



Indonesia: Polytechnics Education Development Project

Project Name	Polytechnics Education Development Project	
Project Number	42099-013	
Country	Indonesia	
Project Status	Active	
Project Type / Modality of Assistance	Grant Loan	
Source of Funding / Amount	Loan 2928-INO: Polytechnic Education Development Project	
	Ordinary capital resources	US\$ 75.00 million
	Grant 0343-INO: Polytechnic Education Development Project	
	Government of Canada	US\$ 4.95 million
Strategic Agendas	Inclusive economic growth	
Drivers of Change	Governance and capacity development Partnerships	
Sector / Subsector	Education - Technical and vocational education and training	
Gender Equity and Mainstreaming	Effective gender mainstreaming	
Description	<p>The project will focus on five priority areas: (i) manufacturing; (ii) agro-business (iii) infrastructure and (iv) energy and mining, (v) tourism. The impact of the project is that polytechnic education system contributes to national socio-economic development objectives in these selected industries. The expected outcome is that polytechnic education is more accessible, relevant and responsive to labor market needs, technological and entrepreneurial innovation. The performance targets are (i) the number of polytechnic students enrolled in programs in the 5 priority sectors increases by 25%, with at least 30% of these female; (ii) the number of polytechnic graduates entering the workforce increases by 25% in 5 priority sectors, with at least a 15% increase of these female, and (iii) the percentage of polytechnic graduates finding relevant employment within 6 months of graduation increases 25% by Year 5 at four Centers of Excellences (COEs) and 12 satellite polytechnic institutions. The proposed project has the following outputs:</p> <p>(a) Output 1: Increased Quality and Relevance of Polytechnic System, Public and Private. The project will: (i) strengthen standards in collaboration with industry and align with the Indonesian Qualification Framework (IQF). Standards will be packaged into professional teaching programs to address skills requirements in 5 industry sectors; (ii) lecturer skills enhancement program to be implemented; (iii) revise accreditation systems, national assessment systems, and quality assurance systems according to IQF and ASEAN policies and guidelines; (iv) Improve facilities and equipment in 4 COEs and 12 satellite polytechnic institutions; (v) facilitate engagement with industry and implement projects funded through a National Skills Fund.</p> <p>(b) Output 2: Increased and more equitable access to polytechnic education. The project will: (i) increase participation rates in four priority sectors; (ii) revise entry requirements and access policies to increase enrolments; (iii) assess through RPL 20000 students; (iv) link with vocational schools and private providers to establish seamless pathways and provide multiple entry points into the system, (v) fund equity strategies to ensure access by females and disadvantaged groups.</p> <p>(c) Output 3: Increased private sector involvement in polytechnic sector. The project will: (i) establish an institutional framework for private sector involvement; (ii) implement training programs and methods relevant to industry skills needs; (iii) enable industry to support delivery and assessment of training.</p> <p>(d) Output 4: Strengthened governance, management and financing of polytechnic institutions. The project will: (i) review and revise the regulatory, employment, management and financing frameworks and systems for polytechnic institutions to be better aligned with government policy objectives.</p>	

