



Completion Report

Project Number: 33166
Loan Number: 1791
November 2006

The Marshall Islands: Skills Training and Vocational Education Project

CURRENCY EQUIVALENTS

The currency unit of the Republic of the Marshall Islands is the US dollar.

ABBREVIATIONS

ADB	–	Asian Development Bank
CMI	–	College of the Marshall Islands
EA	–	executing agency
IDMP	–	Infrastructure Development and Maintenance Project
JHS	–	Jaluit High School
MIA	–	Ministry of Internal Affairs
MIHS	–	Marshall Islands High School (Majuro)
MIS	–	management information system
MOE	–	Ministry of Education
NGO	–	nongovernment organization
NIHS	–	Northern Islands High School (Wotje)
NTC	–	National Training Council
NVTI	–	National Vocational Training Institute
PIU	–	project implementation unit
PSC	–	project steering committee
RMI	–	Republic of the Marshall Islands
SDR	–	special drawing rights
SEG	–	supplementary education grant
TA	–	technical assistance
TOR	–	terms of reference
WAM	–	Waan Aelon in Majel
WIA	–	Work Investment Act
WIB	–	Work Investment Board
WTMIC	–	Women's Training and Marketing Center

NOTES

- (i) The fiscal year (FY) of the Government ends on 30 September. FY before a calendar year denotes the year in which the fiscal year ends.
- (ii) In this report, "\$" refers to US dollars.

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BASIC DATA

A. Loan Identification

1.	Country	Republic of the Marshall Islands
2.	Loan Number	1791-RMI (SF)
3.	Project Title	Skills Training and Vocational Education
4.	Borrower	Republic of the Marshall Islands
5.	Executing Agency	Ministry of Education
6.	Amount of Loan	- at approval, SDR5.276 million (\$6.82 million) - at closing, SDR 3.48 million (\$4.49 million)
7.	Project Completion Report Number	- PCR: RMI 966

B. Loan Data

1.	Appraisal	
	– Date Started	5 September 2000
	– Date Completed	15 September 2000
2.	Loan Negotiations	
	– Date Started	18 October 2000
	– Date Completed	26 October 2000
3.	Date of Board Approval	29 November 2000
4.	Date of Loan Agreement	11 January 2001
5.	Date of Loan Effectiveness	
	– In Loan Agreement	11 April 2001
	– Actual	29 January 2001
	– Number of Extensions	0
6.	Closing Date	
	– Loan Agreement	30 June 2005
	– Actual	31 October 2005
	– Number of Extensions	1
7.	Terms of Loan	
	– Interest Rate	1% per annum during the grace period, and 1.5% per annum thereafter
	– Maturity	32 years
	– Grace Period	8 years

8. Disbursements

a.	Dates		
	Initial Disbursement	Final Disbursement	Time Interval
	1 March 2001	19 October 2005	56.43 months
	Effective Date	Original Closing Date	Time Interval
	29 January 2001	30 June 2005	53.77 months

b.		Amount (\$million)					
Category		Original Allocation	Last Revised Allocation	Amount Canceled	Net Amount Available	Amount Disbursed	Undisbursed Balance
1	Civil Works						
1A	Majuro	0.77	0.99	0.99	0.99	0.99	0
1B	Ebeye	0.43	0.45	0.45	0.45	0.45	0
1C	Jaluit	0.45	0.38	0.38	0.38	0.38	0
1D	Wotje	0.55	0.51	0.51	0.51	0.51	0
2	Furniture and Equipment	1.55	0.75	0.75	0.75	0.75	0
3	Staff Development	0.51	0.43	0.43	0.43	0.41	0
4	Consultant Services	1.54	1.28	1.28	1.28	1.28	0
5	Research & Support Activities	0.24	0.01	0.01	0.01	0.01	0
6	Project Implementation	0.10	0.05	0.60	0.06	0.06	0
7	Interest During Construction	0.21	0.08	0.08	0.08	0.08	0
8	Unallocated	0.57	-	-	-	-	0
9	Imprest Account	-	-	-	-	-	0
Total		6.90	4.92	4.92	4.92	4.92	0

9.	Local Costs (Financed)	
	– Amount (\$million)	0.115
	– Percent of Local Costs	8
	– Percent of Total Cost	2

C. Project Data

1. Project Cost (\$million)

Cost	Appraisal Estimate			Actual		
	ADB	RMI	Total	ADB	RMI	Total
Foreign Exchange Cost	6.70	0.00	6.70	4.81	0.00	4.81
Local Currency Cost	0.13	2.28	2.40	0.12	1.38	1.50
Total	6.83	2.28	9.10	4.92	1.38	6.31

2. Financing Plan (\$million)

Cost	Appraisal Estimate			Actual		
	FC	LC	Total	FC	LC	Total
ADB	6.70	0.13	6.83	4.81	0.12	4.92
Government	0.00	2.28	2.28	0.00	1.38	1.38
Total	6.70	2.40	9.10	4.81	1.50	6.31

ADB = Asian Development Bank, IDC = interest during construction.

3. Cost Breakdown by Project Component (\$million)

Item	Appraisal Estimate			Actual		
	ADB	RMI	Total	ADB	RMI	Total
A. Loan Categories	5.96	1.73	7.69	4.79	1.23	6.02
Civil Works	2.16	0.54	2.70	2.33	0.58	2.91
Furniture and Equipment	1.53	0.16	1.69	0.75	0.08	0.82
Consulting Services	1.52	0.46	1.99	1.28	0.39	1.67
Staff Development	0.51	0.20	0.71	0.43	0.17	0.60
Research and Support Activities	0.24	0.36	0.60	0.01	0.01	0.02
B. Project Implementation	0.10	0.26	0.36	0.06	0.15	0.21
C. Contingencies	0.57	0.29	0.85	-	-	-
D. Interest During Construction	0.21	-	0.21	0.08	-	0.08
	6.83	2.28	9.10	4.92	1.38	6.31

ADB = Asian Development Bank, RMI = Republic of the Marshall Islands.

4. Project Schedule

Item	Appraisal Estimate	Actual
Date of Contracts with Consultants		
Project Manager – International		1 February 2001
Project Accountant		1 February 2001
Training		7 April 2003
Civil Works Contracts		
Date of Award		1 October 2002
Completion of Work		26 April 2004
Equipment and Supplies		
First Procurement		22 September 2003
Last Procurement		16 August 2004

5. Project Performance Report Ratings

Implementation Period	Ratings	
	Development Objectives	Implementation Progress
From 30 November 2000 to 31 December 2000	Satisfactory	Satisfactory
From 31 January 2001 to 28 February 2001	Satisfactory	Satisfactory
From 31 March 2001 to 31 May 2001	Satisfactory	Highly Satisfactory
From 30 June 2001 to 31 December 2001	Satisfactory	Satisfactory
From 31 January 2002 to 31 May 2002	Satisfactory	Satisfactory
From 30 June 2002 to 31 August 2002	Satisfactory	Highly Satisfactory
From 30 September 2002 to 31 December 2002	Satisfactory	Satisfactory
From 31 January 2003 to 31 December 2003	Satisfactory	Satisfactory
From 31 October 2004 to 31 December 2004	Satisfactory	Satisfactory
From 31 January 2005 to 31 December 2005	Satisfactory	Satisfactory

D. Data on Asian Development Bank Missions

Name of Mission	Date	No. of Persons	No. of Person-Days	Specialization of Members
Fact-finding	29 March- 7 April 2000	3	27	b, c, b
Appraisal	5-15 September 2000	4	34	b, b, b, b
Inception	26 January–9 February 2001	3	45	a, b, c
Review	27 June–4 July 2001	2	16	a, c
Review	12–23 October 2001	2	24	a,c
Review	6–13 February 2002	2	16	a,h
Review	3–10 July 2002	2	16	a,c
Review	23–27 September 2002	2	10	g, e
Special Review	12–14 March 2003	1	3	e
Review	21–30 July 2003	3	30	a, d, i
Midterm Review	23 January–4 February 2004	1	13	e
Review	29 November–3 December 2004	2	8	c, e
Review	26–28 February 2005	3	9	f, g, c

a - senior programs officer, b – senior project specialist, c – assistant project administration analyst, d – project administration unit head, e – senior country programs specialist, f – principal programs coordination specialist, g – former RMI desk officer, h – associate operations analyst, i – operations officer.

I. PROJECT DESCRIPTION

1. The efforts of the Government of the Marshall Islands—to improve the socioeconomic conditions and living standards of the people and to increase employment and income generating opportunities, especially for women and youth in the outer islands—were seen to be hampered by the lack of skilled workers, and training and income-generating opportunities. The Government planned to address this concern by “upgrading the skills training system into a comprehensive, integrated and efficient national training system incorporating the establishment of skills standards and certification as well as income-generating activities for women and school dropouts.”¹

2. The Government requested assistance from the Asian Development Bank (ADB) to implement its new educational and skills training plan, aimed at developing a national vocational and skills training system. ADB fielded a fact-finding mission and an appraisal mission in September 2000. The appraisal mission finalized the scope of the project in consultation with the Government. The loan project was approved on 29 November 2000. The loan document was signed on 11 January 2001 and the loan went into effect retroactively in December 2000. The project cost was estimated at \$9.1 million, including a local share of approximately \$2.4 million. The purpose of the Project was to improve skills training in the Republic of the Marshall Islands (RMI) to provide well-trained skilled workers for sustained economic and social development. The Project comprised four components: (i) developing a career awareness program, (ii) improving skills training, (iii) enhancing skills training opportunities for women and youth, and (iv) institutional strengthening.

II. EVALUATION OF DESIGN AND IMPLEMENTATION

A. Relevance of Design and Formulation

3. The Project was consistent with ADB’s country assistance plan for 2000–2002. It followed an earlier project in the education sector, Basic Education Development,² and was guided by the Government’s national skills training plan. However, the project design and formulation greatly underestimated: (i) the lack of effective demand for improved education and skills training, and associated capacity and institutional weaknesses; and (ii) the low level of basic education which inhibits vocational skills or other skills training. These constraints were fully substantiated by the findings of the technical assistance (TA) for Increasing Ownership and Effective Demand for Improved Education in 2005,³ which examined RMI education in a fully participatory manner as a pilot for the design of further civil service reforms. Since the loan⁴ was approved, ADB’s country strategy and program for the RMI has developed into a focus on (i) priority cross-sector, thematic concerns to strengthen performance and productivity in public and private sector delivery of goods and services; and (ii) the need to strengthen governance in the form of policy formulation. ADB’s country strategy and program has emphasized much

¹ ADB. 2000. *Report and Recommendation of the President to the Board of Directors on a Proposed Loan to the Republic of the Marshall Islands for the Skills Training and Vocational Education Project*. Manila (Loan 1791-RMI, for a total of \$6.82 million, approved on 29 November 2000).

