



# Completion Report

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Project Number: 23229-01  
Loan Numbers: 1750 and 1751  
November 2009

## Philippines: Technical Education and Skills Development Project and Fund for Technical Education and Skills Development

## CURRENCY EQUIVALENTS

Currency Unit		–			Peso (P)		
		<b>1750-PHI</b>		<b>1751-PHI</b>			
		<b>At Appraisal</b>	<b>At Project Completion</b>	<b>At Project Completion</b>			
		24 August 2000	31 December 2008	9 January 2007			
P1.00	=	\$0.0224	\$0.0210	\$0.0205			
\$1.00	=	P44.56	P47.52	P48.82			

## ABBREVIATIONS

ADB	–	Asian Development Bank
CBT	–	competency-based training
CenTex	–	Center of Excellence
DANIDA	–	Danish International Development Agency
DBP	–	Development Bank of the Philippines
EMIS	–	educational management information system
FTESD	–	Fund for Technical Education and Skills Development
HRD	–	human resource development
LGU	–	local government unit
NDF	–	Nordic Development Fund
NGO	–	nongovernment organization
OFID	–	OPEC Fund for International Development
PMO	–	project management office
SY	–	school year
TA	–	technical assistance
TESD	–	technical education and skills development
TESDA	–	Technical Education and Skills Development Authority
TESDP	–	Technical Education and Skills Development Project
TVET	–	technical vocational education and training
UTPRAS	–	Unified TVET Program Registration and Accreditation System

## NOTES

- (i) The fiscal year (FY) of the Government ends on 31 December.
- (ii) The school year (SY) of the Government starts in June and ends in March. SY before a calendar year denotes the year in which the school year ends. For example, SY1998 begins in June 1997 and ends in March 1998.
- (iii) In this report, "\$" refers to US dollars.

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## BASIC DATA

### A. Loan Identification

1. Country	Philippines	
2. Loan Numbers	1750	1751
3. Project Title	Technical Education and Skills Development Project	Fund for Technical Education and Skills Development
4. Borrower	Republic of the Philippines	Development Bank of the Philippines
5. Executing Agencies	Technical Education and Skills Development Authority	Development Bank of the Philippines
6. Amount of Loan	\$25 million	¥2,166,700,000 (\$20 million)
7. Project Completion Report Number	PCR PHI: 1123	

### B. Loan Data

1. Appraisal	
– Date Started	15 November 1999
– Date Completed	3 December 1999
2. Loan Negotiations	
– Date Started	24 July 2000
– Date Completed	26 July 2000
3. Date of Board Approval	24 August 2000
4. Date of Loan Agreement	16 November 2000
5. Date of Loan Effectiveness	
– In Loan Agreement	14 February 2001
– Actual	9 January 2001
– Number of Extensions	None
6. Closing Date	
Loan 1750	
– In Loan Agreement	31 December 2006
– Actual	30 June 2009
– Number of Extensions	Two
Loan 1751	
– In Loan Agreement	9 January 2006
– Actual	23 March 2007
– Number of Extensions	One
7. Terms of Loan	
Loan 1750	
– Interest Rate	London Interbank Offered Rate (LIBOR)-based (floating)
– Maturity (number of years)	25 years
– Grace Period (number of years)	5 years
Loan 1751	
– Interest Rate	Fixed for the first 10 years at the swap rate plus 60 basis points, to be reset on the 10th year from effective date,

with an option to choose a reset fixed interest rate or a floating rate to the end of the repayment period; a one-time fee of 0.125% is paid on the reset.

- Maturity (number of years) 15 years, including grace period
  - Grace Period (number of years) 5 years
8. Terms of Relending (if any)
- Loan 1751
- Interest Rate 11.5%–14%
  - Repayment Period Maximum of 10 years but not longer than the economic life of the assets to be financed, whichever is shorter.
  - Grace Period (number of years) 6–24 months

9. Disbursements

a. Dates

Loan 1750- Technical Education and Skills Development Project	<b>Initial Disbursement</b>	<b>Final Disbursement</b>	<b>Time Interval</b>
	9 January 2001	30 June 2009	102 months
	<b>Effective Date</b>	<b>Original Closing Date</b>	<b>Time Interval</b>
	9 January 2001	31 December 2006	72 months
Loan 1751- Fund for Technical Education and Skills Development	<b>Initial Disbursement</b>	<b>Final Disbursement</b>	<b>Time Interval</b>
	25 January 2001	23 March 2007	75 months
	<b>Effective Date</b>	<b>Original Closing Date</b>	<b>Time Interval</b>
	09 January 2001	09 January 2006	60 months

