



Technical Assistance Report

Project Number: 41339
June 2008

Socialist Republic of Viet Nam: Preparing the Skills Enhancement Project (Financed by the Japan Special Fund)

Asian Development Bank

CURRENCY EQUIVALENTS

(as of 30 May 2008)

Currency Unit	–	dong (D)
D1.00	=	\$0.0000615877
\$1.00	=	D16,237

ABBREVIATIONS

ADB	–	Asian Development Bank
GDP	–	gross domestic product
GDVT	–	General Department of Vocational Training
MOLISA	–	Ministry of Labor, Invalids and Social Affairs
PPTA	–	project preparatory technical assistance
TA	–	technical assistance
VET	–	vocational education and training

TECHNICAL ASSISTANCE CLASSIFICATION

Targeting Classification	–	General intervention
Sector	–	Education
Subsector	–	Technical education, vocational training, and skills development
Themes	–	Capacity development, inclusive social development, private sector development
Subthemes	–	Institutional development, human development, public-private partnerships

NOTE

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

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I. INTRODUCTION

1. The Asian Development Bank (ADB) supports the development of vocational education and training (VET) in Viet Nam in order to help meet the growing demand for skilled workers and to support national economic development. In 2008, the Government of Viet Nam confirmed its request for technical assistance (TA) to prepare the Skills Enhancement Project. The project preparatory technical assistance is included in the Viet Nam Country Operations Business Plan 2008–2010, with the ensuing loan programmed in the 2010 lending program.¹ A fact-finding mission to Viet Nam from 5–12 March 2008 reached an understanding with the Government on the impact, outcome, outputs, scope, implementation arrangements, cost, financing arrangements, and outline terms of reference for the consultants. The design and monitoring framework for the TA project is in Appendix 1.

II. ISSUES

2. The Vietnamese economy is moving rapidly from a centrally planned to a market-oriented economy, accompanied by a move from an agrarian to an industrial base. Growth has been impressive, averaging 7.5% over the last decade.² Along with this growth, there has been a significant change in the structure of the labor market, with a decline in employment in the agriculture sector (from 69% to 57%) and a substantial increase in the industrial sector (from 11% to 18%) and services sector (from 20% to 25%). Industry has become the largest contributor to gross domestic product (GDP) (43%), while the share of agriculture has declined. Much of Viet Nam's economic growth has been due to its integration into the world economy and the opening of trade through its entry into the World Trade Organization in 2007, along with strong growth in foreign direct investment. A strong investment climate is needed to continue this impressive growth. A ready supply of highly skilled labor is a key component in developing and maintaining a good investment climate.

3. **The Labor Force.** The growth in industry and services is expected to intensify over the coming decade, with concomitant changes in the composition of the labor force. Projections of GDP and future skill needs indicate that the demand for skilled labor in particular will continue to grow strongly. Unskilled labor demand is expected to decrease by 2% per year, while the demand for technical workers will increase at around 7% per year. By 2010, it is expected that skilled workers will account for 24% of those employed.³ At present, however, skilled workers comprise just 13% of the labor force. Further, unemployment rates among workers are the lowest for skilled workers with vocational qualifications, at just 1.4% in 2003 (compared with 3.7% for graduates). The demand for skilled labor is most pronounced in foreign and state-owned enterprises; in sectors such as electricity, gas, and water; in construction and manufacturing; in the export-oriented sector; and in large urban centers. As a result of the substantial increase in foreign direct investment, by 2006 foreign-owned enterprises accounted for almost 100% of enterprises in oil and gas, 85% in automobile processing and 45% in electronics. They are also prominent in manufacturing and fisheries. This is significant as foreign-owned enterprises generally employ a greater share of highly skilled labor than do domestic enterprises.⁴

¹ The technical assistance first appeared in the business opportunities section of ADB's website on 14 April 2008.

² ADB. 2006. *Country Strategy and Program 2007–2010: Socialist Republic of Viet Nam*. Manila.

³ Nguyen Lan Huong, Nguyen Thi Lan, and Pham Minsh Thu. 2006. Estimation of Skill Requirements for Economic Growth and Employment in Period 2006–2010. Hanoi. Quoted in World Bank, 2007. *Vietnam: Higher Education and Skills for Growth*. Washington, DC.

⁴ World Bank. 2007.

4. **Skills Shortages.** Various indicators are used to assess the nature and extent of skilled labor bottlenecks: employers' perceptions of skilled labor deficiencies, job vacancies, and the difficulties employers face in recruitment. Annual surveys carried out by the Ministry of Labor, Invalids and Social Affairs (MOLISA) indicate that up to 40% of manufacturing and export-oriented firms, including state-owned enterprises, identify the lack of skilled labor as a moderate or severe constraint to further expansion.⁵ An analysis of job vacancies in 2005 indicated that by far the strongest demand for workers across the economy was for craftsmen (66% of vacancies), especially in extractive and processing industries and construction. Vacancies for managers and highly skilled technical workers made up only 7% of vacancies. In examining recruitment patterns, the surveys found that almost 25% of firms indicated they found it difficult to recruit skilled workers.

5. Poor quality skills and relevance of skills are a separate issue. Economic development requires a skilled, creative, flexible workforce that can adapt to changes in economic activity and technology. Employers consider that the graduates of VET institutions have adequate theoretical skills, but lack good practical and other work-related skills such as personal drive, initiative, and teamwork. Consequently, university graduates are often hired to fill skilled worker positions, especially in the services sector. Even graduates, however, are rated deficient in practical technology skills and generic workplace skills by 40% of firms.

