

**Framework Financing Agreement
(Skills for Employment Investment Program)**

Parties	This Framework Financing Agreement (“FFA”) dated 30 March 2014 is between The People’s Republic of Bangladesh (Bangladesh), and Asian Development Bank (“ADB”).
MFF Investment Program	<p>Bangladesh is committed to implement the National Skills Development Policy (2011) approved by Cabinet and the proposed Skills Development Roadmap. The proposed Skills for Employment Investment Program (SEIP) is a major vehicle to implement the National Skill Development Policy (NSDP) priority policies and a trigger to scale up high quality skills training and high labor market outcomes laid out in the Skills Development Roadmap. The Investment Program is described in Schedule 1.</p> <p>The total cost of the Government’s 10 year program over the period of 2014-2023 is estimated at \$1.605 billion equivalent. Of this, the initial program cost for the first 7 years is \$1.070 billion. Since skills development is evolving as a key sector to catalyze large scale private sector involvement in skilling new entrants and up-skilling existing workers up to eight folds the current number of trainees, it is expected to leverage much larger investments from the government, private sector, industries, and development partners.</p>
Multitranche Financing Facility	<p>The Multitranche Financing Facility (the Facility) is intended to finance projects, under the Investment Program, provided that such projects comply with the criteria set out in Schedule 4 hereto and that understandings set out in this FFA are complied with.</p> <p>These may include projects that support (i) market responsive inclusive skills training programs based on performance of public, private and nongovernment skills training providers, (ii) strengthening of quality assurance covering training of trainers, assessors, and managers, development of standards and courses for accreditation, and registration of training institutions, (iii) strengthening of institutions to enhance overall coordination and financing, and (iv) effective program management through common sector monitoring and improved</p>

	<p>governance including procurement, financial management and sector wide approach.</p> <p>This FFA does not constitute a legal obligation on the part of ADB to commit any financing. At its sole discretion, exercised reasonably, ADB has the right to deny any financing request made by Bangladesh, cancel the uncommitted portion of the Facility, and withdraw Bangladesh right to request any financing tranche under the Facility. Financing tranches may be made available by ADB provided matters continue to be in accordance with the general understandings and expectations on which the Facility is based and which are laid out in this FFA.</p> <p>This FFA does not constitute a legal obligation on the part of Bangladesh to request any financing. Bangladesh has the right not to request any financing under the Facility. Bangladesh also has the right at any time to cancel any uncommitted portion of the Facility.</p> <p>Bangladesh and ADB may exercise their respective rights to cancel the Facility or any uncommitted portion thereof, and ADB may exercise its right to refuse a financing request, by giving written notice to such effect to the other parties. The written notice will provide an explanation for the cancellation or refusal and, in the case of a cancellation, specify the date on which the cancellation takes effect.</p> <p>Financing Plan</p> <p>The financing plan for SEIP for 7 years is summarized below:¹</p> <table border="1" data-bbox="764 1409 1365 1661"> <thead> <tr> <th>Financing Source</th> <th>Total (\$) Million</th> <th>Share (%) of Total</th> </tr> </thead> <tbody> <tr> <td>Asian Development Bank</td> <td>350</td> <td>31.8</td> </tr> <tr> <td>Government</td> <td>200</td> <td>18.7</td> </tr> <tr> <td>Government of Switzerland</td> <td>30</td> <td>2.8</td> </tr> <tr> <td>Other development partners</td> <td>400</td> <td>37.4</td> </tr> <tr> <td>Private Sector</td> <td>90</td> <td>8.4</td> </tr> <tr> <td>Total</td> <td>1,070</td> <td>100.0</td> </tr> </tbody> </table> <p>(Investment Program)</p> <p>¹ Subject to confirmation with development partners and private sector. Source: Asian Development Bank.</p>	Financing Source	Total (\$) Million	Share (%) of Total	Asian Development Bank	350	31.8	Government	200	18.7	Government of Switzerland	30	2.8	Other development partners	400	37.4	Private Sector	90	8.4	Total	1,070	100.0
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Financing Terms	<p>ADB will provide loans to finance the projects under SEIP, as and when the latter are ready for financing, provided Bangladesh is in compliance with the understandings hereunder, and the</p>																					

	<p>programs are in line with those same understandings. Each loan will constitute a tranche.</p> <p>Each tranche may be financed under terms different from the financing terms of previous or subsequent tranches. The choice of financing terms will depend on the project, and ADB's financing policies, all prevailing on the date of signing the legal agreement for such tranche.</p> <p>Tranches may be provided in sequence or simultaneously, and some may overlap in time with each other.</p> <p>There is no maximum or minimum size for a tranche.</p> <p>Amount</p> <p>The maximum financing amount available under the Facility is \$350,000,000 from ADB's Special Funds with subject to availability of resources. It will be provided in individual tranches from ADB in the following manner: loans and co-financing.</p> <p>Availability Period</p> <p>The last date on which any disbursement under any tranche may be made will be 31 December 2021. The last financing tranche is expected to be executed no later than 30 June 2021.</p> <p>Terms and Conditions</p> <p>Bangladesh will cause the proceeds of each tranche to be applied to the financing of expenditures of SEIP, in accordance with conditions set forth in this FFA and the legal agreements for each tranche.</p>
Execution	<p>The executing agency will be Finance Division of the Ministry of Finance. The executing agency will implement the program in accordance with the principles set forth in Schedule 1 to this Agreement, and as supplemented in the legal agreements for each tranche.</p>
Periodic Financing Requests	<p>Bangladesh may request, and ADB may agree, to provide loans and administration of co-financing under the Facility to finance SEIP upon the submission of a Periodic Financing Request (PFR). Each PFR should be submitted by the Government</p>