² ADB. 1993. *Report and Recommendation of the President to the Board of Directors on a Proposed Loan to the Republic of the Marshall Islands for the Basic Education Development Project*. Manila (Loan 1249-RMI, for a total of \$8 million, approved on 17 August 1993).

³ ADB. 2004. *Technical Assistance to the Republic of the Marshall Islands for Increasing Ownership and Effective Demand for Improved Education*. (TA 4458-RMI, for \$150,000, approved on 10 November 2004).

⁴ Loan 1791 (footnote 1).

stronger participation of all relevant stakeholders in the design of all ADB assistance since late 2003.

B. Project Outputs

4. The Project comprised four components: (i) developing a career awareness program, (ii) improving skills training, (iii) enhancing skills training opportunities for women and youth, and (iv) institutional strengthening. The following section includes discussion of each component; the extent to which intended outputs were achieved; and deviations and other factors that affected project costs, outcomes, and time schedules. Details of achievements are in Appendix 1.

1. Developing a Career Awareness Program

5. This component developed a career awareness program for public high schools, replacing much of the previous high school vocational education programs. It also included career orientation and counseling programs, and training and counseling support. Civil works were completed, including building two training rooms, one counseling room, an administration office, and toilets at Jaluit High School (JHS) and Northern Islands High School (NIHS). Furniture for the buildings was purchased and delivered. The career counseling program was incorporated in the curriculum of JHS, NIHS, and the newly opened Laura High School on Majuro Atoll. During implementation, it was found that the program was more appropriate for the upper grades (11 and 12) and was therefore adapted. The program was introduced in the high schools in August 2003. Training kits, teaching materials (including a locally produced teacher's guide), equipment, and reference materials have been distributed to all high schools. All 18 teachers in charge of the career awareness program took part in a two-week classroom training at Majuro in addition to a one-week on-site training program at JHS and NIHS in June 2003.

6. Marshall Islands High School (MIHS) has suspended the career awareness course because of lack of teachers and facilities. The principal has expressed her intention to explore possible solutions to incorporate the career awareness program in the curriculum when the facilities and the appropriate number of teachers have been secured. Public high schools do not have a formal curriculum. Curriculum development for secondary education is currently being addressed by the Ministry of Education (MOE). The implementation of the career awareness program at MIHS and the newly opened Kwajalein High School, along with the other public high schools, will be greatly enhanced once the program is included as part of the newly developed secondary curriculum.

2. Improving Skills Training

7. This component aimed to develop an integrated skills training system and included one-stop centers, skills training programs, curriculum development, and skills training centers.

a. One-Stop Centers

8. Construction was completed and all furniture and equipment were procured and delivered for one-stop centers on Majuro, Jaluit, and Wotje. It was difficult to find a suitable site for a one-stop center on Ebeye so it was decided to drop this subcomponent from the Project. Initially, the one-stop centers were to be administered under the 1998 Work Investment Act

(WIA). As part of the renewed Compact with the Government of the United States,⁵ the WIA has been “cashed out” and funds formerly utilized by the WIA have been incorporated in the Supplemental Education Grant (SEG). The WIA was granted authorization to continue through September 2005, at which time it was to be absorbed by the National Training Council (NTC). Since the one-stop centers are essentially training centers (office space with adjoining training room), they have been included in the business plan for training centers built under the Project.

9. The equipment for the one-stop centers was inadequately installed and maintained so the centers have not been utilized effectively. While one-stop centers were included in the business plans prepared with project assistance for the training centers, there is no comprehensive future training program with a corresponding plan to resource the one-stop centers and other training centers adequately. The centers are used for training events in an ad hoc manner with limited follow-up and inadequate monitoring of the outputs of events.

b. Skills Training Programs

10. A five-classroom building for the tier I training program was constructed on the MIHS campus. The building includes two networked computer labs and three classrooms. The tier I program provides two-year studies in English language, mathematics, computer studies, and career awareness to high school age students who are unable to attend regular high school. The tier II program was intended to continue tier I studies and provide training for continuing tier I students, and high school aged students who may have attended high school but have dropped out of school and do not have the option of returning. The tier II classrooms are in the project-renovated MIHS cafeteria building. The tier I and II programs are managed by the National Vocational Training Institute (NVTI) and will 175 students enrolled for the 2005–2006 school year. Business plans for tier I and II programs have been developed. It was intended that successful tier II students would be given the option to continue to a tier III program provided by the College of the Marshall Islands (CMI) but this was not forthcoming. As a result of mismanagement and the consequent risk of losing accreditation in the US, CMI decided to refocus its programs on its core business and abandon possible expansion to vocational training. The CMI’s weak institutional status was not foreseen when the project was designed. Project design did not take adequate account of widespread public sector institutional weaknesses.

11. The Project constructed a building for boat construction for Waan Aelon in Majel (WAM) on the MOE Administration Delap office area. Tools and equipment were also provided by the Project. WAM is a highly successful nongovernment organization (NGO) specializing in traditional canoe building and providing life skills training for RMI youth. The boat building houses a new endeavor by WAM, which includes training in fiberglass boat building and repair.

12. The construction of a four-classroom training facility was completed on the CMI campus at Gugeegue. This facility was to house tier III training (hands-on skills or vocational training for high school graduates) managed by CMI. As a result of problems in maintaining its accreditation, CMI was forced to close its Gugeegue campus. It is highly doubtful that CMI will reopen the campus. The classrooms are currently being utilized by the new Kwajalein High School. The Government seeks to expand the tier I and II programs to Ebeye, utilizing the four-

⁵ The renewed Compact of Free Association between the governments of the RMI and the United States runs from 2003 - 2004. The Government of the United States provides the RMI with annual grant funds and payments for land leases on the atoll of Kwajalein in return for continued US control of RMI defense policy and foreign affairs interests.

classroom building. Two staff houses were also constructed on Gugeegue campus in addition to the four-classroom training unit.

13. NVTI is experiencing problems in proceeding as planned to tier II level training because of: (i) weak basic English and mathematics skills of students enrolled in the tier I program, (ii) limited faculty resources, and (iii) lack of adequate labor market analysis and a corresponding set of agreed skills standards. Even if tier II training were to materialize, the future of tier II graduates would be uncertain. Alternative plans for tier III level skills/vocational education training programs to be provided by CMI have not been developed because of CMI's decision to concentrate on its core business. To set relevant strategies and operate effectively, NTC will need further support for the coordination, analysis, and projection of labor market needs and standard setting. NVTI will need further support in associated capacity building for planning and implementing skills/vocational education training operations.

c. Curriculum Development

14. Two curriculum development consultants were engaged. Curricula for tier I and tier II were completed, and suggested books and learning materials have been purchased. Another consultant was engaged to produce assessment tools for tier I and tier II. This has also been completed.

d. Skills Standard and Certification

15. The consultant for skills standards was not recruited. The former director of NTC was transferred to the Ministry of Finance and moved to Ebeye. Currently, NTC has only three staff members. It has stated that it has no plan to conduct skills testing although the original terms of reference (TOR) of skills standards development stated that this would be a function of NTC. The youth training specialist worked exclusively with NTC, and operational plans for outer island training rooms were provided to NTC. A new director was selected and began work in September 2005. NTC will also benefit greatly from the SEG program.

16. Because of the very uncertain status and weak capacity of NTC during the project period, skills standards were not set and training modules and programs were not developed as envisaged. An initial labor market analysis was prepared to a limited extent with project support, but it was not utilized by MOE and NTC so it soon became outdated. Weakness in these critical areas seriously undermined the achievement of project outcomes.

3. Special Training Program for Women and Youth

17. This component aimed to improve income-generating opportunities for women and youth, especially in the outer islands. It included community outreach programs; training for women and youth; and a women's training, marketing, and information center. The Government took full ownership of the results of Preparing a Youth Social Services Project,⁶ which dovetails with Loan 1791 (footnote 1) in many ways, including skills training for income generation, outreach programs on outer islands, and vocational training for women and youth.

⁶ ADB. 2003. *Technical Assistance to the Republic of the Marshall Islands for Preparing the Youth Social Services Project*. Manila (TA 4219-RMI, for \$500,000, approved on 19 November 2003).

a. Community Outreach Program

18. A consultant was engaged for planning outreach programs to youth and women. A needs assessment tool was developed and translated into Marshallese. The consultant, along with a local counterpart, traveled to seven outer islands (Ailinglaplap, Ebeye, Ebon, Jaluit, Ujae, Utrik, and Wotje). Utilizing the needs assessment documents, they collected life skills and income-generating data via on-site observations, informal conversations, and interviews with various focus groups. During the survey, 348 low-income women and youth were individually surveyed and 106 people participated in focus group meetings. The data collected and analyzed was incorporated into *Skills-based Training Strategies to Increase Income Generation and Enhance Life Skills on the RMI Outer Atolls*. This has been widely distributed within the RMI, including NGOs, NTC, and NVTI.

b. Training Units for Women and Youth

19. Construction of training units for women and youth were completed on Jaluit and Wotje. Furniture and equipment were purchased and delivered to the sites. Both training units were constructed on public high school campuses. NTC, in cooperation with the administration of Wotje and Jaluit high schools, will manage the training centers—including taking and accepting applications from appropriate training facilitators (based on needs assessment) for use of the buildings. Operational use of the training rooms was explained by the youth training specialist to various training providers at a workshop organized through NTC. A business plan and organizational program was prepared for the units. These centers are likely to suffer from the same weaknesses as one-stop centers, i.e., there is no comprehensive forward training program in place to be provided in these units, and their utilization is ad hoc.

c. Women's Training, Marketing and Information Center (WTMIC)

20. The WTMIC was constructed in Majuro on the MOE Delap office grounds. The building includes a training room, administrative office, reception/display room, and a bathroom. The training room includes kitchen facilities for nutrition and cooking courses. It was fully furnished and equipped, including local materials for handicraft training. According to the project administration memorandum, the building management was given to the Women's Division of the Ministry of Internal Affairs (MIA) with a memorandum of understanding between MOE and MIA. Business plans and operational plans were produced with the assistance of a gender specialist consultant. Meetings were held on the use of the building with government entities, NGOs, church-based organizations, and other training providers and stakeholders.

21. Monthly handicraft sales are under way using tents and tables outside WTMIC on the last Friday of each month. Training programs held include young mother and children nutrition and child care programs, community development, and an ongoing handicraft training program.

