



Technical Assistance Report

Project Number: 38298

Technical Assistance to the Kyrgyz Republic for Preparing the Vocational Education and Skills Training Project (Financed from the Japan Special Fund)

October 2005

Asian Development Bank

CURRENCY EQUIVALENTS

(as of 5 October 2005)

Currency Unit	–	som (Som)
Som1.00	=	\$0.0244
\$1.00	=	Som40.85

ABBREVIATIONS

ADB	–	Asian Development Bank
DVTE	–	Department for Vocational Training and Education
GDP	–	gross domestic product
MOA	–	Ministry of Agriculture
MOE	–	Ministry of Education
MLSP	–	Ministry of Labor and Social Protection
NGO	–	nongovernment organization
O&M	–	operation and maintenance
OP	–	Office of the President (of the Kyrgyz Republic)
PVE	–	primary vocational education
RMC	–	Research and Methodology Center
TA	–	technical assistance
VEST	–	vocational education and skills training
VTC	–	vocational technical college

TECHNICAL ASSISTANCE CLASSIFICATION

Targeting	–	General intervention
Classification		
Sector	–	Education
Subsector	–	Education sector development
Theme	–	Inclusive social development
Subtheme	–	Human development

NOTE

In this report, "\$" refers to US dollars.

I. INTRODUCTION

1. The Government of the Kyrgyz Republic has requested Asian Development Bank (ADB) technical assistance (TA) to support reform and strengthening of the vocational education and skills training (VEST) system. A loan of \$10 million for a vocational education project is included in the project pipeline for 2006 to address priority needs. The Fact-Finding Mission visited the Kyrgyz Republic to review priority needs and reached understanding on the objectives, scope, implementation and financing arrangements for project preparatory TA.¹ The TA design and monitoring framework is in Appendix 1.

II. ISSUES

2. The macroeconomic situation in the Kyrgyz Republic has improved over the past 3 years. Gross domestic product (GDP) grew at 6.7% in 2004. The economy is based on agriculture, which contributes about 37% of the GDP; services around 42%; and industry around 21%.² In 2003, GDP per capita was \$377. In 2003, the estimated population of the Kyrgyz Republic was 5.1 million, with a population growth rate of about 1.1%. Of the population, 45% are between 5 and 19 years of age. Poverty continues to be a serious issue, but considerable progress has been made in combating it. The head count index of absolute poverty declined from 44.4% in 2002 to 40.8% in 2003 due to a 14% increase in average real wages, improved agriculture production, and price stability.

3. The Country Strategy and Program for the Kyrgyz Republic for 2004–2006 supports the Government's development priority of reducing poverty by promoting private sector-led economic growth and supporting human resource development. The VEST system is the key instrument to accelerate economic growth by improving the productivity and competitiveness of the workforce (Appendix 2). Currently, however, there is a serious mismatch between skills supply and labor market demand that impedes further economic growth and leads to shortage of skilled labor and inefficient use of the labor force. The economic consequences of these deficiencies are unemployment, lagging competitiveness, insufficient innovation, and low productivity.

4. The official unemployment rate in 2004 was reported at around 10.4% of the labor force. However, the official data provided only a partial picture of the unemployment problem. More comprehensive figures suggest that the unemployment rate is almost 18% of the workforce, or possibly even higher. As in other former Soviet economies, a large number of those without work do not bother to register, given the negligible benefits available and the limited usefulness of state unemployment services. The number of jobless people could be even higher, given that many who are technically considered to be working are actually under-employed.³ The unemployed young people account for 53% of all unemployed and remain one of the most problematic issues.⁴

5. The fact that economic expansion has not been accompanied by employment growth suggests that some of the workforce may be working in the informal economy, not declaring their earnings for tax reasons. Surveys suggest that the informal sector contributes up to 40% of the gross national product (GNP), which is not recorded in official statistics.⁵ Employment in the agriculture sector is disproportionately high. Although agriculture contributes only about one third of GDP, the sector engaged around 43% of the employed workforce in 2003.⁶ In order to improve

¹ The TA first appeared in *ADB Business Opportunities* (internet edition) on 23 February 2005.

² Other sectors such as mining and construction contributed the remaining 7%.

³ Source of employment information: The Economist Intelligence Unit. 2004. *Country Report Kyrgyz Republic*. London. (November).

⁴ IMF. 2004. *Country Report 04/200: Kyrgyz Republic – Poverty Reduction Strategy Paper Annual Progress Report*. Washington, DC.

⁵ Center for International Private Enterprise (CIPE) based on World Bank reports.

⁶ ADB. 2005. *Key Indicators*. Manila.

income opportunities in the agriculture sector, workers will need to diversify and upgrade their skills in agro-processing. In addition, a growing number of workers in the agriculture sector are seeking retraining opportunities to acquire skills to improve their employability in other sectors.