6. These analyses indicate that skilled workers at the higher skill levels are the major need in the labor force. A VET system that can deliver the workers needed in a competitive market economy will be critical for continued, strong economic growth. However, there is general agreement that the current VET system is unable to produce enough skilled labor at the higher levels. Although it has expanded recently and improved in quality as a result of better quality assurance, the quality and relevance of training, especially practical training, also needs further improvement to meet the required standards.

7. **The Policy Context.** A new legal framework for VET was established in late 2006, through the Law on Vocational Training (76/2006/QH11). This law, and subsequent decrees, have given MOLISA, through the General Department of Vocational Training (GDVT), the responsibility for coordination and management of all VET.⁶ The policies articulated in the Law support (i) investment in an expanded network to meet the demand for VET; (ii) investment to improve VET quality including curricula, trainers, and VET institutions; (iii) encouragement of national and foreign entities to set up VET institutions and participate in VET activities; (iv) popularizing of vocational jobs among youth; and (v) training of workers for overseas employment. In a further important structural change, the Law mandates the introduction of a new vocational college level to meet the need for more highly skilled workers, consisting of a 2-year post-secondary diploma course. The Ministry of Planning and Investment has recently drafted a 2020 strategy for human resource development that includes VET.

8. **Recent Expansion of the VET System.** Over the last 5 years, the number of vocational schools for long-term training at secondary level increased by 68% (to 200) and the number of training centers for short-term basic skills training increased by 300% (to 650). Graduate output has increased at an average rate of 6.5% per year, with long-term VET reaching 1.15 million people in 2007 (average increase 15% per year), and short-term training reaching 5.46 million (average increase 6% per year). Nevertheless, the VET system cannot respond fully to the rising quality and quantity requirements of industry. In 2007, only 26% of the VET graduates

⁵ MOLISA. Annual surveys that cover a sample of 664 large enterprises across all industries.

⁶ Technical education is the responsibility of the Ministry of Education and Training.

came from the secondary or diploma level. To increase the output of highly skilled workers, the Government plans to establish 250 vocational colleges by 2020, as well as 300 secondary vocational schools. Development will focus initially on a network of 100 model institutions in key economic sectors and industrial zones, including 35 that will be designed specifically to meet international standards in high-demand sectors.

9. **Mismatch Between Labor Market Demand and Training Provision.** In line with this policy, the Government will change the balance in training provision by moving away from the current focus on low-level service skills and increasing higher level training. Diploma-level training provision will be increased to 15% by 2020, intermediate-level provision will be increased from 23% to 35%, and basic skills training will be reduced to 50%. The time devoted to practical skills training will also be expanded. The introduction of vocational colleges to accommodate the diploma level is the most important innovation in the drive to produce highly skilled workers who are responsive to the requirements of modern enterprises.

10. **Low Demand Orientation.** There is limited involvement of industry in the planning and development of the VET system at the national level. This stems partly from the lack of a suitable mechanism for coordination, and also from long-established modes of operating among government officials and the private sector. The absence of a reliable labor market information system that can accurately project labor market demand and skills shortages is a further limitation that hampers the responsiveness of the VET system. Although a start has been made to establish such systems, they have not been properly institutionalized.

11. **Weak School Management.** The VET system remains largely supply driven. Numbers of students and fields of study at the institutional level are determined through a quota system. This weakens the incentives and desire among school managers to become more entrepreneurial by, for example, initiating links with local enterprises and reorienting study programs to fit local demand. The lack of autonomy given to school managers in planning, curriculum and financing decisions inhibits a more dynamic approach to school management.

12. **Limited Private Provision.** The Government is encouraging the private sector to establish training institutions, to help meet the need for skilled workers. To this end, public subsidies to public institutions are being reduced gradually, with institutions themselves expected to finance the gap from income and student fees. So far, the development of private (or nonpublic) provision has been slow; only 8 out of the 70 new vocational colleges and 29 out of the 200 vocational schools are nonpublic. However, some of the nonpublic schools, especially those owned by state-owned enterprises, work closely with industry and have been very successful. Private sector investment can be difficult to harness, however, because VET is costly and does not yield immediate benefits. The Government therefore needs to develop policies and incentives to encourage the development of private institutions.

13. **Lessons.** ADB—together with the Agence Française de Développement, the Japan International Cooperation Agency, and the Nordic Development Fund—has supported MOLISA in implementing the Vocational and Technical Education Project,⁷ which closed on 31 March 2008. The project successfully established 15 VET schools, developed skills standards for 48 occupations, piloted labor force and education information systems, introduced an accreditation system, and piloted a national testing and certification program within MOLISA. The project demonstrated the need for (i) better coordination and management of VET and greater

⁷ ADB. 1998. *Report and Recommendation of the President to the Board of Directors on a Proposed Loan to the Socialist Republic of Viet Nam for the Vocational and Technical Education Project*. Manila.

responsiveness to industry demands, (ii) assistance that is less supply-driven, and (iii) a new focus in MOLISA on subsector management and systems development.

III. THE TECHNICAL ASSISTANCE

A. Impact and Outcome

14. The TA will design a project for enhancing vocational skills training to better respond to the demand for skilled workers in key industries in the industrial and service sectors. The impact of the TA project will be a VET system that offers higher level skills training with stronger private sector participation for key occupations. The outcome of the TA project will be an agreed design for a loan project. The main outputs will be (i) an assessment of current sector outputs and their relevance to the labor market, (ii) identification of critical issues in upgrading skills training levels, (iii) a long-term strategy to improve training of skilled workers through better subsector management and training quality, and expanded output, (iv) a project outline that addresses key constraints and projected labor market needs, and (v) a detailed project design.