22. There appears to be a continuous disagreement between MIA and MOE regarding the purpose of and authority over WTMIC; utilization of the center has suffered accordingly. The disagreement reflects the lack of an adequate sector strategic plan which would clarify the roles and mandates between line ministries and other related bodies overseeing and implementing formal and nonformal education and training activities. The implementation and further updating

of the business plan, which was initially prepared with project support, has not progressed effectively, resulting in ad hoc utilization of the center.

d. Aquaculture

23. A pilot aquaculture farm at Jaluit High School was funded by the Project. Teachers were trained in the biology and practical aspects of aquaculture in Pohnpei, and a farm was set up at Jaluit with aquarium grade clams, spat (young pearl oysters), and aquarium grade coral. Both clams and spat were donated by CMI, which has coral and spat nurseries. Coral was harvested from Jaluit lagoon utilizing an environmentally safe method that ensured regrowth of the polyps. Twenty students at JHS, including 10 girls, have taken part in the ongoing program. Clams, spat, and coral have been sold to local businesses. The outer island training rooms on Jaluit have been used to give seminars and workshops on aquaculture, including black pearl.

4. Institutional Capacity Building

24. This component was to strengthen institutional capacity to plan, regulate, and manage an efficient skills system; including monitoring systems, staff development, and research studies.

25. A benefits monitoring and evaluation consultant was engaged from the beginning of the Project. The project implementation unit (PIU) received a draft report at the end of July 2005, and a final report at the end of August 2005. A management information system (MIS) specialist was engaged and completed his consultancy in July 2005. MOE opened and filled three positions to staff the MIS, including a director and two data entry positions. A commercial MIS software product was identified and purchased by the Project. This included an on-site two-week training session on the system by the company for MOE staff. The Project also purchased additional hardware for the MIS, including networking equipment, computers, printers, and accessories. A room in the MOE administration building was remodeled and wired to house the MIS hardware and staff. The remodeling, purchase of equipment, and furniture was paid out of project funds.

26. Data on students from grade one through grade eight and NVTI have been entered into the MIS in addition to data on MOE teachers, administrators, and staff. The MIS consultant, with the assistance of the information technology and MIS staff, edited data collection tools to fit the new MIS. A working plan for collection of data has also been produced. However, MIS training provided with the Project's support did not cover data analysis methods. MOE has engaged an international consultant to carry out data analysis for the MIS and has assigned another international consultant to edit MOE's 2005 annual report. Analyzed sector data is presented in this report, which the MIS helped prepare. However, the report does not provide comprehensive data for the indicators it presents and it includes a limited list of indicators. MOE reporting will need to progress to provide more in-depth data and analysis, supported by more useful indicators, such as the net enrollment rate.

27. Annual reporting by MOE suffers from a lack of reliable examination data. The current practice of examinations provides information only on those who have succeeded in secondary school entry examinations and secured a slot in a particular high school. These tests/examinations also vary between schools. There is no information on students who are qualified for secondary education but do not have access to it because of limited space in schools or other reasons (e.g., distance to school and family poverty). In the present system, information remains very limited for students who do not qualify for secondary school education.

This lack of data is undoubtedly hampering planning for skills/vocational education training because students who do not enter secondary education are an important part of the target group for this training.

28. Educational planning is also weak because of lack of collection of other relevant data from schools, institutions, and communities. With the support of this project, a guideline was prepared in a matrix format for data collection procedures and timeline for the MIS. However, MOE has yet to establish a system for regular collection and updating of data. The data entered to date has been obtained through various sources, such as limited surveys undertaken by MOE in the sector, and studies and data collection undertaken by donor-funded consultants in the sector in recent years. Overall, the MIS database has remained limited. The process of personnel audits, to be undertaken with the support of a proposed TA,⁸ should provide an opportunity to build the capacity of the MIS unit in the collection and analysis of data on human resources in the sector, linking this with household survey data and other socioeconomic data sets being produced by the Economic Planning, Policy and Statistics Office (EPPSO). The data should also be provided in a user-friendly format to the secretary of education and directors of planning and staff development at MOE in support of policy and strategic planning on human resources development and allocation in the sector.

29. Twenty staff members were enrolled in a master's degree program at San Diego State University in education leadership, including the minister of education and the secretary of education. This was a joint effort utilizing funds from the Project and US federal grant funds. Nineteen out of the 20 participants are expected to graduate in 2006. Most of the curriculum development specialists of MOE participated in the master's degree program. According to MOE, these specialists are likely to seek employment as lecturers or department heads at CMI, and a new batch of curriculum specialists will need to be recruited to replace those who participated in the master's degree program. While MOE seems to see this development as positive from the perspective of utilization of upgraded staff resources, such utilization or career development in the sector appears to be ad hoc, as it is not based on any systematic staff allocation and resource plan. It will also be important to build the capacity of the Public Service Commission to support efficient human resource allocation.

30. Five MOE staff members completed an advanced computer training program in April 2003, and five high school teachers completed project-funded training in aquaculture in Pohnpei. All senior staff members were trained in the use of the new MIS; this two-week session was held by software vendor personnel.

31. The project manager and the president of CMI traveled to Hawaii to visit Hilo Community College. The community college has an extensive vocational program including automotive, welding, carpentry, electrical, and computer studies. Because of the limited need for tradespeople in the RMI and the cost of maintaining such programs locally, it is envisioned that NTC will set aside scholarship funds for Marshallese who choose to undertake vocational studies at Hilo. Hawaii's environment is well suited to young Marshallese traveling abroad for the first time.

32. The director of NVTI and the assistant secretary for secondary and vocational education traveled to Las Vegas, Nevada for a vocational workshop. The NVTI director traveled to Washington, DC for a conference on out-of-school youth. The counterpart project manager

⁸ ADB. 2006. *Technical Assistance to the Republic of the Marshall Islands for Pilot Collaborative Public Services Delivery*. Manila. (TA 4794-RMI, for \$350,000, approved on 30 May 2006).

traveled to Apia, Western Samoa to attend a workshop on regional technical and vocational education.

C. Project Cost and Financial Plan

33. At the time of appraisal, the total cost of the Project was estimated at \$9.10 million, comprising \$6.70 million in foreign exchange costs fully financed by ADB and 0.125 in local costs financed by ADB and \$2.28 million in local currency costs financed by the Government. Actual project costs totaled 69% of appraisal estimates. The approved loan for SDR5.28 million (\$6.82 million equivalent) from ADB's Special Fund resources covered 75% of the project cost, comprising \$6.70 million in foreign currency and \$0.125 million in local currency. The Government was to meet the remaining \$2.27 million local currency cost of the total project cost.

34. The actual project cost of \$6.31 million was lower than the appraisal estimate of \$9.10 million because of the Government's request for partial cancellation of \$1.0 million and reallocation of loan proceeds during project implementation. Some savings were reallocated to various loan categories to accommodate actual disbursements and outstanding commitments prior to loan closing date. Significant savings were also realized in the cost of furniture, equipment, and consulting services (Appendix 2).

35. Table 1 compares the actual costs for the project components with the appraisal estimates.

Table 1: Project Cost Comparison
(\$ million)

Item	Appraisal Estimate			Actual		
	ADB	RMI	Total	ADB	RMI	Total
A. Capital Costs	5.96	1.73	7.69	4.79	1.23	6.02
Civil Works	2.16	0.54	2.70	2.33	0.58	2.91
Furniture and Equipment	1.53	0.16	1.69	0.75	0.08	0.82
Consulting Services	1.52	0.46	1.99	1.28	0.39	1.67
Staff Development	0.51	0.20	0.71	0.43	0.17	0.60
Research & Support Activities	0.24	0.36	0.60	0.01	0.01	0.02
B. Implementation Costs	0.10	0.26	0.36	0.06	0.15	0.21
C. Contingencies	0.57	0.29	0.85	-	-	-
D. Interest During Construction	0.21	-	0.21	0.08	-	0.08
Total Project Cost	6.83	2.28	9.10	4.92	1.38	6.31

ADB = Asian Development Bank, RMI = Republic of the Marshall Islands.

D. Disbursements

36. Disbursement procedures were realistic. The Executing Agency (EA) was given full management of ADB and counterpart imprest accounts, which expedited disbursements and ensured proper monitoring by the PIU. The Government promptly replenished the counterpart imprest accounts with only minor delay. The accountant engaged by the Project was given

some training in Manila, Philippines on ADB disbursement procedures, establishment of accounting procedures, and a proper internal control system.

37. An imprest account was established and \$300,000 was deposited in it. The account was liquidated using the statement of expenditures procedure for individual payments not exceeding \$50,000. The use of the imprest account and statement of expenditures procedures simplified the process for drawing advances and replenishments, and was extremely beneficial to project implementation. Replenishments of the imprest account were carried out in a timely manner, with very minor delays. Loan disbursements amounted to a total of \$4.92 million (Appendix 3). At loan closing, \$1.658 million was cancelled and the loan was effectively closed on 31 October 2005.

E. Project Schedule

38. The loan was approved on 29 November 2000 and became effective on 29 January 2001. The Project was originally scheduled to be completed on 30 June 2005. On 24 June 2005, the Government requested an extension of the closing date until 31 August 2005. This extension was primarily caused by the Project undertaking the MIS consultancy inputs; related civil works; trainings; procurement; hardware; software, and furniture; and other Project related administration. There were minor delays in the completion of civil works, necessitating a delay in the engagement of some consultants. However, the delays were not serious in view of the logistics faced by local contractors, especially with outer island civil works. Delays in consulting work on curriculum development for the tier I and tier II programs and benefit monitoring and evaluation were significant. The Project closed on 31 August 2005 (Appendix 4).

F. Implementation Arrangements

39. MOE was the EA for the Project and the secretary of education was the project director. A PIU was established and consisted of a project manager, a project accountant, a project engineer, and a local counterpart project manager. A project steering committee was formed comprising representatives from both the public and private sector, including WIA, CMI, and the Ministry of Interior. The implementation arrangements were satisfactory and programs developed are producing the anticipated results. The minister and secretary were in place throughout the project period. Initially, the project steering committee met on a regular basis but CMI's involvement diminished because of internal problems.

40. Modifications in the civil works packages were approved in December 2002 to avoid cost overruns while achieving the overall objective of the Project. These changes were cost-efficient solution for skills training in Ebeye, Jaluit, and Wotje without materially altering the Project's purpose, components, costs, benefits, and implementation arrangements. Jaluit and Wotje male and female dormitories, originally planned to house atoll participants for workshops and training sessions, were proposed to be eliminated. People attending workshops and training sessions in the past have not had problems finding lodging with family and acquaintances, and the high schools on both atolls have been very helpful in providing accommodation to participants. The maintenance of these buildings will be a problem if not used on a full-time basis. The savings for the cancellation of the dormitories was \$219,740.14.

41. The PIU had a problem identifying land for the construction of a one-stop center in Ebeye, so ADB approved the EA's proposal to use an existing local government building that required very little renovation.

