### China, People's Republic of: Hunan Technical and Vocational Education and Training Demonstration Project

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<td>Project Number</td>
<td>45511-006</td>
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<td>Country / Economy</td>
<td>China, People's Republic of</td>
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<td>Project Status</td>
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<td>Project Type / Modality of Assistance</td>
<td>Loan</td>
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#### Strategic Agendas
- Inclusive economic growth

#### Drivers of Change
- Gender Equity and Mainstreaming
- Governance and capacity development

#### Sector / Subsector
- Education / Technical and vocational education and training

#### Gender
- Effective gender mainstreaming

#### Description
The project will provide targeted support to 13 public TVET institutions in Hunan to strengthen the capability to deliver demand-driven quality programs related to priority industries. The project will build the capacity of IAGs and foster partnerships between 13 project TVET institutions and employers to jointly develop the skills needed in the workplace, and prepare graduates who are able to adjust to changing demands in the labor market quickly; modernize the curriculum by developing competency-based curriculum (CBC) in priority areas; upgrade the instructional capacity of vocational instructors and build TVET management capacity; strengthen market-oriented program planning through improved labor market information system (LMIS); and upgrade equipment and facilities in selected TVET institutions.

**Strategic fit.** The project is the first Asian Development Bank (ADB)-financed lending project for TVET in the PRC and is envisaged to play a demonstration role for TVET development in the country. Because lack of worker skills and education are viewed as a constraint to the PRC’s inclusive growth, ADB involvement in the TVET sector is strongly justified. The project supports ADB’s education policy and education sector strategies and Strategy 2020. It aligns with ADB’s PRC country partnership strategy, 2011-2015 and supports the PRC’s 12th Five-Year Plan, which prioritizes developing high-quality human resources, increasing scientific and technological innovations, and accelerating educational reform. The project has the following demonstration features for replication in other provinces and autonomous regions of the PRC:

1. **Enhancing industry involvement.** The project will strengthen partnerships between TVET institutions and industries, and build the capacity of sector-specific IAGs in the priority sectors.
2. **Promoting inclusive technical and vocational education and training through information and communication technology.** The project will broaden access for students from remote areas by developing online TVET courses, and thus foster sharing of teaching and learning resources among well-developed TVET institutions in urban areas and less-developed TVET institutions in poor and remote areas to benefit students in project and non-project TVET institutions.
3. **Greening technical and vocational education and training provision.** The project will contribute to the Government of the PRC’s objectives of developing an environmentally sustainable and energy-efficient society under its 12th Five-Year Plan by designing, constructing, and maintaining teaching and learning buildings that reduce energy and water use, and promoting sustainable practices such as reducing, reusing, and recycling resources; encouraging the selection of training equipment with low energy consumption; and skills mapping to identify skills needed for environmentally sustainable development in Hunan.