	<p>of Bangladesh. Government of Bangladesh will make available to MOF, the proceeds of the tranche in accordance with the related PFR, and the legal agreements for the tranche.</p> <p>ADB will review the PFRs and, if found satisfactory, prepare the related legal agreements.</p> <p>The programs for which financing is requested under the PFR will be subject to the selection criteria set out in Schedule 4 hereto, satisfactory due diligence, and preparation of relevant safeguard and fiduciary frameworks and other documents. The Facility will be implemented in accordance with the general framework set out in Schedule 3 to this FFA, and the Facility Administration Manual agreed between Bangladesh and ADB.</p> <p>Until notice is otherwise given by Bangladesh to its authorized representative for purposes of executing the PFRs.</p>
<p>General Implementation Framework</p>	<p>The Facility will be implemented in accordance with the general framework set out in Schedule 3 hereto.</p> <p>Tranches to be provided under the Facility will be subject to the following procedures and undertakings:</p> <ul style="list-style-type: none"> (i) Bangladesh will have notified ADB of a forthcoming PFR in advance of the submission of the PFR. (ii) Bangladesh will have submitted a PFR in the format agreed with ADB. (iii) ADB may, in its sole discretion, decline to authorize the negotiation and execution of any legal agreement for a tranche. <p>If ADB confirms acceptance of the PFR, the legal agreements will be negotiated and executed by the parties.</p>
<p>Periodic Financing Request Information</p>	<p>The PFR will substantially be in the form attached hereto, and will contain the following details:</p> <ul style="list-style-type: none"> (i) Loan, or co-financing amount; (ii) Description of program to be financed; (iii) Cost estimates and financing plan; (iv) Implementation arrangements specific to the

	<p>program;</p> <p>(v) Confirmation of the continuing validity of and adherence to the understanding in the Agreement;</p> <p>(vi) Confirmation of compliance with the provisions under the previous Loan, as appropriate; and</p> <p>(vii) other information as may be required under the Facility Administration Manual, or as reasonably requested by ADB.</p>
Safeguards	<p>Attached as Schedule 5 are references to the Safeguard Frameworks that will be complied with during the implementation of the Facility.</p> <p>ADB's Safeguard Policies in effect as of the date of signing of legal agreements for a tranche will be applied with respect to the program financed under such financing tranche.</p>
Procurement	<p>All goods and services to be financed under the Facility will be procured in accordance with ADB's <i>Procurement Guidelines</i> (2013, as amended from time to time).</p>
Consulting Services	<p>All consulting services to be financed under the Facility will be procured in accordance with ADB's <i>Guidelines on the Use of Consultants</i> (2013, as amended from time to time).</p>
Advance contracting; Retroactive financing	<p>Under each tranche, ADB may, subject to its policies and procedures, allow on request (a) advance contracting of civil works, goods and consultancy services and (b) retroactive financing of all eligible expenditures for up to 20% of proposed individual loan, incurred prior to loan effectiveness but not earlier than 12 months before the date of signing of the related legal agreement. The client acknowledges that any approval of advance contracting and/or retroactive financing will not constitute a commitment by ADB to finance the related project.</p>
Disbursements	<p>Disbursements will be made in accordance with ADB's <i>Loan Disbursement Handbook</i> (2012, as amended from time to time).</p>
Monitoring Evaluation, and Reporting Arrangements	<p>Schedule 2 hereto sets as the design and Monitoring Framework for the Facility, against which the implementation effectiveness will be evaluated.</p>
Undertakings	<p>Attached as Schedule 6 are the undertakings</p>

	provided by Bangladesh.
Economic Relations Division By _____ Saifuddin Ahmed, Joint Secretary	Asian Development Bank By _____ Oleg Tonkonojenkov, Officer-in-Charge, BRM

SCHEDULE 1

MFF CONSTITUENTS

A. Road Map

1. Bangladesh economy is surging ahead with accelerated GDP growth and declining head count poverty rate despite challenges and constraints. Bangladesh can continue to march towards a middle income country status and a developed country by 2050. Based on four criteria—growth, labor absorption, export promotion, and skills mix (lower, semi-skilled, skilled)—leading growth industries are, among others, garments and textile, leather and footwear, construction, light engineering, information and communication technology (ICT), ship building, agro-processing, commercial agriculture, transport equipment, furniture, pharmaceuticals, ceramics, organized services and tourism, electronics, other manufacturing, frozen fish and new manufacturing.

