Assistance Center, BMET = Bureau of Manpower, Employment and Training, BRM = Bangladesh Resident Mission, BTEB = Bangladesh Technical Education Board, DTE = Directorate of Technical Education, GAD = gender and development, ISC = Industry Skill Council, M&E = monitoring and evaluation, MOF = Ministry of Finance, NSDC = National Skill Development Council, NTVQF = National Technical and Vocational Qualification Framework, PSC = Program Steering Committee, SDCMU = Skill Development Coordination and Monitoring Unit, SDIC = Skill Development Implementation Committee.

Source: Asian Development Bank.

PUBLIC FINANCIAL MANAGEMENT AND PROCUREMENT ACTION PLAN

Plan 1 – GoB Entities (MoF's Finance Division, CGA and CAG as well as DTE, BTEM and BITAC)

| Issue to address | Action to be implemented | Planned date of Completion | Responsible | (Comments) |
|---|---|----------------------------|-------------|------------|
| Planning and Budgeting | | | | |
| Despite the MTBF approach, annual budgeting remains fragmented and incremental, as well as with ineffective management and oversight on the institutional level. Also, the current MTBFs do not include ADB-planned finance through SEIP. | Update the MTBFs for each GoB entity / ministry for future years to reflect planned resource requirements for delivery of SEIP targets. | February 2014 | MoF / LMs | |
| The annual budget process is based on an incremental approach, and does not consider physical and financial targets together. | Provide technical assistance to the agencies engaged in support of and to improve their annual budgeting process. Annual project financial statements to also include a comparison of budget vs actual | On-going activity | MoF / SDCMU | |
| To deliver results, as per result framework, budget heads need to be identified with budget allocated. | DPP and FAM are the main tools for identifying budget head, which must be consistent with the GoB Accounts Code. | Completed | MoF / ADB | |
| Budget Execution | | | | |
| GoB spending is highest in the last quarter of the fiscal year, which indicates the absence of commitment control. | The requirement for technical assistance will be identified to provide support to SEIP entities so as to help developing better spending plans. Rigorous monitoring of working capital requirements and absorption capacity by the SDCMU | April 2014 | MoF / SDCMU | |
| Accounting | | | | |
| GoB procedures are very weak regarding the clearing of advances, ensuring timely payment processing, and enforcing accounts reconciliation (between CGA and agencies). | Agree on procedures and templates for monitoring clearing of advances, timely payment processing, and accounts reconciliation. Modules are already | Completed | SDCMU / CGA | |

| Issue to address | Action to be implemented | Planned date of Completion | Responsible | (Comments) |
|---|--|----------------------------|-------------|------------|
| | embedded within the IBAS system and only need to be activated. | | | |
| Internal control | | | | |
| IBAS does not have budget checks before expenditure processing, i.e. cannot be used for budget monitoring. | Agree on procedures and templates for manually checking budget availability. | April 2014 | SDCMU / CGA | |
| Reconciliation between personnel records and payroll data is lacking, and payroll audits are not undertaken. | Assess the possibilities for improving payroll management of the involved SEIP entities. | 2015 | MoF / SDCMU | |
| Internal audit | | | | |
| Mitigate the risk following from ineffective internal audit (inadequate capacity and staffing, pre-audit rather than internal audit being performed, and lack of independence). | SDCMU staff to undertake regular reviews of accounting and applied internal control procedures. Annual Fiduciary Reviews (AFRs) to be undertaken which include assessments of internal control systems and procedures. | On-going activity | MoF / SDCMU | |
| Financial Reporting | | | | |
| Monthly reports are usually somewhat delayed, while annual reports can be delayed by more than six months. | Templates for monthly and quarterly (IFR) reports as well as annual financial statements prepared that are consistent with the GoB Accounts Code. Project consolidated financial statements include enhanced disclosures in accordance with IPSAS. 32 training institutes to maintain separate bank accounts for project receipts. | December 2014 | MoF / ADB | |
| None of the three GoB agencies prepare reports to explain monthly variances between planned and actual spending. | Provide technical assistance to develop reporting. Also, assess possibilities for providing read-only access to IBAS. | On-going activity | MoF / SDCMU | |

| Issue to address | Action to be implemented | Planned date of Completion | Responsible | (Comments) |
|---|--|----------------------------|------------------|------------|
| External audit | | | | |
| The CAG is constrained by a limited number of qualified staff, audit reports are not completed in a timely manner, regularity audits focus on individual transactions rather than on system strengthening (but noted that FAPAD's audits generally are deemed satisfactory in terms of quality and timing). | Ensure through the SoAN that the CAG's FAPAD conducts the external audit of the SEIP-relevant entities in accordance with acceptable standards and in a timely manner. | January 2014 | MoF, CAG and ADB | |
| Resolving audit issues are sometimes significantly delayed, or not done. | Agree on a procedure for timely resolution of issues identified in the audit. | On-going activity | MoF, CAG and ADB | |
| Staffing | | | | |
| FM-related functions generally lack staff and/or staff with appropriate competencies. | Encourage the hiring of qualified and competent staff for accounts and finance functions. | January 2014 | MoF, CAG and ADB | |

Plan 2 – Non-GoB Entities (Sector Associations)

| Issue to address | Action to be implemented | Planned date of Completion | Responsible | (Comments) |
|--|--|--|-------------|------------|
| Planning and Budgeting | | | | |
| Not all entities prepare annual budgets for their organization. While an incremental budget formulation approach is used by most, there is no common template. Most entities do not specify organizational responsibility for budget implementation. | A common budgeting approach with standard templates to be developed and implemented. Approved business plans to be included in the AWPB for approval by the PSC. | January 2014 | MoF / SDCMU | |
| Budget Execution / Grant Management | | | | |
| None of the entities have prior experience with ADB-funded programs/projects. | FM manual to be prepared and training to be provided based on dedicated capacity development plan. Performance to be closely and regularly monitored. Rigorous monitoring of working capital requirements and absorption capacity by the SDCMU. | January 2014 / On-going activity | MoF / SDCMU | |

| Issue to address | Action to be implemented | Planned date of Completion | Responsible | (Comments) |
|---|--|--|-------------|------------|
| Accounting | | | | |
| No standard Chart of Accounts applied across the entities. | Separate books of accounts to be used for SEIP funding. A standard SEIP Chart of Accounts to be developed (matching the one applied for the GoB entities). | January 2014 | MoF / SDCMU | |
| Not all entities do bank reconciliations and most do so with delays and without review by management. | Monitoring of accounting procedures to be undertaken by SDCMU. | On-going activity | MoF / SDCMU | |
| Internal control | | | | |
| Most entities do not have documented their internal control procedures. | FM manual to be prepared and training to be provided based on dedicated capacity development plan. The AFR to cover Sector Associations. All Associations to ensure that trainers are paid through bank accounts only. | January 2014 / On-going activity | MoF / SDCMU | |
| Internal audit | | | | |
| None of the entities have an internal audit function. | SDCMU staff to undertake regular reviews of accounting and applied internal control procedures. AFRs to be undertaken which include assessments of internal control systems and procedures. | On-going activity | MoF / SDCMU | |
| Financial Reporting | | | | |
| The format and usage of in-year financial reports vary significantly between the entities, most do not have monthly reporting that compares planned and actual spending, and only few present financial reports regular to their board. | A common reporting framework is to be developed, including templates and procedural guidance. Implementation and usage should be monitored. Project consolidated financial statements include enhanced disclosures in accordance with BAS. Separate bank account | January 2014 | MoF / SDCMU | |

| Issue to address | Action to be implemented | Planned date of Completion | Responsible | (Comments) |
|---|--|----------------------------|-------------|------------|
| | to be maintained for project related expenditure by each entity to allow audit trail and consolidation of project financial statements. Monthly aging analysis and cash flow analysis to be submitted to SDCMU | | | |
| External audit | | | | |
| Annual audits are for some done with several months delay. Not all entities have selected an "A" category audit firm. | ToR for External Audit prepared and to be implemented by an A rated private firm. | Completed | MoF / SDCMU | |
| Staffing | | | | |
| The qualifications and experience of staff in the Accounts Departments differ significantly between the entities, and none are led by a chartered accountant. | Each entity will be required to appoint a full-time SEIP coordinator/manager with relevant background to oversee all SEIP financial and administrative affairs. | May 2014 | MoF / SDCMU | |

Procurement Management Action Plan Executing Agency (MoF's Finance Division)

| Issue to address | Action to be implemented | Planned date of Completion | Responsible | (Comments) |
|--|---|---|-----------------------------|------------|
| Annual Procurement Plans to be linked with annual budget exercise. | Prepare annual procurement plans and post on website. Prepare Project and Procurement Management Information System and post on website including contract awards. | One month prior to start of fiscal year 30 June 2014 | MOF/ CPTU MOF/ SDCMU | |
| Efficiency enhancement in Procurement Management. | Contracts to be awarded in a timely manner with 75% of contracts awarded within initial bid validity period and 75% of planned annual procurement awarded within the fiscal year. | Yearly from Year 2 | MOF/SDCMU | |

| Issue to address | Action to be implemented | Planned date of Completion | Responsible | (Comments) |
|---|--|--|----------------------------|------------|
| Improvement in project and procurement management capacity. | 20 persons from MOF, SDCMU and tender committee members trained PPR 2008 procedures. Trained staff to attend refresher courses as required. | Yearly from Year 1 Every three years after initial training | CPTU/ MOF CPTU/ MOF | |
| Proper procurement procedures to be followed. | Conduct annual post procurement review as mandated by PPR 2008. | | MOF/SDCMU | |
| Proper procurement procedures to be followed. | Conduct additional annual post procurement review of at least 20% of the contracts awarded each year. | | ADB | |
| Modernize procurement techniques. | Explore e-procurement in SDCMU CPTU to develop portal, design the system, and train personnel of the agencies engaged under MOF and private sector. Develop registration and access systems. | 31 June 2014 | MOF/ CPTU | |

ADB = Asian Development Bank, CAG = Office of the Comptroller and Auditor General, CGA = Office of the Controller General of Accounts, CPTU = Central Procurement Technical Unit, DDO = Drawing and Disbursement Officer, DIA = Directorate of Inspection and Audit, DSHE = Directorate of Secondary and Higher Education, EED = Education Engineering Department, GoB = Government of Bangladesh, IBAS = Integrated Budgeting and Accounting System, IPSAS = International Public Sector Accounting Standards, MOF = Ministry of Education, MOF = Ministry of Finance, MTBF = medium-term budget framework, NEP = National Education Policy, PBH = Program Budget Head, PPR = Public Procurement Rules, SESIP = Secondary Education Sector Investment Program, SPEMP = Strengthening Public Expenditure Management Program, TOR = terms of reference.

Source: Asian Development Bank.

FIDUCIARY OVERSIGHT ARRANGEMENT

1. The Government of Bangladesh and Asian Development Bank have agreed on the fiduciary oversight arrangement to: (i) ensure close oversight of eligible expenditures under the Skills for Employment Investment Program and (ii) build a systematic fiduciary oversight in skill training. Three stages of fiduciary oversight are described in Table A9.1 and the tentative schedule is outlined in Table A9.2.

Table A9.1: Fiduciary Oversight Arrangement

| Stages | Activities and Responsible Agencies |
|---|---|
| I. Regular oversight | <ul style="list-style-type: none"> Finance Division through SDCMU will share quarterly Interim Financial Reports (IFRs) with ADB including interim financial statements, monitoring reports for tracking advances, delayed payments, reconciliation of DDO accounts with AOs records, and cash flow analysis Finance Division and ADB review and agree on annual procurement plans one month before the start of the fiscal year ADB conducts prior review of ICB goods and works and consultancies Finance Division through SDCMU conducts an annual post procurement review in accordance with PPR 2008 |
| II. Annual audit | <ul style="list-style-type: none"> FAPAD conducts external audit for GoB entities (public institutions and SDCMU) project financial statements and submits audit report to ADB within 6 months after the end of the fiscal year Private audit firm undertakes external audit of the non-GoB entities project financial statements based on ToR on External Audit and submits audit report with Finance Division and ADB within 6 months after the end of the fiscal year Non GoB entities submit annual statutory audited financial statements to ADB within one month of their approval Finance Division shares with ADB agreed follow-up actions for serious audit observations |
| IV. AFR/QFR (includes post-procurement review) by ADB ¹⁶ | <ul style="list-style-type: none"> ADB conducts an AFR/QFR in consultation with MOF; a post-procurement review of 20% of awarded contracts will be conducted as a sub-set of the AFR MOF and ADB agree on the AFR/QFR's TORs; the TORs may include a review of follow-up of annual audits of the previous year, as required ADB recruits consultants or an audit firm and oversees the review ADB shares the AFR/QFR report MOF, and ADB agree on AFR/QFR recommendations to be implemented by respective entities Agreed AFR/QFR recommendations are recorded in the updated FM and Procurement Action Plans with targets for their completion. |

ADB = Asian Development Bank, AFR = Annual Fiduciary Review, CAG = Office of the Comptroller and Auditor General, ICB = International Competitive Bidding, MOF = Ministry of Finance, PFM = Procurement and Financial Management, PPR = Public Procurement Rules, TOR = terms of reference.

Source: Asian Development Bank.

¹⁶ A separate TA will be provided by ADB to support these reviews.

Table A9.2: Tentative Schedule of Fiduciary Oversight Activities

| | IFR | MOF Post Procurement Review | Annual Audit Report | AFR | Review Missions |
|-----------|------------|--|------------------------------------|------------|----------------------------|
| October | | | | | |
| November | | | | | |
| December | | | | | |
| January | | | | | |
| February | | | | | |
| March | | | | | |
| April | | | | | |
| May | | | | | |
| June | | | | | |
| July | | | | | |
| August | | | | | |
| September | | | | | |

ADB = Asian Development Bank, AFR = Annual Fiduciary Review, CAG = Office of the Comptroller and Auditor General, IFR = Interim Unaudited Financial Report, MOF = Ministry of Finance, TOR = terms of reference.

Source: Asian Development Bank.

TERMS OF REFERENCE FOR THE ANNUAL AND QUARTERLY FIDUCIARY REVIEW

A. Background

1. The Government of Bangladesh (GoB) and Asian Development Bank (ADB) have signed a Loan Arrangement for the Skills for Employment Investment Program (SEIP) to support: (i) establishing a credible and sustainable institutional arrangement to develop the skills sector; (ii) targeting priority growth sectors and skills level to enhance employability of the working age population informed by skills-gap analysis, increase average income of the workforce by increasing labor productivity, and improve job placement; (iii) helping to gradually shift the large proportion of the workforce currently in the informal sector to the formal sector; and (iv) improving overall monitoring and performance of the skills development sector in a concerted manner.

2. The program is implemented with the Finance Division under the Ministry of Finance (MoF) as the executing agency along with a total of 13 Agencies (IAs) – four GoB entities for the public sector program,¹⁷ nine Sector Associations and corresponding Industry Skill Council (ISC) for each respective priority sector,¹⁸ and Palli Karma-Sahayak Foundation (PKSF) for the NGO sector. Program activities furthermore involve the Bangladesh Technical Education Board (BTEB) and National Skill Development Council Secretariat though these three entities will not directly receive or manage SEIP funds.

3. ADB in collaboration with the Swiss Agency for International Development and Cooperation (SDC) will commission the Quarterly Fiduciary Reviews (QFRs) and Annual Fiduciary Reviews (AFRs) to provide additional assurance to the financial statements presented, to analyze areas of substantial fiduciary concerns and to gradually improve the GoB financial systems and processes by implementing the concrete recommendations of AFR.

4. The SEIP uses the GoB's Public Financial Management (PFM) system for managing funding of the program activities, including ADB contributions. Funding for the Sector Associations, PKSF and Bangladesh Bank will be channeled through the Finance Division and will be managed by the SDCMU. The use of the GoB PFM system for ADB disbursement to the Consolidated Fund requires that fiduciary risk can be managed within levels acceptable to the GoB, while a similar fiduciary consideration applies to the funding for the non-GoB IAs. Therefore, financial management risk assessments have been carried out for the involved entities with a particular focus on the GoB as well as the non-GoB IAs. The level of fiduciary risk has been assessed by ADB as acceptable provided that agreed actions to improve systems and procedures are implemented and maintained by the GoB and the other entities.

¹⁷ Directorate of Technical Education (DTE) under the Ministry of Education (MoE), Bureau of Manpower Employment and Training (BMET) under the Ministry of Expatriates' Welfare & Overseas Employment (MEWOE), and Bangladesh Industrial Technical Assistance Center (BITAC) under the Ministry of Industry (Mol) and Bangladesh Bank SME Department.

¹⁸ Bangladesh Garment Manufacturers and Exporters Association (BGMEA), Bangladesh Knitwear Manufacturers and Exporters Association (BKMEA), Bangladesh Textile Manufacturers' Association (BTMA), Leathergoods & Footwear Manufacturers & Exporters Association of Bangladesh (LFMEAB), Bangladesh Association of Construction Industry (BACI), Bangladesh Engineering Industry Owners' Association (BEIOA), Bangladesh Association of Software and Information Services (BASIS), Bangladesh Call Center Operators' Association (BACCO), and Shipbuilders Association.

5. The GoB PFM system has been strengthened in recent years and now operates with reasonably sound controls in place. Reports will be produced so as to provide the GoB and ADB with the ability to monitor both budgeted and actual levels of expenditure in accordance with their information needs. The GoB Integrated Budgeting and Accounting System (IBAS) has the capacity to generate reports upon request and to required levels of detail.¹⁹ A similar requirement has been placed on the non-GoB entities.

B. Purpose of the Annual / Quarterly Fiduciary Review (AFR/QFR)

6. During the first year, there will be four QFRs and the last one will be the AFR. During the second year, there will be two semi-annual fiduciary reviews and one AFR. During the third year, there will be one AFR. The AFR/QFR will provide additional assurance to the budget management reports – generated by IBAS for the GoB as well as those prepared by the non-GoB IAs – constituting the Statement of Expenditures (SoEs) for financial monitoring purposes. In addition, the AFR/QFR will focus on reviewing selected risk-areas each year, including areas identified by annual reports of the Comptroller and Auditor General (CAG) and annual Post Procurement Reviews. The AFR/QFR will provide concrete recommendations for improvement and value-addition in the proposed risk areas subject for review.

C. Scope of the Annual Fiduciary Review (AFR) / Quarterly Fiduciary Review (QFR)

7. The AFR/QFRs will be implemented with focus on selected areas that will be decided during the Joint Annual Review Mission for SEIP. However, some focus areas should be assessed each year for the duration of the SEIP based on information from a sample of divisions, districts, and upazilas with sampling based on agreed criteria (stratified sampling):

- a) Review of payment processing, including sample testing using information from financial reports and cash. This will include review of the average number of days between receiving a request for payment and the payment date;²⁰
- b) For the GoB entities, review of reconciliation between IBAS and Drawing Disbursement Officers (DDO) cash books and ledgers using IBAS reports on reconciliation, including review of DDOs' financial management;
- c) Internal controls for payroll processing and personnel data management;
- d) Release procedures for transfers to non-GoB IAs and related financial management;
- e) Other issues arising from CAG annual audit reports;
- f) Post-review of large procurements (anything over \$1 million or subject to ICB); and,
- g) Review of the SEIP-related financial management undertaken by the non-GoB IAs (this should be done on a sample basis for randomly selected IAs each year).

8. In addition to the above, the AFR/QFR should review relevant reports from the CAG (for the GoB entities) as well as private audit firms (for the non-GoB entities) and, in particular, concerns in recurring audit observations of relevance for the SEIP implementation.

¹⁹ It is expected that IBAS in future be strengthened with support from the multi-donor funded and World Bank-managed Strengthening Public Expenditure Management Program (SPEMP). The new and improved system, IBAS++ is expected to be ready 2015/16, depending on SPEMP training to be provided across the GoB.

²⁰ Particular focus would be on offices that are regularly above the average, so as to assess and improve processes, while identifying offices that are regularly below the average may be used to identify best practices.

9. The AFR/QFR should include, but not be limited to, assessments of the financial management systems, including internal controls. This would cover such aspects as adequacy and effectiveness of accounting, financial and operational controls, and any needs for revision; level of compliance with established policies, plans and procedures; reliability of accounting systems, data and financial reports; methods of remedying weak controls or creating them where there are none; verification of assets and liabilities; and integrity, controls, security and effectiveness of the operation of computerized (and manual) accounting systems. The assessments should be based on samples as specified and described below.

D. Specific Tasks for the AFR FY XXXX/XX

10. The AFR FY XXXX-XX will focus on the following areas:

- (i) ...
- (ii) ...
- (iii) Other fiduciary issues arising from CAG and private audit firm annual audit reports, Quarterly Fiduciary Reviews (QFRs), and Post Procurement Reviews.

E. Timing and Reporting

11. The AFR will commence latest by XX-XX-XXXX, with an estimated total duration of the assignment of at least one month per year. The work is to be concluded by early XX-XXXX with the submission of a report presenting outcomes from the above tasks, including a summary of recommendations, actions for follow-up, timeframe for completion and indication of the responsible entity/unit.

12. The results of the AFR would be discussed by the GoB and ADB as well as relevant non-GoB IAs each year, and a ToR for the succeeding year's AFR will be agreed in the Joint Annual Review Mission.

13. The following deliverables are expected:

- (i) Inception report (within 1 week)
- (ii) Draft AFR report (within 6 weeks)
- (iii) Final AFR report (within 8 weeks)

F. Qualifications of Consultants

14. The assignment will be undertaken by a company, or individual consultants, with appropriate professional qualifications and suitable experience in the areas covered by the AFR as well as experience in performing assessments of programs comparable in size and complexity to SEIP. The following profiles are anticipated:

- a) **PFM Specialist and Team Leader** (international, up to two person-months per year) – Tentative requirements: (a) preferably have a graduate degree in financial management or be a certified member of a recognized accountancy professional body; (b) Experience with the GoB's financial management system, procedures, and regulations applying to central as well as sub-national levels; (c) Experience undertaking financial management assessments as well as financial,

compliance, and performance audits; (d) Solid project management and team leading experience; (e) Familiar with designing, managing and implementing project/program reviews/evaluations; (f) Demonstrated organizational, communication, relational, and report writing skills; and, (g) Excellent command of the English language.

- b) **Financial Specialist** (one national, up to two person-months per year) – Tentative requirements: (a) Chartered accountants; (b) Minimum five years of relevant work experience as an accountant in Bangladesh; (c) Familiar with GoB-executed donor-funded programs/projects; and, (d) Experience with financial management reviews in accordance with the guidelines from multilateral organizations.

TERMS OF REFERENCE FOR EXTERNAL AUDIT²¹

A. Background

1. The Skills for Employment Investment Program (SEIP) that the Government of Bangladesh (GoB) and Asian Development Bank (ADB) are jointly financing will be a major public expenditure. GoB and ADB funding will be channeled from the Consolidated Fund through the GoB system for budgetary allocations and accountability in two parts:

- a) Some SEIP funding (about 20%) will be provided to GoB institutions, 32 public training providers which work under the Directorate of Technical Education (DTE), Bureau of Manpower Employment and Training (BMET) and Bangladesh Industrial Technical Assistance Center (BITAC); and,
- b) Another part of SEIP funding (about 80%) will be provided – via the MoF's Finance Division, and using GoB budget authorization and advance liquidation procedures – to several non-GoB IAs.²²

2. The SEIP will thus use the financial management system and procedures of the private sector associations, and hence incorporates institutional and staff capacity development measures to address identified weaknesses and risks.

3. This ToR for External Audit will cover the external audit to be undertaken for the funding spent by the non-GoB entities involved in the implementation of the SEIP. The external auditor must be A-rated by the Bangladesh Bank in order to be eligible to audit the project financial statements of each of the Associations and BB and PKSf. Separate external audit firm may be engaged for each audit or one firm may be engaged for all the separate audits. The statutory auditors of each of the associations may audit the special purpose project financial statements provided that the firm is A rated by the Bangladesh Bank. A separate ToR (Statement of Audit Needs (SoAN)) for external audit has been prepared to cover SEIP funding spent by GoB entities.

B. Objective of the Audit

4. The objective of the audit of the financial statements is to enable the auditors to express an independent professional opinion on the financial position of the Project as implemented by each Association as at June 30 each year; and to ensure that the funds provided have been used for their intended purposes.

5. Each sector association receiving support/funding from the SEIP must keep books of accounts and prepare financial statements. Each sector association must maintain adequate internal controls and supporting documentation for transactions. This includes ensuring payments to teachers are through bank accounts only and detailed attendance records are maintained for each trainee and that trainees are tracked using their unique identification numbers. Each sector association shall maintain a separate bank account for receipts under this Project

²¹ This Terms of Reference will be included as attachment to the contract to be signed between the SDCMU and industry associations and SDCMU and PKSf.

²² Nine Sector Associations, Palli Karma-Sahayak Foundation (PKSF) and Bangladesh Bank's SME Department.

C. Responsibility for Preparation of Financial Statements

6. The responsibility for the preparation of project financial statements lies with each sector association. The Skill Development Coordination and Management Unit (SDCMU) is responsible for:

- (a) The selection and application of accounting policies. The Association will prepare the project financial statements (PFS) to ensure maximum alignment with applicable accrual accounting standards-either the Accrual- International Public Sector Accounting Standards (Accrual- IPSASs), International Financial Reporting Standards (IFRS), or equivalent National Accounting Standards that comply with IPSASs or IFRS in all material respects;
- (b) Implementing accounting, administrative and financial procedures documented in manuals; and
- (c) The project financial statements reflect the activities of each of the sector associations relating only to the project activities and shall not be construed to mean the statutory financial statements of each association. Each association shall separately also submit its statutory financial statements within one month of their approval by their governing body.

