



# Nepal: Skills Development Project

Project Name	Skills Development Project		
Project Number	38176-015		
Country / Economy	Nepal		
Project Status	Closed		
Project Type / Modality of Assistance	Grant		
Source of Funding / Amount	Grant 0345-NEP: Skills Development Project		
	Asian Development Fund		US\$ 20.00 million
Strategic Agendas	Inclusive economic growth		
Drivers of Change	Gender Equity and Mainstreaming Governance and capacity development Private sector development		
Sector / Subsector	Education / Technical and vocational education and training		
Gender	Gender equity		
Description	The project will help the government implement key aspects of the Technical and Vocational Education and Training (TVET) Policy, 2012. The project will help the government (i) initiate strategic reforms that aim to improve overall management and performance of the TVET system, (ii) improve the quality and relevance of public training, and (iii) increase private sector engagement in training delivery and job placement. Each intervention has been designed to increase the efficiency and results orientation of TVET, making it more market-driven. The project will focus on skills development for the construction, manufacturing, and services sectors where large skill gaps exist. The project period is for five years from 2013 to 2018.		
Project Rationale and Linkage to Country/Regional Strategy	<p>Despite a decade of conflict until 2006 followed by protracted political instability, Nepal has made significant progress in key Millennium Development Goals. The government is at a critical juncture to meet the aspiration of the people for an improved standard of living and more equitable access to opportunities. Recent surveys identify lack of skilled labor as one of the key constraints for economic growth. The economy is undergoing a transition from a largely subsistence, agrarian economy to a more mixed economy where demand for basic to mid-level technically skilled workers is growing rapidly, especially in the services sector. Having a base of skilled young people can underpin stronger economic growth, leveraging Nepal's demographic dividend and productivity gains, provide transformational opportunities to individuals, and thus contribute to social stability and national development.</p> <p>Human resource potential. Nepal has great potential for a demographic dividend, with an age dependency ratio of 65.9% in 2011, high labor force participation of both women (80.2%) and men (87.7%) in 2010, and high overseas demand for Nepalese workers. Annually, about 450,000 youth enter the labor market. Seeking better employment opportunities, about 1,300 Nepalese workers leave for jobs abroad on a daily basis. Remittances were estimated to be about 21% of gross domestic product (GDP) in 2012. The educational attainment of the workforce, however, is poor as 62% leave school by grade 5, over 75% by grade 8, and about 48% never attended school. Overseas workers are mainly engaged in low- or no-skilled and low-wage occupations. Nepal experiences skills mismatch in the labor market where job seekers do not have the right skills for available vacancies and new skills are in demand. Domestic employers report shortages of workers with technical and general employability skills.</p> <p>Technical and vocational education and training. Formal TVET in Nepal is offered through 26 public institutes, 75 vocational units attached to district secondary schools, and over 450 privately run, publicly affiliated training providers. Many small unaffiliated providers offer informal training, and traditional apprenticeships offer informal learning on the job. Constituted in 1989, the Council for Technical Education and Vocational Training (CTEVT) has been mandated to be an autonomous apex body for TVET, and forms the backbone of the formal TVET system in Nepal in terms of technical, regulatory, and provision functions through its constituent institutions and affiliated providers. As semiautonomous suborganizations of the CTEVT, the Training Institute for Technical Instruction and the National Skills Testing Board serve the need for TVET human resource development, skills testing, and certification. Several government ministries also run formal and informal programs. The number of private training providers has increased since mid 2000's due to high demand for skills with an expectation of higher-paying jobs. Government and externally financed projects also offer short-term training.</p> <p>Constraints. TVET has an important role in transforming Nepal's human resources into productive assets to meet the government's national development objective for inclusive, employment-oriented growth. Key constraints to TVET sector performance include (i) insufficient and inequitable access; (ii) poor quality and low market relevance; (iii) weak institutional capacity; and (iv) large investment gaps.</p> <p>The project is fully aligned with the Three Year Plan, FY2011 FY2013, which highlights the need for more skills training for employment. The project contributes directly to two pillars: (i) broad-based and inclusive economic growth, and (ii) inclusive social development in ADB's country partnership strategy, 2010 2012, and will contribute to effective implementation, operation, and maintenance of ADB investment programs in energy, transport, and urban infrastructure development by increasing the skilled labor force</p>		
Impact	Increased employability of the Nepalese workforce		
Project Outcome			
Description of Outcome	A market-responsive and social and gender-inclusive TVET system established.		
Progress Toward Outcome	Contracts have been signed with 13 private training providers and CTEVT technical institutes/schools to provide training to approximately 47500 youths. Out of which, 46,400 (97.6%) have been enrolled in the training with 18,914 (40.7%) female and 33,235 (71.6%) disadvantaged candidates. Out of the total enrolled, 37,921 trainees have completed the training, out of which 14,202 (37.45%) female and 27,188 (72%) from disadvantaged group. The gainful employment of 26,100 training graduates as verified by the Regional Monitoring Officers is showing only 69% against the target of 75%. Further, it is found that only 31.9% for women against the target of 40%. However, this need to be verified and confirmed by the third party monitoring firm.		
Implementation Progress			
Description of Project Outputs	Expanded provision of inclusive market-oriented training Improved quality and relevance of TVET provision Policy, institutional and operational reforms Effective project management and M&E		