2. Considering that skill is the third most binding constraint after transport and energy, the SEIP is transformational in nature, as it is designed to upgrade market and industry responsive skills in Bangladesh in terms of quantity and quality to raise productivity, income, employment, exports and remittances over medium to longer term by introducing necessary policy and institutional reforms and stronger industry-skill development linkages for improved job placement at home and abroad, and investments in expansion of training quality and capacity, quality control of institutions and graduates, and sustainable funding. The growth dynamics will draw strength from demographic dividend, overseas employment and domestic labor absorption at higher productivity level. Some of the opportunities are embedded in ready-made garment exports reaching \$40 billion by 2025 from \$18 billion (McKinsey, 2012), leather at \$1.5-\$2.0 billion from \$700 million within 3-5 years and remittances from \$14 billion to over \$20 billion within 3-5 years.

3. Labor force growth (1974-2011) at 2.81% was faster than population growth (1.86%) due to young population (demographic dividend) and increased labor participation. However, labor force is mostly unskilled with low education and virtually no training which keeps Bangladeshi labor force at a “low skill equilibrium” with low productivity. Technical and Vocational Education and Training (TVET) institutions have limited capacity, capacity utilization is low (around 50%) due to 50% vacancies of instructors and 50% of utilization of available training facilities, job placement is low and training quality is poor. The skill development system has to go through structural transformation to respond to labor force growth on the supply side and labor demand by diversified skills with exposure to hands-on, on-the-job training to meet requirements of a changing industrial landscape of Bangladesh. Labor demand will grow from 55.8 million in 2013 to 75.6 million in 2025. Overseas employment will grow from 600 thousand in 2013 to 1.2 million in 2025.¹ Skill composition of both domestic and overseas workers will shift towards relatively higher skill category which will raise average productivity and remuneration.

4. Economy wide training need is estimated at 8 million in 2013 and 14 million in 2025, which reflects desired share of incremental and backlog employment that should be trained in order to have a skilled labor pool. As against this, training targets are set at 4 million (2013), 8 million (2025) and 19 million (2050) by applying a feasibility factor to the training need figures. For SEIP, training targets are set within the global umbrella. SEIP’s total target is to train 1.25 million starting with 260,000 during the first four years (July 2014-June 2018). SEIP aims to

¹ ADB staff consultant estimates.

achieve 70% job placement and/or self-employment of trainees. Total likely investment need: \$1.9 billion per year based on need and \$1.2 billion per year from 2013 based on target to be financed by government contribution, ADB contribution of \$350 million over 7 years, other development partners and employer and private sector and others. The road map goes along with a reform agenda: education policy, skill development policy, skill development institutions and capacity and quality assurance.

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

<p>Impact: Increased income and productivity of the working age population 15 years and over [NSDP 3]²</p> <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)] • GDP per household 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] 	
<p>Outcome: Increased employment in priority sectors and skills for males and females [NSDP 2 & 3]</p> <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 & SME: 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) • 50,000 students trained and assessed through RPL • Career pathways of instructors and assessors established

² National Skills Development Policy (NSDP, 2011). Each number refers to the Policy Objective.

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 • 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 and retain earnings, (ii) hire contract staff 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

BTEB = Bangladesh Technical Education Board, CBT = competency based training, GDP = gross domestic product, ISC = industry skill council, MIS = management information system, MTBF = medium term budgetary framework, NGO = nongovernment organization, NHRDF = national human resource development fund, NSDC = National Skill Development Council, NSDP = National Skill Development Policy, NTVQF = national technical and vocational qualification framework, RPL = recognition of prior learning, SEIP = skills for employment investment program, SWAp = sector wide approach, TVET = technical and vocational education and training.

B. Strategic Context

5. Skills development is the third binding constraint to economic development in Bangladesh after connectivity (transport) and energy. According to Labor Force Survey 2010, Over 60% of the labor force has either no education (40%) or up to primary education (22.8%). For Bangladesh to transition to a middle income country, skilling and up-skilling a large number of people will be crucial to enhance labor productivity, and facilitate industrialization, trade promotion and economic growth. The National Education Policy (NEP) approved by the parliament in 2010 emphasizes the overall importance of education and training. The National Skill Development Policy (NSDP) reinforces the importance of skills development and opens up the sector for major policy and institutional reforms.

6. The MFF supports a well-defined investment program underpinned by major policies (NSDP) approved by the government and a comprehensive sector road map prepared as part of the SEIP design. To respond to NSDP and to concurrently expand the overall capacity to skill and/or up-skill at least four-folds (2 million per year) of the current annual training capacity (500,000 per year), it is crucial to take a longer-term approach that provides flexibility to move forward through a combination of well-defined set of funding triggers and targeted capacity support to promote large-scale public-private partnerships. It is in this context, the MFF is a suitable modality to sequence priority actions through several tranches to achieve the agreed targets. The road map defines the government's investment needs as well as the urgency to move to a sector wide approach (SWAp) to leverage much larger funding from the private sector and interested development partners. Finally, the involvement of the industry skill councils to catalyze much larger involvement of the private sector in partnership with international agencies will help build the needed capacity in critical areas.