6. At present, the Government is the major provider of vocational education for the youth. Vocational education is offered at two levels and administered by two ministries. Primary vocational education (PVE) at the senior secondary level is administered by the Department for Vocational Training and Education (DVTE) under the Ministry of Labor and Social Protection (MLSP), while midlevel vocational education at the postsecondary level falls under the responsibility of the Ministry of Education (MOE). DVTE administers 113 PVE institutions: 27 vocational technical colleges (VTCs) and 86 professional lyceums. The goal of PVE is to train young people to satisfy the demand for skilled labor. The entry qualification for professional lyceums and VTCs is grade 9. Professional lyceums follow the Soviet system and offer 3-year combined general and vocational education in 125 skills areas. Programs are largely supply driven, hence graduates do not find jobs easily due to lack of employable skills. DVTE employs around 3,400 teachers; about 50% are vocational teachers. In 2004 25,972 students including 9,258 female students enrolled in PVE. Many PVE students come from poor families, who cannot afford higher education.

7. MOE is responsible for midlevel vocational education and administers 74 technicums⁷ with 3,019 faculty members. Technicums require an entry qualification of grade 11 and offer diploma and bachelor courses. In 2003 around 27,000 students were enrolled in technicums; 64% were female. No tracer studies are available, but anecdotal evidence suggests that a large number of graduates have difficulty finding employment after course completion.

8. DVTE also provides a limited number of short-term skills training courses to retrain adults. However, interaction with industry in designing retraining programs is weak, and programs are not responsive to labor market demands. Other line ministries (e.g. Ministry of Agriculture [MOA]) and private training providers offer retraining programs for adults often with the support of development partners. However, these programs are limited to particular regions and subsectors. For the numerous youths who have left school without marketable skills, and unemployed workers and adults who seek new jobs outside agriculture, adequate skills training and retraining are necessary to be more competitive and take advantage of income-earning opportunities to move out of poverty. However, the current VEST system is confronted with several issues in meeting this requirement.

9. Cooperation among MOE, MLSP, and other public and private training providers is weak. No comprehensive national policy on VEST and national human resource development plan linked to present and future labor market needs are in place. The current VEST system performs poorly in providing access to demand-driven short-term skills training for adults. Most adults, particularly the poor and disadvantaged, lack access to skills training and retraining opportunities. Strategies to mobilize and strengthen private training providers to complement VEST programs under DVTE and MOE in addressing training and retraining needs of adults are not available. Although vocational education is indicated as a development priority of the Government, the current budget allocation for PVE is inadequate to ensure efficient and effective delivery of VEST.

10. PVE for the youth is largely supply-driven. Training programs are based mostly on allocated budgets and available staff and equipment and are not significantly refocused to reflect the emerging needs of the labor market. The current labor market information system is unable to provide up-to-date labor market data to guide the design and revision of training programs. The lack of information and resource sharing between industry and training providers creates a gap between supply and demand and lowers the quality and relevance of training programs. Training

⁷ A technicum is a training institution under MOE offering postsecondary vocational training.

institutions are often not fully aware of the needs of industry, nor are they able to explore ways to involve industry participation effectively. No systematic monitoring system to ensure the quality of training programs is in place.

11. The curriculum for PVE is developed by the Research and Methodology Center (RMC) under DVTE. RMC has developed 150 curriculum modules for PVE and 100 training courses for adult retraining programs. Industry involvement in curriculum development is limited and current curricula are not regularly revised to reflect changing technology and market demand. Cooperation between RMC and curriculum development divisions in MOE is limited. No comprehensive curriculum development strategy with active industry involvement focusing on modular and competency-based training is in place.

12. Teaching techniques and technical skills and knowledge of many teachers are outdated and need to be upgraded. Teachers have no benchmarks to measure their own technical and instructional capability, and thus have no means of determining the gap between their current performance and their desired capability. Textbooks used in PVE institutions are seriously outdated. More than 90% of around 1,100 titles currently in use were developed before 1980; less than 5% of the current textbooks have been revised after 1990. The lack of appropriate equipment, adequate teaching aids, and learning materials is a constraint on applying modern teaching methodologies. The quality of hands-on skills training is seriously hampered by poor and outdated training equipment, and lack of tools and consumables.

13. Currently there is no comprehensive recognized national system for skills standards. The quality of skills training depends on the quality of instruction, which is often adversely affected by the lack of training materials and equipment, poor teaching environment, and outdated knowledge of teachers. VTCs and professional lyceums set their own examinations, without formal external quality control or moderation and with only occasional involvement of the private sector.

III. THE TECHNICAL ASSISTANCE

A. Impact and Outcome

14. The proposed TA will help prepare a project that will improve access to demand-driven VEST for youths and adults and ensure its quality, relevance, and efficiency. The project proposal will address key issues in VEST and will include (i) draft recommendations for a comprehensive national policy framework and sustainable financing mechanisms conducive to the provision of demand-driven VEST for youths and adults; (ii) draft strategies and investment needs to rationalize and strengthen the current PVE system for the youth, including building of the capacity of PVE institutions and rehabilitating and upgrading selected training facilities; (iii) draft strategies to increase the availability of skills training and retraining opportunities for adults by mobilizing public and private training providers; and (iv) draft strategies to promote a public-private partnership strengthening linkages between VEST providers and industries, including establishing a labor market information system to guide VEST programs in adjusting to changing labor market needs. A summary initial poverty and social analysis is in Appendix 2.