Project Rationale and Linkage to Country/Regional Strategy	<p>The Government's Economic Development Master Plan 2011 - 2025 seeks to accelerate economic growth to 12% per annum, create jobs and expand development to poorer regions. Six economic corridors are established, eight sectors prioritized to achieve a "self-sufficient, advanced, equitable, and prosperous Indonesia". Component 3 of this plan seeks improvements to human resources to ensure skills are available to realise the policy objectives of the plan. The proposed polytechnic development project supports these plans by increasing access to a quality polytechnic vocational education system. A system that will deliver improved skills that meets the identified needs of employers and the employment objectives and income levels of graduates. Four of the eight sectors identified by the Master Plan are to be targeted through the proposed project, these are: (i) manufacturing; (ii) infrastructure; (iii) mining; and (iv) agro-industry. Some 75% of employment in Indonesia requires improvement in technical skills to increase enterprise productivity. To remain viable and create additional employment opportunities, enterprises need to improve service standards, produce better quality products, improve work organization, technology usage and build value chains that increase production share or capture value throughout the economy. This is a difficult task given that 90% of workers throughout Indonesia are employed by micro and small enterprises employing fewer than six workers. Over 70% of the employed population works in informal establishments performing low skilled jobs. Vocational schools, supported by the ADB INVEST project, provide quality skills formation for these jobs. To improve the quality and level of skills available to the labour market for higher skilled occupations requires engagement with the polytechnic sector. Currently unemployment amongst polytechnic graduates remains high and participation rates remain low. Graduates often wait for long periods (12 months) to find employment in areas where they have been trained and are often retrained by employers in manufacturing, infrastructure and mining sectors of the economy. Underemployment is close to 40% which further indicates mismatches between skills acquired through current higher education (including polytechnics) with what is required in the labour market. ADB country strategies (including the current Country Operations Business Plan 2011-2013, Education ASR 2010-2015) identify the low competitiveness of firms as a key constraint to growth particularly the low skills and low productivity of the workforce. Middle level skills have been identified by industry associations in each of the four economic sectors critical to growth plans. The government is also acutely aware of the need to substantially up-skill its workforce if the country is going to improve competitiveness measured against its Asian regional neighbors or achieve the objectives of the Master Plan.</p>
Impact	The impact will be the polytechnic education to produce graduates responsive to the needs of the labor market and contribute toward increasing productivity in the Priority Sectors

Project Outcome

Description of Outcome	Polytechnic education is aligned to the MP3EI in 5 priority sectors.
Progress Toward Outcome	The 13 pre-selected polytechnics and 27 public and private polytechnics, that were selected through the National Skills Funds- Competitive Scheme, has implemented the programs in accordance with their agreed proposals. The focus of all the development proposals is to ensure increased enrollment and relevance of the polytechnics with industrial needs, in accordance to the five priority sectors stipulated in the Master Plan for Acceleration and Expansion of Indonesia's Economic Development (MP3EI). The term MP3EI is no longer used in the current government strategy, but the concept, which consist of three pillars (focus on economic growth centers, improved connectivity, and stronger human resources) are still relevant to the current government priority.

Implementation Progress

Description of Project Outputs	<p>Increased quality and relevance of polytechnic system.</p> <p>Increased and more equitable access to polytechnic institutions</p> <p>Increased private sector involvement and promotion of an entrepreneurial culture to strengthen polytechnic graduate competitiveness</p> <p>Strengthened governance and management of polytechnic education</p>
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Status of Implementation Progress (Outputs, Activities, and Issues)	<p>Indicator 1 - 13 pre-selected polytechnics and seven institutions under NSF-1 and NSF-2 are planning to establish a center of technology (COT) under the project. The procurement of teaching-learning equipment is ongoing smoothly, after experiencing delay at the initial years due to learning curves (out of 419 bid packages, 366 packages (or 87%) have been completed)</p> <p>Indicator 2: Curriculum review and update for the priority study programs, with inputs of industry partners have been completed in 89 study programs. Short term training have been conducted for more than 2,700 teachers/instructors (non-degree training) in relevant fields.</p> <p>Indicator 3: The polytechnics experience difficulty in identifying relevant resource person to assist them in this area (IQF). It is decided that such assistance will be provided and procured by the Central Project Management Unit and capacity building activities for the Polytechnics to develop this program will be done through a series of workshops and assistanceship.</p> <p>Indicator 1: The project has delivered training and workshops for PIU staff on project management, including procurement of goods and services, financial management, curriculum review, and strategy in implementing IQF.</p> <p>Indicator 2: Monitoring and Reporting System has been implemented and constantly undergoing improvement measures. On going developing and upgrading of web based report system on SIPED (Sistem Monitoring and Evaluasi) by PMU.</p> <p>Indicator 3: 27 Polytechnics had been selected through the National Skills Funds (NSF)- Competitive Scheme.</p> <p>Indicator 2: Guidelines and manuals for Recognition Prior Learning (RPL) have been completed, and is ready to be launched by the Ministry.</p> <p>Indicator 3: the project has provided scholarship to 1,923 students under the BIDIKMISI scheme, BPP Scheme, and PEDP Scheme, of which 1,117 students (58%) are male and 806 (42%) students are female. Total amount of scholarship awarded is IDR19,514,000,000 or equivalent to \$1.5 million.</p> <p>Indicator 2 : all polytechnics have confirmed the establishment of cooperation with partner industries to perform curriculum review, competency testing, internship for students, and short-term training for teachers.</p> <p>Output 2 - Indicator 1: The project has achieved 96% of its target in establishing Partnership agreements with SMK.</p>
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Geographical Location