7. The proposed SEIP is aligned with the *Perspective Plan* and the *Sixth Five-Year Plan* both of which emphasize the need to develop 'a workforce equipped with contemporary technical skills and knowledge through advanced vocational training', with a 'mechanism to encourage collaboration between training institutes and industry will be established to optimize the utilization of available human resources.' The SEIP is also aligned with the Bangladesh Country Partnership Strategy for 2012–2016 which identifies the low competitiveness of firms as a key constraint to growth particularly the low skills and low productivity of the workforce.

C. Policy Framework

8. In its Perspective Plan 2021, Bangladesh articulates its vision to achieve middle income status by 2021 including reducing poverty rate by half. Given that lack of adequately skilled manpower is a third binding constraint of Bangladesh after transport and energy, scaling up skilling and up-skilling four to eight folds the current level of annual training capacity is strategically crucial to (i) increase labor force productivity to contribute to higher average income of households leading to higher gross domestic product; (ii) doubling of exports within 10 years; and (iii) doubling of remittances through higher skills leading to higher per capita remittances. This will also require investing in foundational skills that come from high quality schooling combined with vocational and technical skills by targeting the youth to tap on the limited window of demographic dividend available to Bangladesh during the next 2-3 decades.

9. The NSDP provides a solid framework to prepare Bangladesh to transition from a "low skill equilibrium" status to higher trajectory by pushing the frontier of growth with strategic investments in human resource development. The policy matrix drawn from the NSDP thus emphasizes (i) establishing a National Human Resource Development Fund by 2015 to scale

up sustainable financing to scale up high quality skills development to meet emerging labor market needs; (ii) setting up a new Ministry of Human Resource Development or an Authority by 2017 to strengthen overall coordination by building on the initiatives of the NSDC; (iii) enhancing the quality of skills development through a devolved quality assurance framework in partnership between the Bangladesh Technical Education Board and the emerging Industry Skills Councils; (iv) catalyze the private sector in a large scale and promote public-private partnership to substantially enhance the responsiveness of skill development programs; (v) revitalize the public training providers to respond to emerging labor market needs through delegation of powers; and (vi) enhance common monitoring and facilitate transition towards a sector wide approach to bring together the key stakeholders to support skills development.

D. Skills for Employment Investment Program

10. The program supports: (i) market responsive inclusive skills training by catalyzing the public and private sector to scale up high quality skills training with high labor market outcomes and supporting skilling targeted groups in line with NSDP priorities; (ii) strengthening of quality assurance system by enhancing the capacity for accrediting qualifications and registering institutions, expanding the pool of trained teachers, assessors and managers, improving training facilities, and expanding the capacity for assessment and certification; (iii) strengthening of skills development system and institutions by supporting the establishment of a new Ministry of Human Resource Development or a Skills Authority by 2017 to enhance planning, management and monitoring, supporting the establishment of a National Human Resource Development Fund by 2015 to scale-up high quality skills development and catalyzing the private sector, facilitating delegation of powers to participating public training institutions, and strengthening industry linkages, job placement and career counseling and guidance; and (iv) effective program management by implementing evidence-based planning, budgeting and monitoring, strengthening sector planning, financing and tracking of trainees and institutions to ensure high quality training and job placements, enhancing governance and risk management capacity, and strengthening program implementation and technical assistance.

11. 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 or an Authority to implement the NSDP effectively. Tranche 1 will also help to evolve a dynamic skills development sector with a medium term budgetary framework (MTBF) based on a costed skills development program framework (SDPF), leading to a sector wide approach (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 5 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.

12. Tranche 2 will be implemented from FY2016-17 to FY2020-20. 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 twinning arrangements with proven institutions in the region as well as globally.

13. Tranche 3 will be implemented from FY2018-19 to FY2020-21. It will be the expansion phase to cover at least 15 priority sectors, or further 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 skills market which will spur innovations and better matching between demand and supply of skills development programs. The public training institutions will be able to forge much closer partnerships with the private sector. 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) balance between short and long-term training programs, (iii) effective partnerships between public and private agencies to build on strengths of each other, and (iv) evolving a sustainable financing mechanism leading to larger contributions to high quality skills development, high labor market outcomes, and move to higher skills level.

14. Building on the tranche 1 design to finance project agreements, further refinements are envisaged to link funding to key results. It is expected that the key results will be linked to large scale high quality training, high job placements or self-employment (70%), higher household incomes, sustainable funding of skills development, effective institutional arrangements, robust M&E arrangements, and strong accountability measures to maximize the value for money invested.