## b. Amount (\$ million) – Loan 1750 Technical Education and Skills Development Project

Category	Original Allocation	Last Revised Allocation	Amount Disbursed	Undisbursed Balance
01A Equipment and Materials-Courseware & Books	0.990	1.232	1.232	
01B Equipment and Materials-Vehicles	0.310	0.000		
01C Equipment and Materials-EMISS	0.700	0.535	0.535	
01D Equipment and Materials-Testing and Training		5.806	5.545	0.261
02A Staff Development-In Country Fellowships	2.620	1.489	1.221	0.268
02B Staff Development-Overseas Fellowships	1.960	0.089	0.089	
03A Domestic Consultants	0.750	0.016	0.011	0.005
03B International Consultants	1.580	1.934	1.934	
04A Student Assistance-Scholarship Fund	6.500	6.150	5.882	0.268
04B Student Assistance-Student Loan Fund	1.500	0.000		
05 Front End Fee	0.250	0.250	0.250	0.000
06 Interest and Commitment Fee	3.760	3.760	2.392	1.368
07 Unallocated	4.080			
<b>Total</b>	<b>25.000</b>	<b>21.261</b>	<b>19.091</b>	<b>2.170</b>

EMISS=education management information system software.

## Amount (in ¥ million) - Loan 1751-Funds for Technical Education and Skills Development

Category or Subloan	Original Allocation	Last Revised Allocation	Amount Canceled	Net Amount Available	Amount Disbursed	Undisbursed Balance
V/T School	¥2,166.70		¥1,143.53	¥ 1,023.17	¥942.07	¥81.10

V/T = vocational and technical.

10. Loan 1750 - Local Costs (Financed)
- Amount (\$ million) 7.649
  - Percent of Local Costs 26.98%
  - Percent of Total Cost 16.05%

**C. Project Data**

## I. L1750 Technical Education and Skills Development Project

## 1. Project Cost (\$ million)

Cost	Appraisal Estimate	Actual
Foreign Exchange Cost	27.340	19.292
Local Currency Cost	42.660	28.354
<b>Total</b>	<b>70.000</b>	<b>47.646</b>

## 2. Financing Plan (\$ million)

<b>Cost</b>	<b>Appraisal Estimate</b>	<b>Actual</b>
Implementation Costs		
Borrower Financed	20.000	14.467
ADB Financed	25.000	19.091
OFID Financed	7.000	6.237
NDF Financed	8.000	7.851
DANIDA Financed	10.000	0.000
<b>Total</b>	<b>70.000</b>	<b>47.646</b>
IDC Costs		
Borrower Financed	0.000	0.000
ADB Financed	4.010	2.392
OFID Financed	0.000	0.000
NDF Financed	0.000	0.000
<b>Total</b>	<b>4.010</b>	<b>2.392</b>

ADB = Asian Development Bank, DANIDA = Danish International Development Agency, IDC = interest during construction, NDF = Nordic Development Fund, OFID = OPEC Fund for International Development.

## 3. Cost Breakdown by Project Component (\$ million)

<b>Component</b>	<b>Appraisal Estimate</b>	<b>Actual</b>
1. Strengthening the Central Training Agency	9.370	9.403
2. Devolving Training Functions to LGUs	28.630	24.869
3. Strengthening Capacity of Private Sector Providers	1.960	0.012
4. Enhancing Equity in Skills Acquisition	8.870	6.993
5. Project Management and Current Support	3.600	3.727
6. Taxes and Duties	3.630	0.000
<b>Subtotal</b>	<b>56.060</b>	<b>45.004</b>
7. Contingencies	9.930	0.000
8. Interest	4.010	2.642
<b>Total</b>	<b>70.000</b>	<b>47.646</b>

LGU = local government unit.

## 4. Project Schedule

<b>Item</b>	<b>Appraisal Estimate</b>	<b>Actual</b>
Date of Contract with Consultants	Q3 2001	August 2002
Completion of Engineering Designs	Q4 2001	November 2004
Civil Works Contract		
Date of Award	Q3 2002	December 2003
Completion of Work	Q2 2006	December 2007
Equipment and Supplies		
First Procurement	Q2 2002	December 2003
Last Procurement	Q4 2005	November 2008
Completion of Equipment Installation	Q2 2006	December 2008
Start of Operation - EMIS		
Completion of Tests and Commissioning	Q3 2002	June 2004
Beginning of Start-Up	Q1 2003	November 2007

EMIS = educational management information system, Q = quarter.



