
LOAN NUMBER 2425- BAN (SF)

LOAN AGREEMENT
(Special Operations)
(Skills Development Project)

between

PEOPLE'S REPUBLIC OF BANGLADESH

and

ASIAN DEVELOPMENT BANK

DATED 18 JUNE 2008

LAS:BAN 39408

**LOAN AGREEMENT
(Special Operations)**

LOAN AGREEMENT dated 18 June 2008 between PEOPLE'S REPUBLIC OF BANGLADESH (the "Borrower") and ASIAN DEVELOPMENT BANK ("ADB").

WHEREAS

(A) the Borrower has applied to ADB for a loan for the purposes of the Project described in Schedule 1 to this Loan Agreement; and

(B) ADB has agreed to make a loan to the Borrower from ADB's Special Funds resources upon the terms and conditions hereinafter set forth;

NOW THEREFORE the parties agree as follows:

**ARTICLE I
Loan Regulations; Definitions**

Section 1.01. All provisions of the Special Operations Loan Regulations of ADB, dated 1 January 2006 (the "Loan Regulations"), are hereby made applicable to this Loan Agreement with the same force and effect as if they were fully set forth herein.

Section 1.02. The definitions set forth in the Loan Regulations are applicable to this Loan Agreement unless the context requires otherwise. In addition, the following terms have the following meanings:

(a) "BMET" means the Bureau of Manpower, Employment, and Training of the Borrower, and includes any successor thereto acceptable to ADB;

(b) "BTEB" means the Bangladesh Technical Education Board, and includes any successor thereto acceptable to ADB;

(c) "CBT" means competency-based training;

(d) "CDC" means Curriculum Development Committee;

(e) "Consulting Guidelines" means ADB's Guidelines on the Use of Consultants by Asian Development Bank and its Borrowers dated February 2007, as amended from time to time;

(f) "consulting services" refers to those services covered by the Consulting Guidelines;

(g) "DTE" means the Directorate of Technical Education of the Borrower, and includes any successor thereto acceptable to ADB;

(h) "EC-ILO" refers to the European Commission and the International Labour Organization;

(i) "Goods" means equipment and materials to be financed out of the proceeds of the Loan; and including related services such as transportation, insurance, installation, commissioning, training, and initial maintenance, but excluding consulting services;

(j) "MOE" means the Ministry of Education of the Borrower, and includes any successor thereto acceptable to ADB;

(k) "NGO" means non-governmental organization;

(l) "PIC" means the Project Implementation Committee, to be established pursuant to paragraph 6 of Schedule 5 to this Loan Agreement;

(m) "PIU" means Project Implementation Unit, established in accordance with paragraphs 2 and 3 of Schedule 5 to this Loan Agreement;

(n) "Procurement Guidelines" means ADB's Procurement Guidelines dated February 2007, as amended from time to time;

(o) "Procurement Plan" means the procurement plan for the Project dated 13 March 2008 and agreed between the Borrower and ADB, as updated from time to time in accordance with Procurement Guidelines, Consulting Guidelines, and other arrangements agreed with ADB;

(p) "Project Executing Agency" means, for the purposes of, and within the meaning of this Loan Agreement, MOE or any successor thereto acceptable to ADB, which is responsible for the carrying out of the Project;

(q) "Project Facilities" means the facilities provided or to be provided under the Project;

(r) "PSC" means the Project Steering Committee, to be established pursuant to paragraphs 4 and 5 of Schedule 5 to this Loan Agreement;

(s) "RRP" means the Report and Recommendations of the President to ADB's Board of Directors for the Project;

(t) "SSC(Voc)" means Secondary School Certificate (Vocational);

(u) "SWC" means Sectoral Working Committee;

(v) "TNA" means training needs assessment;

(w) "TTTC" means the Technical Teachers Training College;

(x) "TVET" means technical and vocational education and training;

(y) "VTTI" means the Vocational Teachers Training Institute; and

(z) "Works" means construction or civil works to be financed out of the proceeds of the Loan, including services such as drilling or mapping, but excluding consulting services.

ARTICLE II

The Loan

Section 2.01. ADB agrees to lend to the Borrower from ADB's Special Funds resources an amount in various currencies equivalent to thirty million seven hundred forty one thousand Special Drawing Rights (SDR 30,741,000).