Status of Implementation Progress (Outputs, Activities, and Issues)	<p>Output 1:</p> <p>i. 47,500 places have been contracted for training. Out of which, 46,400 (97.6%) have been enrolled in the training with 18,914 (40.7%) female and 33,235 (71.6) disadvantaged candidates.</p> <p>ii. Out of the total enrolled, 37,921 trainees have completed the training, out of which 14,202 (37.45%) female and 27,188 (72%) from disadvantaged group.</p> <p>iii. A total of 37,733 (99.5%) training graduates appeared in skills test. Out of them, skills test results was published for 35,048 (93%) and 26,893 (76%) training graduates passed the skill test.</p> <p>iv. All 15 mid- level courses have started in all 11 schools with and enrollment capacity of 602. To date 1291 have enrolled in the first year with female percentage of 33% and 55% from excluded groups. The first batch of graduates that were enrolled in 2014 and 2015 have graduated. The data reveals that the first batch of students that were enrolled in 2014 were 40 with only 22 successfully graduating the course.</p> <p>Output 2:</p> <p>i. 10 CTEVT constituent schools designated to be developed as model schools and self-assessment completed on September 2014. Activities with quality standards are agreed for the year 2015, 2016 and 2017.</p> <p>ii. All QIP schools have established the industry partnership committees for industry linkage. However, partnership agreements for industry linkage is moving at a slow pace. This depends on the location and types of industries. The committee has primarily focused on career orientation to students during the course of study at the schools.</p> <p>iii. 15 new programs (600 student capacity) selected for CTEVT constituent Schools. Program curricula developed with total enrollment of 1291 (female-426 &amp; male-851) by June 2018.</p> <p>iv. GESI sensitive Human Resource Development (HRD) plan for short term courses prepared and training started in TITI (Contract signed on April 30, 2015).</p> <p>v. Twenty-six (26) staff of CTEVT joined for M. tech and B. tech programs (3 female); 1 dropped out of the program.</p> <p>Output 3:</p> <p>i. The draft documents on TVET strategy, road map and the results framework has been submitted to the technical committee for their comments. The TSDU is still waiting for their feedback. The TSDU is working to get its approval from the policy coordination committee by end of October 2018. It is expected that the approved documents will need to be revisited once again in 2019 to commensurate with overall government's TVET restructuring plan.</p> <p>ii. TSDU has been fully established and operational within MOE and is responsible for overall sector coordination.</p> <p>iii. Although CTEVT developed an interim re-organization plan to improve its function and some initial activities were undertaken, the overall CTEVT restructuring to align with the federalization is yet to be approved. It is expected that the restructuring plan will be approved by November 2018. It has been agreed to share the approved plan by end of November 2018.</p> <p>Output 4:</p> <p>i. ADB has engaged a consultant for final fiduciary review of the project.</p> <p>ii. Tracer study contract awarded to a consulting firm, and the firm has commenced its assignment.</p> <p>iii. The contract for project evaluation will be awarded soon, as the project has already submitted 2 &amp; 3 to ADB for no objection.</p>
Geographical Location	Nation-wide, Balaju, Bharatpur, Dang, Dhankuta, Doti, Kavre, Lahan, Nepalgunj, Tanahun
<b>Safeguard Categories</b>	
Environment	C
Involuntary Resettlement	C
Indigenous Peoples	C
<b>Summary of Environmental and Social Aspects</b>	
Environmental Aspects	
Involuntary Resettlement	
Indigenous Peoples	
<b>Stakeholder Communication, Participation, and Consultation</b>	
During Project Design	A project preparatory technical assistance financed by Japan Fund for Poverty Reduction assisted the Government and ADB to consult with stakeholders including the government, private sector (employers), public and private training providers, teachers and potential beneficiaries to ensure market-oriented and inclusive training programs.
During Project Implementation	The elements of a consultation and participation plan are incorporated in the project administration manual to guide the continuous consultation and feedback process during the implementation.
<b>Business Opportunities</b>	
Consulting Services	<p>- 10 Training Providers have been recruited to organize short term training .</p> <p>- MOUs have been signed with 15 public technical training providers for level 2 training.</p> <p>- MOU has been signed with National Skill Testing Board to test technical skills of all short term training graduates.</p> <p>-Project Management Team Support has been mobilized from March 2013.</p>
Procurement	All necessary NCB and Shopping contracts for civil works and goods have been procured. Additional packages are being explored after the MTR of the project.
Responsible ADB Officer	Gyawali, Smita
Responsible ADB Department	South Asia Department
Responsible ADB Division	Nepal Resident Mission
Executing Agencies	<p>Ministry of Education, Science and Technology</p> <p><a href="mailto:BHOJRAJ15@YAHOO.COM">BHOJRAJ15@YAHOO.COM</a></p> <p>Singhadurbar</p> <p>Kathmandu, Nepal</p> <p>Ministry of Education, Science and Technology</p> <p>Singhadurbar</p> <p>Kathmandu, Nepal</p>
<b>Timetable</b>	
Concept Clearance	26 Apr 2013
Fact Finding	22 Jan 2013 to 01 Feb 2013
MRM	12 Apr 2013
Approval	25 Jun 2013
Last Review Mission	-
Last PDS Update	19 Sep 2018

# Grant 0345-NEP

Milestones					
Approval	Signing Date	Effectivity Date	Closing		
			Original	Revised	Actual
25 Jun 2013	12 Jul 2013	24 Oct 2013	15 Jan 2019	-	15 Jul 2019

Financing Plan			Grant Utilization			
	Total (Amount in US\$ million)		Date	ADB	Others	Net Percentage
Project Cost	25.00		Cumulative Contract Awards			
ADB	20.00		17 Jun 2022	18.18	0.00	91%
Counterpart	5.00		Cumulative Disbursements			
Cofinancing	0.00		17 Jun 2022	18.18	0.00	91%

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

Project Page	<a href="https://www.adb.org/projects/38176-015/main">https://www.adb.org/projects/38176-015/main</a>
Request for Information	<a href="http://www.adb.org/forms/request-information-form?subject=38176-015">http://www.adb.org/forms/request-information-form?subject=38176-015</a>
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