E. Financing Plan

15. The investment program is estimated to cost \$1.07 billion, including taxes and duties (Table 1).³ The GoB has requested an MFF in an amount up to \$500 million from ADB's Special Funds resources, and cofinancing to help finance its 10-year investment program. As an initial support, ADB will provide \$350 million comprising three tranches, not exceeding seven years from the approval date, subject to the GoB's submission of periodic financing requests, execution of loan agreements for each tranche, and fulfillment of terms and conditions and undertakings set forth in the framework financing agreement. Tranche 1 of the MFF, for \$100 million, will have a 25-year term, including a grace period of 5 years; an annual interest rate of 2% per annum throughout the loan term; and such other terms and conditions set forth in the draft loan agreement. Tranche 1 includes co-financing of \$10 million equivalent from the

³ Full cost estimates of the National Skill Development Policy will be finalized during tranche 1.

Government of Switzerland⁴ to finance the Skill Development Monitoring and Coordination Unit (SDCMU) and consultancy services costs. The GoB contribution will be \$25 million and the private sector will contribute an equivalent of \$3.5 million. The co-financing will be administered by the ADB. The MFF financing plan is in Table 2. The ADB loan is 32.7% of the estimated program cost and will be used to finance expenditures that include costs relating to skills training, manpower, equipment, furniture, minor civil works, instructional materials, capacity building and related technical assistance.

⁴ Through the Swiss Agency for Development and Cooperation (SDC).

SCHEDULE 2

DESIGN AND MONITORING FRAMEWORK FOR THE INVESTMENT PROGRAM¹

Design Summary	Performance Targets and Indicators with Baselines	Data Sources and Reporting Mechanisms	Assumptions and Risks
Impact Increased income and productivity of the working age population 15 years and over [NSDP 3] ²	<ul style="list-style-type: none"> • By 2025, 70% of incremental GDP growth is from labor productivity growth • GDP per household doubled from \$3,300 in 2010 to \$6,600 by 2025 • Exports in priority sectors doubled from \$24 billion in 2012 to \$48 billion by 2025 • Remittances increased by 75% (baseline 2012: \$14 billion to \$21 billion by 2025) 	<ul style="list-style-type: none"> • National Accounts publication • HIES • Labor force survey • Special surveys • Bangladesh Bank publications • Export Promotion Bureau 	Assumption Economic growth is sustained at high level 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 & 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] M/F • 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] 	<ul style="list-style-type: none"> • HIES • Labor Force Survey • Tracer studies • M&E reports • Special surveys 	Assumption GoB 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"> • By 2021, 1.25 million new entrants and existing workforce trained (F: 30%) • 70% of trained participants (F: 30%) employed and self-employed within 6 months (baseline: less than 40% in 2013) • By 2021, 200,000 poor and disadvantaged (F: 40%) granted financial support 	For all indicators: <ul style="list-style-type: none"> • M&E reports • Special surveys • BTEB QMS reports • Training providers including NGO monitoring reports 	Risk New training arrangements unable to attract potential students
2. Quality assurance system strengthened	<ul style="list-style-type: none"> • By 2021, 15 training packages (standards, learning materials and assessment tools) aligned with NSDP requirement implemented • By 2021, 1.19 million certificates issued (F: 30%) • By 2021, 150 courses and training materials endorsed by BTEB 	For all indicators: <ul style="list-style-type: none"> • 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 NSDP

¹ 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.

² National Skills Development Policy 2011. Each number refers to the Policy Objective.

Design Summary	Performance Targets and Indicators with Baselines	Data Sources and Reporting Mechanisms	Assumptions and Risks								
	<ul style="list-style-type: none"> 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%) trained, assessed and certified through RPL 		<p>Risk Weak existing capacity and partnerships between industry, regulatory bodies and training providers may lead to slow implementation</p>								
3. Institutions strengthened	<ul style="list-style-type: none"> By 2017, a new ministry or authority for skills established By 2017, MTBF for skills development implemented By 2015, NHRDF established and by 2018 fully operational with diversified funding (vouchers, student loan, stipends, tax/levy) By 2018, 90% of skills training fund channeled through NHRDF By 2020, at least 15 ISCs in priority sectors fully functional (baseline: 9 ISCs formed) By 2020, 100 public training institutions granted delegation of power By 2021, job placement system fully operational at all levels (training providers and proposed new Ministry or Skills Authority) 	<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 There is shared commitment between the government and private sector to work together to support strong coordination and unified funding of skills development</p> <p>Risk Slow process in establishing coordination and sustainable financing lead to continued fragmentation and inadequate financing</p>								
4. Effective program management	<ul style="list-style-type: none"> By 2017, MTBF guide prepared By 2017, sector MIS system functional By 2014, a robust tracking system established at SDCMU By 2021, results disseminated from 3 tracer studies, 3 employer satisfaction surveys, and 3 skills-gap analysis in each sector by 2021 Financial Management and Procurement Action Plan implemented based on lessons learned 	<p>For all indicators:</p> <ul style="list-style-type: none"> M&E reports Annual Sector Performance Report Special surveys Unified annual MTBF guide NSDC database AFR report 	<p>Assumption Rigorous monitoring by the SDCMU</p> <p>Risk Inadequate Working Capital from advances and milestone payments to meet physical targets</p>								
<p>Activities with Milestones</p> <p>1. Market responsive inclusive skills training delivered</p> <p>1.1 Training/business plan for identified training providers finalized by June 2014 and upgraded later to ensure agreed targets (1.25 million by 2021).</p> <p>1.2 Operation manual approved by June 2014 to deliver market responsive and ISC endorsed training packages by involving ISCs, BTEB, NSDC and</p>			<p>Inputs</p> <table border="1"> <thead> <tr> <th>Financing</th> <th>Amount (\$ million)</th> </tr> </thead> <tbody> <tr> <td>Government</td> <td>200</td> </tr> <tr> <td>ADB</td> <td>350</td> </tr> <tr> <td>Gov't of</td> <td>30</td> </tr> </tbody> </table>	Financing	Amount (\$ million)	Government	200	ADB	350	Gov't of	30
Financing	Amount (\$ million)										
Government	200										
ADB	350										
Gov't of	30										