Section 2.02. (a) The Borrower shall pay to ADB an interest charge at the rate of one percent (1%) per annum during the grace period, and one and one-half percent (1.5%) per annum thereafter, on the amount of the Loan withdrawn from the Loan Account and outstanding from time to time.

(b) The term "grace period" as used in paragraph (a) of this Section means the period prior to payment of the first principal amount of the Loan on the payment date in accordance with the amortization schedule set forth in Schedule 2 to this Loan Agreement.

Section 2.03. The interest charge and any other charge on the Loan shall be payable semiannually on 1 October and 1 April in each year.

Section 2.04. The Borrower shall repay the principal amount of the Loan withdrawn from the Loan Account in accordance with the amortization schedule set forth in Schedule 2 to this Loan Agreement.

Section 2.05. The currency of repayment of the principal of the Loan and the currency of payment of the interest charge for the purposes of Sections 4.03(a) and 4.04 of the Loan Regulations shall be Dollar.

ARTICLE III

Use of Proceeds of the Loan

Section 3.01. The Borrower shall cause the proceeds of the Loan to be applied to the financing of expenditures on the Project in accordance with the provisions of this Loan Agreement.

Section 3.02. The Goods, Works, and consulting services and other items of expenditure to be financed out of the proceeds of the Loan and the allocation of amounts of the Loan among different categories of such Goods, Works, and consulting services and other items of expenditure shall be in accordance with the provisions of Schedule 3 to this Loan Agreement, as such Schedule may be amended from time to time by agreement between the Borrower and ADB.

Section 3.03. Except as ADB may otherwise agree, all Goods, Works, and consulting services to be financed out of the proceeds of the Loan shall be procured in accordance with the provisions of Schedule 4 to this Loan Agreement.

Section 3.04. Withdrawals from the Loan Account in respect of Goods, Works, and consulting services shall be made only on account of expenditures relating to

- (a) Goods which are produced in and supplied from and consulting services which are supplied from such member countries of ADB as shall have been specified by ADB from time to time as eligible sources for procurement, and
- (b) Goods, Works, and consulting services which meet such other eligibility requirements as shall have been specified by ADB from time to time.

Section 3.05. The Loan Closing Date for the purposes of Section 8.02 of the Loan Regulations shall be 30 November 2013 or such other date as may from time to time be agreed between the Borrower and ADB.

ARTICLE IV Particular Covenants

Section 4.01. In the carrying out of the Project and operation of the Project facilities, the Borrower shall perform, or cause to be performed, all obligations set forth in Schedule 5 to this Loan Agreement.

Section 4.02. (a) The Borrower shall (i) maintain, or cause to be maintained, separate accounts for the Project; (ii) have such accounts and related financial statements audited annually, in accordance with appropriate auditing standards consistently applied, by independent auditors whose qualifications, experience and terms of reference are acceptable to ADB; (iii) furnish to ADB, as soon as available but in any event not later than six (6) months after the end of each related fiscal year, certified copies of such audited accounts and financial statements and the report of the auditors relating thereto (including the auditors' opinion on the use of the Loan proceeds and compliance with the financial covenants of this Loan Agreement as well as on the use of the procedures for imprest account/statement of expenditures), all in the English language; and (iv) furnish to ADB such other information concerning such accounts and financial statements and the audit thereof as ADB shall from time to time reasonably request.

(b) The Borrower shall enable ADB, upon ADB's request, to discuss the Borrower's financial statements for the Project and its financial affairs related to the Project from time to time with the auditors appointed by the Borrower pursuant to Section 4.02(a) hereabove, and shall authorize and require any representative of such auditors to participate in any such discussions requested by ADB, provided that any such discussion shall be conducted only in the presence of an authorized officer of the Borrower unless the Borrower shall otherwise agree.

Section 4.03. The Borrower shall enable ADB's representatives to inspect the Project, the Goods and Works and consulting services financed out of the proceeds of the Loan, and any relevant records and documents.

ARTICLE V Effectiveness

Section 5.01. The following are specified as additional conditions to the effectiveness of this Loan Agreement for the purposes of Section 9.01(f) of the Loan Regulations:

(a) the Development Project Proforma for the Project shall have been approved by the Executive Committee of the National Economic Council; and

(b) the Project Director and key PIU staff shall have been appointed.