**Incorporation of the lessons learned.** Lessons from activities in skills training supported by ADB and the World Bank were incorporated into the project design. Lessons include (i) actively involving representatives of industries and IAGs in identifying occupational areas that are in demand, developing competencies for market-demanded occupational areas, and working with the project TVET institutions to develop modular, CBC and learning materials; (ii) conducting tracer studies of the trainees, and strengthening the capacity of the relevant government agencies and the TVET institutions to analyze labor market demand; and (iii) establishing a project benefit monitoring and evaluation system.
The PRC is one of the fastest growing economies, with an average annual growth rate of over 9.0% since the 1980s. The government’s 12th Five-Year Plan, 2011-2015, targets annual gross domestic product (GDP) growth of 7.5%. Despite impressive growth, the PRC is facing a number of urgent development challenges. The government’s key priorities include restructuring the economy from production and export to consumption-oriented growth, from low to higher value-added industries, and supporting rapid urbanization and environmentally sustainable and socially inclusive development. Of which require significant investments in human capital. Strengthening human resources through the development of TVET is one of the key priorities under the 12th Five-Year Plan. The PRC is experiencing skill and labor shortages. National labor market data from 91 cities in 2012 showed that demand exceed supply in almost all technical and skilled categories. The PRC’s comparative advantage in low-skilled labor-intensive production is expected to decline, with the economy shifting to more skill-intensive products and production technologies. The Government of the PRC is increasingly emphasizing the value of highly skilled human capital. In 2010, the central government identified TVET as the key target for educational expansion to develop a skilled work force, and approved the National Long-Term Strategy on Education, 2010-2020. The education plan sets out goals and reforms to better align the education system with the demands of economic growth. Hunan is a province with a population of 70 million, located in the south central part of the PRC. The GDP per capita of Hunan in 2011 was $4,742, below the national average of $5,583. In 2011, 9.08 million people, or 15.9% of the rural registered population in Hunan lived below the national poverty line, higher than the national average of 13.4%. The structure of Hunan’s economy is undergoing fundamental transformation. The Government of the PRC’s policy of geographical rebalancing of economic growth toward inland provinces has led to Hunan’s emergence as an important industrial base, requiring a large and multi-skilled work force. Hunan’s pillar industries include manufacturing, automobile, biotechnology, natural resources and energy, and information technology. The growth rate of the secondary and tertiary sectors in Hunan has been higher than the national average, particularly for the secondary sector, which contributed 56.0% to Hunan’s GDP in 2010. Demand for skilled workers in Hunan exceeded supply in 2011, with manufacturing having the highest demand. Hunan ranks 19th in the PRC in terms of educational attainment, with an average level of educational attainment of 9.1 years. The urbanization level of Hunan was 45.0% in 2011, and is forecast to grow to 66.0% by 2030. Increased industrialization and urbanization, and the subsequent transformation of livelihood bases, will require skilled workers. Since 2007, Hunan provincial government (HPG) has spearheaded TVET reforms in the province. Investment in TVET development has played an important role in helping disadvantaged people gain new skills and enjoy the growth benefits, as over 80% of students enrolled in Hunan’s TVET institutions are from rural areas or low-income urban families. Despite impressive progress, TVET development in Hunan faces a number of challenges, including: (i) limited industry involvement, (ii) lack of accurate and consistently sourced labor market information, (iii) outdated curriculum and teaching and learning materials, (iv) need to upgrade instructional skills and workplace experience of vocational instructors, (v) inadequate TVET institution management capacity to strengthen linkages between schools and industry, and (vi) lack of and/or obsolete equipment to simulate a workplace for practical demonstration and application. Greater involvement of enterprises in advising and directing the TVET system is critical to increase TVET’s responsiveness to labor market needs. HPG established industry advisory groups (IAGs) as a way to foster the engagement of IAGs to engage with industry needs to be strengthened. While demand for workers is strong in Hunan and placement rates for graduates are high (over 80% in many TVET institutions), TVET institutions are faced with the challenge of updating their programs to meet the demands of new industries, and upgrading older industries.

Project Outcome

Description of Outcome

Strengthened capacity of the TVET system to meet labor market needs

Progress Toward Outcome

Since the project effectiveness in November 2013, PMO has undertaken significant work in start-up activities but the implementation progress has been slow due to initial delays in procurement of works and goods and consulting services. There has been good progress in terms of project implementation since 2016 and facilitated by the three ADB review missions of that year, the project midterm review in October 2017, and the review mission in May 2018. The project implementation is progressively improving, with increased physical progress on project components of civil works and goods. The TVET strengthening activities are closely being monitored for the remaining implementation period. As of 26 September 2019, the cumulative contract awards have been increased to $45.06 million (90.11%) while cumulative disbursements to $35.54 million (71.07%) which includes the initial payment to the project’s imprest account. Inception mission was fielded on 9-10 January 2014 and review missions on (i) 16-19 September 2014, (ii) 2-7 March 2016, (iii) 27-30 June 2016, (iv) 10-13 October 2016, (v) 16-24 October 2017 (midterm review mission), (vi) 7-9 May 2018, (vii) 8-10 September 2019 (review/handover mission). The 2020 annual review mission was fielded in Nov 2020 and there are no major issues. The project was closed on 28 June 2021 as scheduled.