B. Methodology and Key Activities

15. The TA will be conducted through a collaborative and participatory process ensuring a high level of consultation with all major government and nongovernment stakeholders, and the development partners. Participatory workshops at national and provincial levels will be held to discuss issues and potentials of public and private VEST provision and financing to ensure close cooperation and active involvement of government stakeholders, private and public training providers, industry representatives and nongovernment organizations (NGOs) in the design of the

proposed project. The TA will undertake a social and poverty impact analysis and recommend strategies to improve access to VEST for disadvantaged groups.

16. **Establishment of a National Policy Framework for VEST.** For the first output the TA will draft recommendations to establish a comprehensive national policy framework that will promote demand-driven VEST for youths and adults and will clarify the Government's future role in providing VEST. The component will include the following activities: (i) review current policies, strategies, and regulatory acts relevant to VEST; (ii) assess the labor market and socioeconomic framework conditions, and identify dynamic subsectors and skills requirements; (iii) assess capacities of and institutional arrangements between MLSP, MOE, and other relevant government agencies including DVTE; (iv) clarify the roles and responsibilities of all government levels in providing VEST and give recommendations for reform of the VEST system; and (v) assess the current VEST financing and future budget requirements.

17. **Rationalization and Building the Capacity of PVE.** The TA will review rationalization and capacity building needs to improve the quality, relevance, and efficiency of PVE for the youth. Considering the institutional capacity assessments and proposed reform strategies, investment needs will be identified to enhance technical, pedagogical, and managerial capacities and competencies of professional lyceums and VTCs, including upgrading and rehabilitating selected training facilities to improve the teaching and learning environment. Activities will include: (i) a detailed review of the current PVE system, considering its relevance to social and economic objectives, market demands, effectiveness in meeting training objectives, and efficiency in the use of resources; (ii) a review of the current curriculum and strategies to improve curriculum quality and relevance; (iii) a review of teaching methods, and learning and teaching materials, and assessment of training needs of teachers and managers; (iv) preparation of a prioritized investment plan for rehabilitating and upgrading selected PVE facilities, including detailed cost estimates for rehabilitation and upgrading; (v) strategies to strengthen linkages between PVE and midlevel vocational education to generate synergies; and (vi) assessment of the financial viability and sustainability of the proposed investment plan.

18. **Public and Private Provision of Skills Training for Adults.** The TA will develop strategies to increase the availability of skills training and retraining opportunities for adults by mobilizing public and private training providers. Following institutional capacity assessments of public training providers and labor market analysis, strategies will be developed to strengthen the capacities of private training providers to complement MLSP in enhancing skills training programs for adults. In addition, strategies will be developed to further utilize the capacities of VTCs, professional lyceums, and technicums to provide short-term skills training for adults during lean periods. Financing requirements for establishing a nationwide demand-driven skills training system for adults will be reviewed, taking into account the limited resources of unemployed and poor adults.

19. **Promotion of Demand-Driven VEST.** The TA will review the need for strengthening linkages between industries, public and private training providers, and government agencies to establish joint mechanisms promoting design, conduct, and finance of demand-driven VEST. This output will include strategies to set up a labor market information system disseminating labor market trends to assist training providers to adjust training programs promptly to meet needs. Major outcomes will include: (i) analysis of the current interaction between skills provision and industry; (ii) strategies to establish coordination mechanisms among government agencies, training providers, industries, trade unions, chambers of commerce, and other relevant organizations to promote skills development; (iii) recommendations to stimulate enterprise-based training, apprentices and attachment schemes; and (iv) assessment of current labor market information systems and their relevance to guide the design and revision of training programs.

C. Cost and Financing

20. The TA cost is estimated at \$355,000 equivalent, of which \$242,000 is in foreign exchange and \$113,000 equivalent in local currency. The Government requested ADB to finance \$300,000 equivalent, which includes the entire foreign exchange cost and \$58,000 equivalent of the local currency cost. The TA will be financed on a grant basis from the Japan Special Fund, funded by the Government of Japan. The Government of the Kyrgyz Republic will finance the remaining local currency cost of \$55,000 equivalent in kind for office accommodation, counterpart staff, transport, and facilities for seminars and workshops. The Government has been advised that approval of the TA does not commit ADB to finance any ensuing project. The cost estimates and financing plan are in Appendix 3.

D. Implementation Arrangements

21. Given that the responsibility for VEST is currently divided between MLSP and MOE and that reviewing institutional arrangements for VEST is a priority for the TA, the Office of the President (OP) of the Kyrgyz Republic will be the Executing Agency for the TA. Based on the sector review and related institutional assessments, implementation arrangements for the ensuing project, including identifying a suitable executing agency, will be decided. The OP will provide suitable, furnished office space and counterpart support, including a qualified TA coordinator to oversee TA implementation. An international consulting firm will provide consulting services (person-months in parentheses) from international consultants – (i) VEST and organizational development specialist/ team leader (4.5); (ii) labor market analyst and education economist (3.0); (iii) specialist for training, curriculum and textbook development (2.0); (iv) education facilities, equipment and financial specialist (2.0); (v) management information system specialist (1.5); and domestic consultants – (i) education policy analyst (4.0); (ii) labor market analyst (3.0); (iii) poverty/social development specialist (2.0); (iv) curriculum, textbook and training material specialist (2.0); (v) financial analyst/financial management specialist (3.0); and (vi) education facilities and equipment specialist (3.0). The team leader will submit an inception report 4 weeks after the assignment starts, a draft final report 2 weeks before and a final report 2 weeks after the planning workshop.