Section 5.02. A date ninety (90) days after the date of this Loan Agreement is specified for the effectiveness of the Loan Agreement for the purposes of Section 9.04 of the Loan Regulations.

ARTICLE VI Miscellaneous

Section 6.01. The Secretary of the Economic Relations Division of the Borrower is designated as representative of the Borrower for the purposes of Section 11.02 of the Loan Regulations.

Section 6.02. The following addresses are specified for the purposes of Section 11.01 of the Loan Regulations:

For the Borrower

Economic Relations Division
Ministry of Finance
Government of the People's Republic of Bangladesh
Sher-e-Bangla Nagar
Dhaka 1207, Bangladesh

Facsimile Number:

(8802) 8113088.

For ADB

Asian Development Bank
P.O. Box 789
0980 Manila, Philippines

Cable Address:

ASIANBANK
MANILA

Telex Numbers:

29066 ADB PH (RCA)
42205 ADB PM (ITT)
63587 ADB PN (ETPI)

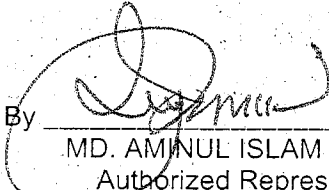
Facsimile Numbers:

(632) 636-2444
(632) 636-2391

IN WITNESS WHEREOF the parties hereto, acting through their representatives thereunto duly authorized, have caused this Loan Agreement to be signed in their respective names and to be delivered at the principal office of ADB, as of the day and year first above written.

PEOPLE'S REPUBLIC OF
BANGLADESH


By



MD. AMINUL ISLAM BHUIYAN
Authorized Representative

ASIAN DEVELOPMENT BANK

By



HUA DU
Country Director
Bangladesh Resident Mission

SCHEDULE 1

Project Description

1. The Project's intended impact is increased wage- and self-employment – both national and international - of skills training graduates, thereby supporting the Borrower's National Poverty Reduction Strategy. The Project's envisioned outcome is strengthened capacity of the TVET system to provide market-responsive, short-term skills training to more Bangladeshis, including those who have not completed Class VIII education under the Borrower's national education system.

2. The Project shall consist of the following components:

Component 1: Enhanced relevance and access to TVET programs

A. Establish partnerships with industries

- (i) Provide financial support and develop capacity to establish and operate a SWC in the following sectors: ready-made garments and textile; light engineering; construction; and the informal sector; and
- (ii) Provide financial support for the establishment and operation of a Forum of Skill Development Partners.

B. Develop competency and training standards

Develop and disseminate competency and training standards for 10 priority occupations under each SWC.

C. Develop curricula, teacher guides, learning materials, and assessment tools

- (i) Support BTEB to develop CBT curricula, teacher guides, and assessment tools including for (a) about 20 short post-SSC(Voc) enhancement courses; (b) about 10 industry-specific courses; (c) about 40 courses related to the competency standards approved under component 1 (B); and (d) about 20 existing courses provided by NGOs;
- (ii) Establish and support CDCs as counterpart for each SWC including through (a) the provision of staff as well as office equipment and software; and (b) local and foreign staff training in developing CBT curricula, teacher guides, learning materials, and assessment tools; and
- (iii) Support bilateral negotiations for the acceptance of the newly developed standards and skill certificates, between the Borrower and at least 4 countries that are major overseas destinations for Bangladeshis.

D. Develop capacity for external competency assessment

- (i) Train about 200 competency assessors; and
- (ii) Develop a manual on assessment guidelines and procedures.

Component 2: Improved capacity for good quality TVET delivery

A. Provide in-service training to TVET teachers

- (i) Assess TVET teachers' training needs and develop a detailed TVET teacher training plan, including monitoring and evaluation;
- (ii) Train about 30 master trainers;
- (iii) Provide in-service training to about 4,000 TVET teachers, including about 400 from BMET, in CBT and pedagogy;
- (iv) Provide in-service training to about 2,500 TVET teachers, including about 250 from BMET, in technological skills;
- (v) Provide training through flexible training delivery methods to about 1,000 teachers;
- (vi) Establish and staff 8 regional DTE offices; and
- (vii) Train staff of regional offices in management, office software and procedures, and financial management.

B. Upgrade teacher training facilities

- (i) Prepare a 5-Year development plan for VTTI and TTTC facilities;
- (ii) Construct, upgrade, renovate, equip, and staff the VTTI and TTTC facilities; and
- (iii) Provide staff development to at least 20 VTTI and TTTC staff, including in institutional management, TNA, and public-private partnerships.