Implementation Progress

Description of Project Outputs

1. Improved quality and relevance of TVET system
2. Upgraded facilities and learning environments
3. Strengthened industry involvement in TVET
4. Project management support established

Status of Implementation Progress (Outputs, Activities, and Issues)

By March 2018, the total contract awards under the project reached $ 49.69 million, and the total disbursement reached about $45.75 million. Five civil works packages and 32 equipment packages were awarded. More than 97% of civil works were completed and most of the equipment was delivered and installed. Capacity building activities are on-going and safeguards compliance is under regular monitoring. Knowledge sharing activities will be conducted up to loan closing.

Geographical Location

Chengguan, Furong District, Huairong Xian, Hunan, Shifeng Qu, Tianxin District, Wangcheng County, Yueyangou Qu, Yuhuah District, Zhuhou Shi, Zixing Shi, huahua shi

Safeguard Categories

Environmental B
Involuntary Resettlement C
Indigenous Peoples C

Summary of Environmental and Social Aspects

Environmental Aspects

The project is classified category B for environment. An initial environment examination (IEE) including environmental management plan (EMP) was prepared and was disclosed on the ADB website on 12 February 2013. The IEE complies with ADBs safeguard Policy Statement (2009). The IEE concludes that the projects anticipated environmental impacts can be mitigated through the implementation of the EMP. During the operation of the project’s anticipated environmental impacts can be mitigated through the application of good construction practices and the implementation of construction phase community and occupational health and safety plans. During operation, no major environmental impacts are anticipated. The EMP defines mitigation measures, monitoring requirements, and institutional responsibilities to ensure proper environmental management throughout the project construction and operation. Environmental management is supported by loan covenants, and capacity development and institutional strengthening activities under the project. The PMO will establish a grievance redress mechanism and handle any dispute arising from noncompliance with the EMP.

Involuntary Resettlement C

The involuntary resettlement category is C. The project activities will neither require land acquisition nor resettlement. Resettlement due diligence was conducted, which confirmed that there are no legal issues from the time the camp was established.

Indigenous Peoples

The indigenous peoples category is C. No project activities will adversely affect indigenous people. The poverty and social assessment determined that ethnic minority students are well integrated into all the project TVET institutions. Increased quality of TVET as a result of the project will benefit all students, including ethnic minorities.

Stakeholder Communication, Participation, and Consultation
During Project Design: A poverty and social analysis, socioeconomic survey, stakeholder workshops, focus group discussions, and informant interviews were conducted during the PPTA.

During Project Implementation: Project implementation involves multiple government agencies at the provincial, municipal and county level, as well as the 13 project TVET institutions who will be the main implementation agencies. ADB will be responsible for administering the ADB-financed components of the project and jointly with the Hunan Provincial Government/Hunan Education Department to supervise project implementation.

Business Opportunities
- Consulting Services: All consultants will be recruited according to ADB’s Guidelines on the Use of Consultants.
- Procurement: All procurement of goods and works will be undertaken in accordance with the Asian Development Bank’s (ADB) Procurement Guidelines.

Responsible ADB Officer: Lu, Lanlan
Responsible ADB Department: East Asia Department
Responsible ADB Division: PRC Resident Mission (PRCM)
Executing Agencies: Hunan Provincial Government

Timetable
- Concept Clearance: 09 Dec 2011
- Fact Finding: 07 Jan 2013 to 16 Jan 2013
- MRM: 28 Feb 2013
- Approval: 28 Jun 2013
- Last Review Mission: -
- Last PDS Update: 22 Sep 2021

Loan 3010-PRC

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<th>Effectivity Date</th>
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Status of Covenants
- Category | Sector | Safeguards | Social | Financial | Economic | Others |
- Rating | Satisfactory | Satisfactory | Satisfactory | Satisfactory | - | Satisfactory |

Project Page: https://www.adb.org/projects/45511-006/main
Request for Information: http://www.adb.org/forms/request-information-form?subject=45511-006
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