

ASIAN DEVELOPMENT BANK
Operations Evaluation Department

PROJECT PERFORMANCE AUDIT REPORT

FOR

CAMBODIA

In this electronic file, the report is followed by the Management response.



Project Performance Audit Report

PPA: CAM 27411

Basic Skills Project (Loan 1368-CAM[SF]) in Cambodia

September 2005

Operations Evaluation Department
Asian Development Bank

CURRENCY EQUIVALENTS

Currency Unit – riel (KR)

		At Appraisal (April 1995)	At Project Completion (February 2003)	At Operations Evaluation (May 2005)
KR1.00	=	\$0.0004	\$0.00026	\$0.00025
\$1.00	=	KR2,300	KR3,835	KR4,000

ABBREVIATIONS

ADB	–	Asian Development Bank
AusAID	–	Australian Agency for International Development
DFID	–	Department for International Development
DTVET	–	Department of Technical and Vocational Education and Training
ESDP	–	Second Education Sector Development Program
GTZ	–	Gesellschaft für Technische Zusammenarbeit
HRD	–	Human Resources Development of MOH
ILO	–	International Labour Organization
JICA	–	Japan International Cooperation Agency
MTR	–	midterm review
MOEF	–	Ministry of Economy and Finance
MOEYS	–	Ministry of Education, Youth, and Sports
MOH	–	Ministry of Health
MOLVT	–	Ministry of Labor and Vocational Training
NGO	–	nongovernment organization
NIB	–	National Institute of Business
NTB	–	National Training Board
NTF	–	National Training Fund
NTTI	–	National Technical Training Institute
OEM	–	operations evaluation mission
PCR	–	project completion report
PPAR	–	project performance audit report
RRP	–	report and recommendation of the President
RTC	–	regional training center
TVET	–	technical and vocational education and training
WHO	–	World Health Organization

NOTES

- (i) The fiscal year of the Government of Cambodia ends on 31 December.
- (ii) In this report, "\$" refers to US dollars.

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Kus Hardjanti, senior evaluation specialist (mission leader), prepared this report. Michael Ratcliffe was the international consultant. Maria Rosa Ortega, evaluation officer, supported the study with research assistance in Manila.

The guidelines formally adopted by the Operations Evaluation Department (OED) on avoiding conflict of interest in its independent evaluations were observed in the preparation of this report. To the knowledge of the management of OED, there were no conflicts of interest of the persons preparing, reviewing, or approving this report.

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Attachment: Management Response on the Project Performance Audit Report on the Basic Skills Project (Loan 1368-CAM[SF]) in Cambodia.

BASIC DATA
Loan 1368-CAM(SF): Basic Skills Project

INSTITUTION BUILDING (Stand Alone ADTA)

TA No.	TA Name	Type	Person-Months	Amount¹ (\$)	Approval Date
2516-CAM	Capacity Building for Technical and Vocational Education and Training	JSF	30	980,000	27 December 1995

KEY PROJECT DATA (\$ million)	As per ADB Loan Documents	Actual
Total Project Cost	25.0	19.3
Foreign Exchange Cost	15.4	16.2
Local Currency Cost	9.6	3.1
ADB Loan Amount/Utilization	20.0	16.2
ADB Loan Amount/Cancellation	0.0	0.8

KEY DATES	Expected	Actual
Fact-Finding	Sep 1994	Sep 1994
Appraisal	Apr 1995	Apr 1995
Loan Negotiations	Jul 1995	Jul 1995
Board Approval	Aug 1995	Aug 1995
Loan Agreement	Nov 1995	Nov 1995
Loan Effectivity	Nov 1995	Nov 1995
First Disbursement	Apr 1996	Apr 1996
Project Completion	May 2001	Feb 2003
Loan Closing	May 2001	Feb 2003
Months (effectivity to completion)	66 months	81.5 months

BORROWER Royal Government of the Kingdom of Cambodia

EXECUTING AGENCIES Ministry of Education, Youth, and Sports; and Ministry of Health

MISSION DATA

Type of Mission	No. of Missions	No. of Person-Days
Fact-Finding	5	90
Appraisal	6	100
Project Administration		
Inception	2	22
Review	12	93
Project Completion	2	24
Operations Evaluation ²	1	38

ADB = Asian Development Bank, ADTA = advisory technical assistance, JSF = Japan Special Fund, TA = technical assistance.

¹ Represents the approved amount of the technical assistance.

² Comprising K. Hardjanti (senior evaluation specialist/mission leader) and M. Ratcliffe (staff consultant).

Note: Exchange rate depreciated from SDR1 = \$1.56 at appraisal to SDR1 = \$1.38 at loan closing, with \$0.3 million cancelled at loan closing.

EXECUTIVE SUMMARY

The Project's responsiveness to Cambodia's post-conflict development transition.

The Basic Skills Project (the Project), approved in 1995, was the second Asian Development Bank (ADB) loan after the Special Rehabilitation Project (Loan 1199-CAM[SF]), and the first loan in the education and health sectors. Project goals, purposes, and outputs were consistent with the Government's National Program for Rehabilitation and Development and Implementation Plan (1994/95).

The broad purpose of the Project was to assist the Government in (i) strengthening basic skills training systems needed for supporting physical infrastructure development, an emerging industry and basic health services; (ii) equipping disadvantaged and displaced groups with basic income-generating skills; and (iii) establishing initial planning and management capacities within the Government for technical and health skills training. The Project consisted of two components: for technical and vocational education and training (TVET) development through the Ministry of Education, Youth, and Sports (MOEYS); and for health skills training through the Ministry of Health (MOH). The project design responded to parallel ADB-supported education and health sector work and broader ADB support for strengthening development planning in central agencies. The focus on institutional building in the two sector agencies, through a comparatively straightforward small-scale infrastructure and training investment project, was appropriate for the post-conflict environment.

The project completion report (PCR) in August 2003 rated the Project as successful. However, the PCR provided only a limited assessment of cost-effectiveness, cost-efficiency, and sustainability. The project performance audit report (PPAR) has addressed these issues.

Performance assessment of the Project. The Project's design is assessed as highly relevant. The Project's objectives and outcomes remain relevant to the Government's Poverty Reduction Strategy and health and education/training strategic plan for 2003–2007, which were endorsed by various donor coordination groups, including ADB. The Project also continues to be consistent with ADB's Country Strategic Plan, which focuses on both secondary education, skills training, and health sector development.

The Project is assessed as highly efficacious. It has mostly exceeded the outputs and outcomes envisaged at appraisal on a timely basis. Overseas/regional fellowships and study tours for TVET covered 170 staff compared with the 147 planned, and for Health Personnel Training covered 18 staff compared with the 12 planned. The in-country training for TVET achieved 1,519 staff compared with the 1,440 planned. The in-country and basic skills training under the Health Personnel Training component covered 36,949 staff compared with the 31,110 planned. This was achieved despite initial teething problems over unfamiliar ADB procedures, as it was the first ADB education and health sector project, with two executing agencies. Various outcome indicators (e.g., enrolment, trainee employment rates, staff retention rates, facilities and staff utilization rates, staff performance) have all improved satisfactorily. The changes to outputs agreed at the midterm review added to the overall efficacy of the Project and did not result in significant delays. Project operations were compliant with ADB guidelines, internal audit requirements, and emerging anti-corruption measures.

Overall, the Project is assessed as highly efficient. Expenditure per beneficiary comparisons between the Project and alternative approaches demonstrated that the designs represented a cost-efficient approach. TVET and health project training facilities and staff utilization rates improved during the Project and beyond. Cost comparisons indicate that the focus on regional and provincial/district health training also represented the most cost-efficient

approach. Sustained demand for project services, for both TVET and health training, should provide further cost-efficiency gains.

Sustainability of project benefits is likely. There is evidence of continued high demand for TVET skills training and nurse and midwife training. The prospects of sustainability are enhanced by evident strong government and stakeholder ownership, partnership, and commitment to sustaining project activities and benefits through a combination of public and private funding. However, the transition of TVET responsibilities from MOEYS to the Ministry of Labor and Vocational Training (MOLVT), which occurred after the PCR completion, and uncertain regulatory frameworks for TVET financing and health staff deployment and retention are potential risks.

The PPAR assesses the Project's institutional development and other impacts as significant. Measures to address future issues and participation have been encouraging, especially for management and organizational development. Progress on addressing broader governance issues, especially transparency and accountability, have been more limited due to the absence of well-defined financial and health staffing regulations.

Overall, the PPAR confirms the PCR rating as successful.

ADB's performance is assessed as satisfactory. The design and appraisal process was comprehensive and responsive to senior management and Board concerns over institutional sustainability and effective donor coordination in a post-conflict environment. Supervision missions and the midterm review were well focused and the resident mission advised effectively on procurement and audit procedures throughout the Project period. The Project contributed to good relations with development partners, resulting in a sustained and positive influence by ADB on broader education/training and health sector development. Supervision missions could have been more focused on improving poverty targeting, gender mainstreaming strategies, and some aspects of financial sustainability.

The Borrower's overall performance is assessed as highly satisfactory, especially taking into account that this was the first project in the sectors and that two line ministries were executing agencies. Compliance with loan effectiveness requirements was timely, with high-level and active support within the Government and line ministries ensuring timely decision-making and problem resolution. Borrower performance was partly satisfactory in the early stages of the Project. Decisions made and actions taken at midterm review, especially replacement of the TVET component technical assistance team leader, as requested by the executing agencies, contributed substantially to improved performance and speeded up implementation.

Addressing Key Issues, Lessons, and Follow-Up Actions. The PPAR identified a number of issues, including (i) the need to address transitional problems related to the transfer of responsibility for skills training from the MOEYS to the MOLVT in mid-2004, (ii) better regulation of public/private partnerships in the skills training sector, and (iii) better alignment of human resource planning and personnel management functions in the health sector. For the TVET component, the Second Education Sector Development Program (Loans 2121/2122-CAM[SF]) approved in December 2004 is designed to address these issues. Subsequent ADB health sector project appraisals have highlighted the functional alignment issue in MOH, but resolution is proving difficult.

The PPAR identifies a number of lessons, including (i) the positive value of focusing on institution building and strengthening executing agency capacity in a post-conflict situation like

Cambodia, (ii) the potential risk to sustainability of benefits if regulation of public/private partnerships in both skills training and health sectors is not strengthened, and (iii) the effectiveness of the health human resources management information system may be undermined, unless organizational alignment issues are quickly addressed.

The PPAR recommends two follow-up actions. For the TVET/skills training component, an action plan for approval of the MOLVT organizational structure, staffing arrangements, and budget allocation should be completed by end-2005. ADB should monitor this process as part of the Education Sector Development Program loan supervision. For the health training component, a short-term action plan to better align human resource planning and personnel management functions should be completed by mid-2006. ADB should monitor progress as part of ongoing supervision of the ADB Health Sector Support Program.

Bruce Murray
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CAMBODIA BASIC SKILLS PROJECT (as implemented)



0 25 50 75 100
Kilometers

- National Capital
- Provincial Capital
- City/Town
- Technical and Vocational Education and Training Institutions at Phnom Penh
- Provincial Training Center (before Midterm Review)
- Provincial Training Center (after Midterm Review)
- Women's (Women-In-Development) Center
- Ministry of Health, Health Care Institution
- Regional Training Center
- National Road
- Other Road
- Existing Railway
- Dismantled Railway
- River
- Provincial Boundary
- International Boundary

Boundaries are not necessarily authoritative.



I. BACKGROUND

A. Rationale

1. The Government of Cambodia formulated its national development plan in 1994, as part of the transition from emergency relief and rehabilitation to sustained development.¹ A more detailed implementation plan was presented to the international community in 1995.² A key objective was to restore physical and human infrastructure lost during the previous period of instability and conflict. To support Government efforts, and consistent with the Asian Development Bank's (ADB) own country assistance plan, ADB supported an initial rehabilitation loan in 1992³ along with technical assistance (TA) for institutional strengthening for development planning.⁴ To assist broader education and training strategies, ADB also supported the formulation of a comprehensive education/training sector strategy and investment planning process.⁵ A central objective of the National Program for Reconstruction and Development (NPRD), and sector development initiatives, was to strengthen national capacity for planning and implementing training programs in the health and skills training areas, as part of improved coordination of government and donor support programs. A related objective was to strengthen government training service delivery systems to reduce reliance on fragmented externally-assisted programs.

B. Formulation

2. In response to the Government's request, ADB provided project preparatory TA to help design the Basic Skills Project (the Project).⁶ Based on initial findings and recommendations developed under a small scale TA grant, ADB fielded a loan fact-finding mission 12–30 September 1994, followed by an appraisal mission 16 March–5 April 1995. There was extensive consultation with Government, donors, and nongovernment organizations (NGO). The appraisal mission also consulted private sector and community stakeholders at national and provincial levels. A key feature of the appraisal was to ensure that the project design of the Government's first donor-supported project in social sectors would enable effective transition from rehabilitation to more sustainable development. The appraisal confirmed the viability of the Project and its suitability for ADB financing.

Box 1. Summary of Senior Management and Board Review Guidance

- ◇ Need to ensure a sustainable financing strategy for technical and vocational education training
- ◇ Focus on strengthening executing agencies as the first Asian Development Bank loan to Health and Education Ministries
- ◇ Assurance of effective donor coordination and liaison
- ◇ Need to build upon ongoing external assistance and outcomes

Source: Project processing files.

¹ Royal Government of Cambodia, National Program for Rehabilitation and Development (NPRD), February 1994.

² Royal Government of Cambodia. 1995. *Implementing the NPRD*. Cambodia.

³ ADB. 1992. *Report and Recommendation of the President on a Proposed Loan and Technical Assistance to the Kingdom of Cambodia for the Special Rehabilitation Assistance Project*. Manila (Loan 1199-CAM(SF), for \$66.7 million, approved 26 November 1992).