7. The auditors are responsible for the formulation of an opinion on the financial statements based on their audit conducted in accordance with Bangladesh Auditing Standards which comply with ISAs in all material respects. In accordance with these standards, the auditors will request the sector associations for an Engagement/Confirmation Letter committing the sector associations' management to the preparation of the financial statements and maintenance of proper internal control systems as well as acceptable documentation for all financial transactions.

D. Scope of the Audit

8. The audit will be carried out in accordance with the Standards specified above and will include such tests and verification procedures as the auditors consider necessary under the circumstances. In conducting the audit, special attention should be paid to the following:

- (a) All funds have been used in accordance with the conditions of the loan agreement, with due attention to economy and efficiency and only for the purposes for which the funds were provided;
- (b) Counterpart funds (government budget) and external funds (in case of co-financing) have been provided and used in accordance with the conditions of the loan agreement, with due attention to economy and efficiency and only for the purposes for which they were provided;
- (c) Appropriate supporting documents, records and books of accounts relating to all project activities have been kept. Clear linkages should exist between the books of accounts and the financial statements presented to the Bank;
- (d) The financial statements have been prepared by project management in accordance with applicable accounting standards mentioned (ref. section 3 above) and give a

true and fair view of the financial position of the Project as at the year end and of its receipts and expenditures for the period ended on that date;

- (e) Comprehensive assessment of the adequacy and effectiveness of the accounting and overall internal control system to monitor expenditures and other financial transactions and ensure safe custody of project-financed assets and that they are being used for the intended purposes;
- (f) Project's fixed assets are real and properly evaluated and project property rights or related beneficiaries' rights are established in accordance with loan conditions;
- (g) Claims based on milestones achieved are substantiated by supporting documents (such as attendance records, certificates of completion). Ineligible expenditures identified during the audit will be reflected in a separate paragraph of the audit report and if material, the point should be reflected in the auditors' opinion.
- (h) Examine unaudited financial statements of each Association based on which project financial statements have been prepared.
- (i) ADBs disbursement procedures have been properly followed particularly the procedures governing the use of imprest accounts and use of Statement of Expenditures

9. The auditor will also ensure the following:

1. Principles of orderliness (financial regularity)

- a) Authorizations/approvals of expenditures and validity with supporting documents,
- b) Details of funds received for the project and reconciliation with the information supplied by the donor(s),
- c) Physical existence and movements of the goods representing the property of the project (fixed assets, inventory items, current assets);
- d) Allocation of expenditures in conformity with the agreed budget(s),
- e) Conformity of local contracts with local legislation currently in force,
- f) Disposition and implementation of observations, adjustments and recommendations resulting from previous financial review reports.

Accounting related matters:

- g) Arithmetic exactitude of the accounts, supporting documents and financial statements and reports,
- h) Correctness of the accounting entries,
- i) Timeliness of recording economic events and transactions in the general ledger accounts,
- j) Financial statements and report information in agreement with the general ledger accounts,
- k) Adequacy and completeness of records
- l) Assessment of accounts receivable and advances; justification for overdue/unpaid amounts in excess of one month,
- m) Reconciliation of balances of cash in hand and in banks with the general ledger accounts,

- n) Disposition and implementation of observations and recommendations as well as adjustments and recommendations resulting from previous financial review and/or audit reports.

2. Existence, adequacy and effectiveness of the Internal Control System (ICS)

- a) Adequacy of the internal organization (structures, functions, tasks, authority, responsibilities, methods, procedures, segregation of duties etc.),
- b) Effectiveness of project and financial accounting and reporting processes,
- c) Adherence to applicable laws, regulations and instructions,
- d) Physical safeguard of assets,
- e) Prevention of accounting errors and financial fraud,
- f) Adequacy and completeness of information and financial reporting system.

3. Conformity with the project objectives and adherence to the contract conditions

- a) Agreement of transactions, expenditures and receipts by comparison with the basic project documents (project description, programs of activities, contracts, terms of reference, budgets etc.);
- b) Verification that goods purchased with allocated funds are utilized within the defined objectives and are still available or have been disposed/sold in conformity with the procedures defined in the project agreement/contract;
- c) Verification whether the clauses of the project agreement/contract have been respected;
- d) Verification that the expenditures correspond to the agreed budgets. Analysis of deviations between budgeted and actual expenses and substantiation of major budget variations (+/- 10 % of the budget).

4. Economical conduct of business and effective use of financial resources

- a) Financial resources are utilized for the activities, as stipulated in the project agreement, contract with the consultant/implementer and terms of reference, always ensuring an appropriate level of cost and benefits;
- b) Existence and application of adequate measures in the internal control system (ICS) in respect of the utilization of committed resources;
- c) Application of management procedures relative to the various project transactions. In particular, adequate segregation of duties for vital functions and processes, like entering commitments, authorizing and accounting of expenditures, reconciliation of cash on hand and in banks, follow-up on long outstanding debtors and creditors, physical control over inventories, etc.);
- d) Expenditures are in line with the agreed budget positions;
- e) Any deviations of actual expenses from the agreed budget are reasonably explained and adequately documented by the project management
- f) Existence of adequate bid and purchasing procedures. e.g. best cost/benefit ratio for materials and services, conformity of price offers with local practices and cost levels;
- g) Confirmation that prices and rates are subject to regular verification and that the accounting system in use is adequate to the requirements of a management tool, particularly as it concerns cost analysis;

- h) Review and substantiation of expenditures of local and foreign experts/consultants (rent, travel expenses, accommodations, allowances etc.);
- i) Review and substantiation of expenditures related to staff (gross salary, social and pension contributions, income taxes etc.);
- j) Existence of the vehicle logbook and verification that private use of vehicles has been invoiced and paid;
- k) Verification that private use of mobile and fix net phones by members of the staff has been invoiced and paid.

E. Financial Statements

10. The auditors will ensure that the financial statements are prepared in accordance with the standards mentioned above (ref. section C above) and give a true and fair view of the financial position of the project as at the fiscal year end and its receipts and expenditures for the financial year ended on that date. Financial statements should be signed by authorized representatives of the sector associations. The auditor should obtain a representation letter from the association.

11. The financial statements prepared by the sector associations shall include:
- a) Income & Expenditure or Receipts & Payments Account
 - b) Statement of Financial Position
 - c) Cash Flow Statement including details of sources of funds by method of receipt
 - d) Details of expenditure by (i) output
 - e) Comparison of actual expenditure vs budget
 - f) Notes to the Financial Statements describing the applicable accounting principles in place and a detailed analysis of the main accounts
 - g) Details of Claims submitted to ADB

F. Content and Structure of Auditor's Report

12. The audit report will comprise (i) the auditors' opinion on the project financial statements and (ii) a complete set of project's financial statements and other relevant statements as mentioned in section E above. The auditor will provide a specific opinion as to whether (i) loan proceeds have been utilized for the purposes intended, (ii) financial covenants, in the loan agreement have been complied with, and provide a status of compliance (iii) whether Statement of Expenditure and Imprest Account procedures, were applied properly.

13. All ineligible expenditures will be disclosed in an annex to the audit report.

G. Management Letter

14. In addition to the audit report, the auditors will prepare a "management letter" in which they will:

- (a) Give comments and observations on the accounting records, procedures, systems and controls that were examined during the course of the audit;
- (b) Identify specific deficiencies and areas of weakness in systems and controls and project and accounting procedures, and make recommendations for improvement;

- (c) Explain and quantify any adjusting and/or reclassification entries;
- (d) Report on the degree of compliance with each of the financial covenants on the Loan/Grant agreement and give comments, if any, on internal and external matters affecting such compliance;
- (e) Report on the implementation status of recommendations pertaining to previous period audit reports;
- (e) Communicate matters that have come to their attention during the audit which might have a significant impact on the implementation and sustainability of the project; and
- (f) Bring to the borrower's attention any other matters that the auditors consider pertinent.

15. Ideally, the management letter will include response/comments from the sector associations on the weaknesses noted by the auditors.

General Information

16. The auditors should be given access to all legal documents, correspondence and any other information associated with the project and deemed necessary by them. Confirmation of amounts disbursed and outstanding at the Bank should also be obtained.

H. Closing Meeting

17. After the completion of the audit engagement, but before leaving the project or the premises of the partner, the auditor shall hold a closing meeting with the persons responsible for the project/program (directors) and the staff responsible for accounting and reporting. The meeting shall address the results of the project review, discuss major weaknesses in the project, administrative and financial management (including the deficiencies of individual staff members) and propose recommendations to improve the project management, the accounting procedures and the internal control system (ICS).

I. Language of the Financial Review Report

18. The audit report of the auditor and all other documents resulting from the audit engagement must be in English.

J. Signature

19. The audit report is to be signed by representative of the auditor as per national law.

TERMS OF REFERENCE FOR POST PROCUREMENT REVIEW

A. Background

1. The Government of Bangladesh (GoB) and the Asian Development Bank (ADB) have agreed on the financing for the Skills for Employment Investment Program as a multitranche financing facility. Within the scope of the program, the Ministry of Finance (MOF) will commission an Annual Post Procurement Review. The purpose of the review is to provide assurance that the procurement process has been implemented in accordance with GoB approved procedures in a transparent manner.

2. A comprehensive procurement risk assessment of the TVET sector, with due consideration to procurement issues was carried out during program preparation. The level of procurement risk was assessed by ADB as acceptable provided that agreed actions to improve the system are implemented and maintained by the GoB.

3. All local procurement under the program is carried out in accordance with ADB procedures for international competitive bidding (ICB) and consultant recruitment and the national competitive bidding (NCB) procedures according to the Public Procurement Act, 2006, and Public Procurement Rules (PPR), 2008 subject to the NCB Annex to the ADB Procurement Plan and subsequent amendments. As part of a fiduciary assessment, the MOF and ADB will conduct post procurement reviews of procurement carried out by implementing provinces.

B. Purpose

4. The purpose of the post procurement review is to examine the process that ensures:

- The procurement procedures outlined in the Public Procurement Rules/ADB's Guidelines are followed;
- Economy and efficiency have been achieved in the procurement process consistent with transparency;
- No inappropriate departures from agreed procedures and no fraud/corruption/collusion/coercion have been evident;
- Assets specified in procurement records provided by the relevant agencies exist on-site at their office locations;
- Broadly validate that the assets are used for the purpose for which they were acquired.

C. Scope

5. The consultants will select a sample using the methodology outlined in this document. The sample must cover at least 20% of the total number of contracts awarded during the fiscal year being reviewed, representing at least 30% of the expenditure against procurement of the same fiscal year.

6. For each contract package, the key elements will be to:

Verify eligibility;

Verify compliance with the outlined procurement procedures as indicated in the PPR, subject to the modifications in the NCB Annex. When judgment was exercised, the consultants must

comment on whether it was exercised reasonably. The consultants will also identify contracts with deviations that warrant consideration for declaring misprocurement;

Establish whether the documentation and record keeping systems which are in place are adequate for ensuring the post review requirements; for example, whether records are systematically maintained and are acceptable. At locations, where a complete record of contracts is not being maintained, assist them in starting a system to meet this important requirement. Also identify general issues related to the procurement process and systems and provide recommendations for improvement.

Verify whether goods and works exist at intended locations and are being used for the purposes for which they were acquired.

7. The post review in the field on a representative sample basis should cover a review of the following related documentation:

1. Procurement

- Invitation of bids, advertising procedures and bidding period
- Bidding documents and addenda
- Sale of bidding documents, pre-bid meeting
- Receipt and opening of bids
- Bid evaluation and recommendations for award of the contract
- Conclusion of contract
- Time taken for processing of the various procurement actions
- Material modifications to the contract during execution and the increase in the value of contract
- Letter of Credit
- Supplier's invoice and certificate of origin
- Shipping or import documents and inspection certificates
- Evidence of receipt of goods
- Recurrent costs record
- Authorization for payment
- Evidence of payment/bank statements, acknowledgement of payee
- Accounting records of approval, disbursement, and balance available
- ADB and GoB procurement plans in effect at the time of bidding
- Where goods have been returned, evidence that refunds have been made by suppliers and corresponding adjustments made in subsequent applications

2. Consulting Services

- Invitations for Expressions of Interest, advertising procedures, submission period
- Evaluation criteria and shortlisting
- Budget
- Issuance of RFP and terms of reference, evaluation criteria, addenda
- Pre submission meetings
- Receipt and opening of technical proposals, evaluation
- Opening of financial proposals and evaluation
- Contract negotiations and award
- Time taken for each activity
- Billing and payments

- Submission of reports

8. The documents shall be examined to ensure that each payment (including authorization for payment) is properly supported. For verification of assets, the representative sample shall be selected by the consultant from the preliminary list provided by the ministry unit responsible for overseeing procurement while reviewing the contracts. Approximately 10-15% of assets acquired under the contracts are to be reviewed. This selection shall be influenced by the following factors:

Level of comfort obtained during the review of contract [s];
 Nature of asset [s];
 Value of asset [s]; and
 Geographical spread and accessibility of the location of asset.

9. Based on the findings, the consultants will verify with the concerned agencies engaged to obtain their views and concurrence with respect to the areas that need improvements and agree on the approach and strategies to implement measures to improve the existing system. Consequently, the consultants will prepare a proposal for system improvement for each implementing agency.

10. The consultants will conduct comprehensive needs assessments of concerned staff in each implementing agency and prepare a comprehensive proposal for capacity development including training requirements for each staff or group of staff -- especially on the job training -- with clear guidelines and directives.

11. Develop separate checklists for SDCMU.

12. The checklists will cover the following areas, among others, based on the weaknesses identified in the system:

How to minimize fiduciary risks;
 Requirements of books of records;
 Reporting requirements –scope, contents, data, information, etc.

Sampling Guidance for Post Procurement Review

13. A sample of contracts shall be selected from SEIP's procurement plan by the consultants. The following guidelines will assist the consultants in selecting a sample:

14. The selected contracts for review should be representative of the overall procurement by size, nature, and complexity using the following categories/scenarios:

Procurement: works, goods and service contracts, supply and installation, etc.;
 Consulting services
 Complexity: simple, less complex and complex;
 Value: high, medium and low;
 Critical items: for success of the program (less likely to be found under post review)
 Geographical spread: select each agency and procurement for different regions;
 Method of Procurement: ICB, NCB, Shopping (International and National), Direct contracting, etc.;

Selection of consultants through competition (short list) or on a single source basis;
 selection criteria (with or without price as a factor);
 Contractor's Nationality: Awards to National and International firms;
 Package/Slice: single and multiple lots;
 Price Adjustment: with and without application;
 Currency: single and multiple;
 Protests/Claims: bidding and contract stages and how addressed;
 Contract Modifications: with and without.

15. Distortions in the procurement process are frequently manifested in one or more of the situations listed below. If patterns are identified in a series of contracts which reflect any of the distortions, one or more of the contracts in the series should be selected for more detailed review in the review sample:

- low participation of bidders and reduced competition;
- one or more bidders winning a disproportionate amount of contracts in a program over time;
- bid prices consistently over cost estimates and/or current market prices;
- significant number of changes from bid to contract award and to final completion; and
- significant and recurring increases in the final contract price over the original bid price and/or the original contract price.

Sample Report Format and Checklist

FY 20xx Post Procurement Review Report for **XXXX Project**

| | |
|-------------------------------------|------------|
| Country: | Bangladesh |
| Program: | |
| Post Review Conducted By: | |
| Period Covered under Post Review: | |
| Project Procurement Risk: | |
| Agencies Covered under Post Review: | |
| Date of Report: | |

Executive Summary

Introduction: Describe the background, team composition, approach used for post review, agreed threshold/procurement arrangements for the program, etc.

Major findings: This section would be useful for decision makers in the Ministry of Finance who do not have time to go through the details, should be displayed using bullet points and reference to specific contracts where more information can be obtained.

Sampling Procedure Used: Comment on the availability of contract data, percentage selected for review including the total amount of post-review contracts awarded, and whether the findings are representative of population.

Summary of the Total Contract Population by each Implementing Agency

| Contract type | Goods | | | Works | | | Consulting Services | | | Total | | |
|----------------|-------|----------------|----------------|-------|----------------|----------------|---------------------|----------------|----------------|-------|----------------|----------------|
| | No. | Value [in BDT] | Value [in USD] | No. | Value [in BDT] | Value [in USD] | No. | Value [in BDT] | Value [in USD] | No. | Value [in BDT] | Value [in USD] |
| ICB | | | | | | | | | | | | |
| NCB | | | | | | | | | | | | |
| Shopping | | | | | | | | | | | | |
| DC | | | | | | | | | | | | |
| Force Account | | | | | | | | | | | | |
| QCBS | | | | | | | | | | | | |
| QBS | | | | | | | | | | | | |
| LCS | | | | | | | | | | | | |
| FBS | | | | | | | | | | | | |
| CQS | | | | | | | | | | | | |
| | | | | | | | | | | | | |
| SSS Firm | | | | | | | | | | | | |
| SSS Individual | | | | | | | | | | | | |
| TOTAL | | | | | | | | | | | | |

Source: Asian Development Bank.

Summary of the Contracts Reviewed:

| Contract Type | Goods | | | Works | | | Consulting Services | | | Total | | |
|----------------|-------|----------------|----------------|-------|----------------|----------------|---------------------|----------------|----------------|-------|----------------|----------------|
| | No. | Value [in BDT] | Value [in USD] | No. | Value [in BDT] | Value [in USD] | No. | Value [in BDT] | Value [in USD] | No. | Value [in BDT] | Value [in USD] |
| ICB | | | | | | | | | | | | |
| NCB | | | | | | | | | | | | |
| Shopping | | | | | | | | | | | | |
| DC | | | | | | | | | | | | |
| Force Account | | | | | | | | | | | | |
| QCBS | | | | | | | | | | | | |
| QBS | | | | | | | | | | | | |
| LCS | | | | | | | | | | | | |
| FBS | | | | | | | | | | | | |
| CQS | | | | | | | | | | | | |
| | | | | | | | | | | | | |
| SSS Firm | | | | | | | | | | | | |
| SSS Individual | | | | | | | | | | | | |
| TOTAL | | | | | | | | | | | | |

Source: Asian Development Bank.

Summary of the IA Reviewed:

| Name of IA | Goods | | | Works | | | Consulting Services | | | Total | | |
|------------|-------|-------------|-------------|-------|-------------|-------------|---------------------|-------------|-------------|-------|-------------|-------------|
| | No. | Value [BDT] | Value [USD] | No. | Value [BDT] | Value [USD] | No. | Value [BDT] | Value [USD] | No. | Value [BDT] | Value [USD] |
| | | | | | | | | | | | | |
| | | | | | | | | | | | | |
| | | | | | | | | | | | | |
| Total | | | | | | | | | | | | |

Source: Asian Development Bank.

Findings on the Implementing Agency Capacity, Performance and Other Systemic Issues: Comment based on the review of contracts. Give an overall assessment as well as separate section for each Project Implementation Unit reviewed.

Findings of Physical Inspections:

| Category | No. of Physical Inspections | | | | | |
|------------------------|-----------------------------|-----|----|----|----|-------|
| | ICB | NCB | IS | NS | SS | Total |
| Works | | | | | | |
| Goods | | | | | | |
| Services | | | | | | |
| Consulting firms | | | | | | |
| Individual consultants | | | | | | |
| Total | | | | | | |

Source: Asian Development Bank.

Action Taken by the agencies engaged on the Findings of the Previous Review: Comment on any improvements, delays or inaction.

Indicators of fraud and corruption (when F&C is suspected, copies of **any and all** related documentation should be attached to the report including copies of the losing bids).

Recommendations and Proposed Actions for ADB and/or Borrower: Also include whether the implementing agency suggested any corrective action to be taken during the post review process.

STATEMENT OF AUDIT NEEDS²³

A. Background

1. The Skills for Employment Investment Program (SEIP) that the Government of Bangladesh (GoB), Asian Development Bank (ADB) and the Government of Switzerland are jointly financing will be a major public expenditure. GoB and ADB funding will be channeled from the Consolidated Fund through the GoB system for budgetary allocations and accountability in two parts:

- c) Some SEIP funding (about 20%) will be provided for GoB Agencies (IAs) such as the Directorate of Technical Education (DTE), Bureau of Manpower Employment and Training (BMET) and Bangladesh Industrial Technical Assistance Center (BITAC); as well as the 32 public training providers which work under these GoB-entities;
- d) Another part of SEIP funding (about 80%) will be provided – via the MoF's Finance Division, and using GoB budget authorization and advance liquidation procedures – to Bangladesh Bank SME Department and several non-GoB agencies.²⁴

2. The SEIP thus relies to a significant extent on the GoB's PFM system and procedures, and hence incorporates institutional and staff capacity development measures to address identified weaknesses and risks.

3. This Statement of Audit Needs (SoAN) will cover the external audit to be undertaken for the funding spent by the GoB entities involved in the implementation of the SEIP. A separate ToR for External Audit has been prepared to cover SEIP funding spent by non-GoB entities (sector associations). FAPAD will not be required to give an audit opinion on the expenditure incurred by the non-GoB IAs.

B. Audit Objective

4. The objective of the audit *is to provide* an opinion on the consolidated financial statements of the Program (relating to the activities incurred by GoB IAs) as to whether the program financial statements give a true and fair view of SEIP receipts and payments. In addition, the auditor would be required to give his opinion on whether (i) loan proceeds have been utilized for purposes intended, (ii) Ministry of Finance was in compliance with financial loan covenants, and (iii) whether Interim Financial Reports (IFRs) used as the basis for withdrawing funds from Donors accurately reflect the expenditure and activities on the program, and (iv) whether imprest account and statement of expenditure procedures were used properly.

C. Scope of Audit

5. The audit is carried out in accordance with the auditing standards adopted by the CAG of Bangladesh, which are based on International Organization of Supreme Audit Institutions Standards (INTOSAI).

²³ For the non-GoB entities, the audit needs will be indicated in the contract separately as per GoB requirements.

²⁴ The non-GoB entities are the 9 associations and PKSf.

6. The audit would cover the entire program, i.e. covering all sources and application of funds.²⁵ The audits should be carried out annually from commencement of the program upto the close of the loan account. The audit for the first year should also cover transactions, which occurred before the commencement of the program (if any). The financial statements shall be consolidated for the relevant GoB entities. SDCMU may wish to consolidate financial statements for tranche 1 and subsequent tranches.

7. The auditors must make an assessment as to whether the project consolidated financial statements have been prepared in accordance with the Bangladesh Financial Regulations to allow maximum alignment to Cash Basis International Public Sector Accounting Standards (IPSAS), and give a true and fair view of the financial performance of the program during the year.

8. The auditors must make an assessment of the adequacy of the financial management systems,²⁶ including internal controls to the extent necessary to provide an opinion on the financial statements.

9. The auditors must make an assessment of compliance with provisions of the Financing Agreement with ADB, especially those relating to accounting and financial matters. The assessment should also cover the overall compliance with the Accounts Code, Treasury Rules and Subsidiary Rules, and General Financial Rules (GFR) of the GoB. This may inter alia include verification that:

- a) All funds have been used in accordance with the conditions of the loan agreements, with due regard to economy and efficiency, and only for the purposes for which the funds were provided;
- b) The involved GoB entities were in compliance as at [insert date] with all financial covenants of the loan agreement;
- c) Expenditures charged to SEIP, as per the DPP economic code.
- d) Interim Financial Reports (IFRs) used as the basis for withdrawing funds from ADB accurately reflect expenditures and activities on the program.

10. ADB expects that the auditors provide a time plan for discussion and review of audit observations (particularly the serious financial irregularities) through tri-partite meetings and review meetings to facilitate the GoB's follow-up on audit observations and recommendations. Moreover, ADB would need a review of actions taken on the recommendations presented in the previous audit report on the progress made. A time bound action plan shall be developed by the SDCMU as part of project implementation.

D. Audit Agency

11. The key objective is to enable ADB to have an audit report where the auditor expresses a professional opinion on the program financial Statements (PFS) of SEIP as of June 30 each year. It

²⁵ The currently agreed Financing Arrangement does not include Direct Project Aid (DPA), i.e. the program financing would not be in the form of ADB making program expenditure on behalf of the Recipient. Should this, however, change, the Program Director must make all pertinent information available to the auditors so as to facilitate comprehensive audit coverage.

²⁶ The financial management system would include methods and records established to identify, assemble, analyze, classify, record and report on transactions and to maintain accountability for the related assets and liabilities.

is expected that the office of the Comptroller and Auditor General (CAG) will determine that the Foreign Aided Projects Audit Directorate (FAPAD) will perform the audit.

12. In case the CAG is unable or unwilling to perform the audit of the SEIP to meet ADBs minimum requirements, ADB reserves the right to commission an additional audit.

13. Auditors should advise a calendar for discussion/ review of audit observations (particularly the serious financial irregularities) through tri- partite meeting and review meeting to facilitate executive follow-up on audit observations and recommendations. Moreover ADB would need a review of action taken on the previous audit report and progress made so far

E. Templates

14. Template financial statements based on Government economic code, designed to achieve alignment with Cash Basis International Public Sector Accounting Standards are provided as a draft, but are not in any way intended to limit the scope of audit:

- (i) Financial statement of sources and application.
- (ii) Financial statement of expenditure head quarter-wise.
- (iii) Details of Assets by functional and economic code.
- (iv) Details of construction by functional and economic code.
- (i) Details of supplies and services by functional and economic code.
- (ii) Details of repair and maintenance by institution.
- (iii) Comparison of Actual Expenditure Vs Budgeted Expenditure

F. Management Letter

15. In addition to the Audit Report, ADB will require a separate letter focused on management audit in which the auditor has:

- a) Given comments and observations on the notes to the accounts, accounting records, systems, and internal controls that were examined during the course of the audit;
- b) Identified specific deficiencies and areas of weakness in systems and internal controls and make recommendations for their improvement, including GoB response to the identified deficiencies;
- c) Communicated matters that have come to attention during the audit which might have a significant impact on the implementation of SEIP; and,
- d) Brought to GoB and development partner attention on any other matters that the auditor considers pertinent.