G. Conditions and Covenants

42. No covenants were modified, suspended, or waived during implementation. The majority of loan covenants were complied with (Appendix 5). Partial compliance was observed in relation to (i) organization and implementation arrangements within MOE, (ii) counterpart staff and funds, (iii) availability of qualified high school staff of vocational education made redundant by the closure of the programs, (iv) availability of land, and (v) establishment of a project performance and monitoring system. In future, the applicability and relevance of the covenants should be carefully considered before being included to ensure effective compliance.

H. Consultant Recruitment and Procurement

43. The Government considers that it would have been beneficial to have had face-to-face interviews with prospective consultants. This would have helped to strengthen ownership and nationals' ability to design and negotiate the TA. There were some problems with the engagement of the project engineer because an engineering firm was engaged instead of an individual consultant. The TOR should have been altered to apply to a company; failure to do so incurred some extra cost for design and engineering. Negotiations on these extra costs were time-consuming and caused lingering differences of opinion between the company and the PIU. Recruitment of some consultants working with NTC was also problematic because of lack of an NTC director and staff. The recruitment of international consultants could have been delayed until national counterparts were in position. The certification specialist was not recruited even though the TOR was changed. The EA also expressed concern over some consultants who completed their work off-island rather than in-country where they could have imparted their knowledge to counterpart staff.

44. Individual civil works components were neither complex nor large-scale. Local competitive bidding was undertaken with the required number of contractors tendering their bids for each component. Some slowdowns were caused by logistics involved with outer island construction but most civil works components were completed within the projected time frames. The one-stop center on Ebeye was not completed because an appropriate site could not be identified. As one of the most densely populated areas in the world, it is difficult to secure land on Ebeye.

45. Most major purchases were from off-island vendors so there were long lead times but there were no major difficulties with procurement of materials, supplies, and equipment. The project engineer and the project accountant were very efficient at making orders in a timely manner and ensuring timely payments to vendors. The Government was responsive in the reimbursement of the counterpart funds, enhancing the ability of the PIU to pay vendors. The project accountant did an excellent job of tracking all orders and ensuring proper distribution of landed goods.

I. Performance of Consultants, Contractors, and Suppliers

46. Use of some international consultants was not cost-effective and resulted in slowdown of project implementation. It was difficult to monitor the work of these consultants and the quality of their work reflected a lack of knowledge of local constraints and information on the ground. One of the gender specialists, also an international consultant, was terminated because of poor performance. The late date of the termination did not allow time for engaging a replacement. In view of these early difficulties, ADB helped the EA to revise further consultants' inputs. ADB

also proposed to increase the number of review missions but this subsequently proved to be unnecessary.

47. Civil works done by local contractors was satisfactory. There are few local contractors, so most had worked with previous ADB projects and were conversant with the bonding and bidding procedures. Some contractors continued to have problems with the close inspection of ongoing works but this did not cause major problems with implementation.

J. Performance of the Borrower and the Executing Agency

48. The Ministry of Finance performed very well for the Project. Replenishment of counterpart funds was done quickly and support for the Project was evident. The performance of the EA was much improved over the earlier education loan project where counterpart support was lacking.⁹ The minister and the secretary of education supported the Project throughout its implementation.

49. The performance of the PIU was greatly enhanced by the engagement of a qualified accountant. Financial documents were in order, cash flows were monitored, and the project manager was kept abreast of all financial matters.

50. Uncoordinated changes were made in the project design during implementation. The changes were formally approved by ADB but they were planned and proposed by the PIU and MOE to ADB without proper consultation of other project institutions and stakeholders in-country. Therefore, the rationale and ownership of many of the changes was weak. While some of the changes or additions were undertaken with clear justification,¹⁰ the combined effect of all uncoordinated changes in implementation plans and inputs resulted in a more extensive change in project scope than was realized at the time. Hence, in practice, the scope of EA management was effectively narrowed to inputs and outputs related to civil works and improving physical facilities, computers and equipment procurement, and materials and plans development. Institutional development and capacity building inputs and outputs tended to be overlooked. The EA remains institutionally weak.

51. The Office of the Attorney General and secretary of finance wanted to tax all consultants recruited under the loan. ADB repeatedly pointed out to the Government the ADB policy on the taxation of ADB-funded goods and services procured under ADB-funded loans. They stated that, while taxation was the sovereign right of government, as agreed with ADB under the loan agreement, ADB-funded goods and services are not to be taxed, so taxation would require additional administrative expense to tax and reimburse loan funds for amounts taxed.

K. Performance of the Asian Development Bank

52. The performance of ADB was satisfactory. There was some confusion over the direction of the Project because of too frequent change in the ADB project officer. The project officers for this project were moved to other departments. However, sufficient effort was made to ensure adequate handover of project responsibilities. Review missions were informative and very helpful to the PIU. Substantial assistance was given to the PIU on formulating a logical

⁹ ADB, 2005. *Report and Recommendation of the President to the Board of Directors on a Proposed Loan to the Republic of the Marshall Islands for Basic Education Development Project*. Manila (Loan 1249-RMI for \$11.6 million, approved August 1993).

¹⁰ In particular, the provision of a computerized MIS at MOE was an essential addition to the original project plans.

framework for the Project, and business plans for project components which clarified implementation goals, inputs, and outputs.

III. EVALUATION OF PERFORMANCE

A. Relevance

53. Given that youth unemployment and associated social problems remain and have even become worse in recent years, and the demand for vocational skills and vocational education training has undoubtedly remained strong, the Project's objectives remained highly relevant during the implementation period and during evaluation. However, weaknesses in the project framework and project design caused by a lack of tangible indicators and attention to strategic, policy, and institutional issues led to difficulties in implementation and a lack of relevance of some project components. Overall, the project was relevant.

B. Effectiveness in Achieving Outcomes

54. According to the Project's logical framework, the purpose of the Project was twofold: (i) increased income-generating opportunities, especially for women and youth in the outer islands; and (ii) increased employment for women and youth in the outer islands. Two intertwined key factors undermined project implementation and success. One factor is the lack of an enabling environment for project performance in the sector caused by weak linkages between the sector and the development needs of the country, weak sector governance, inefficient management, and related conflicting and/or vague roles and responsibilities of various stakeholders and institutions in the sector. The other key factor is the way the Project was managed and implemented—with a narrow focus on civil works and equipment procurement—largely overlooking institutional development and capacity building. ADB has attempted to correct for these weaknesses through subsequent technical assistance that remains ongoing.¹¹

1. Career Awareness Program Developed

55. Program implementation suffered from inadequate training of teachers who were expected to provide career orientation at high schools. Therefore, the materials prepared by the Project for teachers' use are underutilized. In addition, in some schools, lack of staff and facilities also undermined the success of the program. Career orientation has not been well integrated into high schools' curriculum and work program, no uniform approach is applied for career orientation, and student target groups vary. The intended outcomes have not been achieved.

2. National Skills Training and Delivery System Developed

56. Inadequate management and maintenance limit the effectiveness of the one-stop centers. The uncertain status and weak capacity of NTC during the project period also seriously undermined the achievement of project outcomes. The following factors greatly limit skills training outcomes: (i) weak basic English and mathematics skills of students enrolled in the tier I program, (ii) limited NVTI faculty resources, (iii) lack of adequate labor market analysis and a

¹¹ ADB. 2004. *Technical Assistance to the Republic of the Marshall Islands for Increasing Ownership and Effective Demand for Improved Education*. (TA 4458-RMI, for \$150,000, approved on 2 December); and footnote 8 (TA 4794-RMI)

corresponding set of agreed skills standards, and (iv) the need for alternative plans for tier III level skills/vocational education training programs which were to be provided by CMI.

3. Skills Training Opportunities for Women and the Youth Enhanced

57. The training units provided by the Project under this component do not have a comprehensive forward training program in place and their utilization is ad hoc. Use of the WTMIC suffers from the additional problem of continuous disagreement between MIA and MOE regarding the purpose of and authority over the center. Again, the achievement of project outcomes is limited.

4. Institutional Strengthening: Capacity to Plan, Regulate and Manage National Skills Training System Improved

58. MOE data analysis and reporting remain incomplete. While the staff training output indicates good progress, it is unlikely to lead to a sustained outcome unless this achievement is planned in a strategic manner for the benefit of the sector.

59. The project is therefore assessed as ineffective.

C. Efficiency in Achieving Outcome and Outputs

60. With the exception of the civil works components, the Project was not able to progress and utilize all funding as planned, especially in capacity building. Efficiency was weak as several key outputs could not be completely realized as planned. This includes the failure to set skills standards, insufficient equipment utilization because of capacity constraints, and failure to implement business plans. The project is rated as less efficient.

D. Preliminary Assessment of Sustainability

61. The RMI has extensive grant funding available from the Government of the United States for education, so it might be concluded that the sector components pursued by the Project are financially sustainable. The basis for improved skills training and vocational education—in terms of physical infrastructure, equipment, materials, and business plans and manuals—were established with the assistance of the Project. However, institutional and human capacity was not strengthened sufficiently to (i) carry out effectively and take forward the business plans, and (ii) utilize the infrastructure built, equipment procured, and materials prepared with project assistance. Some activities have been terminated since the Project ended. Others are being implemented in an ad hoc manner without sufficient human and other resources raising questions of ownership. The Project will not be sustainable without substantial further institutional strengthening of MOE, NTC, and NVTI. The project is rated as less likely to be sustainable.

E. Impact

62. There is strong reason to doubt the overall impact of the Project because of weaknesses in achievements of the outputs, outcomes, and sustainability. The Project has not had and is unlikely to have significant institutional, social, economic, and poverty impacts.

IV. OVERALL ASSESSMENT AND RECOMMENDATIONS

A. Overall Assessment

63. The Project was not fully implemented as planned. Civil works and curriculum development have laid some foundation for a skills and vocational education program in the RMI. The full impact of the Project's physical inputs is unlikely to be sustained because of endemic institutional weaknesses. While physical and financial monitoring by the PIU was adequate, the monitoring of institutional outputs and achievement of outcomes did not receive the same attention. Project sustainability is in doubt, as is the overall income and employment generation intended impact of the Project. The Project was relevant (para 53), ineffective (para 59), less efficient (para 60) and less likely to be sustainable (para 61). Therefore, the overall Project rating is "partly successful" in the lower level of such rating.¹²

B. Lessons Identified

64. Lessons identified are as follows:

- (i) Project design did not pay sufficient attention to prevailing institutional strengths and weaknesses. In the case of a weakly performing, fragile, state such as the RMI—where governance is weak and institutional performance can also be expected to be poor—project design must pay far greater attention to examining the effective demand for any public sector improvement and the need to strengthen institutions and capacity development. This need has already been taken up in all country strategy, program, and project formulation for the RMI.
- (ii) National consultants should be preferred over international consultants where qualified, skilled, and otherwise competent national consultants exist. There is a growing cadre of Marshallese consultants in the field of economics and social development and ADB is increasingly employing them.
- (iii) Greater attention should be given to consultants' TOR, so that this may complement local capacities.
- (iv) The engagement of a full-time, qualified accountant who was experienced in ADB loans greatly assisted project implementation.

