Early Warning System

ADB-49122-001

Skills and Knowledge for Inclusive Economic Growth Program

This project is still under review by the EWS. Project information and/or project analysis may be incomplete.

Early Warning System

Skills and Knowledge for Inclusive Economic Growth Program

ADB-49122-001

This project is still under review by the EWS. Project information and/or project analysis may be incomplete.

Quick Facts

Financial Institutions	Asian Development Bank (ADB)
Status	Approved
Bank Risk Rating	U
Voting Date	2015-12-08

This project is still under review by the EWS. Project information and/or project analysis may be incomplete.

Project Description

DESCRIPTION

The proposed Sector Development Program (SDP) Skills and Knowledge for Inclusive Economic Growth is the first intervention to support the government in a phased approach to progressively modernize the technical and vocational education and training (TVET) system over the coming 10 years. To improve the quality and relevance of TVET provision in the long run 15 broad policy areas have been identified to be addressed. A combination of policy and investment support is proposed: the policy-based loan (PBL) will provide support to the Ministry of Labor Invalids and Social Affairs (MOLISA) to address the first set of policy priority areas towards strengthening the policy framework and modernizing organization and management of TVET provision and financing across ministries. Subsequent interventions will address remaining policy actions. Complementing organizational and management reforms at the policy level, the project loan will provide resources to upgrade selected training institutions under the Ministry of Industry and Trade (MOIT) and establish a model to demonstrate innovative approaches to launch demand-driven TVET programs in two economic growth centers by pooling efforts of training providers, local industries and sector associations. Successful pilot approaches will be replicated in other regions. Possible succeeding interventions will provide further targeted assistance to improve TVET provision under other line ministries such as Ministry of Education and Training (MOET), Ministry of Agriculture and Rural Development, and Ministry of Construction.

Labor market dynamics. Viet Nam's economy grew by 6.0% in 2014. The industry sector is the major driver of growth which increased by 7.1%. In 2014, the industry sector contributed 38.5% to the GDP and employed around 21% of total labor force. The service sector is the largest contributor to the GDP (43.4%) and employs about 32% of the labor force. Although around 45% of the labor force is engaged in the agriculture sector, its GDP share is relatively low (18.2%). It is estimated that about half of the labor force is involved in informal sector activities. Demographic trends suggest that the labor force will continue to grow by about one million people annually until 2020. The labor market structure has recently changed. Around one million workers shifted from agriculture to industry and service sectors each year. This shift has contributed to increases in overall productivity. However, it seems unlikely that Viet Nam can further increase the contribution of productivity growth that has resulted from migration from farm to factory. More efforts are required to increase overall productivity of the industry and service sectors. However, business communities, particularly in the industry sector, consider lack of qualified personnel with advanced skills as a major challenge for growth and enhancing productivity and competitiveness.

PROJECT RATIONALE AND LINKAGE TO COUNTRY/REGIONAL STRATEGY

Sector policy framework. According to the current policy framework MOLISA is being tasked with coordinating the TVET provision and set standards. However, a practical and comprehensive mechanism to harmonize TVET delivery at the national level is not in place yet. TVET provision is fragmented among a number of line ministries. Given the diversity of the current TVET provision, additional efforts are required to develop feasible and coordinated strategies towards achieving policy targets, harmonize existing procedures and regulations and agree upon roles and responsibilities among training providers and the industry. In general, comprehensive and updated TVET statistics, which would be useful to inform evidence-based policy and investment planning, are currently not easily available.

TVET financing. A comprehensive overview on the public budget allocation for TVET, with detailed breakdown by line ministries and specific institutions is not available, which is complicated in part by the fact that TVET spending is fragmented across a number of line ministries with each having its own independent budget. Since resources for TVET expansion are scarce, future

This project is still under review by the EWS. Project information and/or project analysis may be incomplete.

Investment Description

- Asian Development Bank (ADB)

This project is still under review by the EWS. Project information and/or project analysis may be incomplete.

Contact Information

ACCOUNTABILITY MECHANISM OF ADB

The Accountability Mechanism is an independent complaint mechanism and fact-finding body for people who believe they are likely to be, or have been, adversely affected by an Asian Development Bank-financed project. If you submit a complaint to the Accountability Mechanism, they may investigate to assess whether the Asian Development Bank is following its own policies and procedures for preventing harm to people or the environment. You can learn more about the Accountability Mechanism and how to file a complaint at: http://www.adb.org/site/accountability-mechanism/main

This project is still under review by the EWS. Project information and/or project analysis may be incomplete.

Bank Documents

- Project Disclosure PDF
- Skills and Knowledge for Inclusive Economic Growth Program: Initial Poverty and Social Analysis [Original Source]
- Skills and Knowledge for Inclusive Economic Growth Program: Project Preparatory Technical Assistance [Original Source]

This project is still under review by the EWS. Project information and/or project analysis may be incomplete.

Other Related Projects

- ADB-49122-002 Skills and Knowledge for Inclusive Economic Growth Program (formerly Secondary Education Sector Teac
- ADB-49122-004 Skills and Knowledge for Inclusive Economic Growth Project