22. A steering committee, chaired by the OP and including representatives from MLSP, MOE, MOF, MOA, trade unions, and two industry representatives, will be established to provide policy guidance and technical advice in the process of assessing the current system and drafting policy recommendations. The TA will be implemented over 6 months commencing in January 2006. The project design will be developed in a continuous consultation process with major government and nongovernment stakeholders and development partners. ADB will engage the consultants in accordance with ADB's *Guidelines on the Use of Consultants*. An international consulting firm will be selected based on the quality- and cost-based selection method, using the simplified technical proposal. Outline terms of reference for the consultants are in Appendix 4. TA-financed equipment and materials will be procured by the consulting firm in accordance with ADB's *Guidelines for Procurement* and will remain with OP after completion of the TA.

IV. THE PRESIDENT'S DECISION

23. The President, acting under the authority delegated by the Board, has approved the provision of technical assistance not exceeding the equivalent of \$300,000 on a grant basis to the Government of the Kyrgyz Republic for preparing the Vocational Education and Skills Training Project, and hereby reports this action to the Board.

DESIGN AND MONITORING FRAMEWORK

Design Summary	Performance Targets/Indicators	Data Sources/ Reporting Mechanisms	Assumptions and Risks
<p>Impact Access to and quality and relevance of demand-driven vocational education skills and training (VEST) for youth and adults are improved</p>	<ul style="list-style-type: none"> • Measure social, economic, and poverty indicators <p>(Baselines for monitoring will be determined during the PPTA)</p>	<ul style="list-style-type: none"> • Educational statistics, • Tracer studies • Labor market statistics 	<p>Assumption</p> <ul style="list-style-type: none"> • Government remains committed to the education sector as a priority in national development.
<p>Outcome Design for a loan project is prepared and agreed upon by the Government and ADB</p>	<ul style="list-style-type: none"> • Memorandum of understanding signed by Government and ADB during appraisal mission, third quarter 2006 	<ul style="list-style-type: none"> • Memorandum of understanding 	<p>Assumption</p> <ul style="list-style-type: none"> • Government and ADB sign loan agreement.
<p>Outputs</p> <p>1. Draft recommendations for a national policy framework and sustainable financing mechanisms conducive to promote demand-driven VEST for youths and adults</p> <p>2. Draft strategies and investment needs to rationalize and strengthen the current PVE system for the youth</p> <p>3. Draft strategies to increase the availability of skills training and retraining opportunities for adults by mobilizing public and private training providers</p> <p>4. Draft strategies to promote a public-private partnership strengthening linkages between VEST providers and industries, including establishing a labor market information system to guide VEST programs in adjusting to changing labor market needs</p>	<ul style="list-style-type: none"> • Strategies to draft policy framework prepared by May 2006 • Roles and responsibilities of major stakeholders agreed upon by end of second quarter 2006 • Institutional assessments completed by March 2006 • Rationalization and capacity building strategies agreed upon by May 2006 • Prioritized investment plan to rehabilitate and upgrade facilities by March 2006 • Assessment of private training providers completed by February 2006 • Strategies to increase skills training for adults prepared by May 2006 • Strategies to establish cooperation mechanisms prepared by April 2006 • Cooperation agreements between private sector and government drafted by May 2006 	<ul style="list-style-type: none"> • Policy draft • Agreement on roles and responsibilities • Institutional assessment report • Endorsed rationalization strategies • Investment plan • Agreed-upon strategies • Cooperation agreements • Agreed-upon strategy documents 	<p>Assumptions</p> <ul style="list-style-type: none"> • There is access to information and government personnel. • Stakeholders participate actively in the project design. • Industry and private training provider are fully involved in project preparation.