⁴ ADB. 1992. *Technical Assistance Completion Report to the Kingdom of Cambodia for Strengthening Macroeconomic Management*. Manila (TA 1694-CAM, for \$3.9 million, approved 21 April 1992).

⁵ ADB. 1993. *Technical Assistance to the Kingdom of Cambodia for Emergency Training of Teachers*. Manila (TA 1889-CAM, for \$1.3 million, SIDA, approved 14 May 1993).

⁶ ADB. 1994. *Technical Assistance to the Kingdom of Cambodia for Skills Development*. Manila (TA 2067-CAM, for \$100,000, approved 11 March 1994).

Recognizing the importance of institution building, the Government requested an additional stand-alone TA for the Ministry of Education, Youth, and Sports (MOEYS) to support implementation of the technical and vocational education and training (TVET) component of the Project.⁷

C. Purpose and Outputs

3. The longer-term goal of the Project was to contribute to the Government's poverty reduction strategy. The broad purpose was to assist Government in (i) developing basic skills training systems needed for physical infrastructure development, a growing service industry, and basic health service delivery; (ii) equipping groups of disadvantaged and displaced people with basic income generating skills; and (iii) establishing planning and management capacities within Government for technical and health staff training. The Project consisted of two components: TVET, and health sector development.

4. Under the TVET component, the anticipated outcomes and outputs were (i) establishing a National Training Board (NTB), National Training Fund (NTF), and Department of TVET (DTVET) within MOEYS; (ii) improving the quality and relevance of skills training programs, through rehabilitation of selected skills training institutions and establishment of a national TVET curriculum and staff development center; and (iii) expanding TVET outreach programs by establishing or upgrading provincial training centers, women's centers, and community level mobile training support. Activities included (i) civil works and equipment, (ii) overseas and in-country training programs, and (iii) curriculum and training materials development and production. An anticipated output of TA 2516-CAM (footnote 7) was to conduct feasibility studies and action plans for the establishment of the NTB and NTF, and an organization development plan for DTVET.

5. The initial scope was designed to strengthen outreach capacity in five provincial training centers (PTCs), building on previous International Labour Organization (ILO) support for these centers. During implementation, particularly after the midterm review (MTR) in March 1999, the scope was extended to cover 16 PTCs and 9 women-in-development centers. The timeframe for the enactment of legislation and regulations, and implementation of the NTB and NTF, was revised during the MTR. The range of overseas and in-country training was also expanded following agreement at the MTR. These changes broadened access and coverage of TVET opportunities to more poor provinces and districts.

6. The anticipated outcomes, outputs, and activities for the health component included (i) strengthening health planning and management capacity through the establishment of the Human Resources Department (HRD) in the Ministry of Health (MOH), and upgrading management capacity in apex institutions for public health and nurse training; (ii) improving the quality and effectiveness of health training systems by establishing an in-service training program and through development of core health training staff; and (iii) expanding training outreach programs through curriculum and staff development in regional training centers (RTCs), and by establishing a pilot district level demonstration center in Prey Veng. No design and monitoring framework was prepared.⁸

7. Activities included (i) an extensive overseas and in-country training program for central and regional health planners and managers; (ii) civil works and equipment support for the MOH; and (iii) on-the-job training and capacity building for the design and production of in-service training materials. At the request of the Government during the MTR, capacity building for the outreach

⁷ ADB. 1995. *Technical Assistance to the Kingdom of Cambodia for Capacity Building for Technical and Vocational Education and Training*. Manila (TA 2516-CAM, for \$980,000, approved 27 December 1995).

⁸ The Project Framework became mandatory in 1998.

program was extended and the demonstration center component was withdrawn. Broad outcomes remained largely unchanged.

D. Cost, Financing, and Executing Arrangements

8. At appraisal, the total project cost was estimated at \$25.0 million, with \$20.0 million to be financed by ADB. The foreign exchange component was estimated at \$15.4 million, to be financed entirely by ADB. The TVET and health sector allocations were \$18.5 million and \$6.5 million, respectively. Government contributions were \$3.71 million for TVET and \$1.29 million for health. There was a partial cancellation amounting to \$0.48 million in 1996. At project completion, total project cost was \$19.3 million, 77% of the appraisal estimate. ADB financed \$16.2 million (all designated within foreign exchange). The Government financed \$3.1 million. There were three loan reallocations to cover for the shortfall in civil works; equipment and furniture; and consulting services (in October 2000, October 2001, and January 2002) resulting from the depreciation of the SDR against the US dollar. The SDR depreciated against the US dollar, from 0.66 per US\$ in 1995 (loan approval) to 0.71 in 2003 (loan closing), thus reducing the dollar amount of the loan. These reallocations also allowed for additional civil works and equipment for nine PTCs and four women's training centers. At loan closing, the unutilized balance of the ADB loan, amounting to \$0.33 million, was cancelled (Appendix 1), bringing total loan cancellations to \$0.81 million.

9. The executing agencies (EAs) were the MOEYS and MOH. Project implementation units were designated in the DTVET (formerly Office of TVET) and the HRD of the MOH, under a project director and full-time project manager in each ministry. Project advisory committees (PACs) were established in each Ministry, and PAC representatives, including representatives from the Ministry of Economy and Finance (MOEF), met on a quarterly basis.

E. Completion and Self-Evaluation

10. A project completion report (PCR) was completed in August 2003, rating the Project successful. The PCR assessed the Project highly relevant, effective and efficient, as well as providing substantial institutional development and other impacts. It followed appropriate ADB administrative guidelines and provided strong evidence of the output/activity relationships in the Project. However, evidence of outcome/output relationships, including supporting evidence for assessment of cost-effectiveness and cost-efficiency and sustainability, was limited in the PCR.

F. Operations Evaluation

11. This project performance audit report (PPAR) assesses the Project's relevance, effectiveness (implementation performance and outputs as well as outcomes), efficiency, sustainability, and other assessments (institutional development and other impacts, and ADB and borrower performance). It also identifies lessons and follow-up actions for ADB's ongoing and future operations related to basic skills development in Cambodia. The PPAR presents the findings of the operations evaluation mission (OEM) that visited Cambodia from the end of April to early May 2005. The OEM undertook follow-up beneficiary surveys and focus group meetings, and an analysis of cost-efficiency issues at appraisal and post-completion stages. The draft was circulated to the MOH and Ministry of Labor and Vocational Training (MOLVT) for comments on 8 June 2005. Both ministries provided comments (16 and 22 June 2005), which were incorporated in the PPAR. They fully support the assessment and recommendations of the report.

II. PLANNING AND IMPLEMENTATION PERFORMANCE

A. Formulation and Design

12. The timing of the Project was appropriate, coinciding with Cambodia emerging from a post-conflict environment, and beginning to set its own development policy agenda. The project preparatory TA, and ADB fact-finding and appraisal missions, provided extensive problem diagnosis working closely with other development partners (e.g., the ILO and World Health Organization [WHO]) in examining alternative strategies. There was a comprehensive analysis of institutional capacity assessment and risk mitigation, which was critical in Cambodia at the time. The Project was consistent with the Government's policy priorities, such as those set out in the 1994 NPRD, and ADB's country and sector strategies.

13. The project design responded directly to the findings and recommendations of ADB's and Cambodia's education and health sector strategic review, as well as preliminary investment plans, especially the need to increase equity in rural access and coverage of basic services.⁹ For the TVET component, the inclusion of a mechanism to stimulate the demand side (e.g., through the NTF) was consistent with the NPRD and agreed sector priorities as set out in the Education Investment Plan, 1995/2000.¹⁰ ADB Management and the Board highlighted the need to closely examine institutional and financial sustainability issues at the detailed design stage.^{11, 12}

14. The choice of ADB operational support modalities was highly appropriate. The decision to use a more focused investment project approach was appropriate, given the EAs' limited capacity and lack of experience with general and specific ADB project management, procurement, and audit arrangements. Capacity development outputs (e.g., facilities, trained staff) and systems outcomes were also realistic in a fluid education and health sector policy environment. The combination of a stand-alone TA 2516-CAM, focusing on front-end institutional and organizational development, supplemented by consulting services for more direct project implementation was realistic. The decision to broaden the range of support for provincial training services during the MTR was also an effective response to decentralization of the health and education/training sectors.

15. The Project is assessed to have been highly relevant at design/appraisal in 1995, and continues to be highly relevant in 2005, evidenced by new health sector and education/training center strategic plans for 2005–2009. This assessment is based on (i) a comprehensive diagnosis at appraisal, (ii) an appropriate mix of investment project and TA support,¹³ and (iii) continued consistency with stated Government development priorities and ADB country strategic plans and assistance programs.

B. Achievement of Outputs

16. Overall, the OEM broadly concurs with the PCR that project outputs anticipated at appraisal have been either achieved or exceeded (Figures 1 and 2). These outputs include (i) physical outputs, including additional TVET and health facilities; (ii) training outputs, including TVET and health planners, managers and technical support staff; (iii) production of TVET and health outreach training materials; and (iv) anticipated organizational and management developments for human resource planning within both the TVET and health sectors (Appendix 2, Table A2.1). The

⁹ ADB. 1995. Education Sector Strategic Study, draft paper. Manila.

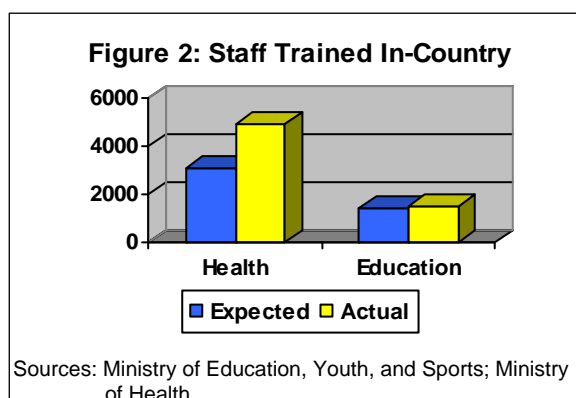
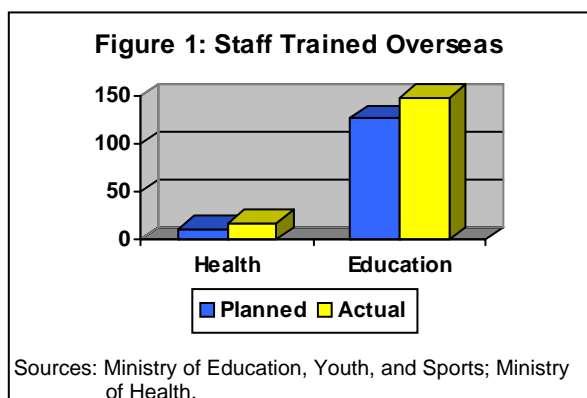
¹⁰ Royal Government of Cambodia. 1995. *Education Investment Plan*. Cambodia.

¹¹ ADB. 1995. *Staff Management Review Committee*, Internal. Manila.

¹² ADB. 1995. *Summary of Discussions at Board Meeting*, Internal, August 1995. Manila.

¹³ ADB. 2002. *Technical Assistance to the Kingdom of Cambodia for Health Sector Support*. Manila (TA 3994[L]-CAM, for \$10.36 million, approved 21 November 2002).

anticipated outputs were exceeded. Overseas/regional fellowships and study tours for TVET covered 170 staff compared with the 147 planned, while those for Health Personnel Training covered 18 staff compared with the 12 planned. In-country training for TVET covered 1,519 staff compared with the 1,440 planned, while in-country and basic skills training under the Health Personnel Training component covered 36,949 staff compared with the 31,110 planned (Appendix 2, Table A2.2). During field visits in Phnom Penh, Kampong Cham, and Kampot, the OEM observed that the construction and/or renovations financed by the Project were completed, fully utilized, and well maintained. Substantial expansions financed by the Japan International Cooperation Agency (JICA) were observed in the Technical School for Medical Care in Phnom Penh. Gesellschaft für Technische Zusammenarbeit (GTZ) has also provided support for expansion of the health RTC in Kampot.



17. The TVET component outputs were successfully achieved, including (i) establishing an operational NTB and NTF, and (ii) organizational development of the DTVET, MOEYS, incorporating new planning, monitoring, financial management, and quality assurance systems. The Project exceeded expectations with the rehabilitation of formal TVET technology and technical training institutions, especially at the National Institute of Business (NIB), Preah Kossamak Polytechnic Institute, and National Technical Training Institute (NTTI), although the upgraded facilities at the Russet Keo Technical Institute remain under-utilized. The expansion of PTCs (originally five) was exceeded with the provision of major and minor civil works and equipment support to an additional 11 PTCs and five women-in-development centers.

18. The health training components were successfully achieved, including (i) the civil works component, consisting of a new annex building housing the HRD at MOH, and selective renovations and equipment at the Technical School for Medical Care and RTCs; (ii) the training component consisting of 17 planners and managers, about 200 tutor trainers for the district outreach program; (iii) setting up of a human resources management database; and (iv) in-service public health care curriculum materials and staff development, consisting of 13 training modules (4,800 copies each) linked to training of about 4,700 health care staff in 24 provinces. The planned demonstration training center in Prey Veng was dropped at the MTR to focus more resources on strengthening the RTCs. In the OEM's view, this was an appropriate decision.

C. Costs and Scheduling

19. Project implementation, after some early delays as the EAs gained experience in using ADB procedures, proceeded with no major difficulties. There was timely release of counterpart funds. The audited financial statements were submitted to ADB on a timely basis, with no major problems. Following delays, due to understanding consultant procurement procedures, project management and consultant recruitment processes worked effectively.