B. Methodology and Key Activities

15. The proposed project will support implementation of the new Law on Vocational Training through (i) support for stronger subsector management and industry links; (ii) improved program and training quality; (iii) the establishment of 20–30 high-performing colleges; and (iv) stronger involvement of the private sector in the planning, development, and implementation of skills standards, program identification, and funding of VET. The medium-term strategy developed by the Ministry of Planning and Investment will be updated. The project will build on the achievements of the Vocational and Technical Education Project, in particular the work done in developing skills standards, accreditation and certification mechanisms, school–industry links, and management information systems. The TA project will complement the activities of other donors including the German Technical Cooperation, Kreditanstalt für Wiederaufbau (KfW), the International Labour Organization, the Japan International Cooperation Agency, and the Government of the Republic of Korea. There will also be extensive consultation with industry and business on mechanisms for linking the VET system and the private sector more effectively.

16. The TA project will (i) examine the systems for policy development and planning in order to strengthen the links of the VET system with industry, (ii) conduct sector and labor market assessments and review Government policy and plans for the sector, (iii) develop a long-term strategy based on the above assessment and the draft strategy developed by the Ministry of Planning and Investment, (iv) propose a list of key occupations to be covered by the proposed project, (v) define the selection criteria for project institutions and propose a “long list,” (vi) assess the implementation of skills standards in VET institutions and links with local industry and employers, (vii) develop a generic program that will allow vocational colleges to meet regional and international standards, (viii) coordinate with other donors to ensure the effectiveness of the proposed project, and (ix) prepare a detailed project design.

17. **Assumptions and Risks.** The successful implementation of the TA project is based on the premise that Viet Nam’s economy will continue to expand and support the employment of increasing numbers of highly skilled workers, and that industry involvement will be encouraged and will be effective. There is a risk that college directors may oppose new approaches to funding, management, and program delivery, so workshops will be held throughout the TA project to explain the advantages. The TA project also assumes that agreement can be reached with MOLISA and stakeholders on a more representative organizational structure for managing

VET, and this will require extensive consultation and negotiation. The successful completion of the TA outputs requires data on the labor force and future labor market needs. Available data is limited in scope and quality but will be sufficient for the purpose.

C. Cost and Financing

18. The cost of the TA project is estimated at \$750,000 equivalent. ADB will provide \$600,000, which will be financed on a grant basis by the Japan Special Fund, funded by the Government of Japan. The remaining \$150,000 will be contributed by the Government and will include office accommodation, utilities, remuneration and per diem of counterpart staff, and administrative support. The Government has been informed that approval of the TA project does not commit ADB to finance any ensuing project. The cost estimates and financing plan are in Appendix 3.

D. Implementation Arrangements

19. MOLISA will be the Executing Agency, and GDVT will be the Implementing Agency. GDVT will establish a unit for the implementation of the TA project. Selected line ministries and local departments of MOLISA will be the counterparts of this implementing unit. The donor working group recently established within MOLISA to ensure a coordinated approach to the development of VET, and chaired by the minister, will provide technical advice.

20. An international consulting firm will be engaged in accordance with ADB's *Guidelines on the Use of Consultants* (2007, as amended from time to time). The selection and engagement of the international consulting firm will be through the quality- and cost-based selection method using a simplified technical proposal and standard quality-cost ratio of 80:20. The TA will provide eight international consultants (19 person-months) and nine national consultants (29 person-months). Funds of \$18,000 will remain unallocated for individual consultants, to be identified as needed. The consultant terms of reference are in Appendix 4. All TA-financed goods will be procured according to ADB's *Procurement Guidelines* (2007, as amended from time to time). All equipment will be transferred to the Government after TA completion.

21. The TA project will be carried out in two phases over 9 months, beginning mid-August 2008. During the first phase, the consultants will carry out initial assessments of the sector, labor market needs, the labor market and education information systems, organizational arrangements for the management of VET, and the institutional capacity of GDVT as the executing agency. The consultants will also agree with the Government on a draft design and monitoring framework and project outline. In the second phase the consultants will finalize the detailed design of the project. The consultant team will submit the following reports: (i) an inception report and an implementation plan; (ii) a sector assessment and problem-tree analysis; (iii) a midterm report, including an outline project proposal and long-term sector strategy; (iv) a draft TA final report and investment report; and (v) a final report. The TA project completion date will be 31 May 2009.

III. THE PRESIDENT'S DECISION

22. The President, acting under the authority delegated by the Board, has approved the provision of technical assistance not exceeding the equivalent of \$600,000 on a grant basis to the Government of Viet Nam for preparing the Skills Enhancement Project, and hereby reports this action to the Board.