Activities with Milestones	Inputs
<p>Output 1</p> <p>1.1 Review current institutional arrangements, policies and regulations; identify issues and recommend institutional reform needs (by February 2006)</p> <p>1.2 Analyze the current VEST financing; review budget projections, estimate future budget requirements and investment needs; assess alternative financing mechanisms (by February 2006)</p> <p>1.3 Assess the labor market and socioeconomic conditions, identify dynamic subsectors, and analyze the current linkages/interaction between skills provision and industry/labor market (by January 2006)</p> <p>1.4 Assess institutional capacities of MLSP, MOE, and related agencies relevant to VEST (by February 2006)</p> <p>1.5 Carry out social and poverty assessment (by March 2006)</p> <p>1.6 Prepare draft recommendations to establish a comprehensive national policy framework (by May 2006)</p> <p>1.7 Clarify roles and responsibilities of major stakeholders (by May 2006)</p>	<p>ADB - \$300,000</p> <ul style="list-style-type: none"> • Consulting services – 30 person-months \$241,000 • Equipment \$9,000 • Workshops and seminars \$10,000 • Miscellaneous administration \$7,000 • Contract negotiations \$5,000 • Contingencies \$28,000
<p>Output 2</p> <p>2.1 Review the current PVE system in terms of relevance to social and economic objectives, market demand, effectiveness in meeting training objectives, and efficiency in the use of resources (by March 2006)</p> <p>2.2 Assess technical, pedagogical and managerial capacities, and competencies of professional lyceums and vocational technical colleges (VTCs) (by March 2006)</p> <p>2.3 Review curriculum development, learning and teaching materials; assess training needs for teachers and curriculum development specialists (by April 2006)</p> <p>2.4 Assess needs for upgrading selected PVE facilities and determine financial resources required (by February 2006)</p> <p>2.5 Review linkages between PVE and midlevel vocational education to strengthen synergies (by April 2006).</p> <p>2.6 Make recommendations for institutional reforms and rationalization (by May 2006)</p> <p>2.7 Assess investment needs for capacity building (April 2006)</p>	<p>Government - \$55,000</p> <ul style="list-style-type: none"> • Office accommodation and transport \$20,000 • Counterpart staff and support \$25,000 • Seminars and workshops \$10,000
<p>Output 3</p> <p>3.1 Assess the capacities of private training providers and their potential to increase training and retraining opportunities for adults (by January 2006)</p> <p>3.2 Determine the priority skills in demand (by January 2006)</p> <p>3.3 Determine capacity-building needs to strengthen the training offered by private training providers (by February 2006)</p> <p>3.4 Assess financing mechanisms to promote skills training for adults and provide alternative financing schemes (by March 2006).</p>	
<p>Output 4</p> <p>4.1 Review the linkages between industries, chambers of commerce, industry associations, training providers, MOE, and MLSP (by January 2006)</p> <p>4.2 Prepare recommendations to stimulate enterprise-based training, apprentices and attachment schemes (by February 2006)</p> <p>4.3 Assess the relevance of current labor market information systems to guide the design and revision of training programs (by January 2006)</p> <p>4.4 Develop strategies to establish a joint national skills standard system and an accompanying accreditation and certification system (by March 2005)</p>	

ADB = Asian Development Bank, MOE = Ministry of Education, MLSP = Ministry of Labor and Social Protection, PPTA = project preparatory technical assistance, PVE = primary vocational education, VEST = vocational education and skills training.

POVERTY AND SOCIAL ANALYSIS

A. Linkages to the Country Poverty Analysis

Is the sector identified as a national priority in country poverty analysis?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	Is the sector identified as a national priority in country poverty partnership agreement?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
<p>Contribution of the sector or subsector to reduce poverty in Kyrgyz Republic:</p> <p>Promotion of vocational education and skills training (VEST) is one of the development priorities of the Government to reduce poverty. The Government is committed to improving access to and quality of VEST and increasing retraining opportunities for adults to improve the productivity and competitiveness of the workforce.</p>			

B. Poverty Analysis

Targeting Classification: General Intervention

<p>What type of poverty analysis is needed?</p> <p>The analysis will:</p> <ul style="list-style-type: none"> (i) identify how the project relates to national priorities defined in the country poverty analysis; (ii) assess the effects of the ensuing project on its beneficiaries, especially socioeconomic benefits and impact on income levels; and (iii) identify poverty-related baselines for project monitoring and evaluation.

C. Participation Process

<p>Is there a stakeholder analysis? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No</p> <p>Main stakeholders include the Ministry of Education (MOE), Ministry of Labor and Social Protection (MLSP), and selected provincial and district authorities. Current institutional capacities of and institutional arrangements between stakeholders will be assessed during the TA.</p> <p>Is there a participation strategy? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No</p> <p>The TA will be conducted in a collaborative and participatory process ensuring a high level of congruence of goals between all major government and nongovernment stakeholders and the development partners. A series of participatory workshops will be held to ensure full participation of all major stakeholders in the design of the proposed project.</p>
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D. Gender Development

<p>Strategy to maximize impacts on women:</p> <p>An analysis to assess gender-related issues will be conducted during the TA. Findings and recommendations will be incorporated into the project design.</p> <p>Has an output been prepared? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No</p> <p>The output will be prepared in the process of TA implementation.</p>
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E. Social Safeguards and Other Social Risks