20. Project implementation was originally planned for 5.5 years from November 1995 to May 2001. Project implementation proceeded slowly during the first 2 years but was progressing well by the MTR. There were no major deviations from the new target completion dates set during the MTR. Two six-month extensions were approved to finalize procurement of medical equipment for the health RTCs. The Project loan account was closed in February 2003, with a slight delay on submission of final disbursement and several adjustments to the SDR imprest account due to exchange rate fluctuations.

D. Procurement and Construction

21. Procurement of goods and services, including civil works and consulting services, proceeded comparatively smoothly and ensured timely completion of outputs. There were some delays in procuring equipment and training modules due to unfamiliarity with ADB guidelines at project start-up. Procurement of goods and services was carried out in accordance with ADB's *Guidelines for Procurement*. The overall performance of consulting services was satisfactory, assisting with (i) capacity building of the project implementation unit, especially management processes; and (ii) curriculum and staff development for the outreach program. Recruitment and fielding of international and domestic consultants was timely, although MOH considered the international consultants focused too heavily on writing training modules, as opposed to broader MOH staff management development. Recruitment of consultants was carried out in accordance with ADB's *Guidelines on the Use of Consultants*.

E. Organization and Management

22. The phasing of the stand-alone TA 2516 was effective in helping secure a number of key institutional reforms ahead of wider-scale implementation of project activities. A key output was the establishment of the NTB in August 1997, which provided a mechanism for a public/private partnership and more demand-driven TVET service delivery system. The three action plans developed included (i) a DTVET staff development plan, (ii) a plan for establishing the NTF, and (iii) a plan for strengthening both monitoring and aid coordination. All facilitated the early start-up of related Project activities.¹⁴

23. A combination of strong MOEYS leadership and a timely and effective MTR¹⁵ resolved a number of implementation constraints, including (i) replacing the original team leader, who did not perform as expected and thus contributed to implementation delays; (ii) planning a way forward on design and implementation of the NTF; and (iii) revising the coverage of provincial TVET outreach programs in response to the approved TVET strategic plan in 1997. Positive results of these decisions were (i) increased opportunities to broaden TVET access to a wider range of disadvantaged groups, (ii) greater scope for linking skills training and microfinance programs, and (iii) addressing the problem of phasing out ILO and other smaller NGO support programs in a number of provinces. The establishment of a much wider range of PTCs, with unique labor markets to serve, provided a basis for local training needs assessment and innovative mobile training teams. Another result was a greater focus at DTVET on standards setting and quality assurance, rather than micro-management.

24. The appointment of a new team leader under the Project consulting services was critical in getting the TVET component back on track. The new team leader had the full confidence of the Project Director and Project Manager and as a team, they were highly proactive in resolving issues

¹⁴ ADB. 1998. *Technical Assistance Completion Report on Capacity Building for Technical and Vocational Education and Training in Cambodia*. Manila (see footnote 7).

¹⁵ ADB. 1999. *Midterm Review Report*. Manila.

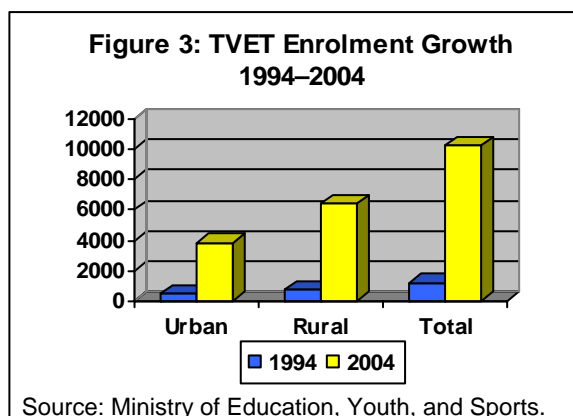
as they emerged. The team leader's experience with ADB procurement and audit guidelines helped to accelerate project activities. This was demonstrated by the significant improvement in ADB project implementation ratings,¹⁶ including accelerating civil works and equipment programs and improved timeliness in financial management and reporting.

III. ACHIEVEMENT OF PROJECT PURPOSE

A. Operational Performance

1. TVET Component

25. The OEM assesses that the Project has substantially achieved the broad purpose of establishing a nationwide, demand-led and market-responsive skills training system. Prior to the Project, only 1,200 students (60% in four provincial centers) were enrolled in formal training programs (Figure 3). By 2002, 2,800 students were enrolled in diploma and degree programs and an additional 3,000 in formal and nonformal programs in the PTCs, a five-fold increase in access and coverage. By 2004, enrolment in high level technical programs had reached 3,900, with an additional 6,350 trainees in PTCs (Appendix 2, Table A2.3). A significant outcome has been growing TVET opportunities in rural areas, with enrolment increasing about 8.5 times over the past 10 years (enrolment was 750 in 1994). The rural share of overall TVET enrolment has remained roughly constant at about 62% over the same period (Appendix 2, Table A2.3). Another significant outcome is the gradual upgrading of programs, with an increased share of students on higher diploma and degree level programs. By 2004, MOLVT is managing 38 training institutions compared with only eight in 1995. Discussions with beneficiaries during the PPAR confirmed the critical importance of the Project in enabling these training systems.



26. The output and outcome analysis based on beneficiary survey is provided in Appendix 3. Before the Project, all TVET graduates were automatically given employment by the Government. As part of the economic reforms of 1994/95, this policy was replaced by a market-led approach, with graduation rates falling to an estimated 35–40% due to high dropout rates. A key outcome of the Project has been to improve graduation and graduate employment rates. In 2004, graduation rates rose to 85–90%, with almost full retention rates in rural skills training programs.¹⁷ The project has contributed significantly to putting in place a TVET system and institutions that are market responsive through selective introduction of fees and industrial liaison arrangements. These initiatives have been successful, as evidenced by (i) institutional revenues, ranging between \$1,000–\$50,000 per annum, (ii) graduate employment rates of 60–87%,¹⁸ and (iii) growing application rates for most programs (e.g., at NIB, acceptance rates are 1 in 25 applicants). An effective system of screening and a financing policy (e.g., partial use of fee revenues and Government subsidies to subsidize students from poor families) ensure that disadvantaged groups

¹⁶ PPMS Ratings–1995/97: Partly Satisfactory, 1998/99: Satisfactory, 2000/02: Highly Satisfactory.

¹⁷ (i) ADB. 1994. PPAR survey of the Education Sector Review. Manila; (ii) ADB. 2003. *Project Completion Report on the Basic Skills Project in Cambodia*. Manila; and (iii) PPAR mission findings 2005.

¹⁸ PPAR mission findings: Graduate employment rates: National Institute of Business 75–80%, National Polytechnic Institute 60–75% (range dependent on specific courses).

have equitable access. Project monitoring studies and follow-up focus group discussions during the PPAR mission confirm high rates of access for the poor and females. Of the 13,000 trainees under the NTF, about 50% were female and 45% from poor families. Focus group meetings with institutional managers confirmed that the project was critical in putting these TVET planning and management systems in place, and in training staff to implement these processes (Appendix 3, Tables A3.4 and A3.5).

27. Before the Project, as highlighted in the Report and Recommendation of the President (RRP), there was little or no involvement of the private sector in TVET strategy and program development. The Office of TVET, MOEYS, also possessed only limited policy and strategic planning capacity, exacerbated by a lack of a clear legislative and regulatory framework for TVET. The Project has enabled very extensive progress in addressing these limitations, including (i) approval of legislation and regulations for public/private partnerships, through the NTB; (ii) approval of a medium-term TVET strategic plan and its first phase implementation; (iii) new DTVET management and organization systems, including strategic planning, financial planning, needs assessment and monitoring functions; (iv) demand-led training financing systems, through fee paying and the NTF; and (v) development of nationwide standard setting and quality assurance systems.

28. Overall, the PPAR mission assesses that the prospects for the future of the TVET system are highly promising. It anticipates that the network of central and provincial training facilities will be further expanded, including MOLVT assuming responsibility for training institutions in some other ministries (e.g., Ministry of Construction and Transportation). The current combination of fee paying and training subsidies should continue to assure equitable access and market responsiveness. The Government recognizes that TVET coverage needs to be further expanded, especially at district and commune levels. The Second Education Sector Development Program (ESDP)¹⁹ is designed to help address these issues, through introduction of demand-led commune training vouchers in the poorest communes.

2. Health Training Component

29. The Project has substantially achieved its broad purpose of helping a nationwide human resources planning, development, and outreach training program for the health sector. Before the Project, MOH lacked the physical facilities, human resources, and systems for health staff planning and development, including certification and registration. Now, over 20,000 health staff are registered on the human resources database, which is consistent with broader public service formats. The system has been pivotal in developing the 10-year health work force plan, monitoring staff deployment patterns and allocation of resources from Government and donors (e.g., the Government priority action program mechanism). Manager focus group discussions and questionnaires during the PPAR confirm the importance of the Project in achieving these outcomes.

¹⁹ ADB. 2004. *Report and Recommendation of the President to the Board of Directors on Proposed Loans and Technical Assistance Grant to the Kingdom of Cambodia for the Second Education Sector Development Program*. Manila (Loans 2121/2122-CAM, for \$45.0 million, approved 9 December 2004). Loan 2121-CAM is the program loan (\$20.0 million), while Loan 2122-CAM is the investment project loan (\$25.0 million).

Box 2. Health Trainee and Client Survey

Regional Training Center Kampot conducted a sample satisfaction survey of nurse trainees and direct clients. Key trainee findings included (i) improved confidence and performance in health education and communication skills with mothers, (ii) more confidence in conducting home-based child delivery, and (iii) satisfaction with minimum package of activities in-service training modules for disease management.

Service users recognized improvements in service, especially for antenatal and post-natal care and advice on birth spacing. As a result, nursing service use by mothers increased between 20–50% over a 6-month period after training.

Source: Operations Evaluation Mission.

30. Another important outcome has been the strengthening of central and regional health training institutions, especially district outreach in-service training systems. Before the Project, few of the institutions were adequately equipped, the quality and effectiveness of training programs was uncertain, and the system lacked a strong cadre of institutional managers and trainers. In addition, funding of the training institutions, especially for operational spending, was unpredictable. Since the Project, annual training planning systems are fully operational, training center managers meet regularly, and Government funding for training increased from an estimated \$300 per student (1994) to an indicative \$600 per student, as part of quality improvement measures. A related outcome is that project support for the upgrading of the public health laboratory at the National Institute of Public Health and its staff, has created an annual revenue stream of around \$310,000 per annum (40% of total revenues), enhancing the prospects for future operational autonomy and sustainability.

31. A further outcome has been the establishment of a decentralized in-service training capability, which did not exist before the Project. Few district and commune-based health staff had regular access to in-service training and MOH lacked a cadre of in-service trainers, methodologies, and training materials. Since the Project, a nationwide system has been put into place, using the HR database to assess priorities. Each RTC now has a cadre of outreach trainers and sets of training materials. Outreach training is now included in the annual MOH budget and is a priority for continued external assistance, through JICA, GTZ, and other donors.

32. Focus group discussions and questionnaires during the PPAR confirm that the Project was effective in supporting many of these developments. Training beneficiaries confirmed that training had improved work performance and confidence, especially through English and computer training. About 85% of health training center managers confirmed the Project was effective in designing the new training structure with similar levels of effectiveness for (i) improving management skills, and (ii) designing of training needs assessment (Appendix 3, Tables A3.2 and A3.3).

33. Overall the prospects for sustaining the systems developed under the Project are promising. Ninety-three percent of the trained planners and managers remain in the system. The OEM was informed that the training materials are still highly valued and regularly reprinted. It is reported that recent increases in health training budgets will be maintained. However, a number of institutional factors pose a potential risk to optimizing the impact of expanded training programs. First, coordination between human resource planning and personnel management functions needs to be strengthened at all three administrative levels (central, regional, and provincial), to ensure more equitable distribution of health staff after training. Second, the new postings policy whereby newly trained staff can apply for positions, as opposed to being posted, presents a potential constraint on increasing health staff numbers in under-served areas. It was reported that an indicative 10–15%

of health training graduates are posted to more remote areas.²⁰ The limited remote postings allowance exacerbates these difficulties.

34. The OEM conducted a survey of training beneficiaries, which indicated variable satisfaction with the program, especially in relation to institutional aspects that affect the future role of the trained staff. Around 66% found the overall training programs satisfactory or better and 75% found that their specific training had helped their job performance, which was demonstrated by MOH's client satisfaction survey. However, there was less satisfaction with discussions with trainee beneficiaries of their likely job responsibilities after training. There was variable satisfaction with the effectiveness of training materials and that income prospects of training beneficiaries did not improve after training (Appendix 3, Table A3.6). Most health and population indicators in Cambodia have shown improvements: (i) the 1990 maternal mortality ratio at 590 decreased to 450 in 2000; (ii) life expectancy at birth, which was at 52 (female) and 49 (male) in 1990 became 56 and 53, respectively, in 2002; (iii) the 1990 total fertility rate at 5.6 decreased to 3.8 in 2002; and (iv) prevalence of underweight children below 5 years, which was at 52% in 1990, decreased to 45% in 2000. The infant mortality rate, however, worsened from 80 in 1990 to 96 in 2002.

35. **Overall the PPAR assesses the Project to have been effective.** The design logic of the Project, both activity/output and output/purpose was strong. The Project management has been effective, especially as it was the first ADB health/education and training project. All the agreed outputs have been largely achieved, although the perceived benefits by trainees vary. The prospects for maintaining and expanding the systems developed under the Project are fairly promising, due to (i) evident high-level commitment, (ii) high levels of staff retention, (iii) a focus on regulations and quality assurance, and (iv) improved predictability in system financing from Government, private, and external sources. However, to ensure maintenance and expansion of the above systems, the transitional period of TVET's move from MOEYS to MOLVT should be smooth, and MOH should be able to overcome the problems due to HRD and personnel located under two different departments.

