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
Source of Funding / Amount: Loan 2928-IN: Polytechnic Education Development Project

**Country/Regional Strategy**

**Description of Outcome**

Polytechnic education is aligned to the MP3EI in 5 priority sectors.

- The impact will be the polytechnic education to produce graduates responsive to the needs of the labor market and contribute toward increasing inclusive economic growth.

- Inclusive economic growth

- Governance and capacity development

- Education

- Indonesia

- 42099-013

- Project

- Indonesia: Polytechnics Education Development

- Description of Outcome

- Country/Regional Strategy

- Linkage to Mainstreaming

- Gender Equity and Capacity Development

- Sector / Subsector

- Education - Technical and vocational education and training

- Funding

- Loan

- US$ 75.00 million

- Grant

- US$ 4.95 million

**Sector**

- Manufacturing

- Infrastructure

- Mining

- Agro-industry

**Drivers of Change**

- Productivity in the Priority Sectors if the country is going to improve competitiveness measured against its Asian regional neighbors or achieve the objectives of the Master Plan.

- Middle level skills have been identified by industry associations (including the current Country Operations Business Plan 2011-2013, Education ASR 2010-2015) identify the low competitiveness of firms as a key concern. The government is also acutely aware of the need to substantially up-skill its workforce. The low skills and low productivity of the workforce is a constraint to growth particularly the low skills and low productivity of the workforce.

- Skills acquired through current higher education (including polytechnics) with what is required in the labour market.

- ADB country strategies for productive and high value added manufacturing; (ii) infrastructure; (iii) mining; and (iv) agro-industry.

**Components**

**Project Rationale and Linkage to Country/Regional Strategy**

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 population 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.

- The proposed polytechnic development project has the expected outcome is that polytechnic education system contributes to national socio-economic development objectives in these selected industries. The proposed project has the following outputs:

  - 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.

  - 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, 20,000 students; (iv) link with vocational schools and provide skills training.

  - 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.

  - 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.

**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 | Coordination with industry is ongoing for strengthened and meaningful linkages
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**Description of Project Outputs**
- Increased quality and relevance of polytechnic system.
- Increased and more equitable access to polytechnic institutions.
- Increased private sector involvement and promotion of an entrepreneurial culture to strengthen polytechnic graduate competitiveness.
- Strengthened governance and management of polytechnic education.

**Status of Implementation Progress (Outputs, Activities, and Issues)**
- For output one the following progress can be reported:
  - 13 pre-selected polytechnics and some 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 on schedule with 87% of planned procurements being met (386 of 419 packages).
  - 36% of the target is met (14 out of targeted 39). Most of the lecturers already obtained master degree, at senior age, thus unwilling to further their academic degree or unable to pass English test.
  - 29% of the target is met (6,878 to targeted 24,000). The certification was unable to be undertaken earlier as the required regulatory platform was not yet issued. The project has succeed in establishing 18 project polytechnics as Certification Units (LSP) with over 73 units for competency testing (TUK).
  - For output 2 the following progress is achieved:
    - The project has achieved 42% of its target in establishing Partnership agreements with SMK.
    - The Recognition Prior Learning (RPL) manual had just been issued in early 2017. Number of students certified is 175 out of the targeted 12,000 (5%).
    - 96% of the target is met (1,923 scholarships given from the targeted 2,000).
- For output 3 progress on indicators is:
  - 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. A total of 66 MOU had been established between industry and program studies within polytechnics (34 out of targeted 13).
- For output 4 the following progress can be mentioned:
  - The project has delivered training and workshops for PIU staff on project management, including procurement of goods and services, financial management, management of curriculum review, and strategy in designing curricula.
  - Monitoring and Reporting System has been implemented and constantly undergoing improvement measures. On going developing and upgrading of web based report system on SIMONE (Sistem Monitoring and Evaluasi) by PMU.
  - 27 Polytechnics had been selected through the National Skills Funds (NSFs) Competitive Scheme.

**Geographical Location**
- Bali, Bangka Belitung Islands, Central Java, East Java, East Kalimantan, East Nusa Tenggara, Nanggroe Aceh Darussalam Province, North Kalimantan, North Sulawesi, North Sumatra, Provinsi Lampung, Provinsi Maluku, South Sulawesi, West Java, West Sumatra

**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**
- TheExecuting 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 Gov 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, 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, Koperti, 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.

**During Project Implementation**
- 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 leadership 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, dissemination, 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 outcomes.

**Responsible ADB Officer**
- Wiriyono, Sutarmat
Grant 0343-INO

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Loan 2928-INO

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Project Page: https://www.adb.org/projects/42099-013/main
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