DESIGN AND MONITORING FRAMEWORK

Design Summary	Performance Targets and/or Indicators	Data Sources and/or Reporting Mechanisms	Assumptions and Risks
<p>Impact</p> <p>Higher level skills training with stronger private sector participation in the vocational and education training (VET) system for key occupations.</p>	<ul style="list-style-type: none"> • A new organizational structure for the management of VET established. • More comprehensive and more current education and labor market data is available to determine occupational target areas. • A network of VET colleges is developed for skilled worker training, with private sector involvement and support. • Colleges use industry skill standards for certification and assessment. • College course offerings are planned in partnership with the private sector. 	<ul style="list-style-type: none"> • Annual reports from the education management information system • Annual reports from the labor market information system • Decree issued by minister, MOLISA to establish new organizational structure • Individual annual college reports 	<p>Assumptions</p> <ul style="list-style-type: none"> • The demand for more and better skilled workers in the occupations identified continues to expand • Industry involvement will be welcomed and will be effective <p>Risk</p> <ul style="list-style-type: none"> • The management of MOLISA and VET colleges may oppose new approaches to funding, management, and program delivery
<p>Outcome</p> <p>An agreed design for a loan project.</p>	<ul style="list-style-type: none"> • Project design is agreed by the Government of Viet Nam and ADB. • TA project final report and investment report approved. 	<ul style="list-style-type: none"> • TA project final report • Investment report 	<p>Assumption</p> <ul style="list-style-type: none"> • MOLISA and local training authorities support moving to a demand-driven VET system
<p>Outputs</p> <p>1. Assessment of current sector output and relevance to labor market completed</p>	<ul style="list-style-type: none"> • Satisfactory sector assessment including a forward-looking assessment of future labor market needs and relevance of Government sector policies and strategies, by 30 September 2008. • Assessment of the current organizational structure for the management of VET, and proposal to increase industry representation, by 30 October 2008. 	<ul style="list-style-type: none"> • Sector assessment submitted to ADB • Government confirms in writing that they agree with the proposal 	<p>Assumptions</p> <ul style="list-style-type: none"> • Labor market projections are available by sector to allow an initial assessment of labor market needs and skills demand • Agreement can be reached with MOLISA and stakeholders on a more representative organizational structure for VET management
<p>2. Critical issues in upgrading the level of vocational and skills training identified.</p>	<ul style="list-style-type: none"> • Satisfactory identification of critical constraints and issues to be addressed in project design, by 31 October 2008. 	<ul style="list-style-type: none"> • Problem-tree analysis submitted to ADB 	<p>Assumption</p> <ul style="list-style-type: none"> • Labor force data available will be adequate for the TA project purposes
<p>3. A long-term strategy to guide the development of skilled worker training</p>	<ul style="list-style-type: none"> • Institutional assessment of MOLISA's capacity to lead and manage the sector, acceptable to the Government, by 31 October 2008. 	<ul style="list-style-type: none"> • Sector strategy and road map submitted to ADB in midterm report, including institutional assessment 	<p>Assumption</p> <ul style="list-style-type: none"> • ADB and Government are willing to pursue a longer-term investment strategy.

Design Summary	Performance Targets and/or Indicators	Data Sources and/or Reporting Mechanisms	Assumptions and Risks
	<ul style="list-style-type: none"> • Sector strategy acceptable to the Government, completed by 15 December 2008. 		
4. Completed project outline that addresses key constraints and projected labor market needs	<ul style="list-style-type: none"> • Agreed outline design and monitoring framework, including key occupations to be covered, by 15 December 2008. • In line with Government sector plans and strategies and ADB views and priorities. 	<ul style="list-style-type: none"> • Midterm report. • TA project midterm review 	Assumption <ul style="list-style-type: none"> • Agreement can be reached with major stakeholders on the design and monitoring framework (DMF)
5. Detailed project design completed	<ul style="list-style-type: none"> • Detailed project design that improves policy making and planning, strengthens links with the private sector, and establishes high quality training programs for key occupations, by 31 March 2009. 	<ul style="list-style-type: none"> • Draft final report • Final report • Investment report • Proceedings of final tripartite review meeting 	.
Activities with Milestones			Inputs
<ol style="list-style-type: none"> 1. Assess current sector output and relevance to labor market by 30 September 2008. <ol style="list-style-type: none"> 1.1 Conduct sector assessment. 1.2 Carry out a survey of VET institutions to determine current sector output. 1.3 Conduct labor market assessment to determine current skills shortages, based on available data and interviews with industry leaders, training representatives, and Government officials. 1.4 Assess the management of VET and propose alternative structures to allow greater industry representation, by 30 October 2008. 1.5 Review Government policy and plans for the sector. 2. Identify critical issues in upgrading the level of VET, by 31 October 2008. <ol style="list-style-type: none"> 2.1 Assess performance of previous ADB and other donor-supported projects, 2.2 Identify current implementation of skills standards, testing and certification of students, accreditation of VET institutions, and management information systems for VET and labor market data developed under the recently completed Vocational and Technical Education Project. 2.3 Identify other major sector constraints. 2.4 Identify possible lessons and good examples from previous projects. 2.5 Carry out problem-tree analysis. 2.6 Carry out workshops and consultations with stakeholders, including private sector, to confirm the key sector issues and constraints identified. 2.7 Submit sector assessment and proposal to improve organizational structures for VET management, and problem-tree analysis, by 31 October 2008. 3. Develop a long-term strategy to improve skilled worker training through better subsector management and training quality, and expanded graduate output; based on the Law on Vocational Training and related decrees, the sector assessment, projected labor market needs, and Government plans and priorities, by 15 December 2008. <ol style="list-style-type: none"> 3.1 Determine labor market needs based on available data. 3.2 Carry out an institutional assessment of MOLISA, including a financial management capacity assessment. 			<p>ADB: \$600,000</p> <p>Consultants \$482,000 Equipment \$18,000 Workshops and surveys \$45,000 Administration and support costs \$18,000 Contingencies \$37,000</p> <p>Government: \$150,000</p> <p>Office accommodation and transport \$60,000 Counterpart staff \$50,000 Other \$40,000</p>