B. Performance of the Operating Entity

36. The PPAR methodology for assessing cost effectiveness and cost efficiency included (i) focus group meetings with health and TVET planners and managers, (ii) analysis of institutional budget and cost trends, and (iii) desk review of health and TVET strategic plans and medium-term expenditure frameworks. The overall assessment is based on separate but integrated reviews of the TVET and health components (Appendix 4, Tables A4.1 and A4.2).

1. TVET Component

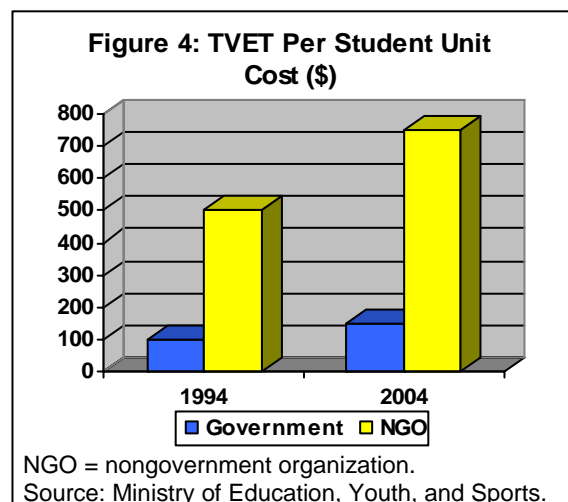
37. The cost efficiency assessment of the Project design by the project preparatory TA drew extensively on the findings of the ADB-financed education sector review (1994).²¹ The review highlighted the declining cost-efficiency and cost-effectiveness of the TVET subsector with the ending of job guarantees post-training. Enrolment in the four main TVET institutions in Phnom Penh had declined to about 470 students, student/teacher ratios were approximately 1:9 and facilities utilization rates was low. The absence of part-time and evening programs for the work force also undermined overall cost-effectiveness and cost-efficiency as program offerings were not market-oriented. The majority of TVET programs consisted of short course programs, which cost on average \$500–\$1000 per student per annum. Government-supported programs in four provinces provided nonformal skills training for about 750 students. The concentration of

²⁰ PPAR mission findings from field visits to Kampot and Kompong Cham RTCs.

²¹ ADB. 1994. *Education Sector Review*. Manila.

programs in Phnom Penh constituted a major cost barrier to access for potential students from the provinces, especially from poor families.

38. The Project focus on expanding Government TVET offerings was justified on cost-efficiency grounds. The estimated cost in 1994 was about \$110 per student, representing roughly 20% of NGO-run programs. In 2004, the average unit cost in the Phnom Penh training institutions is an estimated \$150–\$200 compared with \$400–\$500 for comparative programs in private institutions (Figure 4). The cost-efficiency dividend has been sustained, alongside improvements in the quality and market orientation of programs. In 1994, the low enrolment in the Phnom Penh institutions also contributed to cost inefficiencies in the use of physical facilities. Enrolment in these four institutions has grown from 470 students to 3,800 students, an eight-fold increase, resulting in more cost-efficient use of facilities. Promotion of flexible programming, evening classes and the use of modular programs also provided cost-efficiency gains. A continued role for Government in providing skills training programs, especially in fields where private demand and willingness to pay is low, remains justified. In skill areas where there is sustained evidence of private demand (e.g., business, management training), a growing private sector role is more justified.



39. The focus on strengthening provincial and district skills training programs has also brought cost-effectiveness and cost-efficiency gains. If the 750 provincial level students were trained in Phnom Penh, costs would be significantly higher due to higher living costs and transportation. Programs for these students would also be potentially less cost-effective and less oriented to the local labor market. Measures under the project have brought significant cost-efficiency gains. In 1994, the staffing ratio in provincial training centers was about 13:1. Increased program flexibility, evening classes and short courses has increased staffing efficiencies, estimated at 30:1 in 2004 (Appendix 2, Table A2.3 [iv]). The large enrolment expansion has also produced cost efficiency gains in the use of facilities and equipment. Unit costs for these programs are an estimated \$147 per student, which reinforces sustained improvements in cost efficiency. The gradual introduction of fee paying programs, with grants for poorer students also reinforces the market signal and consequent cost effectiveness.

40. The reduction in dropout, repetition, and wastage rates also provided cost-efficiency gains for the TVET activities supported under the Project. In 1994, the reported dropout rate from TVET programs was as high as 63% (PCR, 2003). Focus group discussions during the PPAR mission suggest that dropout rate in most TVET institutions is currently under 15%. The high work placement rates for graduates, ranging between 66 and 85%, depending on programs, also provide cost-effectiveness gains. The introduction of modular programming and credit transfer also reduces dropout and repetition and consequent cost-efficiency gains. The proposed expansion of workplace-based TVET accreditation, where a large proportion of the on-the-job training costs are shared with employers, will provide further gains in cost-efficiency and cost-effectiveness of skills training programs.

2. Health Training Component

41. The Project focus on expansion and quality improvement of regional and provincial/district training programs was cost-effective. In 1994, there were about 1,170 students in RTCs, primarily following short in-service training programs. The costs of running these programs at a similar level in Phnom Penh would have been significantly higher due to higher living and travel costs, which would have reduced access to students from poor rural areas. At the regional training centers, the average per student cost was about \$300 (1994). In 2004, costs were within a range of \$600–\$1,000 per student, due to inflation and increased quality-oriented operational costs, indicating likely cost-effectiveness gains.

42. The Project focus on expanding province- and district-based in-service training has also brought cost-efficiency benefits. It is estimated that running a course for 30 trainees in a province/district costs roughly \$60 per student per week. Running an equivalent course in a Phnom Penh-based institution costs \$120–\$130 per student per week. Program focus on strengthening MOH capacity to design and deliver modular-based programs is also a cost-efficient strategy in allowing program progression, workplace-based training, and contributes to reduction in dropout and repetition. The use of mobile health training teams for district and commune-level in-service training constitutes cost-efficient approach compared with institution based training.

43. The Project focus on regional and in-country training rather than use of metropolitan institutions was cost-efficient, as training costs in the United Kingdom or United States, can be 3–7 times higher for an equivalent program. The high retention rate of overseas training beneficiaries (93%) has improved the cost-efficiency and impact of the training program. Nevertheless, difficulties in assuring posting and retention of newly-trained health staff in remote and rural areas (with some attrition to the private sector) constitute a potential long-term risk to the cost-effectiveness of the Project.

3. Compliance with Anti-Corruption Policy and Strategy

44. The PPAR mission conducted a review of several project external audit reports done between 1999 and 2002. These indicated that project procurement, financial management, and accounting procedures complied with ADB procedures and no major issues for Government action were raised. Project implementation units were staffed with specially-recruited accounting specialists from within the respective ministries in order to secure adequate financial management capacity. In the later years of the project, procedures continued to comply with emerging ADB anti-corruption policy and strategy. The initial delays in implementation were explained as a result of the two EAs' (MOEYS and MOH) determination to understand and comply with ADB procurement guidelines.

45. **Overall the Project has been efficient.** Key considerations include (i) the growing cost-efficiency and cost-effectiveness of the TVET system assisted under the Project, (ii) the growing market orientation of TVET institutions assisted under the Project, (iii) the cost-efficiency gains of the modular outreach health training program and the high retention rates of health planners/managers trained under the Project, and (iv) the efficient and timely completion of project outcomes and use of resources, taking account that this Project was ADB's first to the education and health sectors.

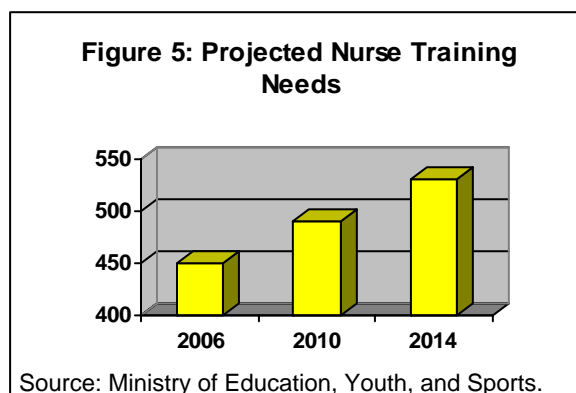
C. Sustainability

46. PPAR methodology to assess sustainability included (i) focus group meetings with health and TVET planners and managers, (ii) analysis of institutional budget and cost trends, and

(iii) desk review of health and TVET strategic plans and medium-term expenditure frameworks. The main findings are summarized in Appendix 5.

47. Project design and action plans contained a number of features for sustaining Project benefits, including (i) cost-recovery scheme within the NTF,²² (ii) gender and poverty criteria for selecting programs and trainees,²³ and (iii) having selected trainees sign agreements to return to their posts for five years. These were implemented successfully. The Government took a number of other actions to help assure sustainability toward the end of the Project: (i) create a Government charter for the introduction of user fees for basic health services (2000–2001), (ii) define specific recurrent MOEYS budget allocations under the priority action program to replace technical training funding under the project,²⁴ (iii) informally delegate revenue-raising authority to TVET institutions (2003), and (iv) increase recurrent budget allocations for human resource development and training in the health sector.²⁵ The Government's new Strategy for Development and revised Medium-Term Expenditure Framework, 2004–2008, maintains high priority for health and education spending.²⁶ This illustrates continued high-level commitment to Project objectives and benefits.

48. There is evidence of sustained demand for Project services and outputs. Demand for new nurses and midwives is projected at about 600–700 per annum for the next 10 years, to maintain current staff coverage rates in line with projected population growth.²⁷ A recent survey indicated that about 3.3 million young people, mainly school dropouts, do not have the skills to enter the workforce. The demand for easily accessible, community-based skills training is high.^{28, 29} OEM reviews (Appendixes 2 and 3) confirm that in urban and peri-urban areas, the costs of training are affordable and there is a willingness to pay, demonstrated by the overall growth in fee paying courses and application rates.



49. The Government has strengthened incentives for continued stakeholder participation. For the health training program, community groups are consulted as part of staff deployment planning and have promoted the policy of special remote allowances for nurses and midwives. Health workforce plans, derived from the Project-assisted database, form the basis for mobilizing external assistance for sustaining and expanding the health training program, with ongoing support from ADB, World Bank, Department for International Development, JICA, and GTZ. The prospect of

²² Micro Credit Program fund presently contains \$1.3 million, with redisbursement anticipated in 2005.

²³ ADB. 1994. *Technical Assistance to the Kingdom of Cambodia for the Women in Development Project*. Manila (for \$546,000, approved 20 September 1994).

²⁴ The MOEYS Education Sector Support Program for 2003–2007 projects the TVET budget allocation rising from KR2.0 million in 2003 to KR6.0 million in 2007.

²⁵ The MOH Medium-Term Expenditure Framework for 2003–2007 projects the allocation for human resource development to increase from KR7.3 million in 2003 to KR9.2 million in 2007.

²⁶ Royal Government of Cambodia. 2004. *Rectangular Strategy for Development*. Phnom Penh. Council of Ministers.

²⁷ MOH. 2004. *Health Work Force Development Plan, 2006/15*. Phnom Penh.

²⁸ ADB. 2001. *Report and Recommendation of the President to the Board of Directors on Proposed Loans to the Kingdom of Cambodia for the Education Sector Development Program*. (Loans 1864/1865-CAM, for \$38 million, approved 4 December 2001). Manila.

²⁹ MOEYS. 2004. *Survey Studies of School Leavers and Skills Training Demand*, drawn from the Project Preparatory Technical Assistance for the Second Education Sector Development. Phnom Penh.

remobilizing the NTF micro-credit program and the anticipated community training voucher scheme under the ESDP in 2005 will provide incentives for stakeholder participation.

50. Nevertheless, there are a number of potential risks to sustaining project benefits. For the TVET component, the transfer of TVET responsibilities from the MOEYS to the new MOLVT is creating uncertainties over MOLVT's recurrent budget provisions, including delays in salaries and operational fund releases. Currently, revenue-raising by Government TVET institutions helps mitigate short-term risks. However, a medium-term risk is that TVET revenue-raising may begin to decline as current high-demand programs begin to saturate the labor market. The redeployment of virtually all previous TVET management, planning, and operational staff to MOLVT also helps mitigate some of this transitional risk, but the absence of a provincial management structure is cause for concern. Regular labor market surveys, flexible and innovative programming (e.g., mobile agricultural training teams), and flexible staffing arrangements can help mitigate some of the medium to long-term risks.

51. The lack of clear regulatory frameworks for some aspects of TVET and health training constitute another potential risk. In the case of TVET, stronger regulations and authority for the NTB are needed (e.g., employer cost sharing measures) along with a clear regulatory framework for TVET institutional governance, revenue-raising, and transparent accounting for funds from public and private sources. In the health sector, stronger regulation of health staff, trained with public funds, operating in the private sector is needed, alongside guidelines to ensure adequate staffing in underserved areas.

52. **Overall the OEM assesses the prospect of sustainability to be likely.** This assessment is based on evidence of (i) high-level Government commitment to Project activities and benefits and its continued financing; (ii) strong political and technical support for MOLVT and its activities, which should resolve transition problems; and (iii) continued high demand for skills-training and health staff development.