C. Strengthen training delivery among training providers

- (i) Support about 60 public training institutions, about 15 private training institutions, and about 10 NGO-managed training centers, to (a) prepare a 3-year Program Improvement Plan (PIP) to strengthen their capacity to deliver short, CBT courses; and (b) upgrade their facilities and provide them with resources to implement the PIPs;
- (ii) Deliver short CBT training courses to about 36,000 trainees;
- (iii) Support the establishment of about 6 partnerships between existing TVET institutions and industry associations; and
- (iv) Repair and renovate all DTE training institutions and provide their staff with training in school management, TNA, and linkages with industries.

D. Strengthen DTE capacity for planning, research and social marketing

- (i) Establish and support a PIU research and development cell within DTE;
- (ii) Support the conduct of several studies including, but not limited to, (a) to develop a 10-year development plan for the TVET subsector of the Borrower; (b) baseline studies; (c) tracer studies; and (d) evaluation studies;
- (iii) Prepare and implement a social marketing plan for TVET; and
- (iv) Construct a one-floor extension of the DTE Bhaban building.

Component 3: Delivery of relevant skills training

A. Deliver market-responsive skills training

- (i) Conduct TNAs for the following sectors: ready-made garments and textile; light engineering; construction; the informal sector; and the overseas labor market; and
- (ii) Provide short-term skills training, including competency-based, to about 25,000 trainees.

B. Deliver skills training in poor communities

- (i) Establish and equip a multipurpose training workshop in 40 government educational institutions in poor communities; and
- (ii) Develop and deliver short trade courses to about 7,200 trainees in poor communities.

Component 4: Project Management

- (i) Establish, equip, and staff a PIU as well as a Project implementation cell in BMET; and
- (ii) Provide training for PIU, DTE, and MOE staff on procurement, disbursement, and financial administration.

3. The Project will also provide consulting services. The Project is expected to be completed by 31 May 2013.

SCHEDULE 2**Amortization Schedule
(Skills Development Project)**

<u>Date Payment Due</u>	<u>Payment of Principal</u> (expressed in Special Drawing Rights)*
01-Oct-2016	640,438.00
01-Apr-2017	640,438.00
01-Oct-2017	640,438.00
01-Apr-2018	640,438.00
01-Oct-2018	640,438.00
01-Apr-2019	640,438.00
01-Oct-2019	640,438.00
01-Apr-2020	640,438.00
01-Oct-2020	640,438.00
01-Apr-2021	640,438.00
01-Oct-2021	640,438.00
01-Apr-2022	640,438.00
01-Oct-2022	640,438.00
01-Apr-2023	640,438.00
01-Oct-2023	640,438.00
01-Apr-2024	640,438.00
01-Oct-2024	640,438.00
01-Apr-2025	640,438.00
01-Oct-2025	640,438.00
01-Apr-2026	640,438.00
01-Oct-2026	640,438.00
01-Apr-2027	640,438.00
01-Oct-2027	640,438.00
01-Apr-2028	640,438.00
01-Oct-2028	640,438.00
01-Apr-2029	640,438.00
01-Oct-2029	640,438.00
01-Apr-2030	640,438.00
01-Oct-2030	640,438.00
01-Apr-2031	640,438.00
01-Oct-2031	640,438.00
01-Apr-2032	640,438.00
01-Oct-2032	640,438.00
01-Apr-2033	640,438.00
01-Oct-2033	640,438.00
01-Apr-2034	640,438.00
01-Oct-2034	640,438.00
01-Apr-2035	640,438.00
01-Oct-2035	640,438.00
01-Apr-2036	640,438.00
01-Oct-2036	640,438.00
01-Apr-2037	640,438.00
01-Oct-2037	640,438.00
01-Apr-2038	640,438.00
01-Oct-2038	640,438.00
01-Apr-2039	640,438.00

01-Oct-2039	640,438.00
01-Apr-2040	640,414.00
Total	30,741,000.00

* The figures in this column represent SDR equivalents determined as of the respective dates of withdrawal. The arrangements for payment of each maturity are subject to the provisions of Sections 3.04 and 4.03 of the Loan Regulations.