C. Recommendations

65. Recommendations are as follows:

- (i) The business plans for all skills training centers and units need to be updated regularly. This should be initiated by each relevant center or unit management (NTC, NVTI, WTMIC, and MOE), each fiscal year. RMI TA 4794 is assisting with this need.
- (ii) The secretary of finance should ensure that sufficient funds, especially SEG or other funds, are made available for continued NVTI and NTC operations each

¹² This PCR is part of a sample of PCRs independently reviewed by the Operations Evaluation Department (OED). The review has validated the methodology used and the rating given.

fiscal year. This will be monitored by the Secretary of Education during future budget cycles and confirmed at the time of budget finalization each September.

- (iii) The secretary of education should ensure that the MIS is maintained and data input is continued on a regular basis, including both student and staff data. The process of personnel audits, to be undertaken with the support of ADB TA 4794¹³ commencing 2006 but likely to continue to 2007, should provide an opportunity to build the capacity of the MIS unit.
- (iv) NTC should continue to monitor and assess labor needs for the RMI; NVTI and NTC should respond appropriately to these needs in terms of training and its funding. Institutional strengthening of NTC is one of the subjects of a proposed follow-up ADB TA 4794 for RMI¹⁴.
- (v) NGOs and other training providers should continue to pursue funding aggressively through NTC and other training facilitators to meet the needs of RMI women and youth. The Government adopted a new policy in late 2005 to outsource vocational training to NGOs via NTC. Again, this will be further supported by ADB TA 4794 in 2006.
- (vi) The secretary of education and secretary of internal affairs need to resolve ownership of the WTMIC. This is to be resolved with the assistance of ADB TA 4794 by end of first quarter of 2007.
- (vii) MOE should continue to develop a leaving exam that can be taken by both students from the high schools and tier II of NVTI. This should follow the development of the new sector strategy being prepared in 2006 funded by NZAID. The strategy will provide the framework for the review of curriculum and following that the improvement of the leaving exam. Tentative deadline is end first quarter 2007.
- (viii) Options for graduates of tier II should continue to be explored by MOE and NVTI, including adult education programs, job corps, and overseas vocational programs such as Hilo Community College. This should be carried out immediately.
- (ix) MOE should include the career awareness program in the new secondary curriculum and ensure that sufficient staff is available to teach the course. This should be carried out immediately.

¹³ TA 4794 (footnote 8).

¹⁴ TA 4794 (footnote 8).

PROJECT FRAMEWORK

Project Summary	Targets	Outputs (Achievements)	Assumptions and Evaluation	Remarks
Goal				
Improved economic self-reliance		<ul style="list-style-type: none"> ▪ Project documents ▪ Project implementation unit (PIU) reports ▪ Asian Development Bank (ADB) reviews 	<ul style="list-style-type: none"> ▪ Economic growth is maintained ▪ Compact fund is available ▪ Birthrate is maintained ▪ Rate of emigration is stabilized ▪ High standard of supervision of PIU and review missions is maintained 	<ul style="list-style-type: none"> ▪ Goal only likely to be achieved in terms of possible benefit to few youth.
Purpose				
1. Increased income-generating opportunities, especially for women and youth in the outer islands		<ul style="list-style-type: none"> ▪ Project documents ▪ PIU reports ▪ ADB reviews ▪ Sample survey of women and youth to be done at end of the Project by training unit managers of those trained 	<ul style="list-style-type: none"> ▪ Government development plans in outer islands are implemented ▪ Incremental recurrent expenditures are funded by the Government and external agencies 	<ul style="list-style-type: none"> ▪ Purpose is not likely to have been met in outer islands. ▪ The Government has great difficulty maintaining services to the outer islands, and people are relocating to Majuro and Ebeye.
2. Increased employment, especially for women and youth in the outer islands		<ul style="list-style-type: none"> ▪ PIU reports ▪ ADB review missions ▪ Joint sample survey of women and youth to be done at the end of the Project by training unit managers of those trained 	<ul style="list-style-type: none"> ▪ Training centers are fully operational ▪ Economic opportunities in outer islands are increased ▪ Annual dropout and emigration is stable 	<ul style="list-style-type: none"> ▪ Recurrent expenditures are being met and training centers are operational. ▪ Dropout information and data is unreliable, as with all other education statistics.

Project Summary	Targets	Outputs (Achievements)	Assumptions and Evaluation	Remarks
Outputs				
1. Career awareness program developed	<ul style="list-style-type: none"> ▪ New curricula for career orientation program implemented by end of quarter 2 of year 2 	<ul style="list-style-type: none"> ▪ PIU reports ▪ Consultants' reports ▪ School reports 	<ul style="list-style-type: none"> ▪ Consultants are recruited, teachers trained, curriculum developed, and teaching materials provided on time 	<ul style="list-style-type: none"> ▪ Key assumptions were not met.
	<ul style="list-style-type: none"> ▪ Special program for outer island high schools implemented by end of quarter 2 of year 2 	<ul style="list-style-type: none"> ▪ PIU reports ▪ Consultants' reports ▪ School reports ▪ Directorate of Vocational Education reports 		
2. National skills training and delivery system developed	<ul style="list-style-type: none"> ▪ One-stop centers and subcenters upgraded and fully operational by end of quarter 2 of year 2 	<ul style="list-style-type: none"> ▪ PIU reports ▪ Workforce Investment Board reports ▪ Reports from heads of one-stop centers and subcenters 	<ul style="list-style-type: none"> ▪ Training agencies cooperate with one another 	<ul style="list-style-type: none"> ▪ Output largely met. ▪ Cooperation generally good with some exceptions, most noticeably cooperation between government and women-nongovernment organization (NGO).
	<ul style="list-style-type: none"> ▪ Skills training centers rehabilitated, upgraded, and fully operational by quarter 4 of year 2 	<ul style="list-style-type: none"> ▪ PIU progress reports ▪ Reports of managers of skills training centers and training units ▪ Reports from the director of skills training, College of the Marshall Islands (CMI) 	<ul style="list-style-type: none"> ▪ Curriculum consultants are recruited early ▪ Instructors are available for training ▪ Cooperation between the National Training Council (NTC), Ministry of Education (MOE), and industry is good 	<ul style="list-style-type: none"> ▪ Output largely met on time.
3. Skills training opportunities for women and youth enhanced	<ul style="list-style-type: none"> ▪ At least 300 women trained in business skills, etc., by the end of the Project 	<ul style="list-style-type: none"> ▪ PIU reports ▪ Consultants' reports ▪ Reports from managers of training units 	<ul style="list-style-type: none"> ▪ Efforts to motivate female dropouts to take up skills enhancement courses are successful 	<ul style="list-style-type: none"> ▪ Target not met. Training adhoc and unlikely to be sustainable. Trainees would very likely require further training for them to be able to enter business.
	<ul style="list-style-type: none"> ▪ At least 300 youth trained in business skills, etc., by the end of the Project 	<ul style="list-style-type: none"> ▪ PIU progress reports ▪ Reports of managers of skills training centers and training units 	<ul style="list-style-type: none"> ▪ Publicity campaigns, motivation of dropouts are successful ▪ NGO participation is strong 	<ul style="list-style-type: none"> ▪ Target not met. Training adhoc and unlikely to be sustainable. Trainees would very likely require further training for them to be able to

Project Summary	Targets	Outputs (Achievements)	Assumptions and Evaluation	Remarks
				enter business.
4. Institutional strengthening: capacity to plan, regulate, and manage national skills training system improved	<ul style="list-style-type: none"> ▪ Monitoring and information system operational in NTC by end of quarter 1 of year 2 	<ul style="list-style-type: none"> ▪ NTC reports ▪ PIU reports ▪ Consultants' reports ▪ Reports of managers of training units 	<ul style="list-style-type: none"> ▪ Training agencies' roles well defined by Government and training stakeholders work as a team 	<ul style="list-style-type: none"> ▪ Key institutions (NTC and National Vocational Training Institute [NVTI]) are operating well. ▪ National skills training system has been improved. ▪ Not all targets have been met (e.g., labor market research and use of standards).
	<ul style="list-style-type: none"> ▪ Labor market research system installed and operating in NTC by end of quarter 1 of year 2 	<ul style="list-style-type: none"> ▪ NTC reports ▪ PIU progress reports ▪ Reports of managers ▪ Consultants' reports 		<ul style="list-style-type: none"> ▪ Target met after project completed.
	<ul style="list-style-type: none"> ▪ Skills standards and training modules developed and used for at least the major occupations by end quarter 3, year 2 	<ul style="list-style-type: none"> ▪ NTC reports ▪ PIU reports ▪ Consultants' reports ▪ Reports of managers of training units 	<ul style="list-style-type: none"> ▪ NTC leadership is maintained ▪ Teachers and instructors are available for training 	<ul style="list-style-type: none"> ▪ Standards not set and modules not developed.
	<ul style="list-style-type: none"> ▪ Education management information system (MIS) installed and budget monitoring system indicators and benchmarks established by end of quarter 1 of year 2 	<ul style="list-style-type: none"> ▪ PIU reports ▪ ADB review reports 	<ul style="list-style-type: none"> ▪ Consultants recruited on time 	<ul style="list-style-type: none"> ▪ MIS installed toward end of project and indicators and benchmarks operative after end of project period.
	<ul style="list-style-type: none"> ▪ In-country and regional training of staff completed by end of quarter 1 of year 2 	<ul style="list-style-type: none"> ▪ PIU progress reports ▪ Midterm review 		<ul style="list-style-type: none"> ▪ Staff training completed behind schedule.
	<ul style="list-style-type: none"> ▪ Career guidance and vocational counseling services in place by end of quarter 1 of year 2 	<ul style="list-style-type: none"> ▪ PIU reports ▪ Consultants' reports ▪ School reports ▪ Directorate of Vocational Education of MOE 		<ul style="list-style-type: none"> ▪ Career guidance partially met. Not all vocational counseling services in place.