16. *It is noted that serious financial issues, which affect the auditor's opinion as to whether the financial statements give a true and fair view, should be included in the audit opinion. The Management Letter should include only non-serious financial issues as well as serious financial issues that do not affect the fairness of the financial statements.*

G. Audit Reporting

17. The Audit Report and Management Letter should be submitted in English to ADB within 6 (six) months after the end of each fiscal year. Copies of the Audit Report and Management Letter would be provided to the MoF's Finance Division, which would disseminate audit report to ADB.

18. Audit Report should be restricted to:

- (i) Audit Cover Letter
- (ii) Information Regarding the Audit
- (iii) Audit Opinion on the financial statements
- (iv) Audit Opinion on Specific Donor Requirements
- (v) Attached Financial Statements
- (vi) Management Letter

H. General

19. The auditor should be given access to all legal documents, correspondences, and any other information associated with the commission and deemed necessary by the auditor. Confirmation should also be obtained of amounts disbursed and outstanding with ADB and the government, etc.

20. The auditor may examine the semi-annual financial reports prepared during the years to assess the methods used to compile them to ascertain that the information on these reports accurately reflects the underlying records and documents to ensure that there no material misstatements.

21. The auditor should also make follow-up of audit recommendations to their conclusion.

NOTE: This is a statement of audit needs of ADB and does not in any way intend to limit the scope of the statutory or constitutional audit of the CAG of Bangladesh.

OUTLINE TERMS OF REFERENCE OF CONSULTANTS

| Components/Sub-Components and Scope | 2014-15 | | 2015-16 | | 2016-17 | | 2017-18 | | TOTAL | |
|--|---------|---|---------|---|---------|---|---------|---|-------|---|
| | N | I | N | I | N | I | N | I | N | I |
| Output 1: Market responsive inclusive skills training delivered | | | | | | | | | | |
| 1.1 Number trained in priority sectors and skills enhanced | | | | | | | | | | |
| (i) National consultants, (3 pax x 12 pm 3.5 years) The consultants will assist the public and private institutions to implement their business plans, monitor progress of skills development programs and job placement activities on targets, and help revise the business plans every year based on progress on achievements of the existing business plans and lessons learned during initial implementation. The consultants will be based in the Skills Development Coordination and Monitoring Unit (SDCMU) but will spend the majority of their time working directly with the public and private entities and identify skills needs of the occupations of industry and initiate the process for updating business plan. The consultants will also assist the public and private entities to prepare their quarterly progress report. In addition, the consultants will assist in preparing annual training program for key people associated with the public and private entities. | 36 | - | 36 | - | 36 | - | 18 | - | 126 | - |
| 1.2 Support to targeted groups | | | | | | | | | | |
| International and national consultants (International 1 pax x 6pm; National 1 pax x 36 pm over 2 years). A firm, preferably an NGO, will be selected competitively for this assignment. An international expert on targeting will be engaged as an individual by the SDCMU to support the selected NGO. The main purpose of this assignment is two-fold (i) to help develop mechanisms to identify target groups in line with the National Skill Development Policy (NSDP); and (ii) to work with the institutions engaged under SEIP to identify and enroll target groups. Drawing lessons learned in Bangladesh and other relevant countries, the NGO will help to develop, pilot and assess targeting schemes that will be taken to scale following the assessment of the pilot schemes. This will include intensive stakeholder consultation. Targeting is meant to provide stipends to the poor candidates who cannot pay for their training. The purpose is also to find options such as vouchers and loans that can be provided to those who cannot pay full amount but will be able to do so after gainful employment following good quality skills training. These arrangements will help increase funding for skills training and will be linked to high quality training with high private returns. The consultants will develop guidelines and procedures for targeting. | 12 | 3 | 12 | 3 | 12 | | | | 36 | 6 |
| Social marketing and road shows (National Firm). This assignment is intended to support social marketing to raise awareness of skills training | 36 | | 36 | | 36 | | 18 | | 126 | |

| Components/Sub-Components and Scope | 2014-15 | | 2015-16 | | 2016-17 | | 2017-18 | | TOTAL | |
|---|---------|----|---------|----|---------|---|---------|---|-------|----|
| | N | I | N | I | N | I | N | I | N | I |
| programs. It will highlight the objectives of SEIP, its benefits, and how potential beneficiaries can access the training programs in priority sectors. SEIP intends to enroll more female candidates for training and as trainers; it will also enroll disadvantaged groups including the physically challenged, and raise awareness on the job prospects for the beneficiaries to maximize benefits from SEIP. It will develop a wide network to mobilize support for skills development and opportunities for gainful employment. It will also raise awareness on occupational health and safety among key stakeholders. It will involve intensive stakeholder consultation. Three cycles of social marketing and road shows will be undertaken during tranche 1. | | | | | | | | | | |
| Development of modules and support mechanisms on occupational health and safety (OHS)(Single Source Firm with prior experience). International and national consultants (International 1 pax x 2pm; national 1 5 pax x 20 pm over 2 years. The main purpose of this assignment is to ensure awareness among key stakeholders about full features of OHS including preventive and basic support mechanisms. This will mainly involve including basic OHS training module in all training programs. Building on the ongoing initiatives, SEIP will support expansion of the OHS module in all SEIP supported training programs and also to raise awareness among key stakeholders in terms of compliance of OHS requirements. | 10 | 2 | 10 | | | | | | 20 | 2 |
| Output 2: Quality assurance strengthened | | | | | | | | | | |
| 2.1 Skills qualifications/standards, courses and materials developed and accredited. Quality assurance system operational and decentralized. | | | | | | | | | | |
| International and national consultants (International 4 pax x 6pm; National 5 pax x 30 pm over 2.5 years). This work will be undertaken by a specialist firm with international experience in developing competency based learning materials that will be endorsed by the Industry Skills Councils (ISCs) and approved by BTEB. The firm will provide an international curriculum specialist and a national expert in each of the 5 priority sectors (textile and readymade garments, leather and footwear, construction, light engineering, and information technology) to update the existing standards of the associations duly endorsed by ISCs, develop standards and qualifications and job focused skill competencies packages for high demand short term (up to 3-6 months) and longer-term courses (1 year or longer) for each priority sector. Each skill competency package will include occupational standards to be adapted from international good practice, course materials including ICT based materials where feasible, and assessment tools. The | 30 | 10 | 60 | 15 | 60 | 5 | | | 150 | 30 |

| Components/Sub-Components and Scope | 2014-15 | | 2015-16 | | 2016-17 | | 2017-18 | | TOTAL | |
|---|---------|---|---------|---|---------|---|---------|---|-------|----|
| | N | I | N | I | N | I | N | I | N | I |
| Education Board and Industry Skills Councils (ISCs) to support quality assurance functions. The purpose of this assignment is to continue the services of this entity for quality assurance (registration of institutions, accreditation of courses, assessment and certification mechanisms, and training of trainers). BTEB in close collaboration with the ISCs will host this institution. The institution will work closely with the institutions involved under SEIP and develop a mechanism to address the quality assurance areas identified. It will also help to develop manuals, guidelines, templates and procedures to strengthen quality assurance mechanisms. | | | | | | | | | | |
| 2.3 Improved training facilities | | | | | | | | | | |
| International and national consultants (International 1 pax x 5pm; National 2 pax x 18 pm over 2 years). The international consultant will be recruited by the SDCMU as individual consultant and the national consultants will be engaged through a firm under institutional strengthening. The team will prepare a plan to undertake conditional assessment of public and private training institutions and advise on need for repair and maintenance work to be completed by 2015 in order to ensure safety. The team will also prepare a manual to undertake conditional assessment of skills training institutions and on repair, maintenance, gender friendly and safety needs. | 12 | 2 | 24 | 3 | | | | | 36 | 5 |
| 2.4 Assessment and certification system implemented including RPL | | | | | | | | | | |
| International and national consultants (International 1 pax x 9pm; National 1 pax x 36 pm over 3 years). The consultants will be engaged through a firm and will be based in BTEB to advise BTEB management on prioritizing development of qualifications by priority sector linked to SEIP, and developing and implementing assessment and certification in close partnership with industry skill councils. In close coordination with other SEIP consultants working on qualification standards and assessment and certification, the consultants will develop strategies and implementation plans for devolved quality assurance mechanism in partnership between BTEB and ISCs. The consultants will liaise closely with other ongoing efforts as well as other consultants involved under SEIP to avoid any duplication. | 6 | 3 | 12 | 3 | 12 | 3 | 6 | | 36 | 9 |
| International and national consultants (International 1 pax x 12pm intermittent; National 5 pax x 12 pm over 1 year). The purpose of this assignment is to (i) design recognition of prior learning (RPL) training and implement RPL and skills certification system of the 5 sectors to BTEB requirements in collaboration with the 5 ISCs; (ii) train assessors and guide certification of 20,000 trainees; (iii) prepare a strategy and support BTEB to establish mutual recognition agreements with 5 key labor export | 30 | 6 | 30 | 6 | | | | | 60 | 12 |

| Components/Sub-Components and Scope | 2014-15 | | 2015-16 | | 2016-17 | | 2017-18 | | TOTAL | |
|---|---------|---|---------|---|---------|---|---------|---|-------|----|
| | N | I | N | I | N | I | N | I | N | I |
| by KOICA with delegated powers for the institutions to respond effectively to labor market needs. The consultants will propose models of COEs including costed implementation strategy to establish 30 COEs from Tranche 2. | | | | | | | | | | |
| The third part will involve supporting the establishment and/or strengthening of at least 5 ISCs and operationalizing them. This support will be based on the ground work already done and in close collaboration with other institutions that may be involved in this exercise. | | | | | | | | | | |
| 3.2 Unified funding arrangement established | | | | | | | | | | |
| International and national consultants (International 1 pax x 6 pm; National 1 pax x 12 pm over 2 years). The purpose of this consultancy is to assist the Finance Division to establish the proposed National Human Resource Development Fund (NHRDF) by Dec 2015 and fully operationalize it by December 2017. Based on the concept paper prepared for establishing the NHRDF, the consultants will prepare the required documents including procedures and manuals to establish the Fund. The consultants will go through extensive consultation with the key stakeholders in this process. It will also draw heavily on experiences of other countries such as India (National Skill Development Fund), Malaysia (Human Resource Development Fund) and Singapore (National Skills Development Fund), among others. The consultants will also propose a suitable governance structure and sources of funds to ensure sustainability of the Fund. | 6 | 6 | 6 | 6 | | | | | 12 | 12 |
| 3.3 Participating public training institutions operate with principles of autonomy | | | | | | | | | | |
| Institutional Strengthening. International and national consultants (International 1 pax x 4 pm; National 1 pax x 16 pm over 2 years). The purpose of this assignment is to facilitate public-private partnerships between public and private institutions in a number of areas such as utilization of public facilities for training by private providers, enterprise based training to complement face to face in class training, engagement of industry experts in hands on training, use of industry assessors for assessment and certification, etc. The consultants will review the scope of SEIP and activities under the business plans prepared by public and private entities to identify areas that will benefit from PPPs. Drawing on the potential areas, the consultants will prepare actions to facilitate such PPPs. The consultants will work with the management training institution to prepare training manuals to train key managers and policy makers in forging PPPs under SEIP. The consultants will also assist the public training institutions to apply the principles of delegation of powers to become more | 4 | 2 | 4 | 2 | 4 | | 4 | | 16 | 4 |

| Components/Sub-Components and Scope | 2014-15 | | 2015-16 | | 2016-17 | | 2017-18 | | TOTAL | |
|--|---------|---|---------|---|---------|---|---------|---|-------|----|
| | N | I | N | I | N | I | N | I | N | I |
| responsive to market needs and efficient in delivering training. | | | | | | | | | | |
| 3.4 Strengthened industry linkages and job placement | | | | | | | | | | |
| International and national consultants (International 1 pax x 12 pm; National 5 pax x 24 pm over 2 years). The purpose of this assignment is to assist the public and private training providers to achieve 70% employment or self-employment after successfully completing skills training under SEIP. The firm will help the job placement and counseling officers engaged in public training institutions to develop strategies to ensure 70% employment or self-employment of their graduates supported by SEIP. In doing this, the firm will assist the job placement officers with a common manual to contact potential employers and to meet their skills needs. The firm will also work with the private training providers to assess their skills needs and advise the training providers to match the skills training with labor demand. Where there is prospect of self-employment, the firm will work particularly with the Bangladesh Bank SME Department and PKSf to develop strategies and help them to support their trainees to initiate self-employment. The firm will also work with the management training institution to develop training packages on counseling and job placement to train managers, teachers, assessors and other concerned stakeholders to develop a culture of market driven skills development system and supporting trainees to actively seek jobs or self-employment. | 30 | 3 | 30 | 3 | 30 | 3 | 30 | 3 | 120 | 12 |
| Output 4: Effective program management | | | | | | | | | | |
| 4.1 Evidence-based planning, budgeting and monitoring implemented | | | | | | | | | | |
| M&E for SDCMU. International consultant 1 pax x 12 pm; National consultant 1 pax x 24 pm over 3.5 years). The purpose of this assignment is two-fold (i) to assist the SDCMU to monitor progress on project targets including random checks on whether the training providers (public and private) are tracking the trainees as required through four stages of required M&E for SEIP (enrollment of targeted trainees, successful completion of training programs, job placement or self-employment within 3-6 months of completing the training program, and retention in the job or self-employment for 12 months after getting a job including monitoring average monthly earnings); and (ii) to assist the SDCMU to undertake a baseline survey. For SEIP M&E, the consultants will prepare quarterly and annual progress reports covering progress on achievements against targets, quality assurance and status of compliance on safeguards and covenants. It will recommend improvements. For baseline survey, it will work closely with all the institutions supported by SEIP and complete a baseline survey to firm | 6 | 3 | 6 | 3 | 6 | 3 | 6 | 3 | 24 | 12 |

| Components/Sub-Components and Scope | 2014-15 | | 2015-16 | | 2016-17 | | 2017-18 | | TOTAL | |
|--|---------|---|---------|---|---------|---|---------|---|-------|----|
| | N | I | N | I | N | I | N | I | N | I |
| up the baseline information and targets, including suggesting revisions. | | | | | | | | | | |
| Management Information System for NSDC Secretariat, Skill-Gaps Analysis, and Tracer Studies. International and national consultants (International 1 pax x 6 pm; National 1 pax x 24 pm over 3.5 years). The purpose of this assignment is three-fold: (i) to assist NSDC secretariat to strengthen its MIS for monitoring skills development as per the NSDP requirement; (ii) to conduct skills-gap analysis in priority sectors; and (iii) to undertake tracer studies by focusing on SEIP program and drawing implications on other programs. For the MIS system, it will assist the NSDC Secretariat in close collaboration with the respective ISCs to develop a common results based monitoring system to monitor the progress against the targets set for the skills development sector. Under the national common monitoring system for the skills development sector, the consultants will prepare a National Sector Assessment Report for Skills Development. The first report will be prepared by March 2015. | 12 | 3 | 12 | 3 | 12 | 3 | | | 24 | 6 |
| For the skills-gap analysis, the consultants will work closely with NSDC Secretariat and ISCs to (i) ascertain the methodology that is globally acceptable for doing skills-gap analysis, (ii) review available skills-gap analysis and drawing the critical issues confronting each priority sector to be covered, (iii) interview the employers (human resource officials responsible for recruiting people or training) to identify priority skills and skills levels including key technical and soft skills needed currently and in the future, (iii) understand the growth prospect of each priority sector and possible skills areas to meet the current and future skills needs, (iv) draw on international good practices to cover the most critical areas, and (v) disseminate the report to key stakeholders to target different themes. The inputs will be maintained in a database which will be updated every three years. | 5 | 4 | 25 | 4 | 20 | 4 | 25 | | 75 | 12 |
| For tracer studies, the main purpose is (i) to support the SDCMU during the second year one tracer study to trace where the skills training graduates are going for jobs to inform the mid-term review planned in 2016; and (ii) to support the NSDC secretariat during the first year to undertake skills-gap study for the priority sectors in collaboration with the corresponding ISCs. In undertaking the tracer study, the consultants will consult with the concerned public and private training providers and use their database to track the students and their employers. In doing this the consultants will focus on (i) the nature of the job that the trainees receive, mechanism for getting the | 5 | 2 | 25 | 4 | 25 | | | | 55 | 6 |

| Components/Sub-Components and Scope | 2014-15 | | 2015-16 | | 2016-17 | | 2017-18 | | TOTAL | |
|--|---------|---|---------|---|---------|---|---------|---|-------|----|
| | N | I | N | I | N | I | N | I | N | I |
| job, and time usually taken to get the job, (ii) nature and duration of initial training they receive from their employers, (iii) relevance of the training they received to their job requirements, (iv) salary that they receive after training and prospect for further progression, (v) employer satisfaction of the trainees and the areas that need improvement according to the employers and trainees, (vi) any other related analysis, and (vii) provide recommendations on improving the training quality. | | | | | | | | | | |
| Gender and Social Development Specialist (National, 40 person-months). The purpose of this assignment is to closely monitor the target set for gender and social development in SEIP. The consultant will have 10 years experience preferably with internationally financed education and/or skills project with experience in achieving related results. The consultant will organize orientation sessions to all the participating agencies on gender and social development, SEIP targets, and closely monitor the progress. The consultant will also coordinate with other resources such as social marketing, monitoring, and studies to ensure that gender and social dimensions are included and followed up rigorously. | 12 | | 12 | | 12 | | 4 | | | |
| 4.2 Sector planning and financing strengthened | | | | | | | | | | |
| International and national consultants (International 1 pax x 12 pm; National 1 pax x 24 pm over 3.5 years). The consultants will support NSDC Secretariat through a participatory process to (i) review the progress on NSDP implementation and action plan;(ii) develop targets for 10 years and identify mechanisms to achieve the targets; and (iii) prepare costed action plan to implement NSDP priorities to move towards a SWAp. | | | 6 | 4 | 6 | 2 | | | 12 | 6 |
| 4.3 Governance and Risk Management Capacity Development | | | | | | | | | | |
| External Audit. (National 1 team over 3.5 years). This mainly covers annual external audit of the 8 associations, Bangladesh Bank SME, and PKSF. An external audit firm will be engaged to undertake the external audit of the 10 agencies. The firm will be engaged for 3 cycles of external audits. | 15 | | 15 | | 15 | | 15 | | 60 | |
| Due Diligence and PFR2 Design Consultants (International 2 pax for 12 pm and National 5 pax for 50 pm). The purpose of this assignment is two-fold: (i) to support business process development under tranche 1 of SEIP; and (ii) to support the design of Tranche 2 program. The business process development includes reviewing the process of engaging different agencies for training, job placement, quality assurance and related functions, and developing standard procedures and manuals. The design will be to build on tranche 1 experience and develop the program for Tranche 2. | 10 | 5 | 30 | 7 | 20 | | | | 50 | 12 |

Environmental Assessment and Review Framework

April 2014

BAN: MFF Skills for Employment Investment Program (SEIP)

Prepared by the Finance Division under the Ministry of Finance for the Asian Development Bank.

This environmental assessment and review framework is a document of the borrower. The views expressed herein do not necessarily represent those of ADB's Board of Directors, Management, or staff, and may be preliminary in nature.

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CURRENCY EQUIVALENTS

(as of 15 December 2013)

| | | |
|---------------|---|-----------|
| Currency unit | – | taka (Tk) |
| Tk1.00 | = | \$0.01289 |
| \$1.00 | = | Tk77.5705 |

ABBREVIATIONS

| | | |
|-------|---|---|
| ADB | – | Asian Development Bank |
| BITAC | – | Bangladesh Industrial Technical Assistance Centre |
| BTEB | – | Bangladesh Technical Education Board |
| DoE | – | Department of Environment |
| DTE | – | Directorate of Technical Education |
| ISC | – | industry skills council |
| MoSD | – | Ministry of Skill Development |
| NSDC | – | National Skill Development Council |
| NSDP | – | National Skill Development Policy |
| NTVQF | – | National Technical Vocational Qualification Framework |

EXECUTIVE SUMMARY

1. This Report on Environmental Assessment and Review Framework (EARF) is based on the documented activities of Bangladesh Skills for Employment Investment Program (SEIP) and the impacts anticipated upon the environment from such activities. The findings and conclusions of this IEE report are based on an analysis of the information collected through literature surveys, meetings and consultations with various personnel connected with SEIP and data collected through secondary sources such as the Department of Environment (DoE), Forest Department, Bangladesh Bureau of Statistics, and relevant project documentation received from relevant ministries and line agencies of the Government.

2. Type of activity, location and type of work involved and size as well as severity of pollution loads due to activities during preparatory and operational stages make SEIP put under DoE Orange B and ADB's B categories. Accordingly a respective type of IEE is required to be prepared for DoE and environmental implications on the project will be reviewed for ADB. The environmental implication will be reviewed to ensure that the potential adverse environmental impacts are appropriately addressed in line with ADB's Safeguard policy Statement (2009). Most of the project impacts would be localized due to the relatively small-scale activities and could be addressed with proper mitigation measures, adopting adequate occupational health and safety measures and good housekeeping practices.

3. SEIP has been the outcome of a felt need focused both in job focused skills and also in up-skilling of existing workforce in a way that could ensure the quality of training, improvement in worker productivity and human ware matching the standards, both at home (in respect of meeting international standards for skills and fruitful utilization of skilled workforce) and also abroad (in respect of export of manpower with required skills skilled services). The Government of Bangladesh has drawn up SEIP towards skilling of the new entrants and up-skilling of the existing workforce in various occupations.. The Program also designed to provide for market responsive inclusive skills training activities among the existing training providers in the country and also implement different reform agenda for strengthening of the TVET sector. Moreover, SEIP will also impart training on occupational health and safety (OSH) and compliance module with all technical skills modules to the beneficiaries of the program. While pursuing assigned skill enhancement activities, SEIP also envisages engaging in the process, through the apex policy making body, the National Skills Development Council (NSDC), various local industry associations and internationally recognized employer associations with substantial membership coverage of priority economic sectors and formally recognized by the government.

4. Implementation of SEIP is to be governed by the national laws and laws concerning environment, the Environment Conservation Act, 1995 (ECA, '95) and the Environment Conservation Rules, 1997 (ECR, '97). ECR, '97 sets forth standards for various environmental parameters. Implementation of SEIP will also to be guided by ADB's Safeguard Policy Statement (2009) and Operational Manual F1 (2010). Compliance is required in all stages of SEIP implementation.

5. Toward achieving the desired goal, SEIP has selected the following 6 (six) priority for training program under tranche 1 and has adopted a demand driven approach with effective inputs from Industry Skills Councils (ISCs), Employer Associations and Employers. These six priority sectors targeted initially by SEIP in tranche 1 are:

- i. Readymade Garments (RMG) & Textile
- ii. Leather and Footwear;
- iii. Construction;

- iv. Light Engineering/Manufacturing;
- v. Information and Technology (IT); and
- vi. Ship Building

6. Training activities of SEIP will be conducted at 32 selected public training institutes at 32 locations in various districts throughout Bangladesh that are well connected by road, rail and air. Moreover, training programs of the identified industry associations will be conducted in 25 training centers and up-skilling training will be conducted in the member factories.

7. No new building or construction will be done under tranche 1 of SEIP. Rather, existing facilities, with minor adjustment or renovations to cater to the need of the training activities, both at public and private sector enterprises will be utilized. SEIP will finance skills training of 260,000 trainees with at least 70% job placement (182,000) during tranche 1 and a total training of 1.25 million (0.875 million job placements) during the project period (2014-2021).

8. Five types of organizations are expected to deliver these training targets with at least 70% job placements. These are:

- a) Public training providers. 8 Technical School and Colleges (TSCs) and one computer institute under the Directorate of Technical Education (DTE), 20 Technical Training Centers (TTCs) under the Bureau of Manpower, Employment and Training (BMET), and 3 Bangladesh Industrial Technical Assistance Centers (BITAC) under the Ministry of Industry. Around 47,400 training target is proposed through 32 public training providers.
- b) Palli Karma Sahayak Foundation (PKSF). Around 10,000 training target is proposed through nongovernment organizations which are already PKSF partners in imparting livelihood programs and related training linked to gainful employment or self-employment. PKSF is uniquely placed to link skills training through its well established partnership arrangements with some of the most effective NGOs in Bangladesh.
- c) Bangladesh Bank. Around 10,000 training target is proposed through the Bangladesh Bank (BB), Small and Medium Enterprise (SME) Department linked with its SME support program. Government and ADB already have good experience working with the Bangladesh Bank in implementing the SME project through selected commercial banks.
- d) Industry Associations. Around 190,000 training target (new entrants and up-skilling) is proposed through 8 industry associations [Bangladesh Garment Manufacturing and Exporters Association (BGMEA), Bangladesh Knitwear Manufacturers and Exporters Association (BKMEA), Bangladesh Textile Mills Association (BTMA), Leather and Footwear, Bangladesh Association of Construction Industry (BACI), Bangladesh Engineering Industry Owners' Association (BEIOA), Bangladesh Association of Call Centers Operators (BACCO) and Bangladesh Shipbuilders Association] in 6 priority sectors.
- e) Private training providers. It is proposed to engage 10-15 proven private training providers initially to complement some of the training targets noted above based on a set of agreed selection criteria and process.