Safeguard Categories

Environment	C
Involuntary Resettlement	C
Indigenous Peoples	C

Summary of Environmental and Social Aspects

Environmental Aspects	Project will not have any adverse environmental impacts.
Involuntary Resettlement	No major civil works are expected. Through application to the competitive fund, which will be established by the project, polytechnics will be provided with equipment. Only where the equipment cannot fit into existing workshops, minor civil works will be needed in order to provide for the necessary workshop extension. There will be no temporary or permanent loss of land or other assets in the civil works.
Indigenous Peoples	There will be no negative impact on disadvantaged ethnic groups. However, the increased quality of the polytechnic education as well the increased access to the polytechnics, which will be the result of the Project, will also benefit indigenous people.

Stakeholder Communication, Participation, and Consultation

During Project Design	<p>The Executing Agency for the PPTA PDP is the Directorate General of Higher Education (DGHE) of the Ministry of National Education (MoNE). The implementation of the PPTA is supervised by the Director of the Directorate for Learning Programs and Student Affairs (till recently named the Directorate of Academic Affairs). An advisory counterpart team of DGHE to work with the TA was appointed under the supervision of the Director of Learning Programs and Student Affairs consisting of professional staff of Polytechnic Institutions (7 members) and MoNE (10 members). In the inception phase, the counterpart team presented its draft Strategic Plan for Polytechnic Development 2010-2014 indicating preferred directions for the intended project, which were taken into account by the PPTA team in the design of the project during the second phase. The draft Plan had been developed in early 2010 in anticipation of the ADB support to the sector. Also, the planning of the PPTA project was discussed in the inception phase with the objective to align the activities of both teams, to agree on working arrangements and cooperation in preparation for the Polytechnic Development Project. Since the start of the project there has been a series of meetings of the counterpart team with the PPTA experts' team on the planning and activities of the TA and especially on the development of the Problem Tree and the DMF for the project. There have also been joint field visits for the sector assessment, and the PPTA experts were invited to three workshops in which all state Polytechnics participated to present and discuss the initial design of the PDP. The workshops provided an opportunity to inform all state Polytechnics on the intended PDP and to receive their feedback and recommendations on the implementation of the PDP. A major concern of the counterpart team has been the timely production of the final project document for the PDP loan to allow the use of earmarked Gol funds for the PDP in 2011. A large number of polytechnics, other TVET and higher educational institutions, education and training support institutions, industries, industrial associations, ministries and donor agencies were visited for interviews, discussions, meetings, collecting information and informing them on the intended PDP. Some 32 visits were made to different public and private polytechnics, some 16 visits to different industries, 8 visits to supporting agencies (BNSP, LSP, Kopertis, BAN-PT, ASPI, SEAMOLEC), and 7 visits to Ministries other than MONE. Around 95 interviews were conducted with one or more resource persons. A workshop with the donor community and stakeholders from the polytechnic education sector was held in the Ministry of Education on 29th July 2010, in which the PPTA was presented and discussed to inform the international donor community and stakeholders on the intended PDP. Several donors, including ADB, presented their visions and plans in the context of overall skills development policies and requirements in Indonesia, and options for donor coordination and alignment were discussed. The series of meetings and workshops with the MoNE counterpart group and involving representatives of the Polytechnics were an important venue to socialize the project objectives and approach and to get feedback in the process of defining the project design and the technical approaches for its implementation. Some 16 meetings were held with the counterpart group till May 2011. Of special importance were the meetings with all polytechnic directors and management staff arranged by the counterpart group, respectively in Manado, Surabaya, Batam and Jakarta. The objectives of the PDP were socialized and intensively discussed with the polytechnic directors and managing staff, including implementation strategies. For the definition of the Problem Tree based upon the findings of the assessment phase, and for the initial design of the DMF, the project team had a series of intensive focus group discussions by which both documents gradually took shape and were prepared for further consultation with the ADB and stakeholders at the central and institutional levels.</p>
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During Project Implementation	<p>The Directorate General of Higher Education (DGHE) of the Ministry of National Education (MONE) is the Executing Agency (EA) for the project. The EA is responsible for the overall management and implementation of the project. A project steering committee is established, chaired by the Deputy Minister of BAPPENAS, to provide strategic guidance for the project. This committee comprises persons from key sector stakeholders including BAPPENAS, relevant employer associations and the Ministry of Manpower and Trans Migration (MOMT). The MOF is responsible for disbursement of the Project funds. The project management unit (PMU) is established by DGHE, under the guidance of the project director who is the Director of Learning and Student Affairs in DGHE. The PMU is headed by a project manager and is responsible for day-to-day project implementation, planning and budgeting, procurement, disbursement, monitoring, supervising, overseeing of implementation in project institutions, and submitting the required reports to the Government and ADB. The project also establishes a web based resource to allow interested organisations/individuals to track project activities and progress in meeting project outputs.</p>
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Responsible Staff