Project Summary	Targets	Outputs (Achievements)	Assumptions and Evaluation	Remarks
Activities for Outputs				
1. Career orientation program	<ul style="list-style-type: none"> ▪ Start: quarter 1, year 1 ▪ End: end of Project ▪ Responsible: PIU, consultants, Directorate of Vocational Education, MOE high schools 	<ul style="list-style-type: none"> ▪ PIU reports ▪ Consultants' reports ▪ School reports ▪ Directorate of Vocational Education of MOE 	<ul style="list-style-type: none"> ▪ Consultants appointed on time ▪ Construction of civil works is not delayed ▪ Equipment and training materials are delivered ▪ Teachers are available 	<ul style="list-style-type: none"> ▪ Programs largely developed and inputs mostly supplied, but not all on time.
<ul style="list-style-type: none"> ▪ Develop counseling program 	<ul style="list-style-type: none"> ▪ Start: quarter 2, year 1 ▪ End: quarter 1, year 2 ▪ Responsible: consultant, high schools, PIU 	<ul style="list-style-type: none"> ▪ PIU reports ▪ Consultants' reports ▪ School reports ▪ Directorate of Vocational Education 		<ul style="list-style-type: none"> ▪ Program prepared.
<ul style="list-style-type: none"> ▪ Visits to industry, farms, and business enterprises; and talks with members 	<ul style="list-style-type: none"> ▪ Start: quarter 1, year 2 ▪ End: end of Project ▪ Responsible: PIU, high schools 	<ul style="list-style-type: none"> ▪ PIU reports ▪ Consultants' reports ▪ School reports ▪ Director of vocational education of MOE 	<ul style="list-style-type: none"> ▪ Industry willing to participate in school programs 	<ul style="list-style-type: none"> ▪ Visits and tasks not held.
<ul style="list-style-type: none"> ▪ Construct training and counseling rooms in each of three public high schools 	<ul style="list-style-type: none"> ▪ Start: quarter 2, year 1 ▪ End: quarter 1, year 2 ▪ Responsible: PIU, engineering consultant 	<ul style="list-style-type: none"> ▪ PIU reports ▪ Engineering consultants' reports ▪ School reports ▪ Directorate of Vocational Education 	<ul style="list-style-type: none"> ▪ Competent local civil works contractors are engaged ▪ Cargo ships can transport construction materials to outer islands in time 	<ul style="list-style-type: none"> ▪ Rooms constructed or rehabilitated.
<ul style="list-style-type: none"> ▪ Provide training kits, teaching materials, equipment, reference materials, and guidebooks 	<ul style="list-style-type: none"> ▪ Start: quarter 2, year 1 ▪ End: quarter 3, year 1 ▪ Responsible, PIU, consultant 	<ul style="list-style-type: none"> ▪ PIU reports ▪ School reports ▪ Directorate of Vocational Education of MOE 	<ul style="list-style-type: none"> ▪ Teaching materials are developed and specifications are drawn up on time 	<ul style="list-style-type: none"> ▪ Kits, materials and equipment provided.
<ul style="list-style-type: none"> ▪ Conduct in-country and regional training of teachers 	<ul style="list-style-type: none"> ▪ Start: quarter 4, year 1 ▪ End: quarter 1, year 2 ▪ Responsible: PIU, consultant 	<ul style="list-style-type: none"> ▪ PIU reports ▪ Consultants' reports 	<ul style="list-style-type: none"> ▪ Adequate numbers of teachers are available for training ▪ New orientation curriculum is ready 	<ul style="list-style-type: none"> ▪ Staff trained but not all are teachers.
2. National Skills training	<ul style="list-style-type: none"> ▪ Start: quarter 1, year 1 ▪ End: end of Project ▪ Responsible: PIU, 	<ul style="list-style-type: none"> ▪ PIU reports ▪ ADB review missions ▪ Consultants' reports 	<ul style="list-style-type: none"> ▪ Consultants appointed in time ▪ Industry cooperation and 	<ul style="list-style-type: none"> ▪ Construction undertaken. ▪ CMI unable to take part in the Project.

Project Summary	Targets	Outputs (Achievements)	Assumptions and Evaluation	Remarks
	managers of training centers, CMI		involvement in curriculum development is available <ul style="list-style-type: none"> ▪ Construction of civil works is not delayed 	
<ul style="list-style-type: none"> ▪ Construct, rehabilitate, and/or upgrade one-stop centers and subcenters 	<ul style="list-style-type: none"> ▪ Start: quarter 3, year 1 ▪ End: quarter 2, year 2 ▪ Responsible: PIU 	<ul style="list-style-type: none"> ▪ PIU reports ▪ Engineering consultants' reports 	<ul style="list-style-type: none"> ▪ Reliable engineering consultant engaged ▪ Efficient local civil works contractors engaged ▪ Supervision of civil works is closely monitored by ADB 	<ul style="list-style-type: none"> ▪ Centers constructed or rehabilitated.
<ul style="list-style-type: none"> ▪ Construct, rehabilitate, and/or upgrade skills training centers and subcenters 	<ul style="list-style-type: none"> ▪ Start: quarter 3, year 1 ▪ End: quarter 2, year 2 ▪ Responsible: PIU, engineering consultant 	<ul style="list-style-type: none"> ▪ PIU reports ▪ Engineering consultants' reports 		<ul style="list-style-type: none"> ▪ Training centers constructed or rehabilitated.
<ul style="list-style-type: none"> ▪ Upgrade CMI skills training programs 	<ul style="list-style-type: none"> ▪ Start: quarter 2, year 1 ▪ End: quarter 3, year 2 ▪ Responsible: PIU, managers of training centers, consultants, CMI 	<ul style="list-style-type: none"> ▪ PIU reports ▪ Consultants' reports ▪ Manager of skills training centers ▪ Directorate of Skills Training of CMI 		<ul style="list-style-type: none"> ▪ Not met.
<ul style="list-style-type: none"> ▪ Develop self-paced competency-based skills training curricula 	<ul style="list-style-type: none"> ▪ Start: quarter 2, year 1 ▪ End: quarter 3, year 2 ▪ Responsible: PIU, Managers of training centers, Consultants. 	<ul style="list-style-type: none"> ▪ PIU reports ▪ Consultants' reports ▪ Directorate of skills training of CMI 	<ul style="list-style-type: none"> ▪ Adequate numbers of instructors are available for training 	<ul style="list-style-type: none"> ▪ Partly met (by WAM and NVTI).
<ul style="list-style-type: none"> ▪ Conduct training programs 	<ul style="list-style-type: none"> ▪ Start: quarter 4, year 1 ▪ End: quarter 4, year 1 ▪ Responsible: PIU, consultants 	<ul style="list-style-type: none"> ▪ PIU reports ▪ Consultants' reports ▪ Directorate of skills training of CMI 	<ul style="list-style-type: none"> ▪ Adequate numbers of instructors are available for training 	<ul style="list-style-type: none"> ▪ Largely met.
3. Skills training opportunities for women and youth	<ul style="list-style-type: none"> ▪ Start: quarter 1, year 1 ▪ End: end of Project ▪ Responsible: PIU, managers of training units and centers, CMI, NGOs 	<ul style="list-style-type: none"> ▪ PIU reports ▪ Consultants' reports ▪ Ministry of Interior 	<ul style="list-style-type: none"> ▪ Cooperation among NGOs, communities, and women and youth is sustained ▪ Strategic study and plan successfully carried out 	<ul style="list-style-type: none"> ▪ Such cooperation is sustained but this is independent of the Project.

Project Summary	Targets	Outputs (Achievements)	Assumptions and Evaluation	Remarks
<ul style="list-style-type: none"> Develop special courses for women 	<ul style="list-style-type: none"> Start: quarter 3, year 1 End: quarter 1, year 2 Responsible: PIU, consultants, training units, Ministry of Interior 	<ul style="list-style-type: none"> PIU reports Consultants' reports Managers of skills training units 	<ul style="list-style-type: none"> Response from women in outer islands is good and sustained Appointment of consultants, head of one-stop subcenters, and managers for training 	<ul style="list-style-type: none"> Courses not provided to outer islands.
<ul style="list-style-type: none"> Develop special courses for Youth Outreach programs 	<ul style="list-style-type: none"> Start: quarter 3, year 1 End: quarter 1, year 2 Responsible: PIU, managers of training units, consultants 	<ul style="list-style-type: none"> PIU reports Consultants' reports Managers of skills training units 	<ul style="list-style-type: none"> Response from youth in outer islands is good Appointment of managers is timely Community support is good Support from NGOs is strong 	<ul style="list-style-type: none"> Courses only available in Majuro.
<ul style="list-style-type: none"> Develop skill and entrepreneurial outreach programs for vulnerable groups 	<ul style="list-style-type: none"> Start: quarter 1, year 2 End: end of Project Responsible: PIU, consultants, managers, Ministry of Interior 	<ul style="list-style-type: none"> PIU reports Consultants' reports Managers of skills training units 	<ul style="list-style-type: none"> Needs study show interest in skills training is sustained Awareness program is effective 	<ul style="list-style-type: none"> Programs not yet developed.
<ul style="list-style-type: none"> Conduct employment, self-employment, and business skills training for women and school dropouts 	<ul style="list-style-type: none"> Start: quarter 1, year 2 End: end of Project Responsible: PIU, managers of training units, consultants 	<ul style="list-style-type: none"> PIU reports Consultants' reports Managers of skills training units Ministry of Interior 	<ul style="list-style-type: none"> Consultants are familiar with problems NGO and Ministry of Interior participation and commitment is sustained 	<ul style="list-style-type: none"> Courses not developed.
<ul style="list-style-type: none"> Organize and conduct island fairs and exhibitions 	<ul style="list-style-type: none"> Start: quarter 4, year 1 End: quarter 4, year 1 Responsible: PIU, consultants, managers, Ministry of Interior 	<ul style="list-style-type: none"> PIU reports Consultants' reports Managers of skills training units Ministry of Interior 	<ul style="list-style-type: none"> Extensive participation of NGOs and community leaders Assistance from itinerant instructors and Ministry of Interior 	<ul style="list-style-type: none"> Not organized.
<ul style="list-style-type: none"> Develop special training aligned to local and native resources 	<ul style="list-style-type: none"> Start: quarter 1, year 2 End: end of Project Responsible: PIU, consultants, managers, Ministry of Interior 	<ul style="list-style-type: none"> PIU reports Consultants' reports Managers of skills training units Ministry of Interior 	<ul style="list-style-type: none"> Study of local resources and needs assessment is productive Support of leaders and chiefs is forthcoming 	<ul style="list-style-type: none"> Not developed.
<ul style="list-style-type: none"> Construct hostels 	<ul style="list-style-type: none"> Start: quarter 2, year 1 End: quarter 1, year 2 Responsible: PIU, engineering consultant 	<ul style="list-style-type: none"> PIU reports Engineering consultants' reports School reports Directorate of Vocational Education of MOE 	<ul style="list-style-type: none"> Cargo ships can transport construction materials to outer islands on time 	<ul style="list-style-type: none"> Not constructed.