9. Training program will be developed and prioritized according to ISC and Industry Association identified skills needs. Priorities will be updated annually in the form of a published Industry Training Plan. SEIP will maintain the quality and relevance of the training packages developed with ISCs through development and implementation of training programs that require structured industrial attachment (on the job training) with learning in the workplace directly

relevant to the competencies being acquired in new skills programs developed with industry. Courses will be either on job-focused packages of skill competencies based on CBT standards (approved by ISCs) or existing BTEB approved modular courses. Once CBT courses with associated elements such as, packages of skill competencies, certified CBT teachers, industry assessors, registered training organizations (RTO) with BTEB aligned to industry endorsed standards are complete, institutions will deliver CBT courses by replacing or updating existing courses.

10. Although it is not categorically spelled out in the project design of SEIP, it is indicated that some sort of minor repair, renovation and restoration might be necessary in the existing workshops and buildings of the public training institutions. Overall improvement of environmental management of some of the training-site buildings in terms of appropriate drainage, handling and disposal of sanitary and solid waste might also be required to cater to the need of the prospective trainees.

11. SEIP will also make positive contributions to the local environment specific to the selected training sites by developing healthy and safer environment to the premises housing sites with natural light and well ventilated classrooms, structures resilient to environmental extremes (including climate variability, such as, severe storms and, in some cases, geophysical hazards like earthquakes and landslides), improve hygiene among trainees, and provide support for supplying clean drinking water and good sanitation facilities.

12. The program is not expected to have significant or irreversible negative environmental impacts neither at the operation, nor at the preparatory phases. Impacts of the construction phase will be typical for all medium-scale renovation/repair and maintenance activities and limited to the program sites. Impacts of the operation phase will be typical for small civil works. The program anticipated environmental impacts although very limited may include drainage congestion/water logging, minor dust pollution, minor water and noise pollution, occupational health hazards due to improper management of construction materials and solid and hazardous waste from civil works, risk from poor sanitation system, improper ventilation system in training rooms, etc. Program related environmental impact could be minimized by adopting appropriate mitigation measures. However, the impacts on natural disasters and other extreme climate events could be reduced by adopting appropriate preparedness and precautionary measure. This document is thus prepared to establish the mechanism to determine and assess future potential environmental impacts of civil works that are to be identified and cleared based on a participatory demand-driven process, and to set out required mitigation, monitoring, and institutional measures to be taken during implementation and operation to eliminate adverse environmental impacts, or to reduce them to acceptable limits.

13. Implementation of mitigation measures will be ensured through both routine and periodic monitoring measures. Adequate monitoring activities for SEIP will be adopted. SEIP will not cause any significant adverse environmental and social impacts during repair or renovation phase. Rather, the positive impacts due to SEIP operations will more than outweigh the insignificant negative impacts.

I. INTRODUCTION

A. Background

1. The Bangladesh Skills for Employment Investment Program (SEIP) has been drawn up by the Government of Bangladesh toward skill improvement among the technical workforce of various occupations. SEIP envisages improvement of job focused skills and up-skilling of the existing workforce toward ensuring availability of 'required skills to industry standards'. The Program has been designed to provide for market responsive inclusive skills training activities among the selected training providers in the country. These training providers will thus be able to work with industry and help facilitate industry growth and increased employment of skilled workforce. While pursuing its assigned skill enhancement activities, SEIP also envisages engaging in the process, through the apex policy making body, the National Skills Development Council (NSDC), various local industry associations and internationally recognized employer associations with substantial membership coverage of priority economic sectors and formally recognized by the government.

B. Need of SEIP

2. Over the years, there has been a felt need among both public and private sector agencies in Bangladesh of ensuring availability of optimally required skilled workforce belonging to various vocational strata toward meeting relevant demand both at home and at locations beyond the national boundaries. Such a need had been focused both in job focused skills and also in up-skilling of existing workforce in a way that could ensure both products and human ware matching the standards both at home (in respect of consumption of products of world standards and fruitful utilization of skilled workforce) and also abroad (in respect of export of goods and skilled services).

C. Objectives of SEIP

3. SEIP, over a period of 10 years, is to cover at least 15 priority sectors out of which 6 (six) sectors have been selected for training program under tranche 1. SEIP has also adopted a demand driven approach with effective inputs from Industry Skills Councils (ISCs), Employer Associations and Employers. These six priority sectors targeted initially by SEIP in tranche 1 are:

- i. Readymade Garments (RMG);& Textile
- ii. Leather and Footwear;
- iii. Construction;
- iv. Light Engineering/Manufacturing;
- v. Information and Technology (IT); and
- vi. Shipbuilding

D. Purpose of the EARF

4. The Finance Division under the Ministry of Finance, in consultation with relevant stakeholders, has prepared this Environmental Assessment and Review Framework (EARF) to support the implementing agency to deal with potential environmental issues that may arise during implementation of the various civil works and project components/"subprojects". The purpose of this EARF is to ensure that both the infrastructure, both in terms of needs and quality at neither secondary schools, nor the environment is compromised through the program intervention. The specific objectives of EARF is to specify appropriate roles and responsibilities

to carryout environmental screening, mitigation measure, monitoring and reporting related to implementation of project components/“subprojects” and to avoid potential adverse environmental impacts and enhance environmental outcomes of the activities implemented under project components or “subprojects”.

5. This EARF provides general policies, guidelines, and procedures to be integrated into the implementation of all infrastructures under the Program. In preparing this document, relevant environmental safeguard practices, compliance, and past experience in the sector were reviewed. The review also included consultations with the associated stakeholders; qualitative and quantitative assessments of environmental safeguard compliance processes in the DOE; capacity assessment of the implementing agency; and information on the capacity of their field level staff. This EARF is intended to be used as a practical tool during renovation/repair and maintenance of training institutes or minor civil works planning, design, implementation, and monitoring. The Framework describes the steps involved in identifying and mitigating the potential adverse environmental impacts from minor civil works implementation activities, EARF ensures protection of health and hygiene of trainee, environmental sustainability, and welfare of affected stakeholders. The EARF outlines environmental screening procedures, assessment methodologies, environmental management (mitigation, monitoring and documentation), and reporting for the components of the Project; and to specify institutional structure and mechanism to carryout compliance to environmental management plan.

E. Methodology and Approach for Environmental Assessment

6. The following activities will be undertaken for the purpose of conducting environmental assessment:

- i. Desk review of information such as maps, reports, etc. for the project. Preparation of checklist for collecting project related information;
- ii. Review of national policy, laws/regulations and procedures relating to environment, health and safety, resettlement and rehabilitation, etc.;
- iii. Focusing on the environmental baselines on which SEIP is to operate;
- iv. Prediction of environmental impacts to be generated from SEIP preparatory activities and proposing mitigation measures;
- v. Taking into account the benefits or positive impacts of SEIP operations and proposing benefit enhancement measures;

7. **Environment Assessment Methods:** An outline of the activities for conducting IEE study is presented below:

- i. **Desk Study:** Review of information such as maps, reports, and EARF for the Project. Checklist for collecting site information is also finalized.
- ii. **Consultations:** Major stakeholders shall be consulted by means of Focus Group Discussions (FGD). If required, discussion with concerned government offices (Department of Environment; Construction contractors; Administrative and relevant department of training institutes; etc.) will also be undertaken.
- iii. **Field Assessment:** Assessment of the potential and significant environmental concerns shall be done to collect data and analyze any potential impacts.
- iv. **Sampling and Testing:** Special tests may be necessary in certain cases where water pollution issues need to be investigated (water quality for arsenic or fluoride content, water quality for iron, salinity, etc. and noise level, PM 10/PM12 in air).

- v. **Consideration of Alternatives:** The environmental implications of different alternatives will be briefly assessed, particularly focusing on location of infrastructure, renovation, design and orientation, method of construction, source of construction materials, and schedule of construction).
- vi. **Identification of Environmental Impacts and Mitigation Measures:** The impacts will be identified in terms of their significance, extent, reversibility, and duration.
- vii. **Design of Environmental Monitoring Plan:** The IEE shall propose EMP where monitoring requirements for potential environmental impacts are identified, mitigation measures prepared, method of mitigation measure developed, indicators suggested, frequency of undertaking monitoring activity decided, cost estimated, and responsible agency for undertaking the monitoring identified.
- viii. **IEE Report:** IEE report shall be prepared in brief following the template presented in Annex 2.

8. Implementation of SEIP is to be governed by the national laws and laws concerning environment, the Environment Conservation Act, 1995 (ECA, '95) and the Environment Conservation Rules, 1997 (ECR, '97). ECR, '97 sets forth standards for various environmental parameters. Implementation of SEIP will also to be guided by ADB's Safeguard Policy Statement (2009) and Operational Manual F1 (2010). Compliance is required in all stages of SEIP implementation.

II. POLICIES, LEGAL AND INSTITUTIONAL FRAMEWORK

a. Overview

9. The Ministry of Environment and Forest, particularly, the Department of Environment (DoE), of the Government of the People's Republic of Bangladesh (GoB), has the overall responsibility of setting standards for the various parameters of the country's environment. ECR, '97 addresses, inter alia, standards for air, noise, and water quality, and the requirements for preparing applicable environmental assessment statements for development projects. These standards are of significance for the proposed project.

10. The implementation of the project will be governed by the sector-specific national laws (where applicable) and environmental rules, regulations, and standards. These regulations impose restrictions on activities to minimize/mitigate likely impacts on the environment. Compliance is required in all stages of the project's implementation including design, construction, repair and maintenance. This report has also considered ADB's Safeguards Policy Statement (SPS) 2009 requirements. Provided the project complies with the national and ADB SPS (2009) requirements, no significant adverse environmental implications are envisaged either during the preparatory stages or during implementation of the project activities.

11. Salient features of relevant GoB environmental laws and regulations and those of ADB Policies, including their applicability to this project is provided in the subsequent paragraphs.

b. Safeguard Requirements of the Government of Bangladesh

12. For the protection, conservation and management of the biophysical and social environment from damaging development pressures, the Government of Bangladesh has developed a completed legal framework, including laws, regulations, decrees and standards addressing environmental and social safeguards. These are presently under review and draft materials are being circulated, but cannot be applied until they are promulgated. Of the existing

documents, those most relevant to this subproject are summarized in this chapter.

13. **National Environmental Policy, 1992** - The Bangladesh National Environmental Policy, approved in May 1992, sets out the basic framework for environmental action together with a set of broad sectoral action guidelines. Key elements of the policy are:

- Maintaining ecological balance and ensuring sustainable development of the country through protection and conservation of the environment
- Protecting the country from natural disasters
- Identifying and regulating all activities that pollute and destroy the environment
- Ensuring environment-friendly development in all sectors
- Ensuring sustainable and environmentally sound management of the natural resources
- Maintaining active association, as far as possible, with all international initiatives related to environment

14. The policy seeks to ensure that transport systems, including roads and inland waterways, do not pollute the environment or degrade resources. The Policy states that Environmental Impact Assessments (EIAs) must be conducted before projects are undertaken.

15. **National Environmental Management Action Plan (NEMAP), 1995** - The National Environmental Management Action Plan (NEMAP) is a wide-ranging and multi-faceted plan which builds on and extends the statements set out in the National Environmental Policy. NEMAP was developed to address issues and management requirements during the period 1995 to 2005, and set out of the framework within which the recommendations of the National Environmental Policy were to be implemented. It identified four broad objectives and remains highly relevant today. The four key environmental management directions specified were:

- Identification of key environmental issues affecting Bangladesh;
- Identification of actions necessary to halt or reduce the rate of environmental degradation of the natural environment;
- Sustainable resource use and the conservation of habitats and biodiversity; and,
- Improvement of the quality of life of the people.

16. **The Environment Conservation Act, 1995 (Amended in 2000 and 2002)** - The Act is applied by the Department of Environment, (DoE), within the Ministry of Environment and Forest. The Act forms the basis of the country's environmental safeguard system. It authorizes the Director General (DG) of DoE to undertake any activity deemed necessary to control, prevent and mitigate pollution and to conserve and enhance the quality of environment. It lays out the basic rules on damage to the ecosystem, discharge of wastes, and the agency's power to enter and collect samples as part of any investigation. The Act also defined the powers of DoE to prepare Rules in support of the Act.

17. **Environment Conservation Rules, 1997 (amended 2002 and 2003)**- The Environment Conservation Rules, 1997 are the first set of rules promulgated under the Environment Conservation Act, 1995. These Rules provide for, inter alia, the following:

- Procedures for planning and completion of EIAs, including the preparation of Environmental Management plans, document format and content, as well as the and for the provision of environmental clearance;

- National Environmental Quality Standards (EQS) for ambient air, surface water, groundwater, drinking water, industrial effluents, emissions, noise and vehicular exhaust;
- A listing of industries, development projects and other activities. grouped into four environmental assessment categories on the basis of actual (for existing industries/development projects/activities) and anticipated (for proposed industries/development projects/activities) pollutant loading; and,
- Procedure for damage-claim by persons affected or likely to be affected due to polluting activities or activities causing hindrance to normal civic life.

18. Depending on the industry, activity, project location, type of work, size and severity of pollution loads, DoE classified 186 activities into four environmental assessment categories. These are Green for work that does not require any environmental assessment, Orange A and Orange B that require Initial Environmental Examination (IEE) and Red, requiring full environmental assessment.

19. In addition to the Environmental Conservation Act and Rules, there are a number of other policies, plans and strategies which are relevant to this Project. These are the Environment Court Act (2010), National Policy for Safe Water Supply and Sanitation (1998), National Policy for Arsenic Mitigation (2004), National Sanitation Strategy (2005), Coastal Zone Policy (2005), Coastal Development Strategy (2006), National Agricultural Policy (1999), Standing Orders on Disaster (1999) (revised in 2010), National Plan for Disaster Management (2010-2015), Solid Waste Management Rules (2010), Noise Pollution (Control) Rules (2006), etc. The Bangladesh National Building Code (2006) and Bangladesh Labor Act (2006) are also important with regards the occupational health and safety of workers and laborers to be involved in the Project.

20. The National Building Code (2006) and National Labor Act (2006) have defined certain measures to ensure proper safety and work environment as well as the compensation measures to the laborers. By national law, in order to be compensated, contractors must follow and comply with these safety provisions and compensation arrangements. The implementing agency must ensure that the appropriate occupational health and safety provisions have been included in the bidding documents and are being implemented by contractor. Many training centers in disaster prone areas are also used as cyclone/disaster shelters for the community. Therefore conducting training during cyclone season and disasters should be avoided. As per the Safe Drinking Water Supply and Sanitation Policy (1998), provision for arsenic, salinity and iron safe drinking water, and adequate sanitation facilities will have to be ensured for training center. The water quality and sanitation facilities need to be monitored periodically to ensure that the supplied water is safe for drinking and sanitation facilities are good.

C. Safeguard Requirements of ADB

21. All projects funded by ADB must comply with the ADB's SPS (2009) and Operational Manual F1 (2010). The purpose of the SPS is to establish an environmental review process to ensure that projects undertaken as part of programs funded under ADB's loans are environmentally sustainable and sound, are designed to operate in compliance with applicable regulatory requirements, and are not likely to cause significant environmental, health, or safety hazards.

22. All three ADB's safeguard policies (environment, involuntary resettlement and

indigenous people) involve a structured process of impact assessment, planning, and mitigation to address the adverse effects of projects throughout the project cycle. The safeguard policies require (i) identification and assessment of impacts early in the project cycle; (ii) developing and implementing plans to avoid, minimize, mitigate, or compensate for the potential adverse impacts; and (iii) informing and consulting affected people during project preparation and implementation. The policies apply to all ADB-financed projects, including private sector operations, and to all project components, as well as to all components outside the project scope but which, if not included, would make the project non-viable; referred to as associated projects. For 'Category A' project an EIA including an EMP is required. For 'Category B' an IEE, including an EMP, is required and for 'Category C' an EIA or IEE is not required, although environmental implications need to be reviewed through preparation of a due diligence report.

23. The proposed SEIP has been categorized as "Category C" from environmental point of view and environmental implications of the SEIP is required to be prepared and disclosed. The environmental implications of the SEIP will be assessed to ensure that the potential adverse environmental impacts are appropriately addressed in line with ADB's Safeguards Policy Statement (2009). However an IEE of SEIP is also required to be prepared to meet the requirements of the DoE for environmental safeguards compliances and obtaining an environment clearance certificate (ECC). An environmental screening using rapid environmental assessment (REA) checklist is prepared (annex) to determine environmental category of SEIP. Since IEE will not be prepared for ADB, but a due diligence report (DDR) shall be prepared.

III. DESCRIPTION OF SEIP

A. Overview

24. As stated elsewhere earlier, SEIP targets key priority economic growth sectors identified by government, toward improving job focused skills along with up-skilling of the existing workforce to ensure availability of 'required skills to industry standards'. Toward this end, SEIP envisages extending support to training providers in working with industry to address identified skills, to enable industry growth and increased employment through the provision of market responsive enhanced skills training programs. At least 15 priority sectors will be covered during the 7-year period.

25. Six priority sectors are selected for training program under tranche 1 to adopt a demand driven approach with effective inputs from Industry Skills Councils (ISCs), Employer Associations and Employers. The priority sectors targeted initially by SEIP in tranche 1 are: (i) Readymade Garments (RMG & Textile; (ii) Construction; (iii) Information and Technology (IT); (iv) Light Engineering/Manufacturing; (v) Leather and Footwear; and (vi) Maritime. The industry associations and internationally recognized employer associations with substantial membership coverage of priority economic sectors and formally recognized by the Government of Bangladesh through the apex policy making body, the National Skills Development Council (NSDC), will be engaged.

B. Location of SEIP

26. Training activities of SEIP will be conducted at 32 public training institutes available at 32 locations in various districts of Bangladesh. Moreover the training programs of the associations will be conducted in 25 training centers and also in the member factories.

c. Connectivity to the Locations

27. Selected SEIP locations are well connected through rail, road and air.

d. SEIP Strategy

28. No new building and construction will be done by SEIP. Rather, existing facilities, with minor adjustment or renovations to cater to the training activities, both at public and private sector enterprises will be utilized for up-skilling process. SEIP will finance skills training of 260,000 trainees with 70% job placement (182,000) during tranche 1 and a total training of 1.5 million (1.05 million job placements) during the project period (2014-2023).

29. Five types of institutions/organizations are expected to deliver these training targets with 70% job placements. These are:

- a) Public training providers, viz., 9 Technical School and Colleges (TSCs) under the Directorate of Technical Education (DTE), 20 Technical Training Centers (TTCs) under the Bureau of Manpower Employment and Training (BMET), and 3 Bangladesh Industrial Technical Assistance Center (BITAC) under the Ministry of Industry. Around 50,000 training target is proposed through 32 public training providers.
- b) Palli KarmaSahayak Foundation (PKSF). Around 10,000 training target is proposed through nongovernment organizations which are already PKSF partners in imparting livelihood programs and related training linked to gainful employment or self-employment. PKSF is uniquely placed to link skills training through its well established partnership arrangements with the best NGOs in Bangladesh.
- c) Bangladesh Bank. Around 10,000 training target is proposed through the Bangladesh Bank (BB) linked with its small and medium enterprise support program. Government and ADB already have good experience working with the Bangladesh Bank in implementing the SME project through selected commercial banks.
- d) Industry Associations. Around 190,000 training target (new entrants and up-skilling) is proposed through 8 industry associations [Bangladesh Garment Manufacturing and Exporters Association (BGMEA), Bangladesh Knitwear Manufacturers and Exporters Association (BKMEA), Bangladesh Textile Mills associations (BTMA), Leather and Footwear, Bangladesh Association of Construction Industry (BACI), Bangladesh Engineering Industry Owners' Association (BEIOA), Bangladesh association of call centers operators (BACCO) and Maritime] in 6 priority sectors.
- e) Private training providers. It is proposed to engage 10-15 proven private training providers initially to complement some of the training targets noted above based on a set of agreed selection criteria and process.

e. Training Program

30. Training program will be developed and prioritized according to ISC and Industry Association identified skills needs. Priorities will be updated annually in the form of a published Industry Training Plan. SEIP will maintain the quality and relevance of the training packages developed with ISCs through development and implementation of training programs that require structured industrial attachment (on the job training) with learning in the workplace directly relevant to the competencies being acquired in new skills programs developed with industry.

From NTVQF Level 1-5, programs should ensure employers are involved in delivery and assessment of skills against the industry standards through structured on the job training to build trust across industry that skills programs address industry requirements and certification of skills involve work place demonstration and assessment. Implementation of new training will involve establishing agreements with industry to undertake workplace based training and ensure training packages specify and link competencies with planned industrial attachment.

f. Training Courses

31. Courses will be either on job-focused packages of skill competencies based on CBT standards (approved by ISCs) or existing BTEB approved modular courses. Once CBT courses with associated elements such as, packages of skill competencies, certified CBT teachers, industry assessors, registered training organizations (RTO) with BTEB aligned to industry endorsed standards are complete, institutions will deliver CBT courses by replacing or updating existing courses.

32. SEIP will contract a specialist agency to coordinate and pilot 3 approaches to job placement and employment services. The first will establish job placement services unit in training institutions to: (i) facilitate on the job training, (ii) liaise with local employers to facilitate job placement, and (iii) work with local employers to improve the responsiveness of training programs to local employer needs and to facilitate training solutions to these identified needs. Training providers will be supported to deliver training programs in flexible ways to meet employer needs. This could involve different types of training provision (apprenticeships, enterprise based training, part time study options) negotiated between the training provider and the employer and reflected in a training plan or agreement. The second approach is to support intermediary agencies that specialize in job placement and employment services and are specifically funded based on the number of graduates they place into employment. And a third approach is to work with employer associations and ISCs to fund placement services through major employer networks to ensure industry skills gaps are filled. These models will be monitored and reported to guide future policy development by the NSDC and key ministries that could be taken to scale in Tranche 3 and 4 of the SEIP.

g. Environmental Categorization of SEIP

33. As stated in paras 21 and 22 above, type of activity, location and type of work involved and size as well as severity of pollution loads due to activities during preparatory and operational stages make SEIP put under DoE and ADB categories Orange B and C, respectively, requiring respective type of IEE for DoE and preparation of a document on reporting environmental implication of the Project.

IV. POTENTIAL ENVIRONMENTAL IMPACTS AND MITIGATION MEASURES

34. Although nothing has been categorically spelled out in the project papers of SEIP, it could be assumed based on the condition of assessment of the existing structures of the selected up-skilling training facility sites, that some sort of minor repair, renovation and restoration might be necessary in the existing built forms. Overall improvement of environmental management of some of the training-site buildings in terms of appropriate drainage, handling and disposal of sanitary and solid waste might also be required to cater to the need of the prospecting trainees.

35. SEIP will also contribute positively to the local environment specific to the selected

training sites by developing healthy and safer environment to the premises housing such sites with natural light and well ventilated classrooms, structures resilient to environmental extremes (including climate variability such as severe storms and, in some cases, geophysical hazards such as earthquakes and landslides), improve hygiene among trainee, and provide clean drinking water. Capacity building of stakeholders in environmental safeguards, solid waste management including improved methods of repair, renovation, retrofitting of old structures (if any), and preparation of resilient infrastructure (if necessary) will enhance knowledge and awareness for sustainable infrastructure development of the selected training sites in future. However, such activities may cause some adverse environmental impacts including dust and noise pollution, though very minor and insignificant in scale, disruption of natural ecosystem, occupational health hazards, risk from existing poor sanitation system and land as well as water contamination. Due to some vulnerable geographic location (in some cases, if any), there might also be some risks including those of natural disasters (e.g., earthquakes, cyclone, floods, landslide, etc.) and extreme climate events. These impacts are not anticipated to be induced by SEIP but rather, they are related to the geographical location of some of the training sites and climate induced.