SCHEDULE 3

Allocation and Withdrawal of Loan Proceeds

General

1. The table attached to this Schedule sets forth the Categories and subcategories of Goods, Works and consulting services and other items of expenditure to be financed out of the proceeds of the Loan and the allocation of amounts of the Loan to each such Category or subcategory (hereinafter called the Table). (Reference to "Category" or "Categories" in this Schedule is to a Category or Categories of the Table and reference to "Subcategory" or "Subcategories" in this Schedule is to a Subcategory or Subcategories of a Category.)

Percentages of ADB Financing

2. Except as ADB may otherwise agree, the items of the Categories and Subcategories listed in the Table shall be financed out of the proceeds of the Loan on the basis of the percentages set forth in the Table.

Interest Charge

3. The amount allocated to Category 10 is for financing the interest charge on the Loan during the implementation period of the Project.

Reallocation

4. Notwithstanding the allocation of Loan proceeds and the withdrawal percentages set forth in the Table,

(a) if the amount of the Loan allocated to any Category appears to be insufficient to finance all agreed expenditures in that Category, ADB may, in consultation with the Borrower, (i) reallocate to such Category, to the extent required to meet the estimated shortfall, amounts of the Loan which have been allocated to another Category but, in the opinion of ADB, are not needed to meet other expenditures, and (ii) if such reallocation cannot fully meet the estimated shortfall, reduce the withdrawal percentage applicable to such expenditures in order that further withdrawals under such Category may continue until all expenditures thereunder shall have been made; and

(b) if the amount of the Loan then allocated to any Category appears to exceed all agreed expenditures in that Category, ADB may, in consultation with the Borrower, reallocate such excess amount to any other Category.

Disbursement Procedures

5. Except as ADB may otherwise agree, the Loan proceeds for financing Goods, Works, consulting services and other items of expenditures shall be disbursed in accordance with ADB's "Loan Disbursement Handbook" dated January 2007 (ADB's Loan Disbursement Handbook), as amended from time to time.

ImprestAccount; Statement of Expenditures

6. (a) Except as ADB may otherwise agree, the Borrower shall establish immediately after the Effective Date, an imprest account at Bangladesh Bank. The imprest account shall be established, managed, replenished and liquidated in accordance with ADB's Loan Disbursement Handbook and detailed arrangements agreed upon between the Borrower and ADB. The currency of the imprest account shall be Dollar. The initial amount to be deposited into the imprest account shall not exceed the lower of (i) the estimated expenditure to be financed from the imprest account for the first six months of Project implementation, or (ii) the equivalent of ten (10) percent of the Loan amount.

(b) The statement of expenditures (SOE) procedure may be used for reimbursement of eligible expenditures and to liquidate advances provided into the imprest account, in accordance with ADB's Loan Disbursement Handbook and detailed arrangements agreed upon between the Borrower and ADB.

Condition of Withdrawals from Loan Account

7. Notwithstanding any other provision of this Loan Agreement, no withdrawals shall be made from the Loan Account for component 2, B (ii) of the Project as set out in Schedule 1 to this Loan Agreement, until a 5-year development plan for VTTI and TTTC, including an expansion of their scope to train all TVET teachers - including those outside the MOE TVET institutions -, shall have been approved by the PSC and ADB.

TABLE

ALLOCATION AND WITHDRAWAL OF LOAN PROCEEDS (Skills Development Project)				
CATEGORY				ADB FINANCING
Number	Item	Amount Allocated SDR		Percentage and Basis for Withdrawal from the Loan Account
		Category	Subcategory	
1	Civil Works	2,490,000		80 percent of total expenditure
2	Furniture and Equipment	2,964,000		100 percent of total expenditure*
3	Vehicles	251,000		100 percent of total expenditure*
4	Instructional Material	997,000		100 percent of total expenditure*
5	Staff Development	4,719,000		
5A	Foreign Staff Development		734,000	100 percent of total expenditure*
5B	Local Staff Development		3,985,000	85 percent of total expenditure
6	Consulting Services	1,886,000		100 percent of total expenditure*
7	Research Studies	686,000		90 percent of total expenditure
8	Marketing and Dissemination	351,000		100 percent of total expenditure*
9	Special Programs	12,397,000		
9A	Special Programs (program strengthening of TVET providers)		7,817,000	80 percent of total expenditure
9B	Special Programs (market responsive skills training)		4,580,000	80 percent of total expenditure
10	Interest Charge	687,000		100 percent of amount due
11	Unallocated	3,313,000		
	Total	30,741,000		

* Exclusive of taxes and duties imposed within the territory of the Borrower.