Responsible ADB Officer	Wiryono, Sutarum
Responsible ADB Department	Southeast Asia Department
Responsible ADB Division	Indonesia Resident Mission
Executing Agencies	<i>Directorate General of Higher Education Ministry of Education & Culture, Bldg. E 17th Flr, Jl Jenderal, Sudirman, Pintu 1 Senayan Jakarta 10002, Indonesia</i>

Timetable

Concept Clearance	-
Fact Finding	01 Dec 2011 to 23 Dec 2011
MRM	16 Mar 2012
Approval	31 Oct 2012

Last Review Mission

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Last PDS Update

30 Mar 2017

Grant 0343-INO

Milestones					
Approval	Signing Date	Effectivity Date	Closing		
			Original	Revised	Actual
12 Apr 2013	09 Dec 2013	27 Feb 2014	30 Jun 2018	-	-

Financing Plan			Grant Utilization			
	Total (Amount in US\$ million)		Date	ADB	Others	Net Percentage
Project Cost	4.95	Cumulative Contract Awards				
ADB	0.00	12 Apr 2013	0.00	2.45	49%	
Counterpart	0.00	Cumulative Disbursements				
Cofinancing	4.95	12 Apr 2013	0.00	1.88	38%	

Status of Covenants						
Category	Sector	Safeguards	Social	Financial	Economic	Others
Rating	-	-	-	-	-	Satisfactory

Loan 2928-INO

Milestones					
Approval	Signing Date	Effectivity Date	Closing		
			Original	Revised	Actual
31 Oct 2012	21 Nov 2012	07 Jan 2013	30 Jun 2018	-	-

Financing Plan			Loan Utilization			
	Total (Amount in US\$ million)		Date	ADB	Others	Net Percentage
Project Cost	91.70	Cumulative Contract Awards				
ADB	75.00	31 Oct 2012	44.28	0.00	59%	
Counterpart	16.70	Cumulative Disbursements				
Cofinancing	0.00	31 Oct 2012	37.58	0.00	50%	

Status of Covenants						
Category	Sector	Safeguards	Social	Financial	Economic	Others
Rating	-	-	-	-	-	Satisfactory

Project Page <https://www.adb.org/projects/42099-013/main>Request for Information <http://www.adb.org/forms/request-information-form?subject=42099-013>

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