Activities with Milestones	Inputs
<p>3.3 Review Government plans and priorities, and potential funding available.</p> <p>3.4 Prepare an indicative costing for the strategy.</p> <p>3.5 Submit as part of midterm report, by 15 December 2008.</p> <p>4. Complete project outline that addresses key constraints and projected labor market needs by 15 December 2008.</p> <p>4.1 Develop an outline DMF, including performance indicators and time lines, in consultation with major stakeholders to ensure agreement on basic project framework and elements, by 15 December 2008. Possible outputs are</p> <ul style="list-style-type: none"> (i) stronger policy making, planning, and industry links; (ii) improved program and training quality; (iii) 20–30 high-quality colleges that meet regional standards established; and (iv) stronger involvement of the private sector in planning, development of standards, program identification, and funding of VET. <p>4.2 Identify the key occupations to be targeted.</p> <p>4.3 Develop the criteria for selection of project institutions and a profile of potential institutions.</p> <p>4.4 Develop an outline of proposed project, including cost estimates.</p> <p>4.5 Conduct workshops and focus-group consultations with government, employers, school trainers and managers, and VET graduates.</p> <p>4.6 Confirm draft DMF and outline project proposal with senior government officials, industry leaders and VET institution representatives.</p> <p>4.7 Submit as midterm report, by 15 December 2008</p> <p>5. Complete detailed project design based on the DMF, by 31 March 2009.</p> <p>5.1 Develop the detailed DMF.</p> <p>5.2 Develop the detailed project design, to include sector and labor market assessment, poverty reduction and social strategy, gender strategy, financial and economic analysis, detailed terms of reference for consultants, procurement plan and procurement capacity assessment, capacity development plan for MOLISA and VET personnel, implementation schedule and detailed costs, detailed profiles of potential project schools, human resource development plan, monitoring and evaluation framework, and a sustainability strategy.</p> <p>5.3 Distribute and discuss detailed project design and costings extensively with Government and stakeholders.</p> <p>5.4 Submit draft final report and Government investment report by 28 February 2009.</p> <p>5.5 Submit final report by 31 March 2009.</p>	

ADB = Asian Development Bank; DMF = design and monitoring framework; MOLISA = Ministry of Labor, Invalids and Social Affairs; TA = technical assistance; VET = vocational education and training.

INITIAL POVERTY AND SOCIAL ANALYSIS

Country and Project Title:	Viet Nam/Preparing the Skills Enhancement Project		
Lending or Financing Modality:	Project	Department/Division:	Southeast Asia Department/ Social Sectors Division

I. POVERTY ISSUES
A. Linkages to the National Poverty Reduction Strategy and Country Partnership Strategy
<p>1. Based on the country poverty assessment, the country partnership strategy, and the sector analysis describe how the project would directly or indirectly contribute to poverty reduction and how it is linked to the poverty reduction strategy of the partner country.</p> <p>The Government of Viet Nam strongly supports the development of vocational training as part of its strategy to promote economic growth and development. The need to actively develop vocational training—including schools, vocational colleges, and teacher training institutions for technical teachers—is emphasized in The Five-Year Socio-Economic Development Plan 2006–2010. Domestic and international firms have identified the lack of well-qualified skilled labor as one of three key bottlenecks hampering the development of a strong investment climate necessary to encourage firms to invest, innovate, and grow. In turn, this will create new jobs in the economy. As vocational training is generally the choice of the less well-off, it can be expected that possession of high-quality skills in a relevant trade or business sector will contribute indirectly to reducing poverty.</p>
B. Targeting Classification
<p>1. Select the targeting classification of the project:</p> <p><input checked="" type="checkbox"/> General Intervention (GI) <input type="checkbox"/> Individual or Household (TI-H); <input type="checkbox"/> Geographic (TI-G); <input type="checkbox"/> Non-Income MDGs (TI-M1, M2, etc.)</p>
<p>2. Explain the basis for the targeting classification:</p> <p>The project will contribute to poverty reduction indirectly through helping skilled workers to find more and better paid employment in industry and business.</p>
C. Poverty Analysis
<p>1. If the project is classified as TI-H, or if it is policy-based, what type of poverty impact analysis is needed?</p>
<p>2. What resources are allocated in the project preparatory technical assistance (PPTA)/due diligence?</p> <p>A social development specialist will be recruited for the technical assistance (TA), and a social development specialist from ADB will be a team member.</p>
<p>3. If GI, is there any opportunity for pro-poor design (e.g., social inclusion subcomponents, cross-subsidy, pro-poor governance, and pro-poor growth)?</p> <p>The project beneficiaries are generally poor as the better-off tend not to enter vocational training if they have other options.</p>
II. SOCIAL DEVELOPMENT ISSUES
A. Initial Social Analysis
<p>Based on existing information:</p> <p>1. Who are the potential primary beneficiaries of the project? How do the poor and the socially excluded benefit from the project?</p> <p>The potential beneficiaries are vocational education trainees, who are generally not well-off.</p> <p>2. What are the potential needs of beneficiaries in relation to the proposed project?</p> <p>More relevant vocational training that is more closely linked to labor market demands, thereby furnishing them with the skills to get a better paid job.</p> <p>3. What are the potential constraints in accessing the proposed benefits and services, and how will the project address them?</p> <p>Potential constraints include (i) possible difficulties in strengthening the public–private partnerships in vocational education and training (VET) arising from the possible unwillingness of government to relinquish sole control over the planning, management, and financing of the sector; and (ii) the possible unwillingness of private enterprises to become more involved, which will require them to give more time and resources. Stakeholders' consultations, with particular emphasis on involving private enterprise and emphasizing the mutual benefits of such a partnership, will be held throughout the TA project.</p>

B. Consultation and Participation

1. Indicate the potential initial stakeholders.
 Ministry of Labor, Invalids and Social Affairs; Vietnam Chamber of Commerce and Industry; other national chambers of commerce (e.g., United States, Australia, and Japan); representatives of state-owned enterprises; individual representatives of major employers from foreign-owned companies; school principals; trainers; trainees; and other government departments which manage vocational training institutions.