D. Economic Reevaluation³⁰

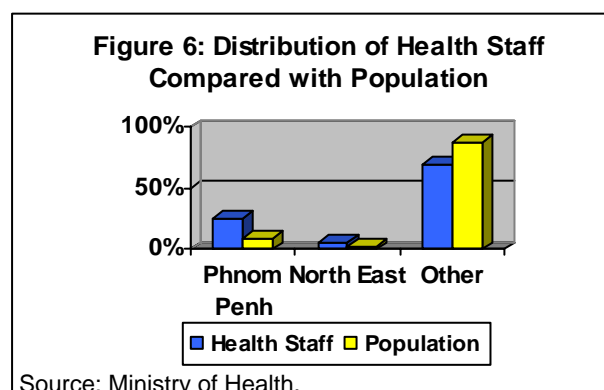
53. No economic analysis was conducted at appraisal or in the PCR, although the RRP highlights access, coverage, and cost-efficiency issues. To assess the cost-efficiency and cost-effectiveness of the project investment, this PPAR conducted an analysis of the comparative unit costs for service delivery by Government institutions and private providers, both at appraisal and at project completion. This analysis highlights that the design broadly represented the most cost-efficient training strategy in both the TVET and health training components. At project completion, the Project strategy remained more cost-effective than private/NGO provision of training. The Project focus on establishing institutional mechanisms, especially for the TVET component, which enabled a training market response, also represented the most cost-effective approach with a high proportion of training graduates finding employment upon completion of training. The high retention of health training graduates within the system contributed to cost-effectiveness. This analysis indicates that the Project investment and overall strategy was justified (Appendix 4).

³⁰ ADB has adopted guidelines for the economic analysis of health and education projects, and has undertaken such analysis since then.

IV. ACHIEVEMENT OF OTHER DEVELOPMENT IMPACTS

A. Socioeconomic Impact

54. The Project, especially the TVET component, was specifically designed to target disadvantaged groups, including widows, demobilized soldiers, school dropouts, and women. Within the narrow definition of the Project, the targeting criteria were adopted successfully, with these groups constituting a high proportion of trainees. The decision at the MTR to broaden TVET coverage to more provinces, especially those with a higher proportion of poor people, enhanced the poverty impact. The creation of 1,754 micro-enterprise groups with 5,653 members (mainly from poor communes) contributed to income generation and poverty reduction. The average income raised by these groups is as high as \$870 per annum, which constitutes about three times the average per capita income in Cambodia. The TVET component adopted a targeted rather than systemic approach, which was appropriate at the time, given the absence of a clear sector policy framework and uncertain implementation capacity. The overall skills training needs are assessed at about 3.3 million young people, mainly school dropouts. The 31,000 trained under the Project constitutes approximately 1% of this group.



55. The socioeconomic impact of the health training component is difficult to assess. The focus on outreach public health care training (e.g., water and sanitation) was designed to contribute to reducing absence from work, improve work productivity, and indirectly contribute to poverty reduction. A constraint on improving impact has been the limited output of newly-trained midwives. In 2003, the output was only 68 against the target of 160 (42%). A further constraint is that progress in achieving more equitable distribution of health staff between Phnom Penh and the more rural provinces is undermined by ineffective deployment policies and incentives. Over the past 10 years, the percentage of trained nurses in Phnom Penh has been about 19–20% of the total, against a population share of 9.3% (Figure 6). Institutional reform measures are needed to assure more equitable distribution.

56. In both components, the share of female beneficiaries has been significant. An unforeseen factor was that the growth of secondary and higher education opportunities would reduce the number of male applicants for training, especially in nursing. The proportion of female nursing trainees is increasing. However, female staff are less willing to be posted to difficult or remote areas, which limits opportunities to improve equity in health staff coverage. Stronger involvement of the Ministry of Women's Affairs during Project implementation may have helped highlight these specific sector issues and design risk mitigation strategies.³¹

57. The impact on public/private sector linkage in TVET is emerging through the establishment of the National Training Board. A recent survey³² found that about 140,000 trainees are undergoing skills training in private enterprises, small family businesses, and through NGO providers. This is a recent development and could not have been envisaged during Project design. These public/private linkages should be strengthened to avoid crowding out private sector initiatives in the

³¹ ADB. 2002. *Technical Assistance Performance Audit Report on Gender and Development in Cambodia*. Manila.

³² MOEYS. 2004. *Survey of TVET providers*, drawn from the Project Preparatory Technical Assistance for the Second Education Sector Development. Phnom Penh.

future. An unforeseen factor in the health training component was the growth of the private sector subsequent to design, which has to some extent attracted doctors and nurses away from the public sector and reduced overall impact.

B. Environmental Impact

58. Environmental or resettlement objectives were not explicit in the Project design. There is no evidence of adverse environmental or resettlement impact, with facilities construction being consistent with Government guidelines, using underutilized land wherever possible. During the design phase, it was agreed that infrastructure expansion would be limited to existing Government-owned land sites to mitigate any resettlement risks. The illegal occupation of the NIB site has been resolved by Government providing a new and satisfactory location for the NIB, including construction of new facilities. This relocation not only mitigates any resettlement risks, but enables program expansion in line with growing demand. It was reported that delays in the completion of the NTTI boundary wall were associated with contractor difficulties, rather than involuntary resettlement.

C. Impact on Institutions and Policy

59. The PPAR methodology to assess the Project's impact on institutions and policy included (i) focus group meetings with high-level Government and donor agency officials; (ii) review of project documentation, progress reports, and monitoring reports; (iii) review of other health and skills training performance assessments; and (iv) review of the project completion report. The main findings are summarized in Appendix 6.

60. Institutional assessment during design and appraisal was limited, focusing mainly on organization and management issues rather than broader institutional and structural concerns. The focus on strengthening key departments within MOEYS (i.e., upgrading of the Office of TVET to a full department) and MOH (i.e., the HRD) were appropriate priorities in 1995. The focus on broader governance issues was more limited, although governance policy within ADB and the Government at Project inception was somewhat embryonic. There is some evidence that growing concerns over governance issues did influence implementation planning during the Project.

61. For transparency, there were a number of successes, including (i) clearer roles and responsibilities for key departments under the Project, (ii) well defined legislation for the role of the NTB and a number of operational guidelines related to new TVET and HRD functions, (iii) more transparency in coordinating external assistance through various Government/donor/NGO coordination groups in the health and education/training sectors, and (iv) greater transparency in use of operational budget support. The lack of formal regulations for the management of revenues generated by TVET institutions remains a concern.

62. For accountability, the picture is somewhat mixed. A number of achievements included (i) the functioning of the project advisory groups, including MOEF's active representation; (ii) the setting up of progress and outcome monitoring systems, especially in the TVET component, which allowed responsive change to Project activities; (iii) the active measures taken throughout the Project to assure compliance; and (iv) the regular audit of Project fund use. A number of potential weaknesses have emerged during the Project period, including (i) limited accountability mechanisms for reporting on the use of TVET institutional revenue raising; (ii) limited accountability for the management of health user fees, especially at the service delivery point; and (iii) limited accountability of health staff working simultaneously in both the public and private sectors. In some ways, adopting an informal approach has helped sustain some of the Project operations after

completion and helped retain key staff in important positions. Nevertheless, greater transparency over staff performance incentives was, and remains, a pressing issue.

63. For predictability, the overall picture is quite encouraging. The Project significantly assisted in ensuring better alignment of the TVET and HRD departments, with (i) a more predictable and well-defined use of resources for operations through annual MOEYS and MOH budget processes, (ii) enhanced skill levels of staff trained under the Project, and (iii) clearer procedures on the role of the two organizations supported under the Project. The subsequent introduction of medium-term expenditure frameworks, with well-defined budget allocations has also encouraged longer-term planning within these two departments.

64. Advisory TA 2516 was effective in assisting TVET organizational development planning, although the difficulties in phasing the advisory TA effectively with consulting services under the Project made the institutional outcomes less than optimal. The lack of clarity between the mandates of the human resources planning and personnel departments remains a concern. The uncertainty over MOLVT organizational development at the provincial and district levels and coordination arrangements with MOEYS over nonformal education and skills training also represents a potential risk to good governance.

65. For participation, the overall result has been encouraging, especially for the TVET component. Successes have included (i) increased participation of the private sector and other stakeholders in TVET programming and monitoring; (ii) greater stakeholder participation, especially donors and NGOs, in ensuring that TVET and health sector external assistance are better coordinated; and (iii) liaison with community groups and industry in planning TVET strategy. Nevertheless, participation at the district and commune level has been limited, which has resulted in limited progress in ensuring equitable coverage of skills training programs and health staff deployment.

66. The Project, through project advisory committees in both ministries, provided an opportunity to strengthen participation of other stakeholders and Government ministries in development planning processes. Participation levels were mixed, with MOEF playing an active role. In contrast, the involvement of the Ministry of Women's Affairs was more limited. This is consistent with the findings a previous TA performance audit report, which highlighted the ambivalence of the Ministry of Women's Affairs to act as a catalyst and facilitator, especially through strengthening gender mainstreaming processes and focusing on implementing its own projects (footnote 30).

67. **The PPAR mission assesses the overall institutional impact to be significant.** Project impact has been fairly significant on targeted groups. At the system-wide level, this is less so due to institutional factors that were difficult to envisage at the design stage. Subsequent ADB support in education/training and health is focusing more specifically on these institutional issues in order to enhance impact. This first ADB project in education and health did help provide an initial institutional foundation.

V. OVERALL ASSESSMENT

A. Relevance

68. The Project was consistent with Government development plan priorities covering the periods 1992/95, 1996/2000, 2000/04, and the new Government Rectangular Strategy 2004. Its design is assessed as highly relevant. The Project's objectives and outcomes remain relevant for the Government's Poverty Reduction Strategy, health, and education/training strategic plans for

2003–2007, which were endorsed by various donor coordination groups, including ADB. The Project also continues to be consistent with ADB's Country Strategic Plan, which focuses on secondary education, skills training, and health sector development. Overall, the Project is assessed to have been and continues to be **relevant**.

B. Efficacy

69. The Project has mostly exceeded the outcomes and outputs envisaged at appraisal, and on a timely basis (a comparison of planned and actual project outputs is given in Appendix 2). This was achieved despite initial teething troubles over unfamiliar ADB procedures, given that it was the first ADB education and health sector project, and only the second ADB loan in Cambodia. Various outcome indicators (e.g., enrolment, trainee employment rates, staff retention rates, facilities and staff utilization rates, improved staff performance) improved satisfactorily. The changes to outputs agreed at the MTR (e.g., support for additional PTCs and women-in-development centers) added to the effectiveness of the Project and did not result in significant delays. Overall, the Project is assessed to be **highly efficacious**.

C. Efficiency

70. Expenditure per beneficiary comparisons between the Project and alternative approaches (e.g., continued use of NGOs), demonstrated that the designs represented a cost-efficient approach. TVET project facilities and staff utilization rates have subsequently improved substantially during the Project and beyond. Cost comparisons indicate that the focus on regional and provincial/district health training also represented the most cost-efficient approach (see the analysis of the Project's cost effectiveness and cost efficiency for TVET and MOH in Appendix 4). Sustained high demand for project services should provide further cost-efficiency gains. Overall the Project is assessed to be **highly efficient**.

D. Sustainability

71. There is evidence of continued high demand for TVET skills training, and nurse and midwife training, in response to labor market and demographic trends. The prospect of sustainability is enhanced by evident Government and stakeholder ownership, partnership, and commitment to sustaining Project activities and benefits through a combination of public and private funding. However, the transition of TVET responsibilities from MOEYS to MOLVT and uncertain regulatory frameworks for TVET financing and health staff deployment and retention provide a potential risk to sustainability. Overall the Project is **likely sustainable** (a detailed sustainability analysis is presented in Appendix 5).

E. Institutional Development and Other Impacts

72. The PPAR assesses the Project's impacts as somewhat mixed. Measures to address predictability and participation have been substantial. Impact of capacity building on management and organizational development is also substantial. There were no adverse resettlement impacts. However, progress on addressing broader governance issues, especially transparency and accountability, have been more limited due to the absence of well-defined financial and health staffing regulations. The establishment of HRD in MOH as a completely separate entity from Personnel may cause staffing deployment problems, which could be prevented by close collaboration between the two departments. Overall, the Project's impacts have been **significant** (a detailed analysis of institutional development for TVET and MOH is presented in Appendix 6).

F. Overall Project Rating

73. For the reasons above, the **PPAR's overall rating of the Basic Skills Project is successful** in terms of relevance, efficacy, efficiency, sustainability, institutional development and other impacts.

G. Performance of the Asian Development Bank and the Borrower

74. The main PPAR findings in reviewing the performance of ADB and the Borrower are summarized in Tables 1 and 2 of Appendix 7.

1. Performance of ADB

75. ADB responded effectively to the fact that the Project was the first assistance in the health and education/training sectors. Key features of ADB's response included (i) an extensive project preparation phase, actively supervised by the task manager; (ii) a comprehensive appraisal process, focusing on setting up executing agencies in the two ministries; and (iii) a focus on financial sustainability issues and the need for effective donor coordination in a post-conflict environment. The focus on poverty targeting, gender affirmative strategies, and sustainability of financing during project preparation was limited. However, due to the weak institutional capacity, the project design had to be simple.

76. The field supervision process was effective with a series of 11 supervision missions, normally two per year. Appropriately, supervision concentrated on advising executing agencies on procurement, financial management, and reporting and audit issues, which the Government was unfamiliar with at the time. The MTR in 1999 was highly effective, providing clear guidance and action plans for resolving key issues, especially replacing key consultants, monitoring systems, and TVET facilities expansion. These changes were well-documented in the project performance management system. The MTR contributed significantly to the eventual effectiveness of the Project. Cambodia Resident Mission also contributed effectively in advising on procurement issues and organization of audit procedures, especially from 1999 onwards.

77. During Board consideration, the need to ensure good partner relations with the donor and NGO community was highlighted, especially at a time when external assistance constituted a large proportion of development spending. Partnership development was effective, especially with key stakeholders such as ILO, GTZ, and WHO. As a result, ADB has continued to play an influential role in education/training and health sector policy development, building on good relations in these early years.

78. The PCR was timely and effective with issues and lessons and recommendations that were used to help guide the design of follow-up ADB loan support (footnote 20) for technical skills training. **Overall, ADB's performance is assessed to be satisfactory** (Appendix 7, Table A7.1).