<p>training providers.</p> <p>1.3 Awareness campaign targeting prospective trainees, training providers, employers designed and contracted by December 2014 and implemented nationwide.</p> <p>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.</p> <p>2. Quality assurance system strengthened</p> <p>2.1 An operational manual with roles and responsibilities developed and implemented to (i) develop CBT courses, (ii) define steps to be followed by 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 and 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 1 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 operationalized by 2020.</p> <p>3.2 Activities to establish the NHRDF initiated in 2014, established with its own governance structure by 2015, and fully operationalized by 2017.</p> <p>3.3 Costed Skills Development Program Framework (SDPF) for NSDP developed, approved, and implementation initiated in coordination with potential DPs 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 A circular to delegate powers to 32 public training institutions issued by GoB 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 NSDP policy completed by 2015, MTBF for the skills sector developed by 2017 and fully operationalized by 2020.</p> <p>4.2 MIS for the skills sector established by 2017 and fully functional by 2020.</p> <p>4.3 SWAp road map and framework agreed by 2017, implementation initiated from 2018 and operationalized by 2020.</p> <p>4.4 4 tracer studies, 4 employer satisfaction surveys, and 4 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 lessons learned.</p>	<table border="1"> <tr> <td>Switzerland</td> <td></td> </tr> <tr> <td>Other DPs</td> <td>400</td> </tr> <tr> <td>Private Sector</td> <td>90</td> </tr> <tr> <td>Total</td> <td>1,070</td> </tr> </table>	Switzerland		Other DPs	400	Private Sector	90	Total	1,070
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ADP = annual development plan, BMET = Bureau of Manpower, Employment and Training, BTEB = Bangladesh Technical Education Board, CBT = competency-based training, F = female, GDP = gross domestic product, GOB = Government of Bangladesh, HIES = household income and expenditure survey, HRD = human resource development, 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 Skill Development Council, NSDP = National Skill Development Policy, QMS = quality management system, RPL = recognition of prior learning, RTO = registered training organization, SWAp = sector wide approach, TBD = to be decided, TOT = training of trainers.

Source: Asian Development Bank.

SCHEDULE 3

IMPLEMENTATION FRAMEWORK

A. Organizational Arrangements

1. 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 Government of Switzerland.⁷ The SDCMU will be responsible for facilitating, coordinating and monitoring implementation of SEIP.

2. At the fourth level there will be the Skills Development Implementation Committee headed by the Executive Project Director will comprise representatives from all the implementing agencies, industry associations and Palli-Karma Sahayak Foundation working in six priority sectors to provide a common forum to discuss implementation issues and to make joint efforts to resolve problems emanating from implementation.⁸ If problems cannot be resolved at this level, these will be escalated to the PSC level for resolution. The implementing agencies for tranche 1 include the Directorate of Technical Education under the Ministry of Education, Bureau of Manpower, Employment and Training under the Ministry of Expatriates' Welfare and Overseas Employment, 3 Bangladesh Industrial Technical Assistance Centers under the Ministry of Industry, Bangladesh Technical Education Board, National Skill Development Council Secretariat, and Bangladesh Bank Small and Medium Enterprise (SME) Department.

B. Disbursement, Procurement, Accounting and Audit Arrangement

3. The Asian Development Bank will disburse the portion of its loan pertaining to skills training by the Industry Associations, PKSF and Bangladesh Bank SME Department to the government's consolidated fund to a designated account with the Bangladesh Bank. FD through the SDCMU will follow the regular government system for budget execution and payment will be made through the Controller General of Accounts disbursement system. Disbursement will be made quarterly on a reimbursement basis. In addition, there will be an imprest account to finance the expenditures related to the SDCMU, procurement of equipment and furniture, and consultancy services not covered by the grant from the Government of Switzerland.

⁷ Through the Swiss Agency for Development Cooperation (SDC).

⁸ The six priority sectors for Tranche 1 are readymade garment, leather and footwear, construction, light engineering, and information, and shipping. The 8 associations are Bangladesh Garment Manufacturers and Exporters Association, Bangladesh Knitwear Manufacturers and Exporters Association, Bangladesh Textile Mills Association, Leathergoods & Footwear Manufacturers & Exporters Association of Bangladesh, Bangladesh Association of Construction Industry, Bangladesh Engineering Industry Owners' Association, Bangladesh Association of Software and Information Services, Bangladesh Call Center Operators' Association, and Bangladesh Shipbuilders' Association.