36. The following table (Table A15.1) summarizes the impacts that are expected to arise from SEIP activities:

Table A15.1: Generated Potential Environmental and Social Impacts with Mitigation Measures

| Anticipated SEIP Aspect | Potential Impact | Magnitude of Impact | Mitigation/Enhancement Measures |
|--|---|------------------------|---|
| SEIP Preparatory and Operational Stages | | | |
| Access, utility relocation | Disruption to local and existing amenities | Insignificant | Access to properties (private properties, selected SEIP training centres, etc.) to be affected by SEIP shall be maintained throughout the Preparatory Stage. In case any need arising to temporarily close any access, the owners of the property to be affected shall be given notification of the extent, timing and duration at least 24 hours prior to the closure. |
| Land degradation | SEIP will not be required to work on any additional land beyond the selected training premises. | Zero | Nil |
| Clearing of trees/Removal of vegetation | Nil | Zero | Nil |
| Air and noise pollution | Dust and noise nuisance from building repair/renovation work | Minor to insignificant | Wherever feasible, dust generating type of work shall be done during off-training time. Building repair/renovation work shall be limited to day light hours. |
| Drainage management | Drainage congestion Water logging Vector proliferation | Minor to insignificant | Drainage lines shall be identified and appropriate design will be made for sediment control prior to |

| Anticipated SEIP Aspect | Potential Impact | Magnitude of Impact | Mitigation/Enhancement Measures |
|---|---|------------------------|--|
| | | | undertaking repair/renovation work on selected SEIP training sites. |
| Spoil and solid waste disposal | Drainage blockage causing localized ponding and/or muddy runoff. | Minor to insignificant | Do not dispose spoil and solid waste on drainage path |
| Water pollution | Water pollution from building repair/renovation activities. | Minor to insignificant | Prohibit direct disposal of solid and liquid waste into nearby water bodies, drains or ponds. |
| Occupational health and safety | Lack of minimum required facilities of space, ventilation, sanitation, light and safe drinking water. Lack of safety tools. Lack of good construction and housekeeping practices. | Major | Provide adequate space with ventilation, clean toilets, solid and liquid waste management; provide safe drinking water in work areas. Keep camp and work area clean and tidy. Provide adequate healthcare (first aid) and safety facilities within construction sites; Attach highest priority to safe construction practices. SEIP will enhance the skills of the workforce in combating the occupational health and safety hazards. |
| SEIP Operation Stage | | | |
| Achieving outputs: (i) market responsive inclusive skills training; (ii) quality assurance system strengthened; (iii) institutions strengthened; and (iv) effective program management. | Increased employment in 6 priority sectors (6 in tranche 1 and at least 15 by 2021). (continuous-MTR and subsequent tranches). Increased employment and income in priority sectors for males and females. <u>Substantially positive impact.</u> | Major and significant | Training process in the institutions should be regularly monitored, quality updated and system strengthened. |
| Water supply and sanitation | Lack of inadequate drinking water supply and sanitation facilities | | Provide safe drinking water supply and proper sanitation facilities to the trainer and trainee; |

V. ENVIRONMENTAL MONITORING AND REPORTING PLAN

37. The environmental monitoring plan forms the basis for verifying the extent of compliance during the implementation stages of the project. The objectives of an environmental monitoring program are:

1. to evaluate the performance of mitigation measures proposed in IEE;
2. to provide information which could be used to verify predicted impacts and thus validate impact prediction techniques;
3. to suggest improvement in environmental mitigation measures if required;
4. to provide information on unanticipated adverse impacts or sudden change in impact trends;

38. Implementation of mitigation measures will be ensured through both routine and periodic monitoring. Monitoring activities for SEIP activities at the above two phases of implementation will be as follows (Tables A15.2 and A15.3):

Table A15.2: Monitoring during Repair/Renovation Phase

| Indicators of Monitoring | Types of Monitoring/ Method of Monitoring | Monitoring Frequency | Responsibility |
|--|--|---------------------------------------|---|
| Drinking Water Quality | Sampling, lab testing & comparison with generic standard | Once during repair/renovation period. | Owners/Heads of the Training Centre |
| Solid waste segregation Disposal | Direct observation | Everyday | Owners/Heads of the centre/Contractor/SEIP implementation units |
| Occupational health and safety | Direct observation | During repair/renovation | Owners/Heads of the centre/Contractor/SEIP implementation units |
| Water logging and vector Proliferation | Direct observation | During repair/renovation | Owners/Heads of the centre/Contractor/SEIP implementation units |

Table A15.3: Monitoring during SEIP Operation Phase

| Indicators of Monitoring | Types of Monitoring/ Method of Monitoring | Monitoring Frequency | Responsibility |
|--|--|--------------------------|---|
| Preparation of monitoring reports | Preparation of monitoring reports | Quarterly | Heads of the Training Centres/SEIP implementation units |
| Drinking Water Quality | Sampling, lab testing & comparison with generic standard | Bi-annually | Heads of the Training Centres/SEIP implementation units |
| Solid waste management | Records of waste collected and managed | Bi-annually | Heads of the centres/SEIP implementation units |
| Number of orientation and training on environmental safeguards compliance measures and health hazards and safety | Number of orientation and trainings conducted | During repair/renovation | Heads of the centres/SEIP implementation units |
| Water logging and vector Proliferation | Direct observation | During repair/renovation | Heads of the centres/SEIP implementation units |

39. Each Directorate and SEIP implementation units may perform the responsibility of carrying out annual review to assess how effectively the environmental safeguard requirements have been followed.

VI. CONCLUSION AND RECOMMENDATIONS

40. This report assessed various existing environmental parameters in and around the SEIP selected training and, although adverse impacts to be generated during SEIP preparatory stage will be minor and insignificant, outlined the actions planned to minimize any significant negative impact. None of the SEIP training sites is located in a sensitive ecosystem, and is not significant from the historical and cultural perspective. SEIP will not cause any significant adverse environmental and social impacts during repair or renovation phase. Rather, the positive impacts due to SEIP operations will more than outweigh the insignificant negative impacts.

41. The limited and insignificant negative impacts due to SEIP are, over an insignificantly very short period, mainly associated with water logging, dust and noise pollution, occupational health hazards, risk from poor sanitation system, and management of labor at the sites. Moreover, most of the associated impacts are expected to be limited to the building repair/renovation phase and, will therefore, be absolutely temporary in nature. Adequate mitigation actions will be undertaken in line with management and monitoring of the set of recommended mitigation measures. Regular monitoring of the recommended mitigation measures shall also be carried out during the implementation phase of the project.

Annex 1: Rapid Environmental Assessment (REA) Checklist

Instructions:

- (i) The project team completes this checklist to support the environmental classification of a project. It is to be attached to the environmental categorization form and submitted to the Environment and Safeguards Division (RSES) for endorsement by Director, RSES and for approval by the Chief Compliance Officer.
- (ii) This checklist focuses on environmental issues and concerns. To ensure that social dimensions are adequately considered, refer also to ADB's (a) checklists on involuntary resettlement and Indigenous Peoples; (b) poverty reduction handbook; (c) staff guide to consultation and participation; and (d) gender checklists.
- (iii) Answer the questions assuming the "without mitigation" case. The purpose is to identify potential impacts. Use the "remarks" section to discuss any anticipated mitigation measures.

Country/Project Title: BAN: Skills for Employment Investment Program (SEIP)

Sector Division: SARD/SAHS

| Screening Questions | Yes | No | Remarks |
|---|-----|----|---|
| A. PROJECT SITING IS THE PROJECT AREA ADJACENT TO OR WITHIN ANY OF THE FOLLOWING AREAS: | | | Specific details on the training institutes targeted for renovation/refurbishment/expansion is not known. Any training institutes that qualify as category "A" will not be included in the program. |
| ▪ UNDERGROUND UTILITIES | | √ | |
| ▪ CULTURAL HERITAGE SITE | | √ | |
| ▪ PROTECTED AREA | | √ | |
| ▪ WETLAND | | √ | |
| ▪ MANGROVE | | √ | |
| ▪ ESTUARINE | | √ | |
| ▪ BUFFER ZONE OF PROTECTED AREA | | √ | |
| ▪ SPECIAL AREA FOR PROTECTING BIODIVERSITY | | √ | |
| ▪ BAY | | √ | |
| B. POTENTIAL ENVIRONMENTAL IMPACTS WILL THE PROJECT CAUSE... | | | |
| ▪ Encroachment on historical/cultural areas? | | √ | |
| ▪ Encroachment on precious ecology (e.g. sensitive or protected areas)? | | √ | |
| ▪ Impacts on the sustainability of associated sanitation and solid waste disposal systems? | | √ | |
| ▪ Dislocation or involuntary resettlement of people? | | √ | |

| Screening Questions | Yes | No | Remarks |
|---|-----|----|--|
| ▪ Disproportionate impacts on the poor, women and children, Indigenous Peoples or other vulnerable groups? | | √ | |
| ▪ Accident risks associated with increased vehicular traffic, leading to loss of life? | | √ | |
| ▪ Increased noise and air pollution resulting from increased traffic volume? | | √ | There may be some disturbance to trainees, teachers and staff during training times, but this can be mitigated by proper time management and using silencer or managing any loud/heavy aspects of construction after training hours. |
| ▪ Occupational and community health and safety risks? | √ | | Renovation of existing buildings during limited number of closed days. Minor to insignificant risk to occupational health and safety over a significantly limited period of renovation work |
| ▪ Risks and vulnerabilities related to occupational health and safety due to physical, chemical, biological, and radiological hazards during project construction and operation? | | √ | |
| ▪ Generation of dust in sensitive areas during construction? | | √ | Minimum dust emission during renovation work to be carried out in certain specific rooms during the limited number of closed days. |
| ▪ Requirements for disposal of fill, excavation, and/or spoil materials? | | √ | There will be adequate solid waste management in place and construction materials will not be mixed with construction materials |
| ▪ Noise and vibration due to blasting and other civil works? | | √ | |
| ▪ Long-term impacts on groundwater flows as result of needing to drain the project site prior to construction? | | √ | |
| ▪ Long-term impacts on local hydrology as a result of building hard surfaces in or near the building? | | √ | |
| ▪ Large population influx during project construction and operation that causes increased burden on social infrastructure and services (such as water supply and sanitation systems)? | | √ | The project will not cause burden on social infrastructure and services as large population influx is not anticipated. |
| ▪ Social conflicts if workers from other regions or countries are hired? | | √ | Generally, the works are of small nature and mostly labor will be hired from the locality. |
| ▪ Risks to community safety caused by fire, electric shock, or failure of the buildings safety features during operation? | | √ | Proper safety measures will be in place |
| ▪ Risks to community health and safety caused by management and disposal of waste? | | √ | |

| Screening Questions | Yes | No | Remarks |
|---|-----|----|---------|
| <ul style="list-style-type: none"> Community safety risks due to both accidental and natural hazards, especially where the structural elements or components of the project are accessible to members of the affected community or where their failure could result in injury to the community throughout project construction, operation and decommissioning? | | √ | |

| Climate Change and Disaster Risk Questions The following questions are not for environmental categorization. They are included in this checklist to help identify potential climate and disaster risks. | Yes | No | Remarks |
|---|-----|----|---|
| <ul style="list-style-type: none"> Is the Project area subject to hazards such as earthquakes, floods, landslides, tropical cyclone winds, storm surges, tsunami or volcanic eruptions and climate changes (see Appendix I)? | | √ | Some of the low-lying coastal areas of the project sites (e.g. Satkhira, Khulna, etc.) may be vulnerable to climate variability and change (e.g. floods, cyclone, storm surge, etc.). Dhaka and Chittagong and Sylhet are earthquake prone areas. CHT areas are vulnerable to landslide. Appropriate preparedness measure will be place to cope with extreme weather and disasters. |
| <ul style="list-style-type: none"> Could changes in precipitation, temperature, salinity, or extreme events over the Project lifespan affect its sustainability or cost? | | √ | |
| <ul style="list-style-type: none"> Are there any demographic or socio-economic aspects of the Project area that are already vulnerable (e.g. high incidence of marginalized populations, rural-urban migrants, illegal settlements, ethnic minorities, women or children)? | | √ | |
| <ul style="list-style-type: none"> Could the Project potentially increase the climate or disaster vulnerability of the surrounding area (e.g., increasing traffic or housing in areas that will be more prone to flooding, by encouraging settlement in earthquake zones)? | | √ | |

Annex 2: Outline of Initial Environmental Examination (IEE) Report

- I. Executive Summary
- II. Project Description (with salient feature)
- III. Description of Existing Environment in the Project Area
 - Physical environment
 - Biological environment
 - Socio-economic and physical cultural resources
- IV. Potential Environmental Impacts and Mitigation Measures
 - Beneficial impacts and maximization measures
 - Adverse impacts and mitigation measures
- V. Analysis of Alternatives
- VI. Institutional Arrangements
- VII. Environmental Monitoring and Management Plan (EMP)
- VIII. Information Disclosure, Public Consultation and Participation
- IX. Grievance Redress Mechanism
- X. Conclusion and Recommendations

Annexes: (include approved TOR with approval letter; public notice certificate of deed; format of survey questionnaire, recommendation letter from Pourashova/municipalities; clearance letter from the Department of environment, maps, photographs; list of trees to be cleared; list of community infrastructures to be affected by the project etc.).

Small Ethnic Communities Planning Framework

April 2014

BAN: MFF Skills for Employment Investment Program (SEIP)

Prepared by the Finance Division under the Ministry of Finance for the Asian Development Bank.

This small ethnic communities planning framework is a document of the borrower. The views expressed herein do not necessarily represent those of ADB's Board of Directors, Management, or staff, and may be preliminary in nature.

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ABBREVIATIONS

| | |
|-------|--|
| ADB | Asian Development Bank |
| CHT | Chittagong Hill Tracts |
| EA | Executing Agency |
| ESSU | Environment and Safeguard Unit |
| GoB | Government of Bangladesh |
| GRC | Grievance Redress Committee |
| GRM | Grievance Redress Mechanism |
| NGO | Non Government Organization |
| PD | Project Director |
| PIC | Project Implementation Committee |
| PMU | Project Management Unit |
| RF | Resettlement Framework |
| SDCMU | Skill Development Coordination and Monitoring Unit |
| SEC | Small Ethnic Community |
| SECP | Small Ethnic Communities' Plan |
| SECPF | Small Ethnic Communities' Planning Framework |
| SPS | Safeguards Policy Statement |
| TOR | Terms of Reference |
| UF | Unclassified Forest |
| VCF | Village Common Forest |

I. INTRODUCTION

A. Project Description

1. The Skill for Employment Program or SEIP (the program) will support the Bangladesh Government's plan to arrange a system for supplying sufficient skilled manpower to priority economic growth sectors by 2021. While the ultimate aim is to ensure increased income from an enhanced skills and education base of the population especially of the working age population of 15 years and above, the project will pursue comprehensive policy, institutional, and structural developments required for sustainable process of skill development facilities all over Bangladesh. The program endeavors to achieve four outputs: (i) market responsive inclusive skills training; (ii) quality assurance system strengthened; (iii) skills development systems and institutional strengthened; and (iv) effective program management. Under SEIP, ADB will support \$350 million in three tranches in seven years from FY2014 to FY2021 through multitranche Financing Facilities (MFF).

2. The project will support formulation of several policies and subsequent approval of these policies by GoB; upgrading the training facilities and equipment of selected public organizations; strengthening quality assurance and assessment system and capacity development measures of the public and private organization as well as develop a structure to cater private fund into government supported project. Activities under tranche 1 of the MFF (known as project1) will be implemented during FY2014–FY2018. It will help lay the foundation for scaling up high quality training programs, enhancing quality assurance system that is recognized internationally, strengthening the institutional arrangements for funding and overall coordination, and enhancing the M&E and governance of skills development.

3. More specifically the project has main focus towards developing an employable workforce equipped with contemporary technical skills and knowledge with special attention to the unskilled people from remote areas of the country and disadvantaged groups, including ethnic minorities (indigenous people in Bangladesh are recognized by the Government as Small Ethnic Community), that will support the Government to facilitate a sustainable supply of skilled labor force for domestic and international labor market in 6 priority industry sectors.

4. The project will support more equitable access to skill development in a manner that will support the development of indigenous students from some particular areas including Chittagong Hill Tracts, Sylhet-Mymensingh-Netrokona region, Rajshahi and others areas where concentrations of ethnic minority people are prominent.

5. The project 1 activities will not have any adverse impact on the Indigenous Peoples (IP), named as Small Ethnic Communities (SEC) of Bangladesh, but will likely have benefit to the IPs. The Program has a target of providing skill training to 249,600 people²⁷ throughout the country, among which 40,000 people will be from disadvantaged groups. As a part of nationwide approach 3 hill districts of Bangladesh and the SEC population of plain land are also included in the program, and 3,500 peoples²⁸ from Hill Districts are targeted for the skill training. The

²⁷ 32 public training providers under three ministries will train 47,400 people, and 8 associations (192,400), Palli-Karma Sahayak Foundation(10,000) and Bangladesh Bank Small and Medium Enterprise Department(10,000) will train 212,600 people

²⁸ Rangamati and Khagrachari Technical Training Centers (TTC) will train 2,700 trainees under SEIP program. BGMEA will impart training to 1,800 peoples through Bandarban and Rangamati TTCs. More than 50% of the total trainees will be from the indigenous communities living there.

Training programs will also have open opportunities of participation from the plain land SECs. Although ratio of such participation is not significant (1.3%), the program will have some positive impact on the livelihood / employment for SEC population. Therefore, the Project is classified under category B for indigenous people's safeguards. To comply with the safeguards requirement 4 of ADB's Safeguards Policy Statement (SPS) for processing MFF²⁹ and to mitigate any future unanticipated adverse impact on the IPs/SECs, a SEC Planning Framework (SECPF) has been developed. Since no particular IP dominant area or SEC population was specifically identified as a subproject during the Program design stage (PPTA stage), no IP/SEC plan (SECP) could be prepared. However, a standard template of SECP has been attached with the framework (attachment 1), which would be used as a guideline throughout the program for preparing any location specific SECP, if ADB's safeguards requirement 2 for IP triggers for that area.

II. OBJECTIVES AND POLICY FRAMEWORK

B. Objective of the SECPF

6. The general objective of the SECPF of the Skills for Employment Investment Program is to ensure that the project process recognizes the community and individual needs of all ethnic minority (EM) groups and to equally ensure that, if any negative impacts occur, they are quickly identified and mitigation measures are immediately put in place.

C. Small Ethnic Communities' Planning Framework (SECPF)

7. The SECPF outlines the principles and methodology to design and implement the SEIP in a way that fosters full respect for Small Ethnic Communities' identity, dignity, human rights, livelihood systems, and cultural uniqueness as defined by the communities themselves so that they (i) receive culturally appropriate social and economic benefits, (ii) do not suffer adverse impacts as a result of the project, and (iii) can participate actively in the project that affect or would benefit them.

8. There are four main IP Safeguards components in the SEIP's SECPF:

- (i) Payment for SEC's common lands or customary used lands mainly in CHT to the legal owners of land taken for the Project to develop skill development facilities, if land is required during the detail project design.
- (ii) Targeted identification of such technical training centers where unskilled populations are from ethnic minority groups to create equal opportunity for them to integrate themselves with the mainstream economy of the country.
- (iii) Monitoring the need to provide targeted assistance to the trainees of small SEC groups, who are vulnerable for enhancement/ development of their skill.
- (iv) Raising awareness among GoB officials working in the areas SEC population and in the central administration in Dhaka on SEC issues, history, customs and nature of their vulnerabilities.

9. These components are very much consistent with ADB safeguard requirements. ADB's SPS 2009 recognizes the rights of the SECs to direct the course of their own development.

²⁹ ADB.2013. *Operation Manual section F1/OP*. Manila, para 45

SECs need special attention to receive benefit of development of a project planned and implemented by the people in the mainstream or dominant population in the country. Special efforts are required to engage the SECs in the planning stage of development programs that affect them, in particular, development programs that are supposedly designed to meet their specific needs and aspiration.

D. GoB Policy towards Small Ethnic Community (SEC) Population

10. Many of the laws that are related to the ownership of land and acquisition of land applicable to most of the areas of the country are also applicable for the plain land SEC/EM and non-ethnic minority people, including the *Code of Civil Procedure 1908*, the *East Bengal State Acquisition and Tenancy Act 1950*, and the *Land Acquisition Ordinance 1982*. However, these laws do not apply in Chittagong Hill Tracts (CHT), where a large proportion of SEC people lives. The *CHT Regulation of 1900* is the single most important law for the CHT. The Regulation functions in the nature of a constitutional legal instrument and vets the application of other laws that apply to CHT, among others, by specifying the nature and extent of application of those laws. Other special laws that apply to the CHT include the *CHT Land Acquisition Regulation 1958*, the *Hill District Councils Acts of 1989*, the *CHT Regional Council Act of 1998*, and the *CHT Land Disputes Resolution Commission Act of 2001*.

11. SEC's customary use of land in the CHT is not recognized by the Government and is considered as Unclassified Forest (UF), Village Common Forest (VCFs), and Government (*khas*) lands, although SECs' of the CHT have been using such lands from immemorial times as common or ancestry land of common use. As this project primarily is not aimed to acquire any land for the project purpose, acquisition of common ancestry land will not come in forth. However, if such situation arise during detail project design this document will serve the purpose of their safeguards.

1. ADB Indigenous Peoples Policy

12. The ADB's 2009 *Safeguard Policy Statement (SPS)* summarizes ADB's IP Safeguard Policy, as follows:

a. Objectives:

- To design and implement projects in a way that fosters full respect for Indigenous Peoples'/SECs' identity, dignity, human rights, livelihood systems, and cultural uniqueness as defined by the Indigenous Peoples themselves so that they
 - Receive culturally appropriate social and economic benefits,
 - Do not suffer adverse impacts as a result of projects, and
 - Can participate actively in projects that affect them.

b. Policy Principles:

- Screen early on to determine
 - Whether IPs are present in, or have collective attachment to, the project area; and
 - Whether project impacts on IPs are likely.
- Undertake a culturally appropriate and gender-sensitive social impact assessment or use similar methods to assess potential project impacts, both positive and adverse, on IPs. Give full consideration to options the affected IPs prefer in relation to the provision of project benefits and

the design of mitigation measures. Identify social and economic benefits for affected Indigenous Peoples that are culturally appropriate and gender and inter-generationally inclusive and develop measures to avoid, minimize, and/or mitigate adverse impacts on IPs.

- Undertake meaningful consultations with affected IP communities and concerned Indigenous Peoples organizations to solicit their participation

- In designing, implementing, and monitoring measures to avoid adverse impacts or, when avoidance is not possible, to minimize, mitigate, or compensate for such effects; and
 - In tailoring project benefits for affected IP communities in a culturally appropriate manner.

- To enhance Indigenous Peoples' active participation, projects affecting them will provide for culturally appropriate and gender inclusive capacity development. Establish a culturally appropriate and gender inclusive grievance mechanism to receive and facilitate resolution of the IP's concerns.

- Ascertain the consent of affected IP communities to the following project activities:

- Commercial development of the cultural resources and knowledge of IPs;
 - Physical displacement from traditional or customary lands; and
 - Commercial development of natural resources within customary lands under use that would impact the livelihoods or the cultural, ceremonial, or spiritual uses that define the identity and community of IPs. For the purposes of policy application, the consent of affected IP communities refers to a collective expression by the affected IP Peoples communities, through individuals and/or their recognized representatives, of broad community support for such project activities. Broad community support may exist even if some individuals or groups object to the project activities.

- Avoid, to the maximum extent possible, any restricted access to and physical displacement from protected areas and natural resources. Where avoidance is not possible, ensure that the affected IP communities participate in the design, implementation, and monitoring and evaluation of management arrangements for such areas and natural resources and that their benefits are equitably shared.

- Prepare an Indigenous Peoples Plan (IPP)/SECP that is based on the social impact assessment with the assistance of qualified and experienced experts and that draw on indigenous knowledge and participation by the affected IP communities. The IPP includes a framework for continued consultation with the affected and benefitted Indigenous Peoples communities during project implementation; specifies measures to ensure that Indigenous Peoples receive culturally appropriate benefits; identifies measures to avoid, minimize, mitigate, or compensate for any adverse project impacts; and includes culturally appropriate grievance procedures, monitoring and evaluation arrangements, and a budget and time-bound actions for implementing the planned measures.

- Disclose a draft IPP, including documentation of the consultation process and the results of the social impact assessment in a timely manner, before project appraisal, in an accessible place and in a form and language(s) understandable to affected Indigenous Peoples communities and other stakeholders. The final IPP and its updates will also be disclosed to the affected Indigenous Peoples communities and other stakeholders.

- Prepare an action plan for legal recognition of customary rights to lands and territories or ancestral domains when the project involves (i) activities that are contingent on establishing legally recognized rights to lands and territories that IPs have traditionally owned or customarily used or occupied, or (ii) involuntary acquisition of such lands.
- Monitor implementation of the IPP using qualified and experienced experts; adopt a participatory monitoring approach, wherever possible; and assess whether the IPP's objective and desired outcome have been achieved, taking into account the baseline conditions and the results of IPP monitoring. Disclose monitoring reports.

2. SEIP's SEC Policy

12. The SEIP's SEC policy will include full compensation³⁰ for SECs of CHT for acquiring 'Ancestral', 'Customary' or 'Common' lands under the *CHT Regulation of 1900*, recognizing both (i) titled land for SECs residing on or using common land and (ii) communal rights by SECs who have been living on common land with the recognition from Karbaris and Headmen. SECs in other parts of Bangladesh (other than CHT) will also be treated as vulnerable and eligible to get full benefit of any land disputed for 'Customary' or 'Ancestry' right and other assistance under the safeguard policy framework. In this respect, the ADB policy on Involuntary Resettlement (IR) and the IR framework of the Project produced under the policy will carry out this SECPF policy component.

13. The Project's IP policy will support a project design that prioritizes the SEC people's involvement in the project areas containing any SEC. This prioritization will be supported by extensive consultation with the authorities of the respective districts where presence of SEC is identified. Special attention will be paid so that enough number of populations from SECs receives skill training.

14. Finally, the Project will also undertake an inclusive skill development curriculum and other measures necessary for the relevant stakeholders on SEC safeguards as well as on customary land rights, ADB's IP safeguards and other relevant topics.

III. SMALL ETHNIC COMMUNITY PEOPLES IN BANGLADESH

15. Bangladesh is a rich mosaic of ethnic groups but outstandingly predominated by the plain land Bengalis. Here indigenous people (IP) are often referred to as *Adibashi*, Small Ethnic (SE) groups, Small Ethnic Communities (SEC), Hill People (HP) or *Paharis*, and Forest People (FP). In this document by Small Ethnic Communities (SEC) it is meant to those people who are small in numbers but possess distinct cultural heritages and life styles than that of the Bengalis, the main inhabitants of Bangladesh and who have been living in this region from the time immemorial and some of them are often called as the sons of the soil. Ethnic communities migrated from neighboring regions hundreds of years ago, when no state border was designated, are also included in this category. The Government is preferred to identify this diverse range of small communities as Small Ethnic Community.