2. Borrower's Performance

79. Borrower performance at inception was effective, including (i) early completion of loan effectiveness; (ii) early compliance establishing the required project implementation unit and organizational development; (iii) early start-up of executing agency project advisory teams; and (iv) high level support within MOEYS, MOH, and MOEF, and the active involvement of Secretaries of State in the Steering Committee to make decisions and resolve problems. Staff recruited to the project implementation units were of good quality, supported by the extensive training program under the Project.

80. Borrower performance during the early stages of implementation was only partly satisfactory, largely due to non-familiarity with ADB procurement guidelines, financial management, and reporting processes. The difficulties with the original team leader of the TVET component exacerbated the situation. This caused delays at the start with civil works and consulting services components. High-level support for the replacement of the TVET team leader and the health component project manager substantially improved implementation progress and ensured that changes in Project activities at the MTR were executed effectively.

81. **Overall, the Borrower's performance is assessed to be highly satisfactory** (Appendix 7, Table A7.2).

VI. ISSUES, LESSONS, AND FOLLOW-UP ACTIONS

A. Issues for the Future

82. **Address the transitional problems of MOLVT.** The transfer of responsibilities for skills training raises a number of issues, including (i) immediate and medium-term recurrent budget provision, (ii) finalizing an approved MOLVT organizational structure with clear responsibilities for TVET, (iii) setting up a provincial level MOLVT planning and management system, and (iv) ensuring effective pro-poor targeting of skills training programs. The skills training component of the recently approved ESDP (footnote 19) is designed to help address these concerns.

83. **Regulating public/private partnership in the skills training sector.** The PCR highlights the importance of sustainable financing of skills training, including revisions to the NTF mechanism to stimulate sustainable public/private partnership. Issues include (i) reorganization of the NTB with high level authority and powers, (ii) formulating and implementing regulations for TVET institution revenue raising and accounting, and (iii) improved coordination and quality assurance of private TVET providers. The skills training component of the recently approved ESDP loan is also designed to help address these concerns.

84. **Better alignment of MOH human resource planning and personnel management functions.** Issues include (i) clearer definition of roles and responsibilities for the two departments, (ii) improved measures to coordinate these functions at the central and provincial levels, and (iii) ensuring that staff deployment policies and post-training incentives contribute to more equitable distribution of health staff, especially to currently underserved areas. Subsequent ADB health sector projects have highlighted this issue but its resolution is proving difficult.

B. Lessons Identified

85. **Focused institution building can bring dividends in a post-conflict situation.** A positive lesson is that a project with clearly defined and focused outputs and outcomes that are well executed is appropriate in a post-conflict situation. The EAs and beneficiaries have highlighted how exposure to modern overseas institutions, along with learning English and computing, has been critical in confidence building and capacity development. This Project has also helped establish a firm foundation for subsequent, more policy-led and complex interventions by ADB at a sector-wide level.

86. **Insufficient regulation of public/private partnership constitutes a risk to sustainability of project benefits.** For the TVET component, informal endorsement of revenue-raising has been positive in assisting short-term sustainability of operations previously funded under the Project. Training demand and trainees' willingness to pay may decline as areas of the job market become

saturated. Government budget provision to cover critical areas with lower market demand (e.g., technology degrees) is critical. A second lesson is that informal endorsement of health staff working in the private sector may begin to undermine Government policies on ensuring equitable access to health care services, as staff increasingly prefer to work in private clinics in urban areas.

87. **MOH human resources management information system has been useful, but its effectiveness may be undermined by unresolved organizational issues.** The system established under the Project has contributed to registration of health staff and workforce development planning, including quantitative and qualitative aspects. However, its potential may be undermined unless the coordination issues with personnel management functions, which fall under a separate department, are resolved.

C. Follow-Up Actions

Follow-up action	Responsibility	Timeframe
1. Action plan for MOLVT. The transitional problems constitute a potential risk to sustaining Project benefits and implementation of the ESDP loan component. An action plan is needed, covering (i) approval of a clear organizational structure and responsibilities; ³³ (ii) immediate and medium-term recurrent budget provision, including paying of delayed salaries and operational costs due to the recent transfer of TVET from MOEYS to MOLVT; and (iii) organization and staffing of provincial TVET management systems.	MOLVT; ADB (to monitor as part of the ESDP loan supervision).	End-2005.
2. Short-term action plan for MOH. The action plan should include (i) a review of staff deployment policies and possible incentives for remote postings, and (ii) innovative strategies to ensure that there is a sufficient supply of trainees from areas where secondary school quality is insufficient for students to gain admission. This action plan should be completed by mid-2006.	MOH; ADB (to monitor progress as part of ongoing supervision of the ADB Health Sector Support Program).	Mid-2006.

³³ A proposed organizational structure of the Ministry of Labor and Vocational Training (MOLVT), awaiting Government approval, is given in Appendix 8.

ESTIMATED AND ACTUAL PROJECT COSTS

Table A1.1: Cost Breakdown by Project Component (\$ '000)

Component	Appraisal Estimate	Actual	Difference
1. Civil Works			
Part A	1,500	2,093	593
Part B	1,220	1,061	(159)
2. Equipment and Furniture			
Part A	3,150	3,457	307
Part B	900	1,214	314
3. Training and Fellowships			
Part A	7,710	6,057	(1,653)
Part B	1,730	2,084	354
4. Consulting Services			
Part A	2,060	1,431	(629)
Part B	980	687	(293)
5. Operation and Maintenance			
Part A	530	72	(458)
Part B	160	82	(78)
6. Project Implementation Unit			
Part A	380	440	60
Part B	280	251	(29)
7. Physical Contingencies	1,800	0	(1,800)
8. Price Contingencies	2,200	0	(2,200)
9. Service Charges	400	333	(67)
Total	25,000	19,262	(5,738)

Part A = Technical and Vocational Education Training (TVET), Part B = Health Personnel Training (HPT).

Source: Project Completion Report.

Table A1.2: Disbursement of Asian Development Bank Loan (\$ '000)

Category	Original Allocation	First Cancellation	Final Reallocation	Amount Disbursed	Final Cancellation
1. Civil Works	1,467		1,841	1,830	11
Part A	808		1,225	1,214	11
Part B	659		616	616	0
2. Equipment and Furniture	3,523		4,725	4,618	138
Part A	2,800		3,550	3,406	166
Part B	723		1,175	1,212	(28)
3. Training and Fellowships	6,891		6,688	6,559	139
Part A	5,465		4,695	4,616	89
Part B	1,426		1,993	1,943	50
4. Consulting Services	2,533	480	2,097	2,068	41
Part A	1,736	480	1,422	1,382	51
Part B	797		675	686	(10)
5. Operation and Maintenance	457		177	143	37
Part A	337		72	62	11
Part B	120		105	81	26
6. Project Implementation Unit	1,290		621	644	(21)
Part A	332		409	425	(17)
Part B	958		212	220	(4)
7. Service Charge	372		333	333	0
8. Unallocated	2,052		16	0	18
9. Imprest Fund	1			0	(36)
Part A				0	(35)
Part B				0	(1)
Total	18,586^a	480^b	16,498^c	16,195^d	327^e

Part A = Technical and Vocational Education Training (TVET), Part B = Health Personnel Training (HPT).

^a Equivalent of SDR12,749,000 at the time of loan approval.

^b Equivalent to SDR332,370.84 at the time of cancellation.

^c Equivalent to SDR12,416,629 at the time of reallocation.

^d Equivalent to SDR12,178,381 at the time of loan closing.

^e Equivalent to SDR238,248.18 at the time of cancellation.

Source: Asian Development Bank Loan Financial Information System.

ACHIEVEMENT OF OUTPUT TARGETS

Table A2.1: Comparison of Planned and Actual Staff Development Program

Training Programs		Planned		Person Months	Actual		Person Months	Percent Achieved
		Staff (No.)	Duration (Months)		Staff (No.)	Duration (Months)		
Part A : Technical and Vocational Education Training (TVET)								
A.	Overseas/Regional Fellowships	127	30	3,810	148	30	4,440	116.5%
B.	Study Tours/Visits	20	0.5	10	22	0.5	11	110.0%
C.	Counterpart Training							
	a. 1998	40	12	480	42	12	504	105.0%
	b. 1999	120	12	1,440	129	12	1,548	107.5%
	c. 2000	100	12	1,200	115	12	1,380	115.0%
	d. 2001	60	12	720	83	12	996	138.3%
	e. 2002	20	12	240	20	12	240	100.0%
D.	In-Country Workshops							
	a. Module I	75	2 days	7.5	78	2 days	7.6	101.3%
	b. Module II	100	2 days	10	104	2 days	10.4	104.0%
	c. Module III	50	2 days	5.0	59	2 days	5.9	118.0%
E.	In-Country Training							
	a. Module I	60	1	60	68	1	68	113.3%
	b. Module II	60	1	60	78	1	78	130.0%
	c. Module III	60	2	120	64	2	128	106.7%
	d. Module IV	60	1	60	60	1	60	100.0%
	e. English Language	700	6	4,200	730	6	4,380	104.3%
	f. Computer	500	3–6	1,500–3,000	519	3–6	1,557–3,114	103.8%
Part B : Health Personnel Training (HPT)								
A.	Overseas/Regional Fellowships	12	9	108	18	9	162	150.0%
B.	In-country Training							
	a. Training of Trainers	100	1	100	212	1	212	212.0%
	b. Nurse Anesthetist	10	24	240	16	19	304	126.7%
	c. Minimum Package of Activities (MPAs and Modules	3,000	2	6,000	4,652	0.5	2,326	38.8%

Sources: Department of Technical and Vocational Education and Training; Ministry of Education, Youth, and Sports; and Ministry of Health; Project Implementation Units, February 2003.

Table A2.2: TVET Enrolment and Health Staff Training Trends, 1996–2004**A. Central Technical and Vocational Education and Training (TVET) Institutions (Total Enrolment)**

TVET Institutions	Year	Total	Cert/Dip	Degree
National Institution of Business	1996–1997	185	185	
	1999–2000	205	205	
	2002–2003	1,687	753	934
	2004–2005	1,938	418	1,520
Industrial Technical College (Russey Keo)	1996–1997	111	111	
	1999–2000	192	192	
	2002–2003	206	206	
	2004–2005	420	420	
Preah Kossamak Polytechnique	1996–1997	207	207	
	1999–2000	271	271	
	2002–2003	—	—	—
	2004–2005	1,400	850	550
National Technical Training Institute	1996–1997			
	1999–2000			
	2002–2003	575	125	450
	2004–2005	120	120	

— = not available, TVET = technical and vocational education and training.

Sources: Basic Skills Project Completion Report 2004, Education Sector Review 1994, and Project Performance Audit Report Mission Survey 2005.

B. Trends in Nongovernment Organization and Private TVET Enrolment

1. In 1994, a survey by the International Labour Organization (ILO) indicated there were nearly 15,000 students enrolled in nongovernment organization (NGO)-funded training and TVET programs, including for disadvantaged groups, small enterprises and demobilized soldiers. An estimated 130 training sites were being used, of which roughly 65% were in Phnom Penh and another 25% in Battambang, Kampot, Kandal, and Takeo, and women constituted around 45% of enrolment.

2. A follow-up survey (ADB 2004) indicated some changes in these patterns. Nongovernment TVET provision remains concentrated in urban centers. They include commercial training providers offering short courses (1–6 months) as well as 1–3 year certificate and diploma courses with estimated intake of about 2,000 p.a. excluding English, computer applications, and business courses; NGOs/IOs which offer short courses (1 week–6 months) in a limited range of skills with maximum intake of about 1,500 per year; the 250 or so large industries majority of which are in garments with few others in tourism-related businesses and construction which train about 25,000 per year mainly for their own requirements; and the numerous small enterprises scattered throughout the country that provide apprenticeship training for family members estimated at about 30,000 and for others estimated at 80,000 p.a. for a fee ranging from \$50–500.

C. Health Training Institutions

3. In 1994, the health training system was characterized by extensive institution based training, with little provision for ongoing in-service continuing education for health

Institution (Enrolment)	1994	2004
Battambang RTC	320	207
Kampong Cham RTC	606	259
Kampot RTC	234	214
Steung Treng RTC	120	131
TSMC	1,090	140

RTC = regional training centers, TSMC = Technical School for Medical Care.

workers. Under the basic skills project, outreach capacity for in-service training at the district level was strengthened. This explains the decline in full-time enrolments in regional training institutions.

4. For example, under the basic skills program, over 4,600 health workers received in-service training and the program is continuing in 2004–2005 and beyond. On average, around 4,500 health staff receive in-service support each year, provided by around 200 trainers trained under basic skills project.

OUTPUT AND OUTCOME ANALYSIS: BENEFICIARY SURVEYS

Table A3.1: Beneficiary Survey Methodology

1. Health manager focus group meetings: sample size 20
2. Health center directors' questionnaire: sample size 12
3. Health trainee questionnaire: sample size 20
4. TVET focus group meetings: sample size 30
5. TVET monitoring survey and tracer review: sample size 13,000

TVET = technical and vocational education and training.

Source: Operations Evaluation Mission.

Table A3.2: Health Managers' Focus Group: Main Findings

1. Sixteen out of 17 of overseas trainees return to middle and senior management positions in Government (94%).
2. Benefited highly from overseas training (100%).
3. Overseas training provided more advanced skills (100%).
4. Acquisition of English language and computer skills has improved work performance and confidence (90%).
5. Two hundred regional health trainers continue to provide in-service training for district health staff.
6. MPA training modules continue to provide foundation of in-service program for around 3000 trainees per annum.
7. Around 65% of district staff trained remain in service with improved work performance and confidence.
8. Basic skills assisted training program now being extended by further donor support, especially in regional centers (e.g., ADB, DFID, GTZ, and JICA).

