

SUMMARY POVERTY REDUCTION AND SOCIAL STRATEGY

Country:	Timor-Leste	Project Title:	Mid-Level Skills Training Project
Lending/Financing Modality:	Project Grant	Department/ Division:	Pacific Department/ Urban, Social Development, and Public Management Division

I. POVERTY ANALYSIS AND STRATEGY

A. Links to the National Poverty Reduction Strategy and Country Partnership Strategy

Timor-Leste's *Strategic Development Plan 2011–2030* (SDP) aims to sustain high rates of economic growth as a key development strategy for the coming decade. The SDP aims to build a modern, diversified economy by 2030, focusing on high-quality infrastructure with the petroleum sector as a significant industrial base. The SDP outlines a shortage of skilled human resources as a critical challenge in achieving this vision, and emphasizes human capital investment, particularly job skills development, as a priority. Skills development is essential for promoting economic growth and reducing poverty, especially in view of the large numbers of youth who cannot find employment due to lack of practical skills required in the labor market.

ADB's country partnership strategy 2011–2015^a aims to assist the Government of Timor-Leste by focusing on the improvement of physical infrastructure, especially roads, water supply and sanitation, along with support for technical and vocational education and training (TVET) in the areas of infrastructure development. The proposed project will contribute to poverty reduction by providing technical skills training to young people, many of whom struggling to find employment due to improper training. By providing skills training that is responsive to the needs of the labor market, the project will improve the productive capacity of young men and women and enhance their earning opportunities. By introducing new mid-level skills training to the TVET sector, the project will also elevate the skill level of the workforce which is essential for accelerating the country's development process.

B. Poverty Analysis Targeting Classification: General Intervention

1. Key issues

According to poverty assessments, the incidence of poverty increased from 40% in 2001 to 50% in 2007, due to a significant decline in real consumption per capita affected by the stagnating economy and the 2006 crisis.^b The latest estimate indicates improvement since 2007, with a poverty rate of 41% in 2009.^c More than 70% of the approximately 1.1 million population lives in rural areas, and the majority still rely on subsistence farming. The poverty rate is higher in rural areas than urban areas (52% versus 45% in 2007), largely due to low productivity and limited growth in the farming sector. Those relying on farming for their livelihoods make up most of the poor.

Participatory assessments conducted throughout the country show that poverty is not only related to lack of income, but also results from lack of access to essential services such as health and education which are key to improving human resource capacity and enhancing quality of life.^d The prevalence of poverty is closely associated with low human resources such as illiteracy, poor education, and lack of productive skills. The incidence of poverty declines with higher educational attainment, ranging from 58% for those without any education, 50% for those with primary education, and to 39% for those with secondary education. Steady progress has been achieved in school attendance, reaching a net enrollment ratio of 71% at the primary level, 25% at the pre-secondary level, and 18% at the secondary level.^e Concerns remain, however, with high dropout and repetition rates as students progress through higher grades. The literacy rate among 15–24 year olds has improved from 50% in 2001 to 81% in 2007, but adult literacy rates (age 15 and older) remain low at 52% for women and 63% for men.

2. Design features

The project is designed to provide post-school young people with skills training that is responsive to labor market needs. Given increasing infrastructure investments where skilled workers are in high demand, the project will focus on mid-level technical skills training in construction and automotive trades. To ensure skills training meets industry requirements and leads to employment, the project will work closely with industry groups and employers to develop competency-based skills standards, and provide workplace training and work placements for trainees. To facilitate access to training for poor and disadvantaged groups, as well as women, the project will develop scholarship programs or other schemes during project implementation.