16. In Bangladesh there were more than 400,000 ethnic households in 2004 and spread over in about 11,000 villages/wards and constituted about 1.5% percent of total population of the

³⁰ Subject to triggering of ADB policy on Involuntary Resettlement

country. These ethnic groups can be identified in a particular geographical area by the presence of the following traits/characteristics in a varying degree: (i) a close attachment to ancestral territories and natural resources in the area, (ii) language often different from the national language, (iii) presence of customs and primarily subsistence-oriented production, and most importantly (iv) self identification and identification of others as members of a distinct cultural group. In fact, social and cultural identity distinct from the dominant society makes them vulnerable to being disadvantaged in the development process (Rafi 2006).

17. On the other hand ethnic group has been identified as tribal group by Bangladesh Bureau of Statistics (BBS) and identified 30 tribal groups in Bangladesh in 1991 census (Latest available relevant data). They are from different ethnic communities and commonly identified as representatives of different tribes and the Bangladesh Population Census identified them as Tribal people. Distribution of different ethnic (tribal) population by division is shown in Table A16.1.

Table A16.1: Areas of Small Ethnic Community People (Tribal People) Concentration in Bangladesh³¹

| Sl. # | Areas of SEC Concentration | Predominant SECs | % National SECs | % of District Populations |
|---------------|--|---|-----------------|------------------------------------|
| Plains | | | | |
| 1 | Rajshahi Division, Naogaon, Dinajpur Rajshahi, Rangpur & Joypurhat Districts | Santal, Munda and Oraon | 36 | 4 |
| 2 | Sylhet Division, Maulavibazar and Hobigonj Districts | Khasia, Manipuri, Patro, Garo and Tripura | 8 | 3 |
| 3 | Madhupur Area of Dhaka Division | Garo/Mandi | 7 | 2 |
| 4 | Patuakhali (Barisal Division) and Cox' Bazar (Chittagong Division) | Rakahain | 6 | |
| 5 | Khulna Division, in <i>Sundarbans</i> | Munda | 2 | |
| Hills | | | | |
| 6 | CHT | Chakma, Marma&Tripura | 41 | 44 |
| Total | | | 100 | 1.5% of national population |

18. In terms of the place of residence, the ethnic groups can be grouped into two broad categories—those living in hills, predominantly reside in the Chittagong Hill Tract (CHT); and those living in plain lands. According to Statistical Year Book of Bangladesh (2008) about 41% of the total ethnic people of the country live in CHT in three districts namely Rangamati, Bandarban and Khagrachari. There is a high concentration of ethnic groups in North Bengal (Naogaon, Dinajpur, Rajshahi, Rangpur and Joypurhat districts of Rajshahi division) which covers about 36% of the ethnic population. Presence of 6 ethnic groups is identified in these areas dominated by Santals. This ethnic group population constitutes less than 4% of the total population of the respective districts. The zonal distribution of the remaining 23% SECs in 9

³¹ Formulated from Bangladesh Bureau of Statistics (BBS), 2001.

districts are also summarized in table 1(sl. 2-5). Distribution of ethnic population by percentage of the district population is shown in Figure A16.1.

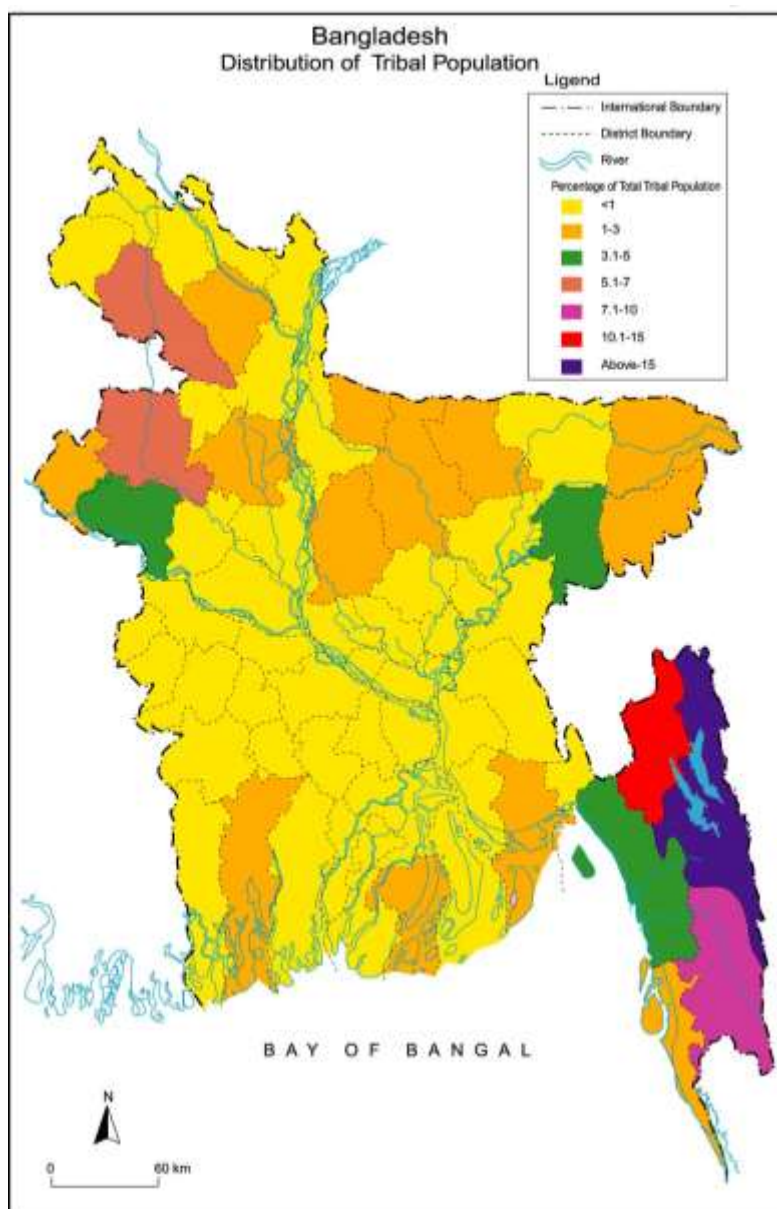


Figure A16.1: Map Showing Major SEC Concentrated Areas in Bangladesh

Potential Positive and Adverse Effects of the Project on Small Ethnic Communities

20. The project will have certain positive impacts and may induce negative impacts during detail project design stage on the SEC people. These are summarized as below:

- Unemployed or underemployed labor force from SEC/EM groups will have the opportunity to enhance their skills and increase their employability. This will help in reducing poverty of SEC households and help the community on a greater extent.
- Reduction of poverty of the SEC people will help them to get rid of their marginal condition and make them able to contribute in the mainstream economy.
- Potential lose of property and livelihood by the SEC for possible infrastructural development of the training centers sub-components of the SEIP during detail project design. However, possibility of such displacement is nominal as there is no land acquisition or large-scale infrastructure development component in the program.

IV. SOCIAL IMPACT ASSESSMENT AND SECP FOR SUBPROJECT AND/OR COMPONENTS

21. Category B projects for IP safeguards do not require any social impact assessment. However, if any of the future subprojects/ project components in the following tranches is likely to have significant impacts on IP/SECs, then the project would be re-categorized as A. In such case, the Skill Development Coordination and Monitoring Unit or Project Management Unit (SDCMU/PMU) or EA agency with the assistance from Environment and Social Safeguard Unit (ESSU), established before project planning and designing of next tranche of the project will conduct a Social Impact Assessment (SIA) and inventory of SECs in SEC inhabited areas shown in table-1 for (i) screening and classification; and (ii) preparation of an Small Ethnic Communities' Plan³² (SECP). The social impact assessment will discuss the following items:

- (i) Review the legal and institutional framework applicable to Small Ethnic Communities in project context.
- (ii) Provide baseline information on the demographic, social, cultural, and political characteristics of the affected Small Ethnic Communities; the land and territories that they have traditionally owned or customarily used or occupied; and the natural resources on which they depend, if such areas will come into purview of the project.
- (iii) Identify key project stakeholders and elaborate a culturally appropriate and gender-sensitive process for meaningful consultation with Small Ethnic Communities at each next tranche project preparation and implementation, taking the review and baseline information into account.
- (iv) Based on the meaningful consultation with the potentially affected Small Ethnic Communities assess the potential adverse and positive effects of the project. A gender-sensitive analysis of the relative vulnerability of, and risks to, the affected Small Ethnic Communities is critical to the determination of potential adverse impacts, given their particular circumstances and close ties to land and natural resources, as

³² ADB's Operation Manual (OM) Section F1/OP, page3: if any of the subprojects/ project components is likely to have significant impacts on Indigenous Peoples, the project is to be re-classified to category A, and an Indigenous Peoples Plan (IPP), including assessment of social impacts would be required.

well as their lack of access to opportunities relative to those available to other social groups in the communities, regions, or national societies in which they live.

- (v) Include a gender-sensitive assessment of the affected Small Ethnic Communities' perceptions about the project and its impact on their social, economic, and cultural status.
- (vi) Identify and recommend, based on meaningful consultation with the potentially affected Small Ethnic Communities, the measures necessary to avoid adverse effects or, if such measures are not possible, identifies measures to minimize, mitigate, and/or compensate for such effects and to ensure that the Small Ethnic Communities receive culturally appropriate benefits under the project.
- (vii) Conduct detail survey on the CBOs, NGOs and private sector training institutes which are operated or managed by the people of the SECs as well as also identify the people from SECs who are working the public or private sector training organizations to facilitate their possible deployment in the development of core or master trainers.
- (viii) Design special information dissemination programs for well informing the SECs about the skill development project and its benefits.

V. SMALL ETHNIC COMMUNITIES PLANNING FRAMEWORK

22. The SECPF will comprise a set of achievements to be obtained from within the Project Framework. These are represented by the following targets for all SECs in the country. Following criteria would be adopted for screening and selecting components, and/or subprojects:

- The populations from those areas where large concentration of SEC is present irrespective of hill and plain land will get preference in receiving project benefits. The areas are summarized in para 18 and table 1.
- In the training programs to be conducted in TTCs of 3 Hill Districts, more than 50% of the total trainees to be from the indigenous communities living in the adjacent areas.
- Project will ensure to accommodate all the applicants from the SECs in the skill development training in the SEC concentrated districts. In the course of development of trainers or master trainers, the project will also give enough opportunity to develop master trainers from SECs in the SEC concentrated areas.
- Project will ensure appropriate information dissemination measures in the SEC concentrated areas so that they will remain informed about this project, its objectives and its benefits in improving their living standard without encroaching their cultural heritage and customs.
- Community Organizations, NGOs and private sector training institutes owned and/or managed by the SECs from SEC concentrated districts will get preferential treatment in the selection procedures if they have equal infrastructure for providing skill training.
- Where SEC would be losing any ancestral/ customary/ common land for construction/development of training / resource centers during detail project design, should get full compensation for resettlement and rehabilitation.
- Living standard of the SEC will be improved by improved employment opportunities through enhancing access to skill training. Access to quality skill training would enhance their competencies and chances for higher employment opportunities, thus contributing towards poverty alleviation.

VI. CONSULTATION, PARTICIPATION AND DISCLOSURE

23. The SDCMU/PMU will conduct meaningful consultation with SECs, their communities

and civil society for every subproject/ project component identified as having involuntary resettlement impacts or other significant adverse impact on SECs during detail project design. Meaningful consultation will take place through a series of consultation all through the project cycle from inception to post project period that (i) begins early in the project preparation stage and is carried out on an ongoing basis throughout the project cycle; (ii) provides timely disclosure of relevant and adequate information that is understandable and readily accessible to SECs; (iii) is undertaken in an atmosphere free of intimidation or coercion; (iv) is gender inclusive and responsive, and tailored to the need of SECs and vulnerable groups; and (v) enables the incorporation of all relevant views of SECs and other stakeholders into decision making, such as project design, mitigation measures, the sharing of development benefits and opportunities, and implementation issues. Consultation will be carried out in a manner commensurate with the impacts on affected communities with assistance from the implementing NGOs³³ or Safeguard Specialist of ESSU. The PMU will continue to arrange public consultations, and take the following steps:

SDCMU will organize public meetings and will appraise the communities about the progress in the implementation of resettlement, social, environmental and SEC development activities (if applicable);

All monitoring and evaluation reports of the SECP of the project will be disclosed in the same manner as that of the Resettlement Plan (RP); and

Attempts will be made to ensure that vulnerable groups and SECs understand the process to take their specific needs into account.

Attempts will be made to ensure proper information about project benefits that are supposed to be incorporated in the project for SECs well being and their empowerment.

24. To provide for more transparency in planning and for further active involvement of Small Ethnic Communities and other stakeholders the project information will be disseminated through disclosure of SECPF documents. A summary SECPF/SECP will be translated and disclosed in publicly accessible locations shortly after government's endorsement of the draft documents. The PMU will keep the SECs informed about the impacts, the mitigation measures and assistances proposed for them and facilitate grievance redressed. The SECP/SECPF will also be made available at a convenient place of the SCE habitat districts or any other place deemed convenient to the SECs. A copy of the SECP/SECPF will be disclosed on the ADB website.

25. The EA will submit the following documents to ADB for disclosure on ADB's website:

The SECPF endorsed by the EA;

A updated SECPF, and a corrective plan prepared during project implementation, if any;

A new SECP, if any of the subprojects/ project components is likely to have significant impacts on Small Ethnic Communities, and the project is to be re-classified to category A; and

The SECPF monitoring reports.

VII. GRIEVANCE REDRESS MECHANISM

26. The project grievance redress mechanism (GRM) will be established to receive, evaluate and facilitate the resolution of affected SEC people's concern, complaints and grievances about the SECP/SECPF performances at the grass-root level of the project implementation, if SECP

³³ Need based, subject to requirement of SECP

policy triggers during the detail project design. The GRM will aim to provide a time-bound and transparent mechanism to voice and resolve SECs personal and community concerns linked to the project.

27. Grievance Redress Committee (GRCs) will be formed at each SECs habitat district level for any grievances involving resettlement benefits, mitigation of any adverse impact on the SECs people as individual or community, and other assistance as mentioned in SECP. The community leaders of the SEC and 1 female IP must be included in the GRC. A gazette notification on the formation and scope of the GRCs will be required from the EA.

28. The PMU shall make the SCE people aware of the GRM through public awareness campaigns. INGO will extend cooperation to the SECs to express their grievance by submitting complaints in writing to PMU³⁴. The project information brochure will include information on the GRM and shall widely disseminate throughout the project area by the safeguard officer in the PMU/ ESSU with support from the INGO.

VII. IMPLEMENTATION

29. A wide-range of interactive discussion process with potential beneficiaries from major ethnic minority groups will be conducted during project implementation of first and second tranche of the project. To make such process meaningful the quantitative component activities should be regarded as indicative. If safeguards requirement 3 of SPS triggers during detail project design and during implementation of later tranches, more elaborate discussion process should be carried out.

30. The annual operation plans will be fully discussed between the agencies engaged for training and the intended beneficiaries to establish local priorities and capture changes in community needs.

31. The overall responsibility for ensuring this participatory planning and review process is carried out, and monitoring of the expected achievements of the SECPF will rest with Project Management Unit (PMU). The agencies engaged for the individual components will be responsible for organizing and conducting the discussion meetings and workshops with beneficiaries and ensuring all the needs and concerns of major ethnic minorities are taken into accounts.

32. Through its consulting support the PMU will be responsible for planning the training of trainers and beneficiary training for the relevant stakeholders on SEC safeguards in particular on customary land rights, ADB's IP Safeguards and other relevant topics. For the master trainers, suitable local consulting firms/ safeguards specialists will be contracted who would carry out the training program of local non-governments (NGOs), participating government agencies, traditional governance leaders and local community groups.

³⁴ If SCEP is not required (see footnote3), Safeguard focal point at PMU will be in-charge.

VIII. MONITORING

33. The primary monitoring of the SECPF will be the responsibility of the PMU. The PMU has been provided with a Monitoring and Evaluation Officer and he/she will prepare progress reports on the achievements of SEC Safeguards compliances for the Government and the Bank. These will be reviewed as part of the project supervising process. The partner agencies will provide the PMU with details of ethnic groups involvement in their components and will be responsible for advising the PMU on any negative impacts from the project which may occur.

34. The PMU will use results of the Benchmark and Socioeconomic Survey to be undertaken at the beginning of the project to establish indicators for all project monitoring purposes prior to Project startup. In depth evaluations of the SECPF will be prepared as part of the major project reviews at the conclusion of tranche-1 and tranche-2.

35. EA will ensure that monitoring and evaluation procedures include indicators for monitoring impact on the Project's beneficiaries. PMU will provide ADB and other DPs with the following information for their review of performance and compliance with the SPS.

- Social safeguard screening: As and when requested, filled-out screening form for all contract packages included in the civil works program.
- Updates for Project review missions, which would include summary information on project components that have significant adverse impacts on SECs.
- Bi-Annual reports on compliance of safeguard requirements on SECs, if safeguard requirement triggers during detail project design.

IX. BUDGET AND FINANCING

35. All SEC development fund will be provided by the Government of Bangladesh, and all the mitigation measures will be taken before completion of the project for any negative impact that might take place during implementation of the project. The EA will be responsible for the timely allocation of the funds needed to implement the SECPF. All land acquisition related expenses, rehabilitation, training, consultation and administrative expenses, monitoring and consultation cost, mitigation of negative impacts and restoration cost will be considered as integral part of the project costs, if necessary.

References:

- BBS. 2008. Statistical Yearbook of Bangladesh. Dhaka: Bangladesh Bureau of Statistics.
- Gain.P. 2000. *The Chittagong Hill Tracts Life and Nature at Risk*. Edited by Philip Gain. Dhaka: SEHD.
- Rafi. M. 2006. *Small Ethnic Groups of Bangladesh A Mapping Exercise*. Dhaka: BRAC.

ATTACHMENT 1: OUTLINE OF AN INDIGENOUS PEOPLES /SEC PLAN

This outline is part of the Safeguard Requirements 3. An Indigenous Peoples plan (IPP) is required for all projects with impacts on Indigenous Peoples. Its level of detail and comprehensiveness is commensurate with the significance of potential impacts on Indigenous Peoples. The substantive aspects of this outline will guide the preparation of IPPs, although not necessarily in the order shown.

A. Executive Summary of the Indigenous Peoples Plan

This section concisely describes the critical facts, significant findings, and recommended actions.

B. Description of the Project

This section provides a general description of the project; discusses project components and activities that may bring impacts on Indigenous Peoples; and identify project area.

C. Social Impact Assessment

This section:

- (i) reviews the legal and institutional framework applicable to Indigenous Peoples in project context.
- (ii) provides baseline information on the demographic, social, cultural, and political characteristics of the affected Indigenous Peoples communities; the land and territories that they have traditionally owned or customarily used or occupied; and the natural resources on which they depend.
- (iii) identifies key project stakeholders and elaborate a culturally appropriate and gender-sensitive process for meaningful consultation with Indigenous Peoples at each stage of project preparation and implementation, taking the review and baseline information into account.
- (iv) assesses, based on meaningful consultation with the affected Indigenous Peoples communities, the potential adverse and positive effects of the project. Critical to the determination of potential adverse impacts is a gender-sensitive analysis of the relative vulnerability of, and risks to, the affected Indigenous Peoples communities given their particular circumstances and close ties to land and natural resources, as well as their lack of access to opportunities relative to those available to other social groups in the communities, regions, or national societies in which they live.
- (v) includes a gender-sensitive assessment of the affected Indigenous Peoples' perceptions about the project and its impact on their social, economic, and cultural status.
- (vi) identifies and recommends, based on meaningful consultation with the affected Indigenous Peoples communities, the measures necessary to avoid adverse effects or, if such measures are not possible, identifies measures to minimize, mitigate, and/or compensate for such effects and to ensure that the Indigenous Peoples receive culturally appropriate benefits under the project.

D. Information Disclosure, Consultation and Participation

This section:

- (i) describes the information disclosure, consultation and participation process with the affected Indigenous Peoples communities that was carried out during project preparation;
- (ii) summarizes their comments on the results of the social impact assessment and identifies concerns raised during consultation and how these have been addressed in project design;
- (iii) in the case of project activities requiring broad community support, documents the process and outcome of consultations with affected Indigenous Peoples communities and any agreement resulting from such consultations for the project activities and safeguard measures addressing the impacts of such activities;
- (iv) describes consultation and participation mechanisms to be used during implementation to ensure Indigenous Peoples participation during implementation; and
- (v) confirms disclosure of the draft and final IPP to the affected Indigenous Peoples communities.

E. Beneficial Measures

This section specifies the measures to ensure that the Indigenous Peoples receive social and economic benefits that are culturally appropriate, and gender responsive.

F. Mitigative Measures

This section specifies the measures to avoid adverse impacts on Indigenous Peoples; and where the avoidance is impossible, specifies the measures to minimize, mitigate and compensate for identified unavoidable adverse impacts for each affected Indigenous Peoples groups.

G. Capacity Building

This section provides measures to strengthen the social, legal, and technical capabilities of (a) government institutions to address Indigenous Peoples issues in the project area; and (b) Indigenous Peoples organizations in the project area to enable them to represent the affected Indigenous Peoples more effectively.

H. Grievance Redress Mechanism

This section describes the procedures to redress grievances by affected Indigenous Peoples communities. It also explains how the procedures are accessible to Indigenous Peoples and culturally appropriate and gender sensitive.

i. Monitoring, Reporting and Evaluation

This section describes the mechanisms and benchmarks appropriate to the project for monitoring, and evaluating the implementation of the IPP. It also specifies arrangements for participation of affected Indigenous Peoples in the preparation and validation of monitoring, and evaluation reports.

J. Institutional Arrangement

This section describes institutional arrangement responsibilities and mechanisms for carrying out the various measures of the IPP. It also describes the process of including relevant local organizations and NGOs in carrying out the measures of the IPP.

K. Budget and Financing

This section provides an itemized budget for all activities described in the IPP.

Resettlement Framework

April 2014

BAN: MFF Skills for Employment Investment Program (SEIP)

Prepared by the Finance Division under the Ministry of Finance for the Asian Development Bank.

This resettlement framework is a document of the borrower. The views expressed herein do not necessarily represent those of ADB's Board of Directors, Management, or staff, and may be preliminary in nature.

In preparing any country program or strategy, financing any project, or by making any designation of or reference to a particular territory or geographic area in this document, the Asian Development Bank does not intend to make any judgments as to the legal or other status of any territory or area.

ABBREVIATIONS

| | |
|-------|---|
| ADB | Asian Development Bank |
| AP | Affected Person |
| ARIPO | Acquisition and Requisition of Immovable Property Ordinance |
| CCL | Cash Compensation under Law |
| CHT | Chittagong Hill Tracts |
| DC | Deputy Commissioner |
| DD | Detail Design |
| EA | Executing Agency |
| EM | Ethnic Minority |
| EP | Entitled Person |
| ESSU | Environmental & Social Safeguard Unit |
| FGD | Focus Group Discussion |
| GAP | Gender Action Plan |
| GoB | Government of Bangladesh |
| GRC | Grievance Redress Committee |
| GRM | Grievance Redress Mechanism |
| HH | Household |
| IA | Implementing Agency |
| ID | Identification |
| IGA | Income Generation Activities |
| IGP | Income Generation Program |
| INGO | Implementing NGO |
| IR | Involuntary Resettlement |
| JVT | Joint Verification Team |
| JVS | Joint Verification Survey |
| LAO | District Land Administration Officer |
| LMS | Land Market Survey |
| MARV | Maximum Allowable Replacement Value |
| MIS | Management Information System |
| M & E | Monitoring and Evaluation |
| MOE | Ministry of Education |
| MOL | Ministry of Land |
| MV | Market Value |
| NGO | Non Government Organization |
| NPRR | National Policy on Resettlement and Rehabilitation |
| PAP | Project Affected Persons |
| PD | Project Director |
| PIA | Project Implementing Agency |
| PIC | Project Implementation Consultants |
| PCU | Project Coordination Unit |
| PMU | Project Management Unit |
| PVAT | Property Valuation Assessment Team |
| PSC | Project Steering Committee |
| RB | Requiring Body |
| RF | Resettlement Framework |
| RO | Resettlement Officer |
| RP | Resettlement Plan |
| RS | Resettlement Specialist |
| RV | Replacement Value |

| | |
|-------|---|
| SAP | Severely Affected Person |
| SC | Steering Committee |
| SDCMU | Skills Development Coordination and Monitoring Unit |
| SDIC | Skill Development Implementation Unit |
| SES | Socioeconomic Survey |
| SPS | Safeguards Policy Statement |
| SSO | Social Safeguard Officer |
| TA | Technical Assistance |
| TBD | To be Determined |
| TVS | Tree Valuation Survey |
| TOR | Terms of Reference |

GLOSSARY

| | |
|--|--|
| Affected Person (AP) | Any juridical person, be it an individual, a household, a firm or a private or public, who on account of the execution of a project, or any of its components or subprojects or parts would have their (i) right, title or interest in any house, land (including residential, agricultural, and grazing land) or any other fixed or moveable asset acquired or possessed, in full or in part, permanently or temporarily; or (ii) business, occupation, work, place of residence or habitat adversely affected; or (iii) standard of living adversely affected. |
| Cash Compensation under Law (CCL) | CCL comprises all land acquisition compensation under The Acquisition and Requisition of Immovable Property Ordinance 1982. The Project, to meet the Asian Development Bank's (ADB's) Policy on Involuntary Resettlement, also provides Project resettlement grants in addition to CCL |
| Compensation | Payment in cash or in kind to replace losses of land, housing, income, and other assets caused by a project |
| Entitled Person | An entitled person (EP) is one who has lost his/her assets or income directly/indirectly due to the Project intervention and is eligible to receive compensation from the DC office and/or cash grant from Directorate of Secondary and Higher Education (EA) |
| Household (HH) | A household includes all persons living and eating together (sharing the same kitchen and cooking food together as a single-family unit). |
| Informal Settlers | Also called <i>Uthulies</i> , i.e., HHs living on others' land with permission. |
| Land Acquisition | The process whereby a person is compelled by a public agency to alienate all or part of the land he/she owns or possesses, to the ownership and possession of that agency, for public purpose in return for fair compensation. |
| Resettlement Framework (RF) | Adopted at the time of the Loan Agreement, the RF lays out the policy, principles, procedures and entitlements, as well as the institutional responsibilities to be followed in preparing subproject RPs under the Loan. |
| Resettlement Plan (RP) | A time-bound action plan with budget setting out resettlement strategy, objectives, entitlements, actions, responsibilities, monitoring and evaluation. |
| Rehabilitation | The process to restore income earning capacity, production levels, and living standards in a longer term. Rehabilitation measures are provided in the Entitlement Matrix as an integral part of the entitlements. |
| Relocation | The physical relocation of an affected person from his/her pre project place of residence. |
| Replacement Cost | The cost of replacing lost assets and incomes, including cost of transactions. |

**Severely
Affected Person
(SAP)
Vulnerable
Households**

A person who will (i) lose more than 10% of total agriculture/aquaculture land holding, and/or (ii) relocate, and/or (iii) lose more than 10% of total income sources due to a project.