ADB = Asian Development Bank, DFID = Department for International Development, GTZ = Gesellschaft für Technische Zusammenarbeit, JICA = Japan International Cooperation Agency, MPA = minimum package of activities.

Source: Operations Evaluation Mission.

Table A3.3: Health Training Center Directors: Main Findings

1. Very effective: Designing new MOH training structure (85%)
2. Very effective: Improving training facilities and materials (75%)
3. Very effective: Improving management skills (65%)
4. Very effective: Improving training needs assessment skills (60%)
5. Very effective: Helping with design of follow-up training (60%)
6. Very effective: Improving district staff performance (55%)
7. Very effective: Planning measures for staff retention (45%)
8. Very effective: Providing training planning coordination skills (40%)
9. Very effective: Designing staff deployment plans (35%)

MOH = Ministry of Health.

Source: Operations Evaluation Mission.

Table A3.4: TVET Managers Focus Group: Main Findings

1. Overseas management training provided skills and confidence on return.
2. English language and computer training skills were highly beneficial for technical institute and provincial training center staff.

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3. Training programs in training needs assessment and planning were highly beneficial.
 4. Follow-up training programs in financial management and income generation were highly beneficial.
 5. Project was very important in setting up provincial skills training opportunities, previously restricted to only Phnom Penh.
 6. Project support for provincial training centers provided first training opportunities for disadvantaged groups, especially women and poor.
 7. Project assistance for PTCs mobile training outreach, especially for agriculture was highly beneficial.
 8. Project assistance for training women, especially in sewing and textiles has been particularly important.
 9. Training in how to conduct annual training needs assessment and training plans was very important at the start of project.
 10. Training has helped training institutes to work out ways of generating additional revenue, through in-house micro businesses and selective fee paying.
 11. Training PTC managers in organizing a mixture of free and fee paying programs has helped to sustain skills training operations.
 12. Project assistance to extend on previous skills training program provided by other donors and NGOs (e.g., ILO) has been very important.
-

ILO = International Labour Organization, NGO = nongovernment organization, PTC = provincial training center, TVET = technical and vocational education and training.

Source: Operations Evaluation Mission.

TableA3.5: Basic Skills: TVET Monitoring Surveys: Main Findings (2002)

1. National training fund grants assisted over 13,000 trainees in 53 different skill areas, responding to local labor market demands.
 2. Around 8,700 trainees (67%) found employment after training.
 3. Around 4,900 women (75%) found employment after training.
 4. Around 5,400 trainees (41%) came from poor families and communities.
 5. 3,300 trainees (38%) from the poorest families found jobs after training.
 6. Project assisted over 450 training providers in 24 provinces.
 7. Project assisted skills training delivery in up to 120 training sites at provincial, district and community levels.
 8. Project assisted with a set up of 535 microenterprise groups in 24 provinces.
 9. Project assistance provided \$0.48 million in micro credit to help set up micro enterprise groups.
 10. Average income from these micro businesses is between \$400 and \$900 per year.
 11. Average repayment rate from micro credit beneficiaries is around 92%.
-

TVET = technical and vocational education and training.

Source: Operations Evaluation Mission.

1. A survey was organized as part of the project performance audit report (PPAR) mission, to gain training beneficiaries' views on the outcomes and impact of the training program under the health training component.

2. The survey consisted of a questionnaire issued to 24 trainees from the Human Resources Department, Ministry of Health (MOH), Technical School for Medical Care and Kampot and Kampong Cham Regional Training Centers. The survey did not include beneficiaries from the outreach program. The survey results are summarized below.

Table A3.6: Health Training Beneficiary Survey

No.	Survey Questions	Rating ^a			
		1	2	3	4
		(% of responses)			
1.	Did the training programs meet your expectations?	0	42	42	16
2.	Satisfaction with the field work or clinical attachment component?	0	21	63	16
3.	Extend to which your professional or technical skills were improved?	0	25	63	12
4.	Standard of training facilities and training materials?	14	46	25	15
5.	Standard of training staff and other resource persons?	16	50	17	17
6.	Extend to which your professional work benefited from the training?	0	25	58	17
7.	Effectiveness of measures to retain you in the service?	0	33	58	9
8.	Extend to which you feel more professional pride after training?	0	13	79	8
9.	Extend to which the training has helped you to improve your promotion?	21	13	63	3
10.	Extend to which the training has helped you to improve your income?	9	63	25	0
11.	Consultation at the start of training about your posting after training?	33	42	25	0
12.	Satisfaction with your posting after you finished training?	17	25	50	8
13.	Relationship with your line manager after you finished training?	0	25	65	10
Overall Effectiveness of the Program		0	34	63	3

No. = number.

^a The percentage of responses to each question and the overall effectiveness of the program. Rating: 1 = unsatisfactory, 2 = partly satisfactory, 3 = satisfactory, 4 = very satisfactory.

Source: Operations Evaluation Mission.

General Comments

1. BSP provided opportunity to learn new knowledge and skills, especially for continuing English language study, computer skills, and preparation for Masters degrees.
2. Most trainees felt they were competent in their work areas after training and more confident in supporting the work of MOH.
3. More follow-up post-training should have been considered, based on further training needs assessment and especially further management development training.

ANALYSIS OF COST EFFECTIVENESS AND COST EFFICIENCY¹

1. The project performance audit report (PPAR) methodology included (i) focus group meetings with health and technical and vocational education and training (TVET) planners and managers, (ii) analysis of institutional budget and cost trends, and (iii) desk review of health and TVET strategic plans and medium-term expenditure frameworks.

Table A4.1: Cost Effectiveness Analysis: TVET: Main Findings

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1. Project focus on job related short course training (\$11,000 per beneficiary) was cost-effective compared with more academic long-term training (estimated \$30,000 per beneficiary).
 2. Project focus on in-country training (\$200 per beneficiary) was cost-effective compared with regional training (estimated \$2,000 per beneficiary) and strengthened private training provider system.
 3. Strengthening government TVET delivery systems (estimated cost \$110 per student, 1994) was justified compared with using private TVET delivery systems (estimated cost \$500 per student, 1994).
 4. Facilities and staff development has allowed program upgrading for expanded higher diploma and degree programs, with quality improvements demonstrated by high demand (estimated cost \$200 per student) and is cost-effective compared with private providers (estimated cost \$400 per student).
 5. Strengthening provincial and outreach TVET systems was cost-effective (estimated cost \$100 per student) in terms of increasing access to disadvantaged groups compared with Phnom Penh based programs.
 6. Project assisted TVET enrolment growth, including evening programs, has resulted in improved access and more efficient facilities and staff utilization rates (e.g., student/staff ratio 13, 1994:range 18–22, 2004).
 7. Increased use of student fees has helped to cross subsidize selected non-fee paying programs (e.g., technician level), but may constitute an access barrier for less well-off students.
 8. Project assistance for modular program development has increased the effectiveness of credit transfer processes (e.g., diploma/degree) and reduced repetition and dropout rates.
 9. Project assistance for accreditation of work place based training represents highly cost-effective approach to increasing access and quality assurance for TVET.
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TVET = technical and vocational education and training.

Source: Operations Evaluation Mission.

¹ ADB has adopted guidelines for the economic analysis of health and education projects, and has undertaken such analysis since then.

Table A4.2: Cost Effectiveness: Health: Main Findings

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1. Project focus on strengthening government health training systems (estimated cost \$300 per student per annum) was cost-effective compared with regional or international training programs (estimated cost \$2,000 per student per annum).
 2. Project focus on training staff to deliver expanded pre-service program in regional health centers represents a cost-effective approach compared with improving both access and quality (per student cost \$300, 1994 : range \$600–800, 2004).
 3. Project focus on strengthening outreach training capacity for provinces and districts through regional center approach is cost-effective compared with in-service training in RTCs or Phnom Penh institutions.
 4. Program focus on strengthening MOH capacity to design and deliver modular based programs is cost-effective in allowing program progression, workplace-based training, and contributes to reduction in dropout and repetition.
 5. Program focus on staff upgrading and materials production has contributed to increased access to more advanced health training programs in the provinces and represents a cost-effective approach compared with concentrating all training in Phnom Penh.
 6. Project focus on training mobile health training teams for district and commune level in-service training constitutes a cost-effective approach compared with institution based training.
 7. Effectiveness of health training and human resource management systems developed under the project demonstrated by continued extensive support for this system by government and other donors (e.g., DFID, GTZ, JICA, World Bank).
 8. High retention rates (93%) of overseas training beneficiaries, especially human resource and institutional managers has contributed to cost-effectiveness of training programs.
 9. Difficulties in assuring posting and retention of health trainees to more remote and difficult areas constitutes a potential long-term risk to the cost-effectiveness of project assistance.
 10. Uncertain coordination between human resource planning and personnel functions constitutes long-term risk to the cost-effectiveness of project assistance to health training system development.
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DFID = Department for International Development, GTZ = Gesellschaft für Technische Zusammenarbeit, MOH = Ministry of Health, JICA = Japan International Cooperation Agency, RTCs = regional training centers.

Source: Operations Evaluation Mission.

SUSTAINABILITY ANALYSIS

1. The project performance audit report (PPAR) methodology included (i) focus group meetings with health and technical and vocational education and training (TVET) planners and managers, (ii) analysis of institutional budget and cost trends, and (iii) desk review of health and TVET strategic plans and medium-term expenditure frameworks.

Table A5.1: Sustainability Analysis: TVET: Main Findings

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1. High retention rates of TVET staff trained under the project increase the likelihood of sustaining project benefits.
 2. Project focus on strengthening central and provincial TVET planning, management, and organizational capacity increase likelihood of TVET delivery system being sustained.
 3. Project assistance to TVET managers in revenue raising increases the likelihood that training programs and institutions will be sustainable (e.g., revenue raising range from \$2000 to \$50,000 per annum).
 4. Revenue raising through student fees for high demand programs (e.g., business) to subsidize lower demand but essential skills training (e.g., technology) increases likelihood that these programs will be sustained.
 5. High repayment rates for microcredit programs (balance over \$1 million) increases the likelihood that skills training/microcredit programs will be sustainable.
 6. Recent decision by the Government to gradually coordinate an increasing number of skills training programs under the new Ministry of Labor and Vocational Training (MOLVT) increases the likelihood that a national TVET system can be sustained.
 7. The anticipated reconstitution of the National Training Board, with higher level leadership and commitment, increases the likelihood that an effective public/private partnership for TVET will be sustained.
 8. A decline in demand for currently popular TVET programs and consequent revenue losses constitutes a risk for sustaining high cost technician and technology programs.
 9. Over reliance on fee paying constitutes a major risk for sustaining access to TVET programs for the poorer families, especially in rural areas.
 10. Uncertainty over MOLVT budget provision, both salary and operational costs or alternative financing strategies (e.g., training levy), constitutes an immediate risk to sustaining project benefits over the medium-term.
 11. Variable leadership and managerial capacity in some provincial training centers, constitutes a potential risk to sustainability.
 12. The uncertainty over the establishment of a provincial level capacity for MOLVT constitutes a potential risk to forward planning and implementation of TVET systems and their sustainability.
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MOLVT = Ministry of Labor and Vocational Training, TVET = technical and vocational education and training.

Source: Operations Evaluation Mission.

Table A5.2: Sustainability Analysis: Health: Main Findings

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1. High level commitment to human resource development, evidenced in medium-term Health Strategic Plan, 2003/07, increases likelihood of sustainability of project outcomes.
 2. Project focus on strengthening Government human resource planning and training systems, rather than one-off training activities, increases likelihood of sustainability
 3. High retention rates of staff trained under project (managers 93%, nurses 65%) in Government increases likelihood of sustainability.
 4. Recent introduction of dedicated operational budgets to regional health training centers, rather than a non-dedication allocation within provincial health budgets, increases likelihood of financial sustainability.
 5. Estimated 40%–50% increases in TSMC and RTC operational budgets in recent years, including increased per student allocations, increases likelihood of sustainability.
 6. Increased powers for revenue raising at National Institute of Public Health, linked to long-term plan for full operational autonomy, offers good prospect of long-term sustainability of this institution.
 7. Strong satisfaction and continued use of modular training materials produced under the project offers a good prospect that these in-service training programs will be sustained.
 8. Uncertain coordination between human resource planning and personnel management systems at central and provincial levels constitutes a potential risk to longer-term system sustainability and project impact.
 9. Comparatively low levels of Government spending on health (about 1.1% of GDP) and continued reliance on external assistance (about 66% of total) constitutes a long-term risk to sustainability of project outcomes and goals.
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RTC = regional training center, TSMC = Technical School of Medical Care.

Source: Operations Evaluation Mission.

INSTITUTIONAL DEVELOPMENT AND IMPACT ANALYSIS

1. The project performance audit report (PPAR) methodology included (i) focus group meetings with high level Government and donor agency officials, (ii) review of project documentation, progress reports, and monitoring reports, (iii) review of other health and skills training performance assessments, and (iv) review of the project completion report.

Table A6.1: Institutional Development: Main Findings

TVET	<ol style="list-style-type: none"> 1. Project assistance was effective in formulating regulations and procedures for organization and management of Department of TVET, not available pre-project. 2. Project was effective in assisting formulation of legislation for establishment of National Training Board, with regulations for monitoring and financing of public/private partnership. 3. Project instrumental in formulating medium-term TVET Strategic Plan, incorporated into medium-term education and training sector strategies, 2001/05 and 2005/09, which forms framework for donor coordination. 4. Project instrumental in establishing nationwide TVET planning, management and service delivery system, which was previously fragmented. 5. Project initiated first phase of system for improved regulation and quality assurance of skills training standards, across public, private, and NGO providers. 6. Related stand-alone TA 2516 and consulting services were highly effective in facilitating legislative, regulatory, and organizational reforms, including development of dedicated TVET operational budgets. 7. Institutional network developed under project provided framework for dedicated resource allocations to Government TVET institutions from 2001 onwards, as part of priority action program financing mechanism.
Health	<ol style="list-style-type: none"> 1. Project assisted formulation of operational and financial regulations for nationwide health training system, incorporated into medium-term Health Strategic Plan, 2003/07. 2. Improved human resource planning and information system remains critical for forward sector policy and strategy development. 3. Unclear policies and regulations for health training graduates to be posted to underserved areas constitutes a potential risk to broader institutional reforms and health sector performance. 4. Consulting services were highly effective in assisting with health training system development, especially training materials development and delivery. 5. Project was less effective in establishing monitoring information systems, which could have facilitated forward HRD planning.