Project Summary	Targets	Outputs (Achievements)	Assumptions and Evaluation	Remarks
<ul style="list-style-type: none"> Construct training rooms for women, housing for staff, training centers for women 	<ul style="list-style-type: none"> Start: quarter 2, year 1 End: quarter 1, year 2 Responsible: PIU, managers, engineering consultant 	<ul style="list-style-type: none"> PIU reports Consultants' reports Managers of skills training units Ministry of Interior 	<ul style="list-style-type: none"> Proper project management undertaken 	<ul style="list-style-type: none"> Not constructed on outer islands.
<ul style="list-style-type: none"> Conduct public information campaign 	<ul style="list-style-type: none"> Start: quarter 4, year 1 End: quarter 4, year 1 Responsible: PIU, managers, consultant 	<ul style="list-style-type: none"> PIU reports Consultants' reports Managers of skills training units Ministry of Interior 	<ul style="list-style-type: none"> Cooperation of training agencies, NTC, and industry is available 	<ul style="list-style-type: none"> Not conducted.
4. Institutional strengthening; capacity to plan, regulate, and manage national skills training system improved	<ul style="list-style-type: none"> Start: quarter 1, year 1 End: end of Project. Responsible: PIU, NTC, engineering consultant 	<ul style="list-style-type: none"> PIU reports Consultants' reports NTC reports 	<ul style="list-style-type: none"> PIU, NTC, CMI, and training centers are able to coordinate activities and cooperate readily 	<ul style="list-style-type: none"> Only partially met.
<ul style="list-style-type: none"> Establish monitoring and information system 	<ul style="list-style-type: none"> Start: quarter 4, year 1 End: quarter 4, year 1 Responsible: PIU, NTC consultants 	<ul style="list-style-type: none"> PIU reports Consultants' reports NTC reports 	<ul style="list-style-type: none"> Benchmark data is collected systematically Staff are trained on time in MIS 	<ul style="list-style-type: none"> Established but data insufficient.
<ul style="list-style-type: none"> Install labor market research system 	<ul style="list-style-type: none"> Start: quarter 4, year 1 End: quarter 4, year 1 Responsible: PIU, NTC, consultants 	<ul style="list-style-type: none"> PIU reports 	<ul style="list-style-type: none"> Adequate numbers of teachers are available for training 	<ul style="list-style-type: none"> To be installed by NTC in 2006.
<ul style="list-style-type: none"> Upgrade staff management and technical skills through local, regional, and international training 	<ul style="list-style-type: none"> Start: quarter 3, year 1 End: quarter 3, year 1 Responsible: PIU, NTC, consultants 	<ul style="list-style-type: none"> PIU reports Consultants' reports NTC reports 	<ul style="list-style-type: none"> Consultants engaged on time Training agencies and private sector cooperation is available 	<ul style="list-style-type: none"> Completed.

Source: Asian Development Bank

COST BREAKDOWN BY PROJECT COMPONENT

	Appraisal Estimate									Actual								
	ADB			RMI			TOTAL			ADB			RMI			TOTAL		
	FC	LC	Total	FC	LC	Total	FC	LC	Total	FC	LC	Total	FC	LC	Total	FC	LC	Total
A. Capital Costs	5.85	0.11	5.96	—	1.71	1.73	5.85	1.84	7.69	4.67	0.12	4.79	—	1.23	1.23	4.67	1.35	6.02
1. Civil Works	2.05	0.11	2.16	—	0.54	0.54	2.05	0.65	2.70	2.21	0.12	2.33	—	0.58	0.58	2.21	0.70	2.91
2. Furniture & Equipment	1.53	—	1.53	—	0.16	0.16	1.53	0.16	1.69	0.75	—	0.75	—	0.08	0.08	0.75	0.08	0.82
3. Consulting Services	1.52	—	1.52	—	0.46	0.46	1.52	0.46	1.99	1.28	—	1.28	—	0.39	0.39	1.28	0.39	1.67
4. Staff Development	0.51	—	0.51	—	0.20	0.20	0.51	0.20	0.71	0.43	—	0.43	—	0.17	0.17	0.43	0.17	0.60
5. Research & Support Activities	0.24	—	0.24	—	0.36	0.36	0.24	0.36	0.60	0.01	—	0.01	—	0.01	0.01	0.01	0.01	0.02
B. Project Implementation	0.10	—	0.10	—	0.26	0.26	0.10	0.26	0.36	0.06	—	0.06	—	0.15	0.15	0.06	0.15	0.21
C. Contingencies	0.55	0.02	0.57	—	0.29	0.29	0.55	0.30	0.85	-	—	—	—	—	—	-	—	—
D. Interest During Construction	0.21	—	0.21	—	—	—	0.21	—	0.20	0.08	—	0.08	—	—	—	0.08	—	0.08
Total	6.70	0.13	6.83	—	2.28	2.28	6.70	2.40	9.10	4.81	0.12	4.92	—	1.38	1.38	4.81	1.50	6.31

FC = foreign exchange cost, LC = local cost.

LOAN DISBURSEMENT
(in \$ million)


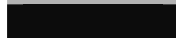
Category	Original Allocation	Last Revised Allocation	Net Amount Available	Amount Disbursed	Undisbursed Balance
1A Civil Works - Majuro	0.77	0.99	0.99	0.99	0
1B Civil Works - Ebeye	0.43	0.45	0.45	0.45	0
1C Civil Works - Jaluit	0.45	0.38	0.38	0.38	0
1D Civil Works - Wotje	0.55	0.51	0.51	0.51	0
2 Furniture and Equipment	1.55	0.75	0.75	0.75	0
3 Staff Development	0.51	0.43	0.43	0.43	0
4 Consultant Services	1.54	1.28	1.28	1.28	0
5 Research and Support Activities	0.24	0.01	0.01	0.01	0
6 Project Implementation	0.10	0.05	0.05	0.05	0
7 Interest During Construction	0.21	0.08	0.08	0.08	0
8 Unallocated	0.57	-	-	-	0
99 Imprest Account	-	-	-	-	0
Total	6.90	4.92	4.92	4.92	0

Source: Asian Development Bank

PROJECT IMPLEMENTATION SCHEDULE

Activity Component	2001				2002				2003				2004				2005			
	1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4
1. Developing Career Awareness Program																				
A. Engagement of Career Awareness Consultant																				
B. Career Awareness Curriculum Complete																				
C. Introduction of Career Awareness Program																				
D. Training & Counselling Rooms Jaluit & Wotje																				
E. Staff Houses Wotje (2 units)																				
F. Provide Training Kits and Teaching Materials																				
G. Conduct-in-country Regional Training of Teachers																				
2. National Skills Training																				
A. One-Stop Centers (Ebeye, Jaluit, Majuro, and Wotje)																				
B. Construct and Upgrade Skills Training Centers/Sub-centers																				
C. Upgrade CMI Skills Training Centers/Sub-centers																				
D. Develop Self-paced Competency-based Skills Training Curricula																				
E. Conduct Training Programs																				
F. Develop Certificate Standards for Tier III																				

Activity Component	2001				2002				2003				2004				2005			
	1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4
3. Skills Training Opportunities for Women and Youth																				
A. Develop Special Courses for Women																				
B. Develop Skill and Entrepreneurial Outreach Program for Vulnerable Groups																				
C. Organize and Conduct Island Fairs and Exhibitions																				
D. Develop Special Training Aligned to Local Native Resources																				
E. Conduct Public Information Campaign																				
4. Institutional Strengthening																				
A. Establish Monitoring and Information System																				
B. Install labor Market System																				
C. Upgrade Staff Management and Tech Skills Masters Program																				
5. Project Implementation																				
A. Project Implementation Unit Established																				

 Implementation Plan as per appraisal
 Actual

STATUS OF COMPLIANCE WITH LOAN COVENANTS

Description	Reference	Status
1. The Borrower shall cause the Project to be carried out with due diligence and efficiency and in conformity with sound administrative, financial, engineering, environmental and educational practices.	LA, Article IV Section 4.01 (a)	Complied with.
2. In carrying out the Project and operation of the Project facilities, the Borrower shall perform, or cause to be performed, all obligations set forth in Schedule 6 to this Loan Agreement.	LA, Article IV Section 4.01 (b)	Complied with.
3. The Borrower shall make available, promptly as needed, the funds, facilities, services, land and other resources which are required, in addition to the proceeds of the Loan, for the carrying out of the Project and for the operation and maintenance of the Project facilities.	LA, Article IV Section 4.02	Partly complied with. Land in Ebeye unavailable. CMI did not take part in the Project.
4. In the carrying out of the Project, the Borrower shall cause competent and qualified consultants and contractors, acceptable to the Borrower and the Bank, to be employed to an extent and upon terms and conditions satisfactory to the Borrower and the Bank.	LA, Article IV Section 4.03 (a)	Partly complied with. Some consultants did not perform as well as expected.
5. The Borrower shall cause the Project to be carried out in accordance with plans, design standards, specifications, work schedules and construction methods acceptable to the Borrower and the Bank. The Borrower shall furnish, or cause to be furnished, to the Bank, promptly after their preparation, such plans, design standards, specifications and work schedules, and any material modifications subsequently made therein, in such detail as the Bank shall reasonably request.	LA, Article IV Section 4.03 (b)	Complied with.
6. The Borrower shall ensure that the activities of its departments and agencies with respect to the carrying out of the Project and operation of the Project facilities are conducted and coordinated in accordance with sound administrative policies and procedures.	LA, Article IV Section 4.04	Partly complied with. MOE administration weak. Coordination between MOE and MIA weak.

Description	Reference	Status
7. The Borrower shall make arrangements satisfactory to the Bank for insurance of the Project facilities to such extent and against such risks and in such amounts as shall be consistent with sound practice.	LA, Article IV Section 4.05(a)	Complied with.
8. Without limiting the generality of the foregoing, the Borrower undertakes to insure, or cause to be insured, the goods to be imported for the Project and to financed out of the proceeds of the Loan against hazards incident to the acquisition, transportation and delivery thereof to the place of use or installation, and for such insurance any indemnity shall be payable in a currency freely usable to replace or repair such goods.	LA, Article IV Section 4.05(b)	Complied with.
9. The Borrower shall maintain, or cause to be maintained, records and accounts adequate to identify the goods and services and other items of expenditure financed out of the proceeds of the Loan, to disclose the use thereof in the Project, to record the progress of the Project (including the cost thereof) and to reflect, in accordance with consistently maintained sound accounting principles, the operations and financial condition of the agencies of the Borrower responsible for the carrying out of the Project and operation of the Project facilities, or any part thereof.	LA, Article IV Section 4.06(a)	Complied with.
10. The Borrower shall (i) maintain, or cause to be maintained, separate accounts for the Project; (ii) have such accounts and related financial statements audited annually, in accordance with appropriate auditing standards consistently applied, by independent auditors whose qualifications, experience and terms of reference are acceptable to the Bank; (iii) furnish to the Bank, as soon as available but in any event not later than nine months after the end of each related fiscal year, certified copies of such audited accounts and financial statements and the report of the auditors relating thereto (including the auditors' opinion on the use of the Loan proceeds and compliance with the covenants of this Loan Agreement as well as on the use of the procedures for imprest account and statement of expenditures), all in the English language; and (iv) furnish to the Bank such other information concerning such accounts and financial statements and the audit thereof as the Bank shall from time to time reasonably request.	LA, Article IV Section 4.06(b)	Complied with.