Item	Significant/ Not Significant/ None	Strategy to Address Issues	Plan Required
Resettlement	<input type="checkbox"/> Significant <input type="checkbox"/> Not significant <input checked="" type="checkbox"/> None	A resettlement plan is not required.	<input type="checkbox"/> Full <input type="checkbox"/> Short <input checked="" type="checkbox"/> None
Affordability	<input type="checkbox"/> Significant <input checked="" type="checkbox"/> Not significant <input type="checkbox"/> None	Not deemed to be a major concern, but will be assessed further during the TA.	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Labor	<input type="checkbox"/> Significant <input type="checkbox"/> Not significant <input checked="" type="checkbox"/> None	No labor retrenchments are envisaged as a result of the project.	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Indigenous Peoples	<input type="checkbox"/> Significant <input type="checkbox"/> Not significant <input checked="" type="checkbox"/> None	The project is not expected to have any adverse impacts on indigenous people. The project will ensure equitable benefit will accrue to ethnic minorities	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Other Risks and/or Vulnerabilities	<input type="checkbox"/> Significant <input type="checkbox"/> Not significant <input checked="" type="checkbox"/> None	No other social risks are anticipated as a result of the ensuing project.	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No

COST ESTIMATES AND FINANCING PLAN
(\$'000)

Item	Foreign Exchange	Local Currency	Total Cost
A. Asian Development Bank Financing^a			
1. Consultants			
a. Remuneration and Per Diem			
i. International Consultants	190.0	0.0	190.0
ii. Domestic Consultants	0.0	17.0	17.0
b. International and Local Travel	24.0	5.0	29.0
c. Reports and Communications	0.0	5.0	5.0
2. Equipment ^b	0.0	9.0	9.0
3. Workshops and Seminars	0.0	10.0	10.0
4. Interpretation, Translation, Miscellaneous Administration, and Support Costs	0.0	7.0	7.0
5. Representative for Contract Negotiations	5.0	0.0	5.0
6. Contingencies	23.0	5.0	28.0
Subtotal (A)	242.0	58.0	300.0
B. Government Financing^c			
1. Office Accommodation and Transport	0.0	20.0	20.0
2. Counterpart Staff and Support	0.0	25.0	25.0
3. Seminars and Workshops	0.0	10.0	10.0
Subtotal (B)	0.0	55.0	55.0
Total	242.0	113.0	355.0

^a Financed by the Japan Special Fund, funded by the Government of Japan.

^b Includes purchase of a photocopier, computer and accessories, and printer for the technical assistance office.

^c The Government's contribution is provided in kind.

Source: Asian Development Bank estimates.

OUTLINE TERMS OF REFERENCE FOR CONSULTANTS

A. International Consultants

1. The specific tasks and responsibilities of consultants and duration of service are as follows:

2. **Vocational Education and Skills Training (VEST) and Organizational Development Specialist/Team Leader** (4.5 person-months). As team leader, the consultant will be responsible for overall planning and implementation of the technical assistance (TA), design of the project, and preparation of reports. The work will be done in close collaboration with the Office of the President (OP) and the Ministry of Labor and Social Protection (MLSP) and in consultation with senior staff members of other relevant government and nongovernment organizations (NGOs), training providers, and private sector representatives. The team leader will ensure close collaboration among the other consultants and will have the following specific duties and responsibilities:

- (i) Prepare a detailed sector description.
- (ii) Determine the scope of, and prepare a detailed outline for, the proposed project, including its financial and economic sustainability.
- (iii) Develop a draft logical framework for the project, including impact, outcome, outputs, activities and inputs, performance indicators, monitoring mechanisms, and assumptions and risks.
- (iv) Prepare detailed cost estimates, subdivided into foreign and local costs.
- (v) Define project implementation arrangements, outline the relationship between relevant institutions, and indicate the responsibility of each.
- (vi) Produce a tentative procurement plan for goods and services.
- (vii) Evaluate the financial and economic viability of the project.
- (viii) Ensure adequate participation of government and nongovernment stakeholders through a series of participatory workshops at national and provincial levels.
- (ix) Submit (a) an inception report 4 weeks after the assignment starts, and (b) a draft final report 2 weeks before and a final report 2 weeks after the participatory planning workshop.

3. Major duties and responsibilities with regard to policy and organizational development are as follows:

- (i) Review policies and strategies and the legal framework related to VEST, and identify issues.
- (ii) Prepare a draft national policy framework for VEST and recommendations to establish a national human resource development plan linked to present and future labor market needs.
- (iii) Review the current institutional arrangements relevant in delivering VEST; identify strengths and weaknesses, and recommend reform and rationalization needs to improve relevance, quality, and efficiency of VEST; define role and responsibilities of major stakeholders.
- (iv) Review the current institutional capacity of MLSP, Ministry of Education (MOE), and other major government agencies involved in VEST, including the Research and Methodology Center (RMC) and Industrial Pedagogic Technicum (IPT); and identify capacity-building needs and scope for rationalization.
- (v) Evaluate the current systems and training programs related to VEST under MOE, MLSP, and other line ministries, for relevance to social and economic objectives, market demands, effectiveness in meeting training objectives, and efficiency in the use of resources.

- (vi) Assess the capacities of private training providers and recommend capacity-building needs.
- (vii) Prepare strategies establishing a system to increase training and retraining opportunities for adults, mobilizing private and public training providers.
- (viii) Review the involvement of the private sector and recommend strategies to attract more industry involvement to establish a public-private partnership scheme promoting demand-driven VEST.
- (ix) Document all aid agency activities in VEST and assess their outputs and achievements.
- (x) Prepare a directory of VEST training providers, including NGOs and private training providers.
- (xi) Propose a more effective coordination mechanism among government agencies, aid agencies, NGOs, and the private sector promoting VEST.
- (xii) Facilitate a financial management assessment of the proposed executing agency (EA).
- (xiii) Complete financial evaluation of the proposed project
- (xiv) Develop strategies to establish a comprehensive national skills standard system and an accompanying accreditation and certification system.