4. The government will procure all goods, works, and consulting services for the investment program. Goods and civil works will be procured in accordance with ADB's Procurement Guidelines (2013, as amended from time to time). Goods valued at more than \$1 million and works valued at more than \$2 million will be procured using international competitive bidding and ADB's standard bidding documents, and be subject to prior review. Goods and works valued below the international competitive bidding threshold will be procured using national competitive bidding in accordance with the government's Public Procurement Act, 2006 and its Public Procurement Rules, 2008, subject to modifications agreed by the government and ADB. 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 and consultants' qualification selection, subject to ADB prior review. Since this Program is being financed by ADF resources and ADB will also be administering co-financing to be provided by the Government of Switzerland, ADB's member country eligibility restrictions will not apply to this Program.

5. The Government was advised that approval of advance contracting does not commit ADB to finance the Program.

6. SDCMU in close consultation with the FD and Office of the Controller General of Accounts, will maintain consolidated SEIP program accounts in accordance with the data generated by the Integrated Budgeting and Accounting System and reconciled with the records of SDCMU. The program financial statements will be prepared in accordance with international accounting principles and practices as well as government's accounting laws and regulations. The SEIP financial statements shall include a Statement of Sources and Uses of Funds, Statement of Budget vs. Actual, and related explanatory notes and details of accounting policies. These financial statements shall be audited annually, in accordance with appropriate auditing standards consistently applied, by Independent auditors whose qualifications, experience and terms of reference are acceptable to ADB. FD will submit the audited accounts in English language to ADB within 6 months of the end of each fiscal year.

C. Review and Reporting Arrangement

7. **Program review and reporting.** ADB will field semi-annual review missions in April and November. The review missions will verify achievement of annual targets in the Design and Monitoring Framework and Results Framework, review program implementation progress, assess compliance with covenants, social and environment safeguards and Gender Action Plan, and compliance with fiduciary oversight arrangements. Prior to the review missions, FD/SDCMU will share relevant reports that include: (i) progress report on achievements against targets in the DMF and Results Framework; (ii) Tranche progress report; (iii) update on social and environment safeguards and Gender Action Plan; and (iv) status of compliance with fiduciary oversight arrangements.

8. **Financial review and reporting.** FD and SDCMU, in collaboration with the Office of the Controller General of Accounts, shall submit quarterly interim unaudited financial reports (IFRs) for monitoring purposes, with a form and content similar to the annual financial statements. In addition, quarterly monitoring reports shall be submitted for the purpose of monitoring (i) delays in payment processing, (ii) clearance of advances on a timely basis through the Advance Tracking Module in the integrated budget and account system (IBAS) for GoB entities and an Aging Analysis for the agencies under the DTE, BMET and Ministry of Industries, (iii) differences/delays between payments recorded by DDOs receiving payments and Account

Officers releasing payments, (iv) reconciling ADB disbursements with amounts credited into Bangladesh Bank, and (v) working capital requirement analysis for the associations and PKSF.

SCHEDULE 4

SELECTION CRITERIA AND APPROVAL PROCESS FOR PROJECTS

A. Selection Criteria

1. The following criteria will generally apply to the projects that are financed under this Facility:

- (i) The proposed project under each tranche contributes to the sector outputs/results of the Government's Skills Development Sector Roadmap as follows:
 - (a) Market responsive inclusive skills training delivered;
 - (b) Quality assurance system strengthened; and
 - (c) Institutions strengthened.
 - (d) Effective program management

2. The proposed projects under each tranche will contribute to the targets set for a transition to a sector-wide approach as defined in the sector-wide approach roadmap (described in Tranche 1).

- (i) The proposed project under each tranche will be an integral part of the draft Skills Development Program Framework (SDPF) which is expected to be approved by December 2016;
- (ii) Selected outputs under each tranche will contribute to the Procurement and Financial Management Action Plan;
- (iii) Outputs under each tranche are reflected in the relevant government documents;
- (iv) The proposed project is not classified as category A under Asian Development Bank's Safeguard Policy Statement (2009) for either of environment, small ethnic community people, or resettlement; and
- (v) The proposed project under each tranche should be disclosed in the Ministry of Finance (MOF) website.

B. Approval Procedure

3. The first tranche under this Facility has been prepared with the required assessment and is included in the first periodic request submission. For subsequent financing tranches, the procedures will be as follows:

- (i) FD and SDCMU will prepare all the required documents for the projects under subsequent tranches in accordance with the investment program and its selection criteria.
- (ii) FD will obtain all necessary approval from ERD and government prior to ADB approval of subsequent tranche period.
- (iii) FD will submit the periodic financing request to ADB for subsequent tranche projects together with documents showing all required approvals.