## 5. (i) Project Performance Report Ratings (1750)

Implementation Period	Ratings	
	Development Objectives	Implementation Progress
From 30 September 2000 to 31 December 2000	Satisfactory	Satisfactory
From 1 January 2001 to 28 February 2001	Satisfactory	Satisfactory
From 1 March 2001 to 31 May 2001	Satisfactory	Incomplete
From 1 June 2001 to 31 December 2001	Satisfactory	Satisfactory
From 1 January 2002 to 31 December 2002	Satisfactory	Satisfactory
From 1 January 2003 to 31 December 2003	Satisfactory	Satisfactory
From 1 January 2004 to 31 January 2004	Satisfactory	Satisfactory
From 1 February 2004 to 29 February 2004	Satisfactory	Partly Satisfactory
From 1 March 2004 to 31 December 2004	Satisfactory	Satisfactory
From 1 January 2005 to 31 December 2005	Satisfactory	Satisfactory
From 1 January 2006 to 31 May 2006	Satisfactory	Satisfactory
From 1 June 2006 to 30 September 2006	Partly Satisfactory	Satisfactory
From 1 October 2006 to 31 December 2006	Satisfactory	Satisfactory
From 1 January 2007 to 31 December 2007	Satisfactory	Satisfactory
From 1 January 2008 to 31 December 2008	Satisfactory	Satisfactory

## (ii) Project Performance Report Ratings (1751)

Implementation Period	Ratings	
	Development Objectives	Implementation Progress
From 30 September 2000 to 31 December 2000	Satisfactory	Satisfactory
From 1 January 2001 to 30 April 2001	Satisfactory	Satisfactory
From 1 May 2001 to 31 May 2001	Satisfactory	Incomplete
From 1 June 2001 to 31 December 2001	Satisfactory	Satisfactory
From 1 January 2002 to 31 December 2002	Satisfactory	Satisfactory
From 1 January 2003 to 31 December 2003	Satisfactory	Satisfactory
From 1 January 2004 to 31 December 2004	Satisfactory	Satisfactory
From 1 January 2005 to 31 December 2005	Satisfactory	Satisfactory
From 1 January 2006 to 31 December 2006	Satisfactory	Satisfactory
From 1 January 2007 to 31 July 2007	Satisfactory	Satisfactory

## II. Implementation Data - Loan 1751 Fund for Technical Education and Skills Development

## 1. Loan Utilization

Amount of Facility		¥2,166,700
Less 1 <sup>st</sup> Partial Cancellation	¥1,066,100,000	
2 <sup>nd</sup> Partial Cancellation	<u>77,425,064</u>	<u>1,143,525.064</u>
Available Funds for Relending		1,023,174,936
Less Total Released Amount to Subloan	870,185,547	
Commitment Fee, FEF & Interest Charges	<u>71,884,694</u>	<u>942,070,241</u>
Unavailed Balance		¥81,104695
Percentage Utilization of Original Loan Amount		43.5%
Percentage Utilization of Revised Loan Amount		92.07%

FEF = front-end fee.

## 2. Subloan Releases (in ¥ million)

<b>Loan Releases</b>	<b>2001</b>	<b>2002</b>	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>Total</b>
	43.95	177.20	136.56	176.85	248.32	87.3	870.18

## 3. Distribution of Subloans according to Loan Purpose

<b>Loan Purpose</b>	<b>Number of loans</b>	<b>%</b>
Acquisition of computers, laboratory equipment, books, furniture, fixtures	3	11%
Improvement/construction/renovation of academic buildings, laboratories	25	89%
<b>Total</b>	<b>28</b>	<b>100%</b>

## 4. Size of Subloans

<b>Range</b>	<b>Number of Subloans</b>	<b>Released Amount</b>
Below \$ 200,000	14	\$1.56 million
>\$200,000 to \$400,000	6	\$1.69 million
>\$400,000 to \$1 million	8	\$4.43 million
<b>Total</b>	<b>28</b>	<b>\$7.68 million</b>