4. **Labor Market Analyst and Education Economist** (3.0 person-months). Major specific duties and responsibilities are as follows:

- (i) Assess the formal and nonformal labor market, and the socioeconomic framework conditions.
- (ii) Identify dynamic subsectors and skills requirements with good potential for income-earning opportunities.
- (iii) Assess the future demand for VEST services, including for youths and adults, based on demographic trends, economic developments, and migration trends.
- (iv) Recommend strategies, including alternative financing mechanisms, to provide training and retraining opportunities for adults.
- (v) Review and analyze the current VEST financing under MOE and MLSP, and other government agencies; review budget projections, and teachers' salary structure; estimate future budget requirements and investment needs; assess options to introduce alternative financing mechanisms.
- (vi) Review the current interaction between MOE, MLSP, and the private sector and recommend strategies to further involve the private sector in financing VEST
- (vii) Prepare an assessment of the financial and economic sustainability of the proposed project based on *Guidelines for the Financial Governance and Management of Investment Projects Financed by the Asian Development Bank (ADB)*, analyze the affordability of the proposed project investment in relation to budget projections, and assess challenges in reforming and modernizing the current VEST.

5. The consultant will also prepare: (i) a poverty and social analysis report; (ii) a summary poverty reduction and social strategy following ADB's Handbook on Poverty and Social Analysis (2001); and (iii) indicators of poverty and social aspects as part of the project performance monitoring system.

6. **Specialist for Teacher Training and Curriculum Specialist** (2.0 person-months). The consultant will recommend ways to strengthen in-service and preservice teacher training to improve the quality of teaching. Specific duties and responsibilities are as follows:

- (i) Document and review existing preservice and in-service teacher training programs under MOE and MLSP.
- (ii) Assess teaching techniques, curriculum development, learning and teaching materials and teaching aids of public and private training providers.
- (iii) Review currently used textbooks; assess current policies and mechanisms for writing, publishing, distributing, and using textbooks; identify investment needs for new textbooks; and recommend strategies to improve textbook development.
- (iv) Recommend strategies that utilize information and communication technology (ICT)-based learning methods for in-service and preservice teacher training and for VEST.
- (v) Prepare a strategy to provide systematic in-service training for teachers to improve teaching skills and to update content knowledge; provide cost estimates and recommend delivery mechanisms.

7. **Education Facilities, Equipment and Financial Specialist** (2.0 person-months). The specialist will closely work with the labor market analyst and the domestic maintenance consultants. Major tasks are as follows:

- (i) Conduct a mapping study to assess the rehabilitation needs of vocational technical colleges (VTCs) and professional lyceums. From the results, prepare a list of priority institutions for rehabilitation and upgrading.
- (ii) Assess current training facilities and state of equipment at professional lyceums and VTCs.
- (iii) Based on curricula and lesson plans and future skill requirements, identify investment needs for training equipment in lyceums and VTCs and estimate the costs for the recommended equipment plans.
- (iv) Determine incremental recurrent costs for operation and maintenance (O&M) of all institutions to be rehabilitated or supported by the proposed project.
- (v) Propose strategies to involve communities, students, and teachers in rehabilitating and maintaining professional lyceums and VTC facilities.
- (vi) Identify investment needs to improve access for disabled students, including provision of facilities for wheelchair-bound students, adjusted furniture, equipment, and improved sanitary facilities
- (vii) Prepare detailed cost estimates including foreign exchange and local currency cost components for training equipment and rehabilitation works of prioritized education facilities for each year of implementation.

8. **Education Information Management Specialist** (1.5 person-months). The specialist will have the following specific tasks:

- (i) Assess current labor market information systems for relevance to guide the design and revision of training programs.
- (ii) Review the current monitoring and evaluation systems for monitoring the quality of VEST; verify the data quality; and assess user-friendliness, operations manuals, and relevant procedures.
- (iii) Identify the information requirements of MOE, MLSP, professional lyceums, and VTCs and private training providers.
- (iv) Assess current hardware and software in use and identify investment needs for upgrades.
- (v) Recommend strategies to develop a system to map all private and public VEST institutions in the country.
- (vi) Advise on all aspects of training in data collection and management.