SCHEDULE 4

Procurement of Goods and Works, and Consulting Services

A. General

1. All Goods, Works and consulting services to be financed out of the proceeds of the Loan shall be subject to and governed by the Procurement Guidelines, and the Consulting Guidelines, respectively.
2. All terms used and not otherwise defined in this Loan Agreement have the meanings provided in the Procurement Guidelines and/or the Consulting Guidelines, as applicable.

B. Procurement for Goods and Works

3. Except as ADB may otherwise agree, Goods and Works shall only be procured on the basis of the method of procurement set forth below:

National Competitive Bidding

The method of procurement is subject to, among other things, the detailed arrangements and threshold values set forth in the Procurement Plan. The Borrower may only modify the methods of procurement or threshold values with the prior agreement of ADB, and modifications must be set out in updates to the Procurement Plan.

4. National Competitive Bidding. The Borrower and ADB shall ensure that, prior to the commencement of any procurement activity under national competitive bidding, the Borrower's national competitive bidding procedures are consistent with the Procurement Guidelines. Any modifications or clarifications to such procedures agreed between the Borrower and ADB shall be set out in the Procurement Plan. Any subsequent change to the agreed modifications and clarifications shall become effective only after written approval of such change by the Borrower and ADB.

C. Selection of Consulting Services

5. Quality- and Cost-Based Selection. Except as ADB may otherwise agree, the Borrower shall apply quality- and cost-based selection for selecting and engaging consulting services.

D. Industrial or Intellectual Property Rights

6. (a) The Borrower shall ensure that all Goods and Works procured (including without limitation all computer hardware, software and systems, whether separately procured or incorporated within other goods and services procured) do not violate or infringe any industrial property or intellectual property right or claim of any third party.

(b) The Borrower shall ensure that all contracts for the procurement of Goods and Works contain appropriate representations, warranties and, if appropriate, indemnities from the contractor or supplier with respect to the matters referred to in subparagraph (a) of this paragraph.

7. The Borrower shall ensure that all ADB-financed contracts with consultants contain appropriate representations, warranties and, if appropriate, indemnities from the consultants to ensure that the consulting services provided do not violate or infringe any industrial property or intellectual property right or claim of any third party.

E. ADB's Review of Procurement Decisions

8. All contracts procured under international competitive bidding procedures and contracts for consulting services shall be subject to prior review by ADB, unless otherwise agreed between the Borrower and ADB and set forth in the Procurement Plan.

SCHEDULE 5

Execution of Project and Operation of Project Facilities; Financial Matters

A. Arrangements and responsibilities for Project management and Project implementation

Project Executing Agency and Project Implementing Agency

1. MOE shall be the Project Executing Agency. DTE shall be the Project Implementing Agency, responsible for planning, organizing, managing and monitoring the Project, as well as monitoring the progress achieved.

Project Implementation Unit

2. The PIU, established in DTE, shall be responsible for the day-to-day Project implementation and overall coordination among all stakeholders. The PIU shall be headed by a full-time Project Director who shall be at the level of Joint Secretary. MOE shall inform ADB prior to any change of the Project Director during the life of the Project.

3. The Project Director shall be supported by a full-time Additional Project Director who shall be seconded from DTE senior staff. In addition to being the overall deputy to the Project Director, the Additional Project Director shall be in charge of finance and administration. The PIU shall include the following units, each headed by a full-time Deputy Director: (a) standards and training; (b) Special Programs; (c) procurement; (d) monitoring and evaluation; and (e) the BMET implementation cell. MOE shall ensure that throughout the Project implementation period, each unit shall be fully staffed in accordance with the PIU structure agreed between DTE and ADB.