For this Project, vulnerable groups are defined as APs who suffer more - economically and socially - from relocation than other affected population. Based on past experiences from similar Projects, the vulnerable groups include (i) women-headed HHs; (ii) landless HHs (those without agricultural land, and depend largely on day labor for survival); (iii) disabled HHs heads; (iv) HHs having residual agricultural land less than 1 acre or losing more than 10% of their income from agriculture due to acquisition; and those APs who have gone below the poverty line due to the subproject.

I. INTRODUCTION

A. Project Description

13. The Skill for Employment Program or SEIP (the project) will support the Bangladesh Government's plan to arrange a system for supplying sufficient skilled manpower to priority economic growth sectors by 2021. While the ultimate aim is to ensure increased income and productivity of the working age population 15 years and above, the project will pursue comprehensive policy, institutional, and structural developments required for sustainable process of skill development facilities all over Bangladesh. The project endeavors to achieve four outputs: (i) market responsive inclusive skills training; (ii) strengthened quality assurance system; (iii) strengthened skills development systems and institutions; and (iv) effective program management.

14. The project will support implementation of agreed policies; upgrading the training facilities selected public training institutions; upgrading equipment of selected public and private training institutions; strengthening quality assurance system including strengthening assessment and certification system and capacity development measures of the public and private organization as well as to help establish a National Human Resource Development Fund to engage public and private training institutions.

B. Purpose of this Resettlement Framework

15. This is the Resettlement Framework (RF) prepared for the approval of the above Multitranchise Financial Facility (MFF), and to guide resettlement planning activities for the unanticipated civil works interventions, to be finalized after ADB's Board approval of the project. The RF will also facilitate compliance with the Safeguard Requirements 2 and 4 of ADB's Safeguards Policy Statement (SPS) 2009.

C. Categorization: Involuntary Resettlement (IR) Impacts

16. Tranche 1 of the project has been classified as Category C for Involuntary Resettlement. Some infrastructure development activities may take place in Tranche 2 and Tranche 3. However, as the specific locations of such infrastructure development are not expected to be finalized by the Board consideration date, this RF has been prepared to guide the subproject selection, screening and categorization, social impact assessment, and preparation and implementation of resettlement plans of subprojects (if ADB's IR policy is triggered), and to facilitate compliance with the requirements specified in Safeguard Requirements 2 and 4 of SPS. The classification is an ongoing process to be confirmed by ADB during detailed design and implementation. As this project is going to upgrade some existing public training institution in different areas of Bangladesh and for disadvantaged groups, including ethnic minorities in different parts of the country, it is understood that some indigenous people from different parts of the country will be the stakeholders of this project. To meet the safeguards requirement of the bank (SPS 2009) a Small Ethnic Communities' Planning Framework (SECPF) has also been prepared in addition to this document.

D. Potential Land Acquisition and Resettlement Impacts

17. Although Project 1 under the MFF does not have any IR impact due to minor civil works activities, table 1 provides an overview of the project components covered under this RF and the potential land acquisition and resettlement impacts for the following tranches. The application of this RF shall be specific to the small scale renovation/development works on the existing public training institutions which would be finalized during the detailed design (DD) and implementation stage of the project.

Table A17.1: Description of Component

| SI No | Name of the component | Impact on Land Acquisition | Impacts on non-titleholders | Description |
|-------|---|--|-----------------------------|--|
| 01 | Small scale renovation works during tranches 2 and 3. | Expected to be minimum. To be determined (TBD) | TBD | This component will include small scale renovation and development works in existing public training institutions including (i) training rooms, (ii) workshops; (iii) accommodation facilities, (iv) storage, and (v) others |

II. OBJECTIVES, POLICY FRAMEWORK AND ENTITLEMENTS

A. Objective

18. The basic objectives of the RF are to: (i) guide the Executing Agency (EA), at the first stage Finance Division, and at the later stage, the Implementing Agency (IA), in properly compensating Project Affected Persons (PAPs); (ii) serve as the binding document to ensure that APs will be assisted and paid compensation; and (iii) provide direction in preparing, implementing and monitoring of the Resettlement Plans (RP)³⁵. The EA and the IA will be responsible for ensuring the preparation and implementation of RPs consistent with this RF. The RF is a formally agreed document between the Government of Bangladesh (GoB) and ADB. No changes shall be made to the RF without prior consent from ADB.

19. The Involuntary Resettlement Framework (IRF) is prepared based on applicable legal and policy frameworks of the GoB namely Acquisition and Requisition of Immovable Property Ordinance (ARIPO) 1982, and ADB's Safeguards Policy Statement (SPS, 2009).

B. GoB Legal Framework for Land Acquisition

20. The current legislations governing land acquisition for Bangladesh is the ARIPO of 1982 and its subsequent amendments during 1993-1994. The Ordinance requires that compensation be paid for: (i) land and assets permanently acquired (including standing crops, trees, houses); and (ii) any other damages caused by such acquisition.

21. The Deputy Commissioner (DC) determines the market price of assets based on the approved procedure and in addition to that pays an additional 50 percent on the assessed value as the market price established by Land Acquisition Officer (LAO). This total cash compensation package generally remains much below the replacement value at market price. The Ordinance, however, does not cover project-affected persons without titles of ownership record, such as informal settler/squatters, occupiers, and informal tenants and lease-holders, and does not ensure replacement value of the property acquired. The act has no provision of resettlement assistance and transitional allowances for restoration of livelihoods of the non-titled affected persons. The ARIPO (1982) will be applied for this project including its subsequent amendments.

³⁵ RP would be prepared if any of the subprojects includes IR impacts that are not deemed significant. The IR impacts of an ADB-supported project are considered significant if 200 or more persons will experience major impacts, which are defined as (i) being physically displaced from housing, or (ii) losing 10% or more of their productive assets (income generating).

C. ADB's Involuntary Resettlement Policy

22. The ADB's SPS 2009 summarizes Involuntary Resettlement Safeguards, as follows:

23. **Objectives:** To avoid involuntary resettlement wherever possible; to minimize involuntary resettlement by exploring project and design alternatives; to enhance, or at least restore, the livelihoods of all displaced persons in real terms relative to pre-project levels; and to improve the standards of living of the displaced poor and other vulnerable groups.

24. **Scope and Triggers:** The involuntary resettlement safeguards covers physical displacement (relocation, loss of residential land, or loss of shelter) and economic displacement (loss of land, assets, access to assets, income sources, or means of livelihoods) as a result of (i) Involuntary acquisition of land, or (ii) Involuntary restrictions on land use or on access to legally designated parks and protected areas. It covers them whether such losses and involuntary restrictions are full or partial, permanent or temporary.

25. **Policy Principles:**

- Screen the project early on to identify past, present, and future involuntary resettlement impacts and risks. Determine the scope of resettlement planning through a survey and/or census of displaced persons, including a gender analysis, specifically related to resettlement impacts and risks.
- Carry out meaningful consultations with affected persons, host communities, and concerned non-government organizations.
- Improve, or at least restore, the livelihoods of all displaced persons through: (i) Land-based resettlement strategies where possible or cash compensation at replacement value for land, (ii) Prompt replacement of assets with access to assets of equal or higher value, (iii) Prompt compensation at full replacement cost for assets that cannot be restored, and (iv) additional revenues and services through benefit sharing schemes.
- Provide physically and economically displaced persons with needed assistance, including : (i) secured tenure to relocation land, better housing at resettlement sites, integration of resettled persons economically and socially into their host communities, and extension of project benefits to host communities, (ii) Transitional support and development assistance; and (iii) Civic infrastructure and community services, as required.
- Improve the standards of living of the displaced poor and other vulnerable groups, including women, to at least national minimum standards.
- Develop procedures in a transparent, consistent, and equitable manner if land acquisition is through negotiated settlement to ensure that those people who enter into negotiated settlements will maintain the same or better income and livelihood status.
- Ensure that displaced persons without titles to land or any recognizable legal rights to land are eligible for resettlement assistance and compensation for loss of non-land assets.

- Prepare a resettlement plan elaborating on displaced persons' entitlements, the income and livelihood restoration strategy, institutional arrangements, monitoring and reporting framework, budget, and time-bound implementation schedule.
- Disclose the draft resettlement plan, including documentation of the consultation process in a timely manner, before project appraisal, in an accessible place and a form and language(s) understandable to affected persons and other stakeholders. Disclose the final resettlement plan and its updates to affected persons and other stakeholders.
- Conceive and execute involuntary resettlement as part of a development project or program. Include the full costs of resettlement in the presentation of project's costs and benefits.
- Pay compensation and provide other resettlement entitlements before physical or economic displacement. Implement the resettlement plan under close supervision throughout project implementation.
- Monitor and assess resettlement outcomes, their impacts on the standards of living of displaced persons, and whether the objectives of the resettlement plan have been achieved by taking into account the baseline conditions and the results of resettlement monitoring. Disclose monitoring reports

2. Project's Policy for RF

26. In the absence of an approved Government policy consistent with the ADB's 2009 SPS, this Project-specific RF has been prepared, which would be applied to all subprojects/ civil works components under the Project triggering IR safeguards to be prepared and approved. This will ensure that APs impacted by land acquisition, whether it is owned land or occupied through formal or informal agreement or without any title or agreement, will be eligible for appropriate compensation covering replacement value of their assets.

16. The RF reflects the Government land acquisition laws/regulations as well as the ADB's involuntary resettlement safeguards policy. The RF stipulates eligibility and provisions for all types of losses, including land (Land in this Project, IP Common Land), crops, trees, fisheries and fish ponds, structures, business, employment (workdays and wages) and social infrastructure. Table A17.2 illustrates types of losses usually identified in any project and eligibility for compensation to the PAP under the 2 policies namely GoB, and ADB, and the policy gaps minimized under the Project.

Table A17.2: Types of Losses Eligible for Compensation under ARIPO/GoB Ordinance (1982), ADB Policy, and applicable in SEIP

| SI No | Types of Losses/Assistance Eligible for Compensation | GOB Ordinance | ADB Policy | SEIP |
|-------|---|---------------|------------|----------|
| 1 | Loss of land by titled owners, replacement value (RV)/ cash compensation under law (CCL) | Yes (CCL) | Yes (RV) | Yes (RV) |
| 2 | Loss of land by customary land owners (EMP) | No | Yes (RV) | Yes (RV) |
| 3 | Loss of property on titled land | Yes (CCL) | Yes (RV) | Yes (RV) |
| 4 | Loss of house or other build structures on owned land | Yes (CCL) | Yes (RV) | Yes (RV) |
| 5 | Loss of crops | Yes (CCL) | Yes (RV) | Yes (RV) |
| 6 | Loss of trees, perennials and ponds | Yes (CCL) | Yes (RV) | Yes (RV) |
| 7 | Loss of house or other build structures on others land | No | Yes | Yes |
| 8 | Loss of property on land without title | No | Yes | Yes |
| 9 | Taking out salvage materials free of cost | No | Yes | Yes |
| 10 | Shifting cost for relocation | No | Yes | Yes |
| 11 | Loss of workdays, income, employment (i.e. wage, labor) due to dislocation and relocation, loss of access to work | No | Yes | Yes |
| 12 | Assistance to improve or at least restore former living standards, income and productive level | No | Yes | Yes |
| 13 | Especially income restoration assistance to women/vulnerable people | No | Yes | Yes |
| 14 | Assistance for restoration of community land/forest/facilities | No | Yes | Yes |

17. ADB policy requires that PAPs and affected communities will be compensated and assisted through replacement of acquired land, property, housing, infrastructure, resources, income sources, and services, in cash or kind, so that their economic and social circumstances will be at least restored to the pre-project level. All compensation is based on the principle of replacement cost as guided by the ADB's SPS.

18. This RF not only ensures the compensation of persons affected by land acquisition as mentioned in para 14, but also covers the persons having no legal title but using the land for compensation and resettlement benefits for structures. Compensation will also be extended to all APs for loss of any asset including structures, trees, plants or crops. The RF also endorses an income restoration strategy for Vulnerable APs. In addition to cash assistance, the RF will include opportunities for Income Generation Activities (IGAs) for Severely Affected Persons' income restoration.

19. If any of the subprojects anticipate significant IR impacts, the subproject's resettlement planning and implementation will be carried out in full consultation with the APs, and all efforts will be made to minimize disruption during Project implementation. AP's preferences will be

taken into account in the selection of alternative relocation sites (if any). Once the details of subproject works have been identified, a census will be conducted keeping strict adherence with the cut-off date as described in para 20.

3. Eligibility and Entitlements

a. Eligibility

20. All APs who are identified in the project-impacted areas on the cut-off date will be entitled to compensation for their affected asset, and rehabilitation measures sufficient to assist them to improve or at least maintain their pre-project living standards, income-earning capacity and production levels. Those who would encroach into the subproject area after the cut-off date will not be entitled for compensation or any other assistance. The Skill Development and Coordination Unit (SDCMU) will take video and photographs to ensure documentation of entitled persons on or before the cut-off date. The cut-off date shall be as follows:

(i) Titleholders, the cut-off date for compensation under law (Ordinance II of 1982 with amendments) is the date of service of public notice under section 3, or the date of joint verification by the Joint Verification Team (JVT) comprising Deputy Commissioner (DC) of respective district and representative of the EA, whichever is earlier (the legal cut-off date).

(ii) Non-titleholders, the date of census survey and inventory of losses conducted by the INGO³⁶ or SDCMU on completion of the detailed designs will be considered “cut-off” date for eligibility for any non-titled persons impacted.

b. Entitlements

21. An Entitlement Matrix has been prepared on the basis of experience in other ADB assisted projects in district headquarters, currently known impacts (Table 3). If new impacts are identified later during preparation of RPs for future subprojects then such losses will be included in the entitlement matrix and the RP will be the revised appropriately.

³⁶ Implementing NGO, engagement is subject to provision in the scope of the project

Table A17.3: Compensation and Entitlement Matrix Covering All Types of Losses

| Item No. | Type of loss | Entitled Persons (Beneficiaries) | Entitlement (Compensation Package) | Implementation issues/Guidelines | Organization Responsible |
|----------|---|---|---|--|--|
| 1 | Loss of agricultural land, pond, ditches and orchards etc. | Legal owner(s) of land | i. Replacement value of land [Cash Compensation under Law (CCL) and additional grant to cover the market value of land as MARV] at market price to be determined by Property Valuation Assessment Team (PVAT). ii. Refund of stamp duty & registration cost incurred for replacement land purchase at the replacement value. | a. Assessment of quantity and quality of land by Joint Verification Survey (JVS) b. Assessment of CCL c. Assessment of Market Value by Land Market Survey (LMS) d. Updating of title of the affected persons e. Payment of CCL f. PAPs will be fully informed of the entitlements and procedures regarding payments g. Additional cash grant to be paid to cover the current market price of land compensation based on average annual value collected from Sub-register office. h. Stamp duty and registration fees will be due to an Entitled Person (EP) in case of land is purchased within one year from the date of receiving full compensation for land. | a. DC/JVT b. PVAT c. DC d. PVAT e. DC/LAO/PIA f. DC/PIA g. DC/PIA h. EA/PIA |
| 2 | Loss of access to cultivable land by owner cultivator/tenant/ share cropper | Tenants/share cropper/ Legal owner/socially recognized owner/ lessee/ unauthorized occupant of land | i. Compensation for standing crops to owner cultivator/ sharecroppers or lessees as determined by PVAT. ii. Cash grant equivalent to 1 year income from land for titled/ non-titled lease holders or users as determined by PVAT. iii. Owner to take away the crop | a. All the individuals identified by the JVS as tenants of sharecroppers of land b. Grant to be paid after taking possession of land and the legal/socially recognized owner is paid CCL for land and on certification of receipt by legal/socially recognized owner c. Additional cash grant to cover current market value of crop compensation as prescribed by PVAT in case of private owner himself cultivating crop d. Crop compensation and the crop will be shared between owner and sharecropper as per terms of sharecropping in case of privately owned land/socially recognized owner e. In case of dispute over verbal agreement | a. DC/JVT/PVAT b. DC c. EA/INGO d. EA/ INGO e. EA/ GRC/ INGO |

| Item No. | Type of loss | Entitled Persons (Beneficiaries) | Entitlement (Compensation Package) | Implementation issues/Guidelines | Organization Responsible |
|----------|---|---|---|---|--|
| | | | | on sharecropping, certification from the elected representative will be considered as legal document | |
| 3 | Loss of homestead/ residential/ commercial/ CPR plots by owners/Authorities | Legal owner(s) of the land | <ul style="list-style-type: none"> i. Replacement value of land (CCL plus 50% premium as per law and additional grant to cover the market value of land as MARV) at market price to be determined by PVAT. ii. Refund of stamp duty & registration cost incurred for replacement land purchase at the replacement value iii. Relocation facilities at Resettlement Village to be provided by EA iv. 25 % above the MARV for developing the land at the place of new establishment | <ul style="list-style-type: none"> a. Assessment of quantity and quality of land by JVS b. Assessment of Cash Compensation under Law (CCL) c. Assessment of Market Value by Land Market Survey (LMS) d. Updating of title of the affected persons e. Payment of CCL plus 50% premium f. PAPs will be fully informed of the entitlements and procedures regarding payments g. Additional cash grant to be paid to authorized member of the management committee cover the current market price of land/crop compensation based on average annual value as approved by Ministry h. Stamp duty and registration fees will be due to an EP in case of land is purchased within one year from the date of receiving full compensation money against land | <ul style="list-style-type: none"> a. DC/JVT/ PVAT b. DC c. PVAT d. DC/ LAO/ SDCMU e. DC/PIA f. DC/PIA g. EA/NGO h. EA/SDCMU |
| 4 | Loss of Trees/ Perennials/ fish stocks | <ul style="list-style-type: none"> i. Person with legal ownership of the land ii. Socially recognized owner/ unauthorized occupant of the trees/ fishes | <ul style="list-style-type: none"> i. Cash compensation at market rates for replacement of trees/ perennials/ fish stocks value ii. For fruit bearing trees- compensation for fruits @ 30% of timber value X 1 year, and for perennials- compensation for fruits @ 30% of timber value X 3 years iii. Compensation for fish stocks as determined by PVAT iv. 5 saplings will be distributed among each affected household | <ul style="list-style-type: none"> a. Assessment of loss and market value of affected trees b. Payment of CCL for trees c. Adequate compensation will be paid and the owner will be allowed to fell and take the tree free of cost. d. Cost of seedlings and value of yearly production of fruits will be determined by PVAT | <ul style="list-style-type: none"> a. DC/ JVT/ PVAT b. DC c. EA/SDCMU d. EA/SDCMU |

| Item No. | Type of loss | Entitled Persons (Beneficiaries) | Entitlement (Compensation Package) | Implementation issues/Guidelines | Organization Responsible |
|----------|---|--|--|--|---|
| | | | v. Owners will be allowed to cut and take away their trees, perennial crops/ fishes etc. free of cost without delaying the project works. | | |
| 5 | Loss of residential /commercial structure by owner(s) | Legal Title holder(s) of structures | i. Replacement value of structure at market price determined by PVAT. ii. Transfer grant @ Tk.12.50% of the replacement value of structure assessed by PVAT. iii. Reconstruction grant @ Tk.12.50 % of the replacement value of structure assessed by PVAT. iv. Utility services loss grant @ 5% of PVAT amount (electricity, gas, water supply etc.). v. Owners to take away all salvage materials free of cost. | a. Verification of Joint Verification Survey (JVS) and other records b. PAPs will be fully informed about their entitlements and assisted to obtaining it c. The affected households will be relocated in resettlement site, if at all provided by EA d. Payment of Structure Transfer and Reconstruction Grant e. For any new construction electricity, gas, water supply etc. to be develop | a. DC/JVT b. EA/PIA c. EA/PIA d. EA/PIA e. EA/PIA |
| 6 | Loss of residential /commercial structure by squatters and unauthorized occupants | Informal settlers / squatters / non-tilted PAPs occupying public land without title/ or squatting on Govt land | i. Replacement value of structure at market price determined by PVAT. ii. Transfer grant @ Tk.12.50% of the replacement value of structure assessed by PVAT. iii. Reconstruction grant @ Tk.12.50% of the replacement value of structure assessed by PVAT. iv. Owners to take away all salvage materials free of cost without delaying the project work v. Relocation of the affected households in resettlement sites | a. Verification of JVS and PVAT data. b. Option of relocation of the affected households in resettlement site to be provided by EA @ gross 2.5 decimal plot per Households in the name of husband and wife where applicable (if resettlement site is developed). c. They will be treated as Vulnerable PAPs, and will be given a grant of an amount of Tk. 10,000 to each PAH. d. For any new construction electricity, gas, water supply etc. to be developed. | a. EA/PIA b. EA/PIA c. EA/PIA d. EA/PIA |

| Item No. | Type of loss | Entitled Persons (Beneficiaries) | Entitlement (Compensation Package) | Implementation issues/Guidelines | Organization Responsible |
|----------|---|--|--|--|--|
| | | | if at all provided by EA vi. Utility services loss grant @ 5% of PVAT amount (electricity, gas, water supply etc.). | | |
| 7 | Loss of access to Residential houses/ commercial structures (Owners/rented or r leased) | Owners of rented out and tenants of rented in properties | i. One time cash grant to owners for facilitating alternative housing/CBEs equivalent of two month rent value with minimum Tk 5,000 per household or entity ii. Shifting allowance per household based on family members @ Tk. 500 per member with minimum Tk. 2,000 and maximum Tk. 4,000 per household: for tenants | a. Verification of JVS and records. b. Shifting allowance will be paid on relocation from project site. | a. EA/PIA b. EA/PIA |
| 8 | Loss of business by the business as CBEs due to dislocation | Owner/operator of the business as recorded by JVS | i. Business restoration grant to be determined by JVT/PVAT subject to minimum of Tk. 50,000 and maximum of Tk. 2,00,000 per unit for medium BEs and Tk. 25,000 to Tk. 50,000.00 per unit for small BEs. Other parameters will be determined by JVT/PVAT to define medium and small BEs | a. All persons recorded by the JVS b. Cash grant to be paid while taking possession of land | a. EA/PIA b. EA/PIA |
| 9 | Loss of Income and work days due to displacement | Employees/Daily wage earners identified by the Joint Verification Team (JVT) | i. Cash grant to the affected employees/wage earners equivalent to 90 days wage @ Tk. 300 for unskilled and Tk. 500 for skilled laborers ii. Preferential employment in the project construction work, if available | b. All persons recorded by the JVS c. Cash grant to be paid while taking possession d. Involvement of the incumbents in project civil works e. Involvement in job/ fish culture / livestock and poultry/ horticulture/ welding/ mechanics/ plant cultivation/ social forestry on road side land | a. EA/PIA b. EA/PIA c. EA/PIA d. EA/PIA |
| 10 | Poor and vulnerable households | Poor and vulnerable households including informal settler, squatters /women | i. Additional cash grant of Tk. 15,000 for affected women headed households and Tk. 10,000 for other vulnerable households | a. Identification of Vulnerable households as per guide line b. Income restoration schemes as outlined separately for vulnerable households | a. PIA b. PIA c. EA/PIA |

| Item No. | Type of loss | Entitled Persons (Beneficiaries) | Entitlement (Compensation Package) | Implementation issues/Guidelines | Organization Responsible |
|----------|---|---|--|--|---|
| | | headed household without elderly son/ non-titled PAPs identified by JVT | ii. For training Tk.10,000 per PAP nominated by PAH for income generation activity | c. Arrange training on income generating activities | |
| 11 | Displacement of community structure (CPR) | Community structure representative as identified by the JVT | i. Replacement value of structure at market price determined by PVAT. ii. Replacement value of structure at market price determined by PVAT iii. Transfer grant @ Tk.12.50% of the replacement value of structure assessed by PVAT iv. Reconstruction grant @ Tk.12.50% of the replacement value of structure assessed by PVAT v. Utility services loss grant @ 5% of PVAT amount (electricity, gas, water supply etc.). vi. Cash grant @ of 25% of MARV per CPR for facilitating establishment of a better one vii. Owners to take away all salvage materials free of cost viii. New CPR will be established by the project in new location provided by TQI II | a. Assessment of CCL b. Replacement value of structure assessed by PVAT c. Payment of additional cash grant for reconstruction or improvement to match the replacement value of CPR and transfer/ shifting grant d. For any new construction electricity, gas, water supply etc. net to be developed e. Demolition of CPR to be avoided as far as possible f. New CPR will be established with a better quality | a. DC/JVT b. DC/EA/SDCMU c. EA/PIA d. EA/SDCMU e. EA/SDCMU f. EA/SDCMU |
| 12 | Access to community/ civic facilities at resettlement sites | Households Identified by Joint verification team | Community infrastructure facilities, access roads, plantation, tube-wells, sanitary latrines and drainage. | a. Conduct a need based survey among the affected households to be relocated b. Keep provision in the agreement with Civil Contractor for providing civic facilities in resettlement sites | a. PIA b. EA/PIA |
| 13 | Temporary impact during construction | Community Individual | i. The contractor shall bear the cost of any impact on structure or land due to movement of machinery and in connection with collection and transportation of materials. | b. Community people should be consulted before starting of construction regarding air pollution, noise pollution and other environmental impact c. The laborers in the camp would be trained | a. Contractor b. Contractor |

| Item No. | Type of loss | Entitled Persons (Beneficiaries) | Entitlement (Compensation Package) | Implementation issues/Guidelines | Organization Responsible |
|----------|---|--|---|--|--------------------------|
| | | | ii. All temporary use of lands outside proposed RoW to be through written approval of the landowner and contractor. iii. Land will be returned to owner, rehabilitated to original or preferably to better standard. | about safety measures during construction, aware of health safety, STDs, safe sex etc. The contractor shall ensure first aid box and other safety measures like condoms at construction site. | |
| 14 | Adverse impact mitigation on the host community due to relocation of PAPs | The host community/people where displaced people to be relocated | iv. Provision for tube well for drinking water, sanitary latrine, school building v. Digging of pit, rain / surface water pond for all purpose water use | a. Conduct a need based survey in the host community regarding availability of such community facility b. Project should keep provision to construct common resource properties in the host community | a. PIA b. EA/PIA |
| 15 | Unforeseen impact | Concerned impacted | i. Determined as per policy on unique Findings at detailed design stage | a. It should be mitigated in the light of others related issues | a. EA/PIA |

22. By adopting the Project's land acquisition and resettlement policy all the affected people irrespective of their legal status will be compensated for any kind of loss caused due to project implementation. The losses will cover loss of property (land, structure, trees, crops, common property resources and others), livelihood and other unanticipated losses. The EPs will receive compensation at replacement rate as assessed by the census and Socio Economic Survey (SES), Land Market Survey (LMS), Structure Replacement Value Survey (SRVS) and Tree Valuation Survey (TVS). Based on these survey data and through own assessment, the Property Valuation Assessment Team (PVAT) will determine the Maximum Allowable Replacement Value (MARV) of the lost property.