B. Domestic Consultants

9. The specific tasks and responsibilities and duration of services are as follows:

10. **Education Policy Analyst** (4.0 person-months). In close cooperation with the team leader and the international education economist, the analyst will carry out the following activities:

- (i) Support the review of the existing policy framework related to VEST, including legal, regulatory, and institutional arrangements.
- (ii) Give recommendations to establish a comprehensive national policy framework and propose strategies to improve the coordination mechanism among industries, public and private training providers, and relevant government agencies.
- (iii) Prepare strategies to develop a national human resource development plan linked to present and future labor market needs.
- (iv) Recommend strategies to mobilize private and public training providers to increase training and retraining opportunities for adults.
- (v) Review institutional arrangements among major stakeholders, identify reform and rationalization needs, and define future roles and responsibilities of major stakeholders to improve the efficiency and relevance of VEST.
- (vi) Document all aid agency and NGO activities in VEST and assess their outputs and achievements; and prepare a directory of VEST training providers including NGOs and private training providers.
- (vii) Assist in developing strategies to establish a national skills standard system and an accompanying accreditation and certification system.

11. **Labor Market Analyst** (3.0 person-months). In close cooperation with the team leader and the international labor market analyst the consultant will carry out the following major activities:

- (i) Assist in reviewing the formal and nonformal labor market, and the socioeconomic framework conditions; identify dynamic subsectors and skills requirements with good potential to become income-earning opportunities.
- (ii) Evaluate the current systems and training programs related to VEST under MOE, MLSP, and other line ministries, for their relevance to social and economic objectives, and market demands, effectiveness in meeting training objectives, and efficiency in the use of resources.
- (iii) Recommend strategies to increase training and retraining opportunities for adults through active industry participation.
- (iv) Assess current labor market information systems for relevance to guide the design and revision of training programs.
- (v) Review the current interaction between MOE, MLSP, and the private sector; recommend strategies to attract more private sector involvement to establish a public-private partnership scheme promoting demand-driven VEST.

12. **Poverty and Social Development Specialist** (2.0 person-months). In close cooperation with the international education economist, the consultant will carry out the following tasks:

- (i) Assess how the project will contribute to national priorities as identified in the Country Poverty Analysis⁸ and education sector for the Kyrgyz Republic.
- (ii) Assess how the benefits of the project will flow to poor/non-poor youths and adults and whether poor groups will remain excluded.

⁸ IMF. 2004. *Kyrgyz Republic: Poverty Reduction Strategy Paper Progress Report*. Washington, DC.

- (iii) Based on the assessments in (i) and (ii) give recommendations to help the project be more pro-poor and deal effectively with any issues of risks, gender, affordability, ethnic minorities, or vulnerable groups.
- (iv) Assess how key stakeholders (poor and vulnerable groups in particular) are likely to participate in and benefit from project resources, and suggest possible strategies for addressing the concern of these stakeholders.
- (v) Conduct gender analysis and identify project design elements that have potential to address gender equity in the project.
- (vi) Assess whether vulnerable groups such as disabled youth and poor adults will be in worse condition as a result of the proposed project, and assess the necessity for mitigating measures such as scholarships, vouchers, etc.
- (vii) Ensure that all stakeholders are adequately involved in the project design.
- (viii) Prepare to ensure that project benefits will accrue to ethnic minorities.
- (ix) Assist in preparing the (a) poverty and social analysis report; (b) summary of poverty reduction and social strategy following ADB's Handbook on Poverty and Social Analysis (2001); and (c) indicators of poverty and social aspects as part of the project performance monitoring system.

13. **Curriculum, Textbook and Training Material Specialist** (2.0 person-months). The consultant will do the following:

- (i) Document and review currently used textbooks; assess current procedures for writing, publishing, distributing, and using textbooks; assist in identifying investment needs for new textbooks; and recommend strategies to improve textbook development.
- (ii) Review current curriculum development procedures and recommend strategies to ensure that curriculum development responds to labor market demands.
- (iii) Identify measures to strengthen curriculum development.
- (iv) Assist in reviewing the capacity of RMC.

14. **Financial Analyst/Financial Management Specialist** (3.0 person-months). In close cooperation with the team leader and the international education economist, the analyst will carry out the following major activities:

- (i) Assist in reviewing the current VEST financing under MOE and MLSP, and other government agencies; review budget projections and teachers' salary structure; estimate future budget requirements and investment needs; assess options to introduce alternative financing mechanisms.
- (ii) Assess future budget requirements for professional lyceums and VTCs, including maintenance of facilities and equipment.
- (iii) Assess budgeting procedures and flow of funds from national to local levels.
- (iv) Develop draft strategies to establish an innovative financing mechanism promoting public and private training providers to increase short-term skills training for adults.
- (v) Conduct a financial management assessment of the proposed EA.
- (vi) Assist in preparing the economic and financial analyses of the proposed project.

15. **Education Facilities and Equipment Specialist** (3.0 person-months). In close cooperation with the team leader and the international education facility specialist, the domestic consultant will do the following:

- (i) Document facilities of VTC and professional lyceums, and identify investment needs for rehabilitation and upgrading.
- (ii) Assess current training facilities and state of equipment at professional lyceums and VTCs.

- (iii) Review training needs of teacher and instructors to operate and integrate new equipment into lesson plans to increase hands-on training opportunities for students.
- (iv) Determine incremental recurrent costs for O&M of all institutions to be rehabilitated or supported by the proposed project.
- (v) Assist in preparing cost estimates, including foreign exchange and local currency cost components, for rehabilitation works and the training equipment of prioritized facilities.