NGO = nongovernment organization, TVET = technical and vocational education and training.

Source: Operations Evaluation Mission.

Table A6.2: Impact Analysis: Main Findings**TVET**

1. Significant impact on strengthening private provider capacity, through National Training Fund grants and training for 11,600 students.
2. Significant impact on poverty reduction with the establishment of 1,754 microbusinesses in the poorest communities, with incomes of \$385–870 per annum, which is substantial in rural areas.
3. Extensive involvement of disadvantaged groups in non-fee paying programs (females 50%, school dropouts 40%, poor 40%).
4. Significant impact on establishing policy and regulatory framework for public/private partnership in skills training, through National Training Board.
5. Positive impact on revised strategies for staffing of TVET centers, through new National Technical Training Institute training programs, as part of system sustainability.
6. Significant impact on access to microcredit for very poor families, without collateral, not available through other microfinance institutions.
7. Potential negative impact on crowding out private provision has not materialized, given high level of demand and limited resources available in private sector.
8. Uncertain regulatory framework on financial management and accounting of TVET revenue raising, constitutes a potentially negative impact on longer-term TVET financing policy.

Health

1. Health training outreach program in poor rural communes and underserved areas will provide long-term positive impact on quality of health services in poorer areas.
2. Growing evidence of increased share of females in health training programs, especially nurses and midwives, as men pursue alternative career paths, as secondary and higher education opportunities expand.
3. Variable impact on health staffing indicators, especially in rural areas, due to unforeseen impact of training graduates pursuing careers in the private health sector.

◇ Doctors per 10,000 population:	2.11 (1994), 1.55 (2002)
◇ Primary nurses per 10,000 population:	3.03 (1994), 2.62 (2002)
◇ Primary midwives per 10,000 population:	0.94 (1994), 1.15 (2002)

TVET = technical and vocational education and training.

Source: Operations Evaluation Mission.

ASIAN DEVELOPMENT BANK AND BORROWER PERFORMANCE ANALYSIS

1. The project performance audit report (PPAR) methodology included (i) focus group meetings with high level Government and donor officials and former project management staff, (ii) desk review of Asian Development Bank (ADB) senior management and Board review papers, (iii) a review of the project loan report and recommendation of the president (RRP) and small scale TA 2067-CAM, and (iv) ADB field supervision and mid-term review reports.

Table A7.1: ADB Performance Review: Main Findings

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1. Effective analysis and preliminary design by TA 2067-CAM, with extensive supervision by task manager, although pro-poor TVET cost analysis and financing strategies were limited.
 2. Comprehensive series of ADB senior management and Board review, appropriately focusing on institutional, financing, and donor coordination issues, which were incorporated into final loan design.
 3. Very effective appraisal process, including six ADB staff, which appropriately focused on setting up executing agencies and implementation arrangements as this was the first ADB social sectors loan to the Government.
 4. Comprehensive series of 11 supervision missions, which focused appropriately on advising Government on procurement and audit issues as this was the first loan to MOH and MOEYS/MOLVT.
 5. Highly effective mid-term review mission, which provided clear guidance and advice to Government on resolving outstanding issues (e.g. replacement of some key advisers, extension of TVET facilities program, setting up monitoring systems and financial monitoring procedures).
 6. Effective process for incorporating agreed changes in PPMS, reflected in changes to financing plan and schedule of agreed actions and compliance measures.
 7. Extensive effort, as directed by Board, to establish good partner relations with the Government and donors, as evidenced by cooperation with ILO, GTZ, and WHO on joint activities.
 8. Timely and overall effective project completion report (PCR), with issues, lessons learned and recommendations being used to help guide the design of the follow-up ADB loan support in 2004 (e.g., need for new strategies to strengthen poverty focus of TVET).
 9. Limitation of PCR was limited review of lessons learned in health component, especially related to institutional issues concerning
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human resources/personnel management functions coordination and related health staff deployment issues.

ADB = Asian Development Bank; GTZ = Gesellschaft für Technische Zusammenarbeit; ILO = International Labour Organization; MOEYS = Ministry of Education, Youth, and Sports; MOH = Ministry of Health; MOLVT = Ministry of Labor and Vocational Training; PCR = project completion report; TVET = technical and vocational education and training; WHO = World Health Organization.

Source: Operations Evaluation Mission.

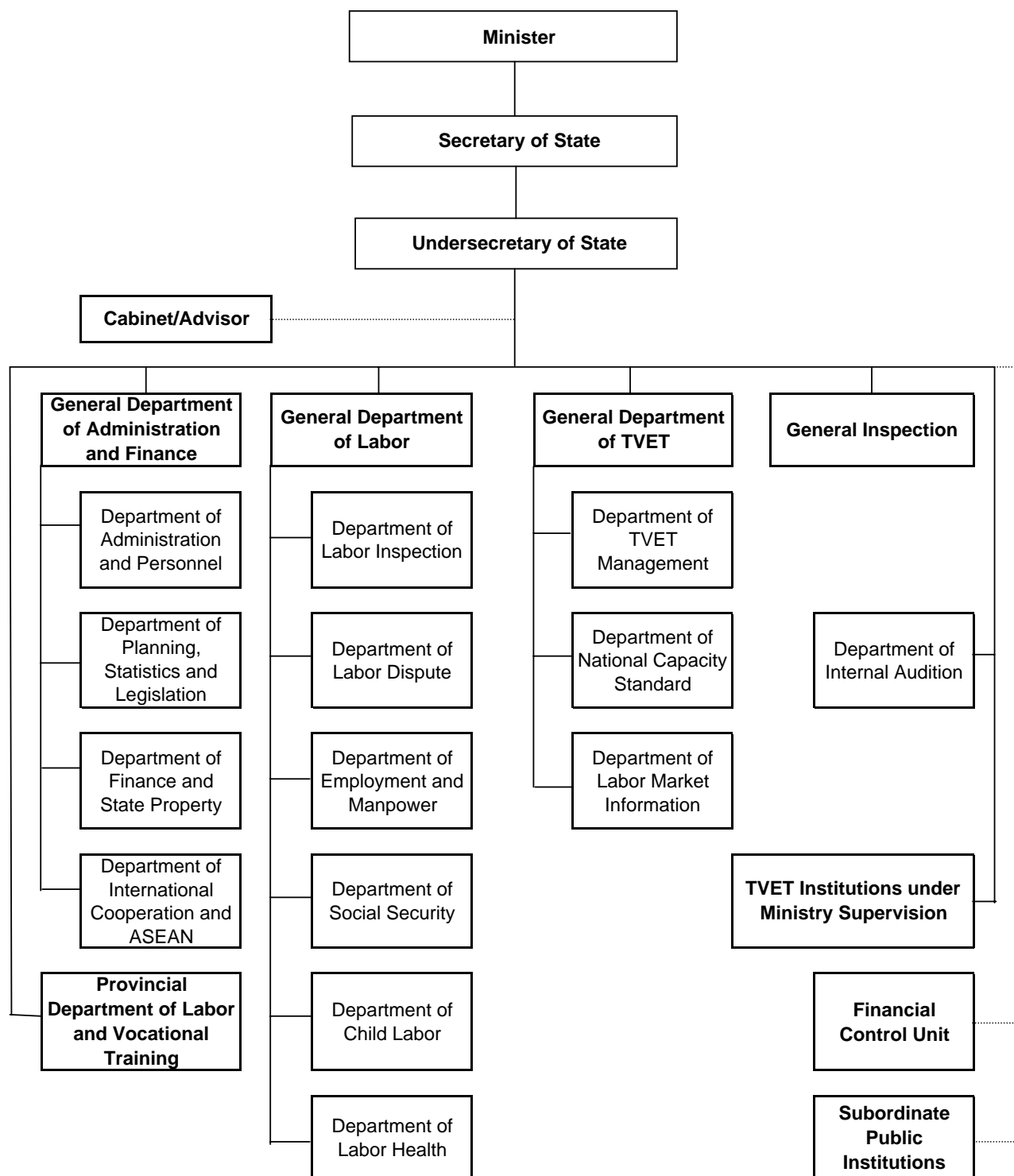
Table A7.2: Borrower Performance Analysis: Main Findings

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1. Successfully met loan effectiveness requirement three months ahead of schedule, despite being first ADB social sector loan.
 2. Very high level Government ownership and support for project, evidenced by immediate implementation of TVET organizational reform and upgrading from Office to Departmental level and deployment of high quality staff.
 3. Well organized staff development program upgraded executing agency staff quality with high levels of staff retention (MOH 93%, MOLVT, estimated 85%).
 4. Recent reorganization and transfer of TVET responsibilities to MOLVT from MOEYS completed successfully, including high retention rates of staff trained under basic skills project.
 5. Appropriate extensions of closing date (February 2003, original May 2001), in order to ensure effective implementation of poverty oriented National Training Fund and completion of MOH in-service training.
 6. Timely action and commitment by executing agency (EA) in TVET component to address consulting services issues, especially the replacement of team leader, which has contributed significantly to project success.
 7. Timely action by EAs to accelerate implementation schedule after initial delays with award of consultants and civil works contracts, alongside comprehensive supervision of contractors.
 8. Improvement in implementation progress demonstrated by ADB ratings (1996/97, partially satisfactory; 1998/99, satisfactory; 2000/02, highly satisfactory), as executing agency gain capacity and confidence.
 9. Extensive participation by other government ministries and NGOs in project advisory committees (e.g., including MOEF), which helped ensure gradual improvements in the release of counterpart funds from the Government.
 10. Extensive engagement by EAs in liaising with other stakeholder ministries and donors/NGOs, with findings from project feeding into ongoing education/training and health sector reform plans and follow-up ADB health and education/training sector loans in 2001/02 and 2004/05.
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11. Timely and effective project performance and financial audits, organized through the ADB Resident Mission and Manila headquarters.
 12. Final report and PCR indicate full compliance with loan covenants, including agreed changes at midterm review to TVET and NTF financing strategy and its sustainability
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ADB = Asian Development Bank; EA = executing agency, MOEF = Ministry of Economy and Finance; MOEYS = Ministry of Education, Youth, and Sports; MOH = Ministry of Health; MOLVT = Ministry of Labor and Vocational Training; NGO = nongovernment organization; NTF = National Training Fund; TVET = technical and vocational education and training.
Source: Operations Evaluation Mission.

PROPOSED STRUCTURE OF THE MINISTRY OF LABOR AND VOCATIONAL TRAINING



ASEAN = Association of Southeast Asian Nations, TVET = technical and vocational education and training.

Source: Ministry of Labor and Vocational Training, Cambodia.

**MANAGEMENT RESPONSE ON THE PROJECT PERFORMANCE AUDIT REPORT
ON THE BASIC SKILLS PROJECT IN CAMBODIA
(Loan 1368-CAM[SF])**

On 19 October 2005, the Director General, Operations Evaluation Department, received the following response from the Managing Director General on behalf of Management:

1. Management and staff have reviewed the subject Project Performance Audit Report (PPAR), and noted that the Report was prepared in consultation with beneficiaries as well as the Government agencies concerned. We find the PPAR well-prepared and agree with its overall “successful” rating of the Project.

2. The PPAR’s assessment of the Project’s cost-effectiveness, cost-efficiency, sustainability, and performance of ADB is well-justified. However, we have some reservations on the “highly efficacious” rating for the efficacy (para. 69) and “highly satisfactory” ratings for the performance of the borrower (para. 81). By reviewing the project performance report (PPR) of the Project, we found that the Project had encountered a start-up delay and the Project completion date was extended twice by 15.5 months in total. It appears more appropriate if the Project was rated as “efficacious” and the borrower’s performance as “satisfactory”.

3. Management supports the PPAR’s conclusion that the technical and vocational education and training (TVET) delivery system of the Government was more cost effective than private provision of TVET in post-conflict Cambodia. We consider, however, that in 2005 when private TVET has substantially developed, the comparison based on the cost per student is potentially misleading. Common in many DMCs, TVET provision by the private sector is generally considered as more responsive to the labor market needs, and therefore financially more sustainable than Government-funded TVET. It appears desirable, therefore, that the PPAR provides a balanced comparison between the public and private provision of TVET. In this connection, it may also be desirable for the PPAR to provide more detailed description on the methodology used for assessing the cost-effectiveness and efficiency and sustainability as applied in Appendix 4 and 5.

4. The transfer of responsibility for skills training from the Ministry of Education, Youth, and Sport to the newly established Ministry of Labor and Vocational Training (MOLTV) is a sensible action by the Government, as the latter Ministry is responsible for a broad range of vocational trainings including TVET. Therefore, this transfer is considered a positive step of the Government in its commitment to strategic human resource development. Nevertheless, we note that the PPAR considers this a potential risk to sustaining Project benefits and implementation of the Education Sector Development Program (ESDP) loan component.

5. Management supports the two follow-up actions recommended by the Report. The recommended action plan for MOLTV will be followed-up by ADB

under ESDP II which has a major TVET component. The recommended short-term action plan for the Ministry of Health will be monitored under the ADB's Health Sector Support Program.