2. What type of consultation and participation is required during the PPTA or project processing (e.g., workshops, community mobilization, involvement of nongovernment organizations and community-based organizations, etc.)?
 Extensive meetings and consultations will be held with the above stakeholders throughout the TA project, as well as initial, midterm, and final national workshops.

3. What level of participation is envisaged for project design?
 Information sharing Consultation Collaborative decision making Empowerment

4. Will a consultation and participation plan be prepared? Yes No Please explain.
 Consultation with major stakeholders will take place regularly throughout the TA project.

C. Gender and Development

1. What are the key gender issues in the sector and/or subsector that are likely to be relevant to this project or program?
 Girls are relatively well represented in vocational training in general (around 40% of trainees), but are less well represented in technical training, especially in manufacturing and the trades areas.

2. Does the proposed project or program have the potential to promote gender equality and/or women's empowerment by improving women's access to and use of opportunities, services, resources, assets, and participation in decision making? Yes No Please explain.
 The proposed project can help promote greater participation of women in these fields, and identify new opportunities for girls in emerging fields. A gender plan will be prepared during the TA project.

3. Could the proposed project have an adverse impact on women and/or girls or widen gender inequality?
 Yes No Please explain.
 Given the serious shortage of skilled labor, it is unlikely that women will lose training and employment opportunities to men.

III. SOCIAL SAFEGUARD ISSUES AND OTHER SOCIAL RISKS

Issue	Nature of Social Issue	Significant/Limited/ No Impact/Not Known	Plan or Other Action Required
Involuntary Resettlement	The ensuing project loan will focus upon provision of equipment and not civil works. Some workshops and classrooms will be rehabilitated.	No impact	<input type="checkbox"/> Full Plan <input type="checkbox"/> Short Plan <input type="checkbox"/> Resettlement Framework <input checked="" type="checkbox"/> No Action <input type="checkbox"/> Uncertain
Indigenous Peoples	Indigenous people who are secondary school graduates will be able to benefit from the VET opportunities to be developed under the Project.	An ethnic minority plan may be required to encourage participation.	<input type="checkbox"/> Plan <input type="checkbox"/> Other Action <input type="checkbox"/> Indigenous Peoples Framework <input type="checkbox"/> No Action <input checked="" type="checkbox"/> Uncertain
Labor <input checked="" type="checkbox"/> Employment Opportunities <input type="checkbox"/> Labor Retrenchment <input type="checkbox"/> Core Labor Standards	The Project will promote higher level vocational training for secondary school graduates and subsequent employment opportunities.	Significant	<input type="checkbox"/> Plan <input type="checkbox"/> Other Action <input checked="" type="checkbox"/> No Action <input type="checkbox"/> Uncertain

Issue	Nature of Social Issue	Significant/Limited/ No Impact/Not Known	Plan or Other Action Required
Affordability	VET is currently fully subsidized but the Government plans to reduce these subsidies gradually to a partial subsidy (40% of operating costs) over the next 5 years. This may make VET less affordable for some groups.	Limited	<input type="checkbox"/> Action <input type="checkbox"/> No Action <input checked="" type="checkbox"/> Uncertain
Other Risks and/or Vulnerabilities <input type="checkbox"/> HIV/AIDS <input type="checkbox"/> Human Trafficking <input type="checkbox"/> Others (conflict, political instability, etc.), please specify		No impact	<input type="checkbox"/> Plan <input type="checkbox"/> Other Action <input type="checkbox"/> No Action <input type="checkbox"/> Uncertain
IV. PPTA OR DUE DILIGENCE RESOURCE REQUIREMENT			
1. Do the terms of reference for the PPTA (or other due diligence) include poverty, social, and gender analysis and the relevant specialist(s)? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No If no, please explain why.			
2. Are resources (consultants, survey budget, and workshop) allocated for conducting poverty, social, and/or gender analysis, and consultation and participation during the PPTA or due diligence? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No If no, please explain why.			

COST ESTIMATES AND FINANCING PLAN
(\$'000)

Item	Total Cost
A. Asian Development Bank Financing^a	
1. Consultants	
a. Remuneration and Per Diem	
i. International Consultants ^b	360.0
ii. National Consultants	67.0
b. International and Local Travel	50.0
c. Reports and Communications	10.0
2. Equipment ^c	18.0
3. Workshops, Seminars, and Conference ^d	35.0
4. Surveys	7.0
5. Miscellaneous Administration and Support Costs	18.0
6. Contingencies	35.0
Subtotal (A)	600.0
B. Government Financing	
1. Office Accommodation and Transport	60.0
2. Remuneration and Per Diem of Counterpart Staff	50.0
3. Others	40.0
Subtotal (B)	150.0
Total	750.0

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

^b Includes an allocation of \$18,000 for individual international or national consultants as needed.

^c Includes three laptop computers, two laser printers, one scanner, one overhead projector, one facsimile machine, one photocopier, and one air conditioner. Procurement of equipment will be subject to ADB approval. All equipment will be handed over to the Government at the end of the technical assistance implementation.

^d Includes costs for a series of workshops for local vocational training authorities, the midterm review seminar, the tripartite review, and other consultation meetings with funding agencies and local stakeholders.

Source: Asian Development Bank estimates.