Project Steering Committee

4. Within 1 month of the Effective Date, MOE shall establish a PSC, chaired by the Secretary MOE. The PSC shall include the following members: a representative of the Economic Relations Division; the Chief (Planning) , MOE; representatives of the Implementation, Monitoring and Evaluation Division, and of the Planning Commission; Director General, DTE; Director General, BMET; Chairman, BTEB; representatives from the Expatriates' Welfare and Overseas Employment Ministry, and the Labour and Employment, Youth and Sports Ministry; and representatives of the Dhaka Chamber of Commerce and Industry, the Bangladesh Garments Manufacturer's and Exporter's Association, the Bangladesh Textile Mills Association, the Bangladesh Knitwear Manufacturers and Exporters Association, the Bangladesh Association of Construction Industry, the Bangladesh Engineering Industries' Owners Association, and the Mirpur Agricultural Workshop and Training School. Additional members may be co-opted as necessary.

5. The PSC shall (a) be responsible for detailed policy formulation; (b) provide overall guidance and oversight for the Project; (c) approve the annual workplan for the Project; and (d) approve the criteria for the selection of (i) institutions eligible for program strengthening under the Project; (ii) market-responsive training proposals eligible for funding under the Project; (iii) training providers for the training programs to be tendered under the Project; and (iv) the government educational institutions to be provided with a training workshop under component 3 (B) (i) of the Project. The PSC shall meet once every quarter. The Project Director shall be its member-secretary.

Project Implementation Committee

6. Within 1 month of the Effective Date, DTE shall have established a PIC. The PIC shall be chaired by the Director General, DTE and shall comprise the following members: representatives from the Planning Commission, the Implementation Monitoring and Evaluation Division, MOE, BTEB's CDC, the NGO SWC, industry SWCs, and Director, Training, BMET. The Project Director shall act as its member-secretary. The PIC shall be responsible for (a) overseeing the day-to-day implementation of the Project; and (b) approving priority occupations for which training programs shall be developed and delivered under the Project.

B. Project Implementation

Policy issues

7. MOE shall ensure that all skills and training standards, curricula, and training programs developed under the Project, receive BTEB certification. BTEB certification shall be granted to all recipients of skills training under the Project as well as to all TVET teachers participating in inservice teacher training, provided they comply with BTEB assessment standards and applicable rules and regulations.

8. Within 1 year of the Effective Date, BTEB shall have issued an order making the registration and affiliation of training institutions subject to performance based assessments and their full compliance with registration requirements, including employing trained TVET teachers as staff.

9. By 30 June 2009, MOE shall have delegated the authority to recruit part-time TVET teachers for public training institutions, including for short-term skills training, to regional DTE offices. Upon completion of the EC-ILO funded study on increased autonomy of training institutions, MOE shall delegate financial authority to all public training institutions, including the authority to hire part-time instructors and instructors for short-term training courses.

10. Within 2 months of the Effective Date, MOE shall have issued an order to VTTI and TTTC to ensure they will cater to the teacher training needs of the public sector, the private sector, and the non-government sector.

11. MOE shall ensure that the training workshops provided by the Project under Component 3 (B) (i) of Schedule 1 to this Loan Agreement shall be available for use as a training venue for any training provider.

Selection criteria

12. DTE shall ensure that all Project activities shall be implemented in accordance with selection criteria agreed upon between MOE and ADB. Within 3 months of the Effective Date, the PSC shall have approved the selection criteria and implementation procedures for (a) the selection of the TVET institutions whose training programs will be strengthened under the Project; (b) the selection of training providers who will provide market-responsive skills training under the Project; and (c) the establishment of training workshops in poor communities.

13. Immediately after the first batch of TVET institutions for program strengthening have been selected, and Project-supported market-responsive skills training programs have been tendered, DTE and ADB shall jointly review the selection criteria and procedures, processes, and funds flow for these activities. Any suggested changes in the criteria and procedures shall be submitted to the PSC and ADB for their approval.

14. DTE shall obtain ADB's concurrence of candidates for overseas training prior to final selection by the competent authority. For such purpose, DTE shall submit to ADB detailed information about the candidates' qualifications, their experience, as well as the relevance and detailed costs of the proposed training. DTE shall take all necessary and appropriate measures to retain staff that has participated in overseas training in their respective institutions, including through bonding arrangements in line with the Borrower's policy and guidelines for international training.

Staffing and financing issues

15. MOE shall ensure that prior to Project completion, every teacher teaching in SSC(Voc) programs and receiving a salary subvention, shall have participated in both technical and pedagogical training.

16. Within 6 months of the Effective Date, MOE shall have submitted to the Ministry of Establishment a proposal for transferring the existing teaching and training posts in those public training institutions assisted under this Project, from the development budget to the revenue budget.