**D. Loan 1750 - Technical Education and Skills Development Project****Data on Asian Development Bank Missions**

<b>Name of Mission</b>	<b>Date</b>	<b>Number of Persons</b>	<b>Number of Person-days</b>	<b>Specialization of Members<sup>a</sup></b>
Fact-Finding	15 March–2 April 1999	3	25	a, e, l
Appraisal	15 November –3 December 1999	6	27	a, c, e, l
Inception	9–13 October 2000	2	10	b, k
Review 1	5–14 November 2001	3	12	b, d, k
Review 2	27 May–7 June 2002	2	16	d, k
Review 3	26 November 2002 –17 January 2003*	2	16	d, k
Midterm Review	29 April–7 October 2004*	2	30	d, k
Review 4	26 July–1 August 2005	2	10	f, k
Review 5	15–28 February 2006	2	20	g, k
Review 6	25 September –10 October 2006	2	12	e, k
Review 7	11–20 April 2007	3	20	i, j, d
Review 8	29 November –19 December 2007	2	27	j, k
Project Completion Review	3–16 March 2009	3	20	j, k, l

\* Intermittent.

<sup>a</sup> a - senior project specialist, b - senior education specialist, c - counsel, d - education specialist, e - economist, f - social protection specialist, g - project economist, h - project specialist (education), i - education economist, j - principal human resource development specialist, k - project analyst, l - staff consultant.

**Loan 1751 - Funds for Technical Education and Skills Development**  
**Data of Asian Development Bank Missions**

Name of Mission <sup>a</sup>	Dates	Number of Persons	Number of Person-days	Specialization of Members <sup>b</sup>
Inception	9–13 October 2000	2	10	a, e
Review 1	5–14 November 2001	2	10	b, e
Review 2	17, 23–25 May 4–7 June 2002	2	16	b, e
Review 3	26–27 November 2002 10–17 January 2003	2	16	b, e
Midterm Review	29 April–30 September 2004	2	15	b, e
Review 5	27 July–1 August 2005	2	6	c, e
Review 6	15 February–6 March 2006	2	6	d, e
Review 7	25–27 September 17–20 October 2006	2	14	d, e
Review 8	11–20 April 2007	3	3	d, e, f
Project Completion Review	10 June–3 July 2008	2	18	a, e, f h, g

<sup>a</sup> Note: in conjunction with mission for Loan 1750-PHI.

<sup>b</sup> a - senior project specialist, b - education specialist, c - social protection specialist, d - education economist, e - project analyst, f - principal human resource development specialist, g - head, project administration unit, h - consultant.

## I. PROJECT DESCRIPTION

1. The Technical Education and Skills Development Project (TESDP) and the Fund for Technical Education and Skills Development (FTESD) were approved on 24 August 2000;<sup>1</sup> TESDP became effective on 29 January 2001, and FTESD on 9 January 2001.<sup>2</sup> At appraisal, the total TESDP cost was estimated at \$70 million, comprising \$25 million from the Asian Development Bank (ADB), \$10 million from the Danish International Development Agency (DANIDA), \$8 million from the Nordic Development Fund (NDF), \$7 million from the OPEC Fund for International Development (OFID), and \$20 million from the Government of the Philippines. The actual cost of TESDP was \$47.646 million, of which ADB financed \$19.091 million, NDF \$7.851 million, OFID \$6.237 million, and the Government \$14.467 million. This was 68% of the original estimate. The funding from NDF was used to purchase equipment and courseware, and OFID funding was used to finance civil works. The DANIDA funding did not eventuate. Advisory technical assistance (TA) of \$775,000 was also approved to support TESDP.<sup>3</sup> A parallel loan of ₱ 2,166,700,000 (approximately \$20 million) from ADB was established for FTESD.
2. The executing agency for TESDP was the Technical Education and Skills Development Authority (TESDA) and the executing agency for FTESD was the Development Bank of the Philippines (DBP).

## II. EVALUATION OF DESIGN AND IMPLEMENTATION

3. The main goal (impact) of the project was to enhance the competitiveness of the Philippine economy through greater relevance and quality in middle-level skills training. The secondary goal was to reduce poverty among the disadvantaged population by increasing their access to skills training and their capacity to generate income. The expected outcomes were (i) TESDA strengthened as a central training authority; (ii) training devolved to local government units (LGUs), nongovernment organizations (NGOs) and other partner institutions; (iii) constraints removed on private skills training; and (iv) equity in skills acquisition enhanced amongst disadvantaged groups. The project had four outputs linked to the outcomes and a number of sub-outputs, and was implemented nationwide.