CONSULTANT REQUIREMENTS AND OUTLINE TERMS OF REFERENCE

1. A team of international consultants (19 person-months) and national consultants (29 person-months) will be recruited for the technical assistance (TA) project. The international and national consultants will work closely with counterparts to be designated by the Government. Additional consultancy services for individual consultants totaling \$18,000 will remain unallocated.

2. International consultants will lead and plan their respective specialty areas in collaboration with national consultants and respective government staff. The national consultants will advise international consultants on the local situation in order for them to adjust their analyses and recommendations to local conditions. Consultants will perform the following tasks in addition to specific tasks assigned to them: (i) work under the general guidance of the team leader and the director general of the General Department for Vocational Training (GDVT) in the Ministry of Labor, Invalids and Social Affairs; (ii) help prepare and conduct workshops; (iii) help conduct consultation meetings; and (iv) help prepare reports.

A. Policy and Planning Specialist and Team Leader (international, 6 person-months)

3. The policy and planning specialist and team leader, working in collaboration with GDVT as the implementing agency, will be responsible for the overall implementation of the TA project. The team leader will plan and coordinate the activities of the other international and national consultants and counterpart staff. The team leader will work closely with the director general of GDVT, and will also consider the views of relevant government agencies and other stakeholders from industry, the community, and donor partners. In consultation with Government officials and other experts in the field, the team leader will consolidate the individual and group findings into a cohesive report suitable for submission to the Government and ADB. In addition the consultant will

- (i) review existing vocational training policies in Viet Nam in view of the many ministries and state agencies involved in managing vocational training, and suggest an integrated policy design for vocational training necessary for GDVT's greater coordination and management of the vocational education and training (VET) sector;
- (ii) review the VET subsector and prepare a subsector assessment;
- (iii) develop a subsector strategy, with indicative costs, to guide the future development of the VET subsector in accordance with the Law on Vocational Training and other decrees;
- (iv) in coordination with the consultants on skills standards, testing and certification, and curriculum, study and design a national organizational structure for policy articulation and development that takes into consideration major stakeholders (particularly industry), and strengthens links with industry and the Vietnam Chamber of Commerce by helping in the establishment of industry training boards and associations;
- (v) in line with the national organizational structure for planning and developing VET, develop a strategy for college and school development that promotes a demand-oriented approach to training through areas such as stronger school–industry links, school–industry partnerships, dual training, production units, graduate tracer studies, and provision of short-term upgrading courses;
- (vi) in coordination with all stakeholders, develop a design and monitoring framework and detailed project design with project costs that is suitable for submission to the Government and ADB;

- (vii) manage and coordinate all consultant services provided by the TA project, including evaluation of performance and outcomes of all inputs;
- (viii) ensure that midterm and national workshops with GDVT, line ministries, and industries are conducted to finalize the strategic directions and future plans for a national vocational training board; and
- (ix) submit the following: (a) an inception report and implementation plan; (b) a sector assessment and problem-tree analysis; (c) a midterm report, including an outline project proposal and long-term sector strategy and road map; (d) a draft TA final report and draft investment report; and (e) a final report and revised investment report.

B. VET Specialist and Deputy Team Leader (national, 7 person-months)

4. The VET specialist and deputy team leader will work closely with the team leader in management of the TA project and the consultant team. In collaboration with the team leader, the deputy team leader will

- (i) collect and systematically analyze comprehensive and current data on the VET subsector, focusing on the school and college level;
- (ii) provide relevant data, analysis, and other inputs for the review of the VET subsector assessment;
- (iii) review existing vocational training policies in Viet Nam in view of the many ministries and state agencies involved in managing vocational training, and suggest an integrated policy design for vocational training necessary for GDVT's greater coordination and management of the VET sector;
- (iv) provide data, analysis, and other inputs to the team leader for the development of a subsector strategy to guide the future development of the VET subsector, including ADB investments;
- (v) review the GDVT education management information system and develop a plan to strengthen system's implementation in GDVT and in colleges and schools (and subsequently the entire VET sector) for efficient data collection, analysis, and utilization of data from all vocational colleges and schools; the collection and analysis of this data on an annual basis will establish the project benefits and monitor and evaluate the results, and will be a key function of VET institutions and GDVT in management of the subsector;
- (vi) ensure that the master plan for capacity development of GDVT will enable the agency to carry out its functions efficiently and effectively;
- (vii) in coordination with all stakeholders, provide input to the development of a design and monitoring framework and detailed project design with project costs that is suitable for submission to the Government and ADB;
- (viii) help manage and coordinate all consultant services provided by the TA project, especially the national consultants, including evaluation of performance and outcomes of all inputs; and
- (ix) assist in preparing and conducting midterm and national workshops with GDVT, line ministries, and industries to finalize the strategic directions and future plans for a national vocational training board.

C. Skills Standards, Testing and Certification, and Curriculum Specialists (international, 3 person months; national, 4 person months)

5. The skills standards, testing and certification, and curriculum specialists will

- (i) in coordination with the team leader, develop an organizational infrastructure design to ensure close links between schools and industry, i.e., industry (training) boards and school–industry advisories at local and institutional levels;
- (ii) in coordination with MOLISA, develop a master implementation plan for the national skills testing and certification program run by MOLISA that is acceptable to, and recognized by, industry, and establish a national registry of certified skilled workers;
- (iii) develop a model for assessment and/or testing centers in selected strategic schools and critical occupational areas, including provision of testing equipment and other related needs;
- (iv) in coordination with the institutional capacity-development specialists, develop a master plan for capacity development of the National Skills Testing Certification Bureau in MOLISA, and other related staff (management and administrative staff and external assessors) for the skills testing and certification system;
- (v) ensure that curricula and training standards are implemented effectively through provision of support training aids and training equipment, and adequately trained and certified technical teachers to meet skills standards and certification requirements of graduates and workers; and
- (vi) prepare a draft articulation strategy to ensure standards are linked to a national framework.