23. The DC will compensate CCL according to the GoB's regulations for loss of property on registered land; and an additional grant will be paid by EA through the INGO or SDCMU to cover the MARV. The EA will also provide grants through the INGO to APs who are tenant or lease holders but do not own any land. The EA will also provide grants to squatters/informal settlers/encroachers or APs without any legal status according to GoB ordinances if they are confirmed by Project census as users of the acquired land.

24. The Entitlement Matrix also addressed loss of access to income, livelihood and common property resources or any utility services by the APs. The EA will take appropriate measures to restore lost livelihood through providing training or other appropriate support for the APs. Special attention has been given in the Entitlement Matrix for the vulnerable APs, including female headed households, families with disable members, and others. Vulnerable HHs will qualify for additional assistance/grant, as specified in the Entitlement Matrix.

III SOCIOECONOMIC INFORMATION

A. Census Survey

25. The SDCMU, with assistance from the Project Implementation Consultant (PIC) and the RP Implementing NGO (INGO) will conduct a detailed census and inventory of all losses based on detailed engineering design.

B. Gender Consideration

26. During disbursement of assistance and compensation, priority will be given to female-headed households. In addition to the measures provided for addressing the gender concerns of the affected households, the RP will be implemented in consonance with the Gender Action Plan (GAP) for the project. In the consultation and focus group discussions with the PAPs at least 30% of the PAPs will be women. Additional assistance will be provided for all the female-headed households who will be considered as vulnerable group.

C. Methods of Determining Compensation and Replacement Costs

27. Replacement value of land. All lands proposed to be acquired under this project will be compensated as per Government and ADB policies (i.e. replacement cost). The calculation of full replacement cost will be based on the following elements: (i) fair market value; (ii) transaction costs; (iii) interest occurred; (iv) transitional and restoration costs; and (v) other applicable payments. Project Implementation Consultant (PIC) or SDCMU will prepare site plan overlays on the cadastral map to define the area to be acquired. This will form a part of the

application to the Ministry of Land (MOL). The MOL will then assign the task to the concern Deputy Commissioner (DC) in the sub-project area. The DC will then decide the cost of land in consultation with the displaced person. The land valuation process will consist of two different values: (i) the *sale deed records*, and (ii) the *expected price*. The DC will generate the sale deed record based on past 12 months' transactions in the area or in the vicinity of the mouza. The DC will also attempt to consult with willing buyers or sellers in the area to collect the expected price of the land. The findings of these processes are to be fully disclosed to the displaced persons. Based on these rates the DC will derive a price which will be mouza rate of the land. The DC will also add a 50% premium to mouja rate as per provisions of ARIPO. By combining these two values Cash Compensation under Law (CCL) for the land will be determined and will be paid by the project through the DC. On the other hand, the SDCMU and INGO will conduct a land market survey to assess the existing market price in the locality by collecting information from potential seller, buyer, local elites as well as the land registration office. After having both prices the land prices will be placed to the Property Valuation Assessment Team (PVAT) headed by the representative from the SDCMU, DC office, and INGO. The PVAT will review the prices and will finalize the replacement value (RV), also called Maximum Allowable Replacement Value (MARV). The CCL will be paid by DC and the additional money to fill up the gap between the MARV and CCL will be paid by the project through SDCMU and/ or INGO. If the displaced person is not satisfied with this rate, he/she can place his/her grievance to Grievance Redress Committee (GRC) through the INGO, or other mechanism developed in the project.

28. Replacement value of structure. The compensation for immovable properties will be determined on the basis of replacement cost as on date without depreciation, based on the most updated Schedule of Rates by the Public Works Department (PWD), GoB. The replacement costs of structure for RP budget will be arrived based on the latest schedule of rates for civil works by the PWD. Updating to current rates will be done through an annual increase of 5% on the base rate.

29. Trees and Crops: The SDCMU in coordination with the DC will conduct the survey on unit prices of trees and crops in consultation with agriculture/horticulture/forest department. The compensation for crops will be calculated based on the projected yield and current market rate. The unit prices for compensation of different species of fruit trees will be based on the market values of their fruits, and for tree producing timber. This will be based according to their species, age and quality and the cost will be collected after consultation with the forest divisional office.

30. Livelihood and sources of income: The detail information on livelihood and monthly/yearly income of the displaced/affected persons (APs) will be collected through census. These can be verified through Focus Group Discussion (FGD) and stakeholders meetings followed by a verification of their income data based on the tax payment. In the absence of authentic income statements as proof, the unit price will be decided during the survey based on co-relation of income, expenditure and savings data rates of comparable livelihoods/businesses.

IV CONSULTATION, PARTICIPATION AND DISCLOSURE

31. The SDCMU will conduct meaningful consultation with APs, their host communities and civil society for every subproject identified as having involuntary resettlement impacts. Meaningful consultation will take place through a series of consultation all through the project cycle from inception to post project period that (i) begins early in the project preparation stage and is carried out in an ongoing basis thought the project cycle; (ii) provides timely disclosure of relevant and adequate information that is understandable and readily accessible to APs; (iii) is

undertaken in an atmosphere free of intimidation or coercion; (iv) is gender inclusive and responsive, and tailored to the need of disadvantaged and vulnerable groups; and (v) enables the incorporation of all relevant views of APs and others stakeholders into decision making; such as, project design, mitigation measures, the sharing of development benefits and opportunities, and implementation issues. Consultation will be carried out in a manner commensurate with the impacts on affected communities. With assistance from the implementing NGO and PIC resettlement specialist the SDCMU will continue to arrange public consultations, and take the following steps:

SDCMU will organize public meetings and will appraise the communities about the progress in the implementation of resettlement, social, environmental and Indigenous People (IP) development activities (if applicable);

SDCMU will organize public meetings to inform the community about the compensation and assistance to be paid;

All monitoring and evaluation reports of the resettlement components of the project will be disclosed in the same manner as that of the RP; and

Attempts will be made to ensure that vulnerable groups and APs understand the process and to take their specific needs into account.

32. To provide for more transparency in planning and for further active involvement of affected persons and other stakeholders the project information will be disseminated through disclosure of resettlement planning documents. A summary RP will be translated and disclosed in publicly accessible locations shortly after government's endorsement of the draft RP. During implementation, a resettlement information leaflet will be made available in local language (Bangla) and the same will be distributed to APs. The leaflet will be of 2-3 pages document in Bangla containing information on the cut-off date, compensation, entitlement and resettlement management adopted for the project. The SDCMU and project coordination units (PCUs) will keep the displaced persons informed about the impacts, the compensation and assistances proposed for them and facilitate grievance redressed. The RP will also be made available at a convenient place especially, the district offices of EA and at other key accessible locations (as secondary and higher schools of respective districts) convenient to the APs. A copy of the RP will be disclosed on the ADB website.

33. The EA will submit the following documents to ADB for disclosure on ADB's website:

- (i) The RP endorsed by the EA after the census of APs has been completed;
- (ii) A new RP or an updated RP, and a corrective action plan prepared during project implementation, if any; and
- (iii) The resettlement monitoring reports.

V. INCOME RESTORATION AND RELOCATION

34. Income restoration assistance to the displaced persons includes both short and medium term strategies. The entitlement matrix contains provisions for alternative income generation/skill development and other enabling strategies through which APs can either continue their previous occupation or can start new venture or undertake an alternative occupation. The basic objective behind the income and livelihood restoration activities and schemes is to restore the economic status of the APs enjoyed prior to the project, in line with the requirements of SPS, 2009. As a result, in addition to providing compensation and resettlement benefits, appropriate support measures will be included for income and livelihood restoration of those affected.

Income and Livelihood Restoration Measures

35. All persons losing their livelihood or places of generating income as a result of the Project will be supported with short-term income and livelihood restoration assistance for subsistence and include the following measures:

Compensation for land and other lost assets is paid in full prior to relocation.

Temporary or short-term employment in construction activities at the resettlement project construction site; and

Special assistance, appropriate to vulnerable groups such as women, the elderly and disabled.

36. In addition to the above, the RP will provide the short-term assistance for income and livelihood restoration with assistance from the INGO.

Cash Allowance to Support Lost Income

37. APs will be eligible for assistance for loss of employment/workdays (wage earners) owing to dislocation and relocation. Assistance for lost income based on three months minimum wage rates to displaced vendors/wage earner/agriculture labor/others (if any) will be paid. For temporary disruption to income during the demolition and reconstruction of the partially affected commercial structure, the owners as well as the workers will receive one time cash assistance for lost income for the actual period of disruption at income/tax statement, minimum wage rates, or based on actual income (whichever is higher) verified through incomes of comparable businesses in the area

Assistance for Restoration of Business

38. The Small and medium entrepreneurs will get cash compensation for loss of business for dislocation assessed by JVT/PVAT. Commercial spaces will be allotted to vendors/small shop owners in project sponsored market/vendor relocation sites on rental basis to be established affected businesses. The rent for the relocation site shall be worked out considering the affordability levels of the vendors by the INGO.

Additional Assistance to Vulnerable Groups

39. The following categories of APs have been identified as vulnerable groups in the project: female-headed, elderly-headed, and disable-headed. In addition to cash grant like other APs the vulnerable household will get additional cash grant as mentioned in the entitlement matrix towards enabling improvement of their socio-economic status. Vulnerable persons will be given priority in unskilled labor opportunity under the project. ID cards will verify vulnerability and the INGO will present the list of vulnerable persons to contractors.

Capacity Building and Skill Development

40. The EA will work out a Memorandum of Understanding (MoU) with concerned agencies including appropriate local organization/NGO towards vocational/skill development training and access to micro-credit support to the APs or any member of the HH nominated by AP in the project. The identification of the skill-sets and the selection of training programs appropriate to each of the APs shall be done through needs assessment study carried out by the INGO at the time of detailed census.

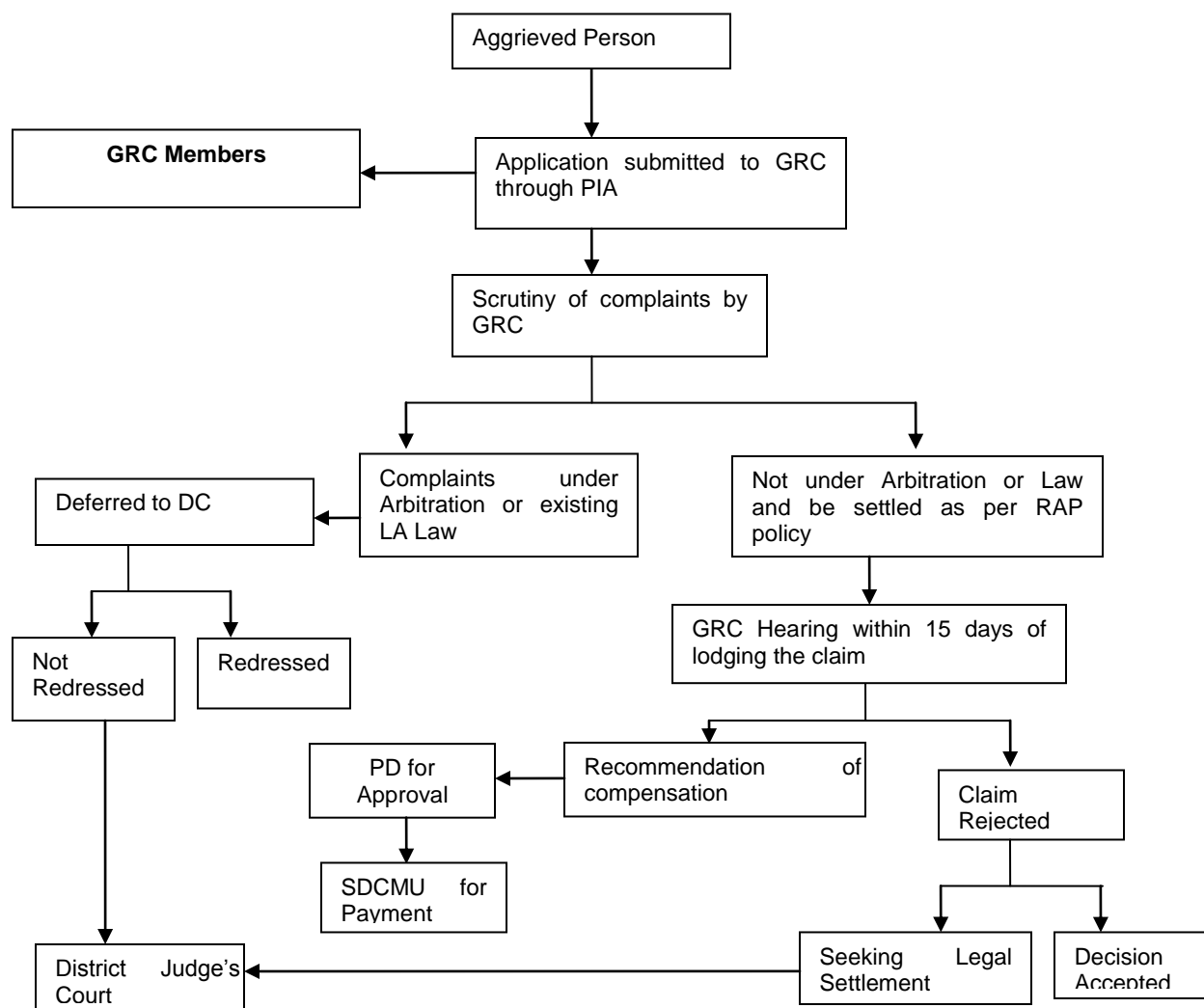
VI GRIEVANCE REDRESS MECHANISM

41. The project's grievance redress mechanism (GRM) will be established to receive, evaluate and facilitate the resolution of affected people's concern, complaints and grievances about the social and environmental performances at the level of the project. The GRM will aim to provide a time-bound and transparent mechanism to voice and resolve social environmental and personal concerns linked to the project. The grievance redress mechanism and procedure is depicted in Figure 1.

42. Grievance Redress Committee (GRCs) will be formed at each district level for any grievances involving resettlement benefits, relocation, and other assistance. A gazette notification on the formation and scope of the GRCs will be required from the EA/Finance Division. The GRC for each district will be comprised of the followings:

- (i) Representative of EA – convener;
- (ii) Ward Councilor (ward contains the infrastructure)– member;
- (iii) One representative of male PAPs – member;
- (iv) One representative of female PAPs;
- (v) Legal Advisor as Observer to extend legal support to the committee to be deployed by SDCMU; and
- (vi) Area Manager, INGO, or Resettlement Officer of SDCMU, member secretary.

43. The SDCMU and PCUs shall make the public aware of the GRM through public awareness campaigns. INGO will extend cooperation to the APs to express their grievance by submitting complaints in writing to SDCMU. In addition to that the contact phone number of the respective PCUs will serve as a hotline for complaints and shall publicize through the media and placed on notice boards outside their offices and at construction sites. The project information brochure will include information on the GRM and shall widely disseminate throughout the project area by the safeguard officer in the SDCMU and PCUs with support from the INGO.

Figure A17.1: Grievance Redress Mechanism

VII INSTITUTIONAL ARRANGEMENTS AND IMPLEMENTATION MECHANISM

A. Institutional Arrangements

44. Project Steering Committee (PSC) chaired by the Secretary of Finance Division (FD) of Ministry of Finance (MOF) will be established after approval of DPP for project policy and strategic guidance and inter-ministerial and interagency coordination. The committee will provide guidance on any issues related to safeguard, particularly in delays in the land acquisition and resettlement process.

45. Skills Development Coordination and Monitoring Unit (SDCMU) which will serve as the Project Management Unit (PMU) will be established at EA by February 2014, headed by an additional secretary and other staff recruited competitively will be responsible for project management. The EA will also set up a Skills Development Implementation Committee (SDIC) headed by the Project Director to coordinate among the GoB and non-GoB agencies (public and private) of the project. The SDCMU will receive support from the Consultants on procurement,

financial management and technical aspects.

46. Skill Development Implementation Committee (SDIC). A SDIC headed by the Project Director and with representatives from the partner agencies, including public and private, will provide guidance on implementation and technical matters. The SDIC may meet once a month or as required to (i) discuss implementation challenges and identify solutions, (ii) share emerging good practices, and (iii) discuss any other priorities associated with implementation.

47. As there is no major infrastructural development to be carried out during tranche 1, this framework may serve the purpose of ensuring Safeguard Requirements during TAPP and Tranche-1 stage. However, an officer can be identified within the PMU as a focal point for monitoring Safeguard Issues.

48. To be prepared for the next tranches a small Environmental and Social Safeguard Unit (ESSU) may be established inside PMU at a later stage to look after the safeguard issues. The ESSU will consist of an Environment and a Social Safeguard Officer (SSO) to oversee safeguards implementation covering environment, resettlement and IP issues. The SSO will prepare and submit RP (if necessary), update IPP (if necessary) and provide semiannual monitoring reports to ADB and other concerned development partners for review during implementation of other stages of the project or during Tranche-2 onwards. The PMU will have a deputed staff for serving as a Resettlement Officer (RO) to ensure effective implementation of land acquisition and resettlement impacts if outlined in the RP. All will receive training and capacity support from the competent resettlement specialists to ensure learning and development, as well as smooth and effective implementation of the safeguard plans.

Consultation Support for Resettlement and Safeguard Issues

49. A Safeguard Consultant can be engaged at a later stage of tranche-1 to carry out detail design, supervision and management of the safeguard issues of the next tranches of the project along with the possible establishment of ESSU. Safeguard Specialist (1 national) outsourced for PMU will prepare RPs or other Safeguard plans, if triggered based on detail design of the project and ensure that sound methodologies and practices are to be followed in designing and implementation of SPs. The consultants apart from capacity building and training on resettlement and safeguard related issues of the project, will advise the PMU/ESSU on resettlement implementation, participate in meetings with the contractor, PIC, and monitor the work of the INGO in the field. The consultants will also help the PMU/ESSU to prepare quarterly progress reports and also to consolidate and send semiannual progress reports to ADB for review.

50. INGO for SP Implementation. INGO would be required if impact of IR is significant in any subproject, to implement the RP in large scale in the absence of capacity of ESSU in addressing social safeguard at the field level. The role for the INGO will center around three activities (i) baseline information collection and survey of displaced persons based on detailed design and final layout; (ii) implementation of the RPs including determination of entitlements based on the RP entitlement matrix, distribution of ID cards to displaced/affected persons, disbursement of entitlements including compensation, and other assistances and allowances to eligible persons as per the RP during the pre-construction stage; and (iii) awareness raising including ongoing consultations with the displaced/affected persons, dissemination of information relating to resettlement planning, such as the impact on the people and corresponding entitlements. INGO will also facilitate the aggrieved AP to submit the grievance application (if any) to be resolved within the framework of project's Grievance Redress Mechanism (GRM).

Training and Capacity Building

51. For effective execution of all IR tasks, capacity development at both the EA and IA level is needed. All concerned staff will undergo orientation and training in ADB's safeguards policy and management by the Resettlement Specialist (if recruited) at the SDIC at the very beginning of project implementation. Training will cover major issues such as: (i) principles and procedures of land acquisition; (ii) Public consultation and participation; (iii) Entitlements and compensations and assistance disbursement mechanisms including livelihood restoration and relocation; (iv) Grievance redress; (v) implementation of RP; and (vi) Monitoring of resettlement operations and its reporting.

Implementation Schedule

52. As any safeguard issue is not pertinent and cannot be predicted at this stage therefore implementation schedule for the complying safeguard requirement is not provided here. This can be done at the later stage of tranche-1 implementation, if any safeguard issue will be triggered during detail project design.

VIII. BUDGET AND FINANCING

53. All land acquisition and resettlement funds will be provided by the Government of Bangladesh and compensation to APs has to be paid before displacement take place. The EA will be responsible for the timely allocation of the funds needed to implement the RP. All land acquisition, compensation, relocation and rehabilitation, administrative expenses, monitoring and consultation cost, income and livelihood restoration cost will be considered as integral component of the project costs.

IX MONITORING AND REPORTING

A. Internal Monitoring

54. The Project Director will carry out internal monitoring through the SDCMU/ESSU with the support the focal point at the SDCMU at the initial stage. Internal monitoring will comprise of monitoring the process indicators and the output indicators. If significant IR impact occurs in any subproject during the detail design of the project and after setting up ESSU at SDCMU the safeguard specialists will assist the SDCMU/ESSU in monitoring the activities of the INGO who will submit monthly progress reports to SDCMU/ESSU. If any safeguard issues triggered during detail design stage of the project then SDCMU/ESSU would produce a semiannual monitoring report.

55. The SDCMU/ESSU will develop a progress and performance-monitoring database to get monitoring output on a regular basis. The database on resettlement planning and implementation will be established and updated periodically for monitoring various activities of RP implementation. In case of full resettlement plan, the RP database generated through land acquisition plan, census, baseline socio-economic survey, land market survey and consultation, CCL payment and resettlement benefit payment database will become essential input of the Management and Information System (MIS). Progress monitoring and evaluation of intended outcomes of RP implementation shall be carried out.

56. The internal monitoring by SDCMU/ESSU will include (i) administrative monitoring to ensure that all compensation as per RP are paid and implementation is on schedule and problems/grievances are dealt with on a timely basis; (ii) socio-economic monitoring during and after the relocation process to ensure that people are settled and are better off at the relocated locations, and (iii) overall monitoring whether recovery has taken place successfully and on time.

B. External monitoring

57. ADB requires that the Borrower retain qualified and experience external experts to verify monitoring information for projects with significant impacts and risks. If any significant IR impact is envisaged during Tranche 2 to 4, to qualify any project component as Category A for IR safeguards, an External Resettlement Monitoring Expert will be engaged by the PMU to undertake resettlement monitoring and evaluation during RP implementation. The key responsibilities of the independent monitoring shall include the following: (i) verify resettlement monitoring information for the project; (ii) monitor the resettlement safeguard compliance issues in implementation; and (iii) assess the overall implementation approach, process and outcome of the RP, and provide inputs to the SDCMU for taking corrective actions to resolve any issues

C. Reporting

58. While providing regular update on safeguards in the program's quarterly progress reports, the SDCMU will periodically review all resettlement activities and related safeguard compliances, and send annual monitoring reports to ADB during the project implementation period. The annual monitoring report will contain (i) accomplishment to-date; (ii) objectives attained and not attained during the period; (iii) problems encountered and (iv) suggested options for corrective measures. If significant IR impact occurs in any subproject, the internal monitoring reports submitted by the INGO will be monitored by the SDCMU resettlement officer and the frequency of monitoring report will be semiannual. ESSU will assist the SDCMU in preparing the overall resettlement status in consultation with the national resettlement specialist, based on the information furnished in the monthly reports by INGO.