### A. Relevance of Design and Formulation

4. The Medium-Term Philippine Development Plan, 1999–2004, emphasized economic growth with social equity and the key role of the private sector in improving industrial productivity to compete in the global economy. TESDA drafted the National Technical Education and Skills Development Plan in 1999 to translate the skills development policy thrusts of the Medium-Term Philippine Development Plan into strategies to rationalize the skills development system. The project design supported the rationalization of the technical education and skills development (TESD) system and the building of equity in skills acquisition.

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<sup>1</sup> ADB. 2000. *Report and Recommendation of the President to the Board of Directors on Proposed Loans and Technical Assistance Grant to the Republic of the Philippines for the Technical Education and Skills Development Project and Fund for Technical Education and Skills Development*. Manila.

<sup>2</sup> TESDP and FTESD are collectively referred to as “the project”.

<sup>3</sup> ADB. 2000. *Technical Assistance to the Republic of the Philippines for the Strengthening Management Capacity and Improving Quality of Technical Education and Skills Development System Project*. Manila.

5. The project design is consistent with ADB's strategy for the Philippines<sup>4</sup> and ADB's policies for the education and training sector. The project focused on improving the standard and coverage of TESD at the post-secondary level and encouraging private TESD providers. The project also contributes to ADB's overarching goal of poverty reduction, because the majority of students in the TESD system come from low-income families. The project sought to improve access by poor students to better quality training, and so improve their chances of getting higher paying jobs. The project also sought to address the perception that TESD had limited use as a basis for further education, which contributed to low enrolment in technology institutions. It built on previous investments in TESD and incorporated lessons into the design (e.g., in the form of tracer studies and accreditation systems; footnote 1, paras. 50–56).

6. The advisory TA was successful in strengthening the management capacity of TESDA and improving the quality of TESD programs. The start of TESDP was delayed, which enabled all the TA outputs to be completed before the fielding of the loan consultants. This was beneficial, because the TA was intended to support loan implementation. The changes made to the design of the project during implementation enhanced relevance. For example, when the training regulation framework was changed to require training regulations at the qualification rather than sector level, the project supported development of the additional regulations, which numbered 114 rather than 12.

7. The project design was relevant and ambitious, as well as complex and diverse. It simultaneously supported major changes in service delivery, pedagogy and operations. The design underestimated the time and resources required to introduce a competency-based training (CBT) and assessment system, and underestimated the support required to develop and implement activities that were outside TESDA's existing expertise (e.g., distance education). In addition, the capacity of TESDA to implement a project that was mainstreamed (para. 48) was overestimated. Following a slow start up, the project progressed more quickly and effectively after the midterm review in 2004. Although the goal and output indicators were appropriate, the outcome indicators were either (i) too broad; (ii) very specific, reflecting only one aspect; or (iii) not closely linked to the outcome.

## **B. Project Outputs**

8. The project had four intended outputs with numerous sub-outputs. Details of the project's key outputs and performance against revised targets are in Appendix 1. The project performed well in achieving most of its targets. At the end of the project, the physical accomplishment of outputs was 96%.

### **1. Output 1: the Technical Education and Skills Development Authority has been Strengthened as a Central Training Authority**

9. This output aimed to strengthen TESDA as a central training authority through the following sub-outputs: (i) fully developed quality assurance programs that work throughout the country, and (ii) TESDA's functions strengthened and refocused on its core mandates. TESDA promulgated 11 key operational guidelines that significantly reinforced its role as the central agency for TESD. The project supported the development and implementation of the CBT system in TESD. The Philippine Technical Vocational Education and Training Qualification and Certification System was established and (i) defined a national, comprehensive and flexible

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<sup>4</sup> ADB. 2005. *Country Strategy and Program (2005–2007)*: Philippines. Manila; and ADB. 2007. *Country Operations Business Plan (2007–2008)*: Philippines. Manila.

competency-based certification system for TESD; and (ii) set the competency requirements for all qualifications. This resulted in a major change in teaching and assessment. Evidence that TESDA's performance was strengthened through the project included the significantly improved national certification rate; the high level of satisfaction expressed by employers with the skills and knowledge possessed by graduates; the increased rate of employment of TESDA technology institution<sup>5</sup> graduates;<sup>6</sup> and the high proportion of registered programs that comply with the new training regulations.