SCHEDULE 5

SOCIAL DIMENSIONS AND SAFEGUARD REQUIREMENTS

1. Government of Bangladesh will ensure that all the requirements prescribed in this schedule and the following social and safeguard frameworks and plans that have been prepared with respect to the Facility and the first tranche and of which the Asian Development Bank (ADB) has been provided full copies, and which are deemed incorporated herein by reference, are complied with during the processing and implementation of the projects under the Facility.

- (i) environmental assessment and review framework, dated 31 March 2014,
- (ii) small ethnic community people's planning framework, dated 31 March 2014,
- (iii) resettlement framework, dated 31 March 2014,
- (iv) gender action plan dated, 31 March 2014.

2. The frameworks cover the Facility-specific information and requirements in accordance with ADB's safeguard policies: (i) the general anticipated impacts of the components or projects likely to be financed under the multitranchise financing facility on the environment, involuntary resettlement, and indigenous peoples; (ii) the safeguard criteria that are to be used in selecting components and projects; (iii) the requirements and procedure that will be followed for screening and categorization, impact assessments, development of management plans, public consultation and information disclosure (including the 120-day disclosure rule, if required), and monitoring and reporting; and (iv) the institutional arrangements (including budget and capacity requirements) and the client's and ADB's responsibilities and authorities for the preparation, review and clearance of safeguard documents.

3. Prior to the preparation of each periodic financing request, the applicability and relevance of each safeguard framework for environmental assessment, involuntary resettlement, and indigenous people will be reviewed by FD and SDCMU to ensure relevance and consistency with applicable country legal frameworks and ADB's safeguard policies, as amended from time to time. ADB will review all safeguard frameworks.

4. In all cases, for each new periodic financing request preparation, the client will review ongoing projects to check on the status of compliance with the social and safeguard plans and frameworks, and submit the review reports to ADB, together with other required safeguard documents relevant to the projects included in the tranche being processed. In any case if major noncompliance is discovered in the course of the review of ongoing projects, a corrective action plan will be prepared and submitted to ADB.

SCHEDULE 6

1. Bangladesh undertakes that it will do the following
 - (i) The Government will ensure that the Investment Program is implemented in line with the NSDP, roadmap prepared as part of SEIP design, and the SWAP roadmap, and will continue to engage in close policy dialogue with key stakeholders involved in education within and outside of the Government, including the private sector.
 - (ii) The Government will ensure that all programs and projects in TVET sector, including this Investment Program are aligned with the NSDP.
 - (iii) The Government will make efforts to reduce constraints for creating jobs and employment of trained staff in order to achieve the employability target of 70%.
 - (iv) The Government will ensure timely decisions on key areas (deployment of staff, contract awards, payment to contractors).
 - (v) The Government will launch awareness programs to attract disadvantaged groups in skills training program.
 - (vi) The Government will remain committed to undertake fiduciary oversight in accordance with the fiduciary oversight arrangement agreed with ADB.
 - (vii) The Government will remain committed to, and will implement, the SEIP Capacity Building Strategy.
 - (viii) The Government will ensure necessary budget allocation as per approved DPP to cover reasonable operation and maintenance, timely release of the budgeted fund, and efficient budget execution to ensure that the specific activities under the Skills for Employment Investment Program are achieved and the overall objectives of the program are met.
 - (ix) The Government will ensure that activities under the program contribute to the strategies to promote private sector's participation in TVET education.
 - (x) The Government will ensure that the activities to be financed under the program are developed and implemented in accordance with the ADB's Safeguard Policy Statement (2009) and in line with the relevant safeguards documents prepared for this investment program.
 - (xi) The Government will ensure that the baseline survey is undertaken during the first six months of the project to establish baseline and targets for the indicators identified in the Results Matrix, DMF and Gender Action Plan.
 - (xii) The Government acknowledges that ADB reserves the right to investigate directly or through its agents any possible corrupt, fraudulent, collusive or coercive practices relating to the program. To support these efforts, the Government will ensure that all bidding documents for the program include (a) provisions specifying the right of ADB to audit and examine the records and accounts of the EA and all contractors, suppliers and other service providers as they relate to the program, and (b) provisions allowing auditors engaged by the SDCMU have the right to conduct random or spot audits of contract implementation activities.
 - (xiii) The Government will ensure that the staffing needs as assessed for the program will be met without any delays and as agreed between the Government and ADB.
 - (xiv) The Government will ensure that the key reforms envisaged under the current Program as highlighted in the SEIP Policy Matrix, which includes a note on key reforms anticipated, are implemented, including: (a) supporting the setting

up of the National Human Resource Development Fund by 2015 to promote unified funding, (b) supporting the establishment of a new ministry of human resource development or an skills authority to ensure strong coordination and effective monitoring of skills development initiated by the NSDC and supported by NSDP, (c) scaling up skilling/up-skilling to meet emerging labor market needs of particularly high growth industries and skills levels, (d) catalyzing the private sector involvement in skilling/up-skilling the labor force in collaboration with industries and industry skill councils, (e) strengthening quality assurance including training of trainers, assessors and managers, development of standards for priority sectors and skills levels, strengthening the capacity for assessment and certification, and (f) enhancing monitoring and evaluation to ensure high quality training of targeted groups with high labor market outcomes.