Description	Reference	Status
<p>11. The Borrower shall enable the Bank, upon the Bank's request, to discuss the Borrower's financial statements for the Project and its financial affairs related to the Project from time to time with the Borrower's auditors to participate in any such discussions requested by the Bank, provided that any such discussion shall be conducted only in the presence of an authorized officer of the Borrower unless the Borrower shall otherwise agree.</p>	<p>LA, Article IV Section 4.06(c)</p>	<p>Complied with.</p>
<p>12. The Borrower shall furnish, or cause to be furnished, to the Bank all such reports and information as the Bank shall reasonably request concerning (i) the Loan, and the expenditure of the proceeds and maintenance of the service thereof; (ii) the goods and services and other items of expenditure financed out of the proceeds of the Loan; (iii) the Project; (iv) the administration, operations and financial conditions of the agencies of the Borrower responsible for the carrying out of the Project and operation of the Project facilities, or any part thereof; (v) financial and economic conditions in the territory of the Borrower and the international balance-of-payments position of the Borrower; and (vi) any other matters relating to the purposes of the Loan.</p>	<p>LA, Article IV Section 4.07(a)</p>	<p>Complied with.</p>
<p>13. Without limiting the generality of the foregoing, the Borrower shall furnish, or cause to be furnished, to the Bank quarterly reports on the carrying out of the Project and on the operation and management of the Project facilities. Such reports shall be submitted in such form and in such detail and within such a period as the Bank shall reasonably request, and shall indicate, among other things, progress made and problems encountered during the quarter under review, steps taken or proposed to be taken to remedy these problems, and proposed program of activities and expected progress during the following quarter.</p>	<p>LA, Article IV Section 4.07(b)</p>	<p>Complied with.</p>
<p>14. Promptly after physical completion of the Project, but in any event not later than three (3) months thereafter or such later date as may be agreed for this purpose between the Borrower and the Bank, the Borrower shall prepare and furnish to the Bank a report, in such form and in such detail as the Bank shall reasonably request, on the execution and initial operation of the Project, including its cost, the performance by the Borrower of its obligations under this Loan Agreement and the accomplishment of the purposes of the Loan.</p>	<p>LA, Article IV Section 4.07(c)</p>	<p>Complied with.</p>

Description	Reference	Status
15. The Borrower shall enable the Bank's representatives to inspect the Project, the goods financed out of the proceeds of the Loan, and any relevant records and documents.	LA, Article IV Section 4.08	Complied with.
16. The Borrower shall ensure that the Project facilities are operated, maintained and repaired in accordance with sound administrative, financial, engineering, environmental, and maintenance and operational practices.	LA, Article IV Section 4.09	Partly complied with. Equipment maintenance should be improved.
<p>17. It is the mutual intention of the Borrower and the Bank that no other external debt owed a creditor other than the Bank shall have any priority over the Loan by way of a lien on the assets of the Borrower. To that end, the Borrower undertakes (i) that, except as the Bank may otherwise agree, if any lien shall be created on any assets of the Borrower as security for any external debt, such lien will ipso facto equally and ratably secure the payment of the principal of, and interest charge and any other charge on the Loan; and (ii) that the Borrower, in creating or permitting the creation of any such lien, will make express provision to that effect.</p> <p>The provisions of the first paragraph of this Section shall not apply to (i) any lien created on property, at the time of purchase thereof, solely as security for payment of the purchase price of such property; or (ii) any lien arising in the ordinary course of banking transactions and securing a debt maturing not more than one year after its date.</p> <p>The term "assets of the Borrower" as used in paragraph (a) of this Section includes assets of any political subdivision or any agency of the Borrower and assets of any such political subdivision, including any Central Bank that may be established by the Borrower and any other institution performing the functions of a central bank of the Borrower.</p>	LA, Article IV Section 4.10 (a, b, c)	Complied with.
18. Organization and Implementation Arrangements. Project Executing Agency – in its capacity as the Project Executing Agency, the Ministry of Education (MOE) shall have overall responsibility for planning, organization, and implementation of the Project and shall liaise closely with other government departments or agencies involved in the Project.	LA, Schedule 6, para.1	Partly complied with. MOE planning and management weak.

Description	Reference	Status
<p>19. Project Steering Committee – Prior to the Effective Date, the Borrower shall establish a Project Steering Committee (PSC) to provide policy guidance on Project issues and be responsible for the overall implementation of the Project. The PSC shall be chaired by the Minister of Education and shall include representatives from MOE, National Training Council (NTC), Workforce Investment Board (WIB), College of the Marshall Islands (CMI), Directorate of Vocational Education of MOE, Ministry of Resources and Development, Ministry of Internal Affairs and the Chamber of Commerce. The PSC shall meet at least once every quarter. The PSC shall be assisted by the Project Implementation Unit (PIU) manager.</p>	<p>LA, Schedule 6 Para. 2</p>	<p>Complied with.</p>
<p>20. Project Implementation Unit – Prior to the Effective Date, a PIU shall be established by the Borrower. The PIU shall be located in MOE, shall have responsibility for the day-to-day implementation of the Project and liaison with the Bank. The PIU shall provide goods and services needed for the implementation of the Project. The PIU shall be headed by a full-time Project Manager who shall report to the Secretary of Education. The Project Manager shall be appointed in consultation with the Bank. The PIU shall also be staffed by a full-time accountant and a secretary and supported by an engineer. Local counterpart staff shall provide the Project implementation monitoring support in the outer islands.</p>	<p>LA, Schedule 6 Para. 3</p>	<p>Complied with.</p>
<p>21. Counterpart Staff and Funds – The Borrower shall provide adequate staff for both NTC and the Department of Vocational Education of MOE to enable them to efficiently carry out their respective mandates.</p>	<p>LA, Schedule 6 Para. 4</p>	<p>Partly complied with.</p> <p>NTC not adequately staffed during project implementation.</p>
<p>22. The Borrower shall make available to skills training institutions qualified high school staff of Vocational Education made redundant by the closure of these programs. The Borrower shall also ensure that extension teachers from CMI shall be seconded to all the skills training centers.</p>	<p>LA, Schedule 6 Para. 5</p>	<p>Partly complied with.</p> <p>Not all qualified high school MOE staff made available.</p> <p>CMI did not take part in the Project.</p>

Description	Reference	Status
23. The Borrower shall ensure that funds from School to Work (STW) programs and funds received under the Work Investment Act shall be made available to NTC to carry out preliminary research and needs assessment work in order to assist the curriculum consultant to be provided under Part A of the Project develop appropriate course outlines.	LA, Schedule 6 Para. 6	Complied with. STW is no longer available. The assistance is provided under the WIA to the SEG which has taken over and will continue the WIA program.
24. The Borrower shall ensure that the required counterpart funding necessary for timely and effective Project implementation shall be separately provided in the Borrower's annual budget for each fiscal year.	LA, Schedule 6 Para. 7	Complied with.
25. The Borrower shall provide the required recurrent expenditure funding in each fiscal year beginning fiscal year 2002 and subsequent years. The additional amount shall be clearly appropriated to the education budget for vocational education and skills training.	LA, Schedule 6 Para. 8	Complied with.
26. Land Without limiting the generality of the provisions of Section 4.02 of the Loan Agreement, the Borrower shall take all necessary and timely action to acquire all land, rights in respect of land and other property rights which shall be required for the Project prior to the award of relevant civil works contracts under the Project.	LA, Schedule 6 Para. 9	Partly complied with. Unable to secure land in Ebeye.
27. Reports, Reviews and Benefit Monitoring The PIU shall develop and implement an action plan agreed to between the Bank and the Borrower for carrying out Project activities in accordance with the timetable agreed therein. The PIU, in consultation with the Bank, shall review the action plan and revise it as necessary. Based on the action plan, the PIU shall prepare and submit to the Bank quarterly reports, in a format acceptable to the Bank, for the periods ending 31 March, 30 June, 30 September, and 31 December each year.	LA, Schedule 6 Para. 10	Complied with.
28. PIU shall establish within three months of the Effective Date a Project Performance and Monitoring System (PPMS) detailing qualitative and quantitative indicators in order to measure, assess and monitor Project outputs and impact in terms of skills training efficiency improvements, enhanced quality of career orientation programs, increased employment opportunities for	LA, Schedule 6 Para. 11	Partly complied with. Data incomplete.

Description	Reference	Status
women and youth, lower dropout rates, increased reentrants to grade 10, enhanced academic proficiency of CMI entrants; improved institutional capabilities and improved equity. Project monitoring procedures shall be refined and agreed with the Bank.		
29. A comprehensive review of the Project shall be carried out jointly by the Borrower and the Bank at about the end of the second year of implementation. Using PPMS and other measures, the review shall assess the progress and achievements of the Project against its objectives, and identify problems being encountered and recommend remedial action if needed.	LA, Schedule 6 Para. 12	Complied with.
30. The Borrower shall ensure that the following performance target is achieved by the end of Project implementation a minimum of 150 persons to be trained in employment oriented skills, of which at least 33 percent are women of all age groups and 40 percent are male youth between the ages of 14 and 45 years.	LA, Schedule 6 Para. 13	Not complied with. Numbers trained not achieved by end of the project implementation.
31. Environment The Borrower shall ensure that all construction shall be undertaken in an environmentally sound manner in accordance with the Borrower's existing laws, regulations and standards concerning environmental protection and the Bank's environmental assessment requirements and any other relevant environmental guidelines and procedures, as the same may be amended from time to time.	LA, Schedule 6 Para. 14	Complied with.
32. Miscellaneous The Borrower shall ensure equal access of all training providers to (i) training materials and related resources; and (ii) all curriculum development undertaken under the Project, and Career Orientation Curriculum to all private schools.	LA, Schedule 6 Para. 15	Complied with.

CMI = College of the Marshall Islands, MOE = Ministry of Education, MIA = Ministry of Internal Affairs, NTC = National Training Council, PIU = Project Implementation Unit, PSC = Project Steering Committee, SEG = Special Education Grant, STW = School to Work, WIA = Work Investment Act, WIB = Workforce Investment Board
Source: Asian Development Bank Review Mission.