D. Management and Technical Teachers Training Specialists (international, 3 person-months; national, 4 person months)

6. The technical teacher training specialists will be employed for a total of 7 person-months. The consultants will

- (i) develop a training program for school management teams to introduce a business or entrepreneurial approach to school and college management by introducing new business management skills through staff and management training (including but not limited to strategic planning, business planning, and marketing);
- (ii) develop an overall technical teachers' development plan, which will have an element of quality assurance, by establishing a national qualification and certification system for vocational and technical teachers;
- (iii) in close coordination with the institutional capacity-development specialists, develop training schemes for technical teachers to acquire industry experience in the workplace, and encourage industry workers to assume teaching jobs in the school or in the workplace using a dual training approach; and
- (iv) prepare the human resources development plan.

E. Labor Market Economists (international, 2 person-months; national, 3 person months)

7. The labor market economists will be employed for a total of 5 person-months. The consultants will

- (i) analyze MOLISA labor market information and other agencies' educational and labor market information to determine skills gaps and emerging labor requirements;
- (ii) identify any shortcomings in the existing labor market information systems and propose solutions to improve the accuracy and reliability of regular forecasts of skills gaps and labor market needs at the national and school levels;

- (iii) develop a system for conducting and disseminating regular graduate tracer studies;
- (iv) provide labor market projections, analysis, and other inputs to the team leader for the development of a subsector strategy and road map to guide the future development of the VET subsector, including ADB investments;
- (v) work closely with industry to determine strategic occupational and geographic areas for inclusion in the Project, as a basis for developing the criteria for selection of target vocational schools and colleges;
- (vi) in coordination with other consultants and close consultation with GDVT and schools, set quantitative and qualitative targets for VET training by skills level, gender, and occupation (among other criteria); and
- (vii) prepare the cost-benefit and economic analysis of the proposed project in accordance with ADB requirements and guidelines.

F. Financial Management Specialists (international, 2 person months; national, 3 person months)

8. The financial management specialists will

- (i) in coordination with other consultants, prepare cost estimates for the proposed loan project taking into consideration the sustainability of project costs;
- (ii) assist the team leader to prepare detailed cost tables using COSTAB;
- (iii) analyze the fiscal framework and financial procedures and recommend strategies to ensure sustainability and accountability of financial managers;
- (iv) suggest a package of financial incentives to promote greater private sector provision of training;
- (v) assess the potential demand among private sector providers for borrowing from a project credit line (ordinary capital resources funds) to establish new private colleges, or expand or upgrade existing colleges;
- (vi) define financial procedures and delineation of responsibilities between central government and local authorities, and institutions, for financial management of loan proceeds;
- (vii) prepare a financial management capacity assessment, including an assessment of the financial sustainability of the proposed project; and
- (viii) propose strategies to ensure the financial sustainability of the proposed project.

G. Institutional Capacity-Development Specialists (international, 1 person-month; national, 2 person-months)

9. The institutional capacity-development specialists will

- (i) prepare an institutional assessment of MOLISA with reference to its capacity to fulfill the new roles and responsibilities brought about by the mandates of the new Law on Vocational Training (76/2006/QH11);
- (ii) conduct a corporate planning exercise, revisiting the agency mission, vision, aims, and goals;
- (iii) prepare an institutional capacity-development plan for GDVT and the support policy body (including industry advisory bodies);
- (iv) conduct a capacity-building needs assessment and assist GDVT and vocational schools and colleges develop job descriptions, including roles and responsibilities in their respective organizations, in the spirit of the Law on Vocational Training; and

- (v) develop a plan for change management and the institutionalization of roles and responsibilities in GDVT and in the schools.

H. Procurement Specialists (international, 1 person-month; national, 3 person-months)

10. The equipment procurement specialists will

- (i) prepare a procurement capacity assessment of GDVT;
- (ii) prepare the procurement plan for the Project;
- (iii) in coordination with other consultants and possible project schools, prepare a tentative list of the equipment and civil works to be procured, taking into account (a) the needs of the new curriculum levels and testing equipment as prescribed in the skills standards for occupational areas selected, and (b) the equipment currently installed in the schools;
- (iv) conduct seminars and workshops on procurement for proposed project institutions in accordance with government regulations and ADB's *Procurement Guidelines (2007, as amended from time to time)*; and
- (v) assist the team leader in preparing the required documents and reports.

I. Social Development Specialists (international, 1 person-month; national, 2 person-months)

11. The social development specialists will

- (i) identify the social impact, beneficiaries, and social benefits of the proposed project;
- (ii) design a social marketing campaign and other measures to improve the social image of vocational training for skilled workers;
- (iii) examine ways in which the project may promote access of ethnic minority groups to college-level VET; and
- (iv) prepare the gender strategy and gender action plan, to promote gender equity in participation in training programs.

J. Environmental Assessment Specialist (national, 1 person-month)

12. The environment assessment specialist will

- (i) assess any environmental impacts of the proposed project;
- (ii) prepare an initial environmental assessment for the project, in accordance with ADB's *Environment Policy (2002)* and *Environmental Assessment Guidelines (2003)*, and the Government's environmental requirements; and
- (iii) recommend measures to safeguard the environment before, during, and after implementation of the Project; primarily to propose acceptable environmental practices for the running of workshops and the safe disposal of waste materials.