17. The Borrower shall ensure that throughout and after the Project implementation period, sufficient resources for training supplies and materials, as well as for repairs, operations and maintenance of facilities and equipment shall be made available to Project-supported public training institutions.

18. The Borrower shall ensure that throughout the Project implementation period sufficient budget is allocated in its recurrent budget to DTE and BMET.

19. At the latest 12 months prior to Project completion, MOE shall have submitted to the Ministry of Establishment a proposal for transferring posts of the DTE research and development cell and of the regional offices from the development budget to the revenue budget. The Borrower shall ensure that equally qualified women shall be given preference.

Good Governance

20. Within 3 months of the Effective Date, the PIU shall have prepared, and MOE and DTE shall have approved, a detailed action plan, with adequate budget allocation, to implement the Good Governance and Anti-Corruption Measures agreed upon between the Borrower and ADB and set out in Appendix 14 of the RRP. The implementation progress and results achieved shall be included in the quarterly progress reports for the Project, and shall be made available on the Project's website.

Safeguard matters

21. MOE and DTE shall ensure that the Project is implemented in compliance with (a) the Gender Action Plan agreed upon between the Borrower and ADB and included in Appendix 17 of the RRP; and (b) the Indigenous Peoples' Development Framework agreed upon between the Borrower and ADB and included in Supplementary Appendix F of the RRP.

22. The Borrower shall ensure that all civil works to be carried out under the Project are within existing premises and do not entail any land acquisition, resettlement, or land donation as defined in ADB's Involuntary Resettlement Policy, 1995. In the event of unforeseen resettlement, the Borrower shall promptly inform ADB thereof and prepare a resettlement plan in accordance with the ADB's Policy on Involuntary Resettlement. In such case, the Borrower shall ensure that no civil works contract is awarded until the ADB has reviewed the said resettlement plan.

23. The Borrower shall ensure that civil works contractors comply with all applicable labor laws, do not employ child labor for construction and maintenance activities, and do not differentiate wages between men and women for work of equal value.

24. The Borrower shall ensure that all Project activities comply with ADB's Environment Policy, 2002, as well as with the Borrower's relevant laws and regulations. In case of discrepancy, ADB's Environment Policy shall prevail. Each training institution shall develop a waste management plan to ensure the safe collection, transport, treatment, storage, and disposal of waste. The waste management plans shall include provisions on segregation at source, recovery and use of recovered materials, and safe disposal in appropriately designated landfill sites.

Project review

25. The Borrower shall review, jointly with ADB and any co-financier(s) that may provide joint financing of the Project at a later date, the Project's progress at least twice a year.

26. The Borrower and ADB shall jointly undertake a midterm review (MTR) during the third year of Project implementation. The MTR shall (a) review the Project scope, design, implementation arrangements, institutional development, and capacity-building processes; (b) review changes in the Borrower's policies and institutional framework and evaluate their impact on Project implementation and sustainability; (c) assess Project implementation against appropriate projections and performance indicators; (d) review the industries assisted under the Project; (e) review compliance with the covenants stated herein, with the Gender Action Plan, the Indigenous Peoples Development Framework, and the Good Governance and Anticorruption Measures; (f) assess the progress on (i) the cooperation between the SWCs and DTE; (ii) the identification of the needed skills training; and (iii) the implementation

and disbursement rates for activities related to strengthening TVET institutions and market-responsive skills training; (g) identify critical issues, problems, and constraints; and (h) if necessary, identify and recommend changes in Project design or implementation. At the latest 1 month prior to the MTR, the PIU shall submit to ADB a comprehensive report on each of the above mentioned issues.

Project Performance Monitoring System (PPMS)

27. At the latest 30 days before the start of the subsequent fiscal year, DTE shall provide ADB with the operational plan for the Project for the coming fiscal year. The operational plan shall include (a) the planned Project activities, with cost estimates for each component and subcomponent together with performance targets; (b) a plan for complying with outstanding assurances stated herein; (c) a breakdown of financial requirements; and (d) details on how to integrate Project activities with other programs in the TVET sector.

28. Within 3 months of having fielded the training financing management design consultant, the PIU shall have established an operational PPMS. Within 6 months of the Effective Date, the PIU shall have collected baseline data on public and private TVET institutions, including on gender, ethnicity, and socio-economic and poverty indicators.