II. SOCIAL ANALYSIS AND STRATEGY	
A. Findings of Social Analysis	<p>Given that two-thirds of the labor force still relies on subsistence farming, the official unemployment rate is relatively low at 9.5%.^f Yet, unemployment is more than twice as high in urban areas (17%) as in rural areas (7%). Underemployment and vulnerable employment are also prevalent, accounting for nearly 70% of all employment.⁹ With a young age structure where 52% of the population is under age 20, youth unemployment is a critical concern, especially in urban areas where unemployment reaches 34% among those aged 15–24. Along with the narrow base of wage employment opportunities, the lack of appropriate skills among youth and poor matching mechanisms between employers and job seekers are key factors contributing to high youth unemployment.</p> <p>The poor quality of the formal school system does not equip students with the knowledge and skills that can lead to jobs in the formal wage sector. To supplement poor basic education, many vocational training programs teach foundation courses such as literacy, numeracy, life skills, or work attitudes, instead of specific technical skills. Poor perception of TVET and lack of awareness of training opportunities also prevents young people from participating in skills training. Other key constraints in the existing TVET programs include poor links of training programs to labor market needs and insufficient involvement of employers in developing training standards and job placements. By encouraging more proactive involvement of employers in training provision, the project will strengthen the linkages between skills training, workplace training or internships, and employment opportunities for training participants. TVET promotional activities will improve information on TVET and associated job opportunities.</p>
B. Consultation and Participation	<p>1. Provide a summary of the consultation and participation (C&P) process during project preparation.</p> <p>Government agencies involved in TVET—including the Ministry of Education, Secretariat of State for Vocational Training and Employment (SEFOPE), and the Ministry of Infrastructure—were consulted to identify the key areas of project support in skills development. Development partners with skills development or employment generation projects were also consulted to assess the nature of ongoing support for TVET, to design the project's scope, and to identify the areas of cooperation during project implementation. Various training providers were visited to assess the quality and level of current training provision; to evaluate access to, costs, and outcomes of training; and to understand the level of quality assurance in training programs. Industry organizations such as the Chamber of Commerce and Industry and the Trade Union Federation, and various mechanical workshops were visited to assess the labor market relevance of current training provision and identify the extent of skilled worker shortages.</p> <p>2. What level of C&P is envisaged during the project implementation and monitoring? <input checked="" type="checkbox"/> Information sharing <input checked="" type="checkbox"/> Consultation <input type="checkbox"/> Collaborative decision making <input type="checkbox"/> Empowerment</p> <p>3. Was a C&P plan prepared for project implementation? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No</p>
C. Gender and Development	<p style="text-align: right;">Gender Mainstreaming Category: <u>Effective Gender Mainstreaming</u></p> <p>1. Key issues</p> <p>Female enrollment in primary and secondary schools has improved, reaching parity or exceeding male enrollment: the net enrollment ratio in 2010 was 21% for males and 25% for females at the pre-secondary level, and 14% for males and 18% for females at the secondary level. Yet the rate of female labor force participation (36%) is less than half the rate of male participation (73%) for those 15 years and older. Female participation in the formal sector of the economy is especially low, and women's employment is mostly concentrated either in the informal sector or in traditionally female jobs.</p> <p>A recent review of skills training shows that women accounted for 44% of training participants in 2007, mostly concentrated in livelihood, hospitality, office and information technology skills areas.^h Women had better completion rates and traceability than men after training completion, and better outcomes in terms of employment and improved income. While relatively few women are engaged in traditionally male technical trades, a growing number of women now participate in construction-related skills areas partly due to an affirmative recruitment process in government training institutions. By encouraging women's participation in nontraditional skills areas and facilitating their work placement in the corresponding fields, the project will improve women's opportunities to engage in the formal sector where income-earning opportunities are increasing.</p> <p>2. Key actions. Measures included in the design to promote gender equality and women's empowerment—access to and use of relevant services, resources, assets, or opportunities and participation in decision-making process: <input checked="" type="checkbox"/> Gender action plan <input type="checkbox"/> Other actions or measures <input type="checkbox"/> No action or measure</p> <p>The gender action plan (GAP) focuses on increasing women's enrollment in nontraditional technical skills training by (i) raising awareness of TVET and associated career options through promotional activities, (ii) making the curriculum more gender sensitive, (iii) providing gender training to TVET management and teaching staff, (iv) constructing a dormitory for</p>

female trainees, (v) targeting female enrollment of 20% by 2016 in construction and automotive trades, and (vi) recruiting female trainers in construction trades. To facilitate female workplace training and work placements, GAP aims to place all female trainees in internship programs (with a higher payment to employers, if necessary) and offer career counseling services by involving business women from nontraditional sectors. The project will also develop specific scholarship programs targeted at females as part of TVET policy development. During project implementation, international and national social and gender development specialists will be engaged to develop specific GAP monitoring and performance indicators and monitor the progress of GAP implementation. All progress and monitoring reports will include sex-disaggregated indicators and will be included in regular progress reports.			
III. SOCIAL SAFEGUARD ISSUES AND OTHER SOCIAL RISKS			
Issue	Significant/Limited/ No Impact	Strategy to Address Issue	Plan or Other Measures Included in Design
Involuntary Resettlement	No impact	Civil works are limited to upgrading or expansion of training facilities within existing property. No temporary or permanent loss of land is involved.	<input type="checkbox"/> Resettlement plan <input type="checkbox"/> Resettlement framework <input checked="" type="checkbox"/> No action
Indigenous Peoples	No impact	There are no indigenous peoples issues associated with the project.	<input type="checkbox"/> Indigenous peoples plan <input type="checkbox"/> Indigenous peoples planning framework <input type="checkbox"/> Combined indigenous peoples plan and resettlement plan <input checked="" type="checkbox"/> No action
Labor <input checked="" type="checkbox"/> Employment opportunities <input type="checkbox"/> Labor retrenchment <input type="checkbox"/> Core labor standards	The project is expected to generate positive impacts on employment opportunities.	With mid-level skills training more relevant to labor market needs, enhanced employment opportunities will become available for Timorese men and women.	<input type="checkbox"/> Plan <input type="checkbox"/> Other action <input checked="" type="checkbox"/> No action
Affordability	No impact	Public training providers are free and private training providers charge only nominal fees or no fees if trainees cannot afford fees.	<input type="checkbox"/> Action <input checked="" type="checkbox"/> No action
Other Risks and/or Vulnerabilities <input type="checkbox"/> HIV/AIDS <input type="checkbox"/> Human trafficking <input type="checkbox"/> Others (conflict, political instability, etc.)	No impact	None.	<input type="checkbox"/> Plan <input type="checkbox"/> Other action <input checked="" type="checkbox"/> No action
IV. MONITORING AND EVALUATION			
Are social indicators included in the design and monitoring framework to facilitate monitoring of gender and social development activities and/or social impacts during project implementation? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No			

^a Asian Development Bank (ADB). 2011. *Country Partnership Strategy: Timor-Leste, 2011-2015*. Manila.

^b Ministry of Finance and World Bank. 2008. *Timor-Leste: Poverty in a Young Nation*. Dili.

^c World Bank. 2010. *A 2009 Update of Poverty Incidence in Timor-Leste using the Survey-to-Survey Imputation Method*. Dili.

^d United Nations Development Programme (UNDP). 2011. *Timor-Leste: Human Development Report 2011*. Dili.

^e National Statistics Directorate and United Nations Population Fund. 2011. *Population and Housing Census of Timor-Leste, 2010*. Dili.

^f See footnote e.

^g See footnote e.

^h Government of Timor-Leste. 2010. *Timor-Leste Labor Force Survey 2010*. Dili.

ⁱ Secretariat of State for Vocational Training and Employment. 2008. *Technical Vocational Education & Training: Impact Assessment Report*. Dili.