10. **Competency-based training.** TESDP developed 112 qualifications for national certification in the 12 agreed priority sectors.<sup>7</sup> These qualifications covered the 35 distinctive areas of competency identified by the TESDA Board in consultation with industry representatives. The CBT system was developed in close consultation with representatives of the relevant industries. Training regulations form the basis of the CBT system and delineate competency standards, training standards, assessment and certification requirements. Training regulations were initially required at the sector level, but the training regulation framework was changed by the TESDA Board in 2004, with training regulations required at the qualification level. This resulted in an increase in the training regulations target from 12 to 112, which added significantly to the work load. However, a total of 114 training regulations were developed, which exceeded the revised target. By the end of the project, 90% of registered programs complied with the new training regulations. Many of the graduates will work overseas or in export-focused industries in the Philippines; developing training regulations that met international standards was therefore important in many areas (e.g., the maritime and construction sectors).

11. To support institutions in developing their own curricula, 96 competency-based curriculum exemplars were drafted, and 364 competency-based learning modules—consisting of learner and teacher guides—were produced or procured to support curriculum delivery. Development of this courseware enabled TESD instructors to produce their own materials, and reduced their reliance on hard-to-obtain instructional materials. While the utilization and quality of the competency-based learning modules has varied widely, compliance efforts have been sustained across the TESDA technology institutions. Furthermore, to support the development of the learning activities in the competency-based modules, 409 contextual learning matrices were developed that identify the concepts and principles needed for specific competencies.

12. The Philippine Technical Vocational Education and Training Qualification Framework has four achievement levels, and two types of assessment were introduced to assess achievement of these levels. TESDP developed assessment tools for each type of assessment in the 12 priority areas (188 assessment tools for the national certificate and 626 assessment tools for the certificate of competency). To enable the effective assessment of CBT, 44 new assessment centers were established involving refurbishment and provision of equipment to 24 Centers of Excellence (CenTexes), 10 regional training centers, five provincial training centers, and provision of equipment to one private technical vocational institution. Of the 2,019 assessors trained, 526 also participated in an assessor enhancement program. In addition, 412 assessment center managers and staff were trained. Overall, good progress was made on implementation of the CBT system.

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<sup>5</sup> The term "TESDA technology institution" refers to public technical and vocational institutions that are administered by TESDA.

<sup>6</sup> TESDA. 2008. *Impact Evaluation Study of TVET Programs*. Manila (TESDA).

<sup>7</sup> The priority sectors are automotive; construction; electronics; footwear and leather goods; furniture and fixtures; garments; heat, ventilation, airconditioning and refrigeration; health, social and other community development services; land transport; maritime; metals and engineering; and processed food and beverages.

13. **Program registration and accreditation.** The Unified TVET Program Registration and Accreditation System (UTPRAS) is a key element of the Philippine Technical Vocational Education and Training Qualification and Certification System. Under TESDP, UTPRAS was revised to ensure that registered programs complied with the new competency-based curriculum and standards. To support the registration process, UTPRAS focal points were trained and a program registration manual produced.

14. UTPRAS also covers the accreditation of public and private technical vocational institutions. The aim was to encourage technology institutions to move through the four accreditation levels and compete for the Philippine TVET Quality Award. The original intention was to use private accreditation agencies to enhance the objectivity and credibility of the accrediting mechanism.<sup>8</sup> TESDP aimed to accredit 240 private technical vocational institutions and 25 TESDA technology institutions, but delays in engaging private accreditation agencies resulted in the target for private technical vocational institutions being reduced in 2006 to 60. A total of 31 TESDA technology institutions, including 25 CenTexes, were accredited by TESDA under the project, exceeding the target of 25 TESDA technology institutions. The guidelines for accreditation of private technical vocational institutions by a private agency were developed, and in 2007, the Asia Pacific Accreditation and Certification Council was engaged to accredit private technical vocational institutions. However, the delayed engagement and TESDA's change of priority to public technology institutions meant that only one private training institution had been accredited by project closing.

15. **Quality assurance systems.** TESDP developed a five-stage institutional quality assurance system for institutions. Twenty institutions (15 CenTexes and five private technical vocational institutions) were selected to pilot the system. Five TESDA and private institutions (three CenTexes and two private institutions) completed the five stages. Subsequently, it was decided that all TESDA technology institutions should undertake this quality assurance program, and all are expected to achieve stage five by the end of 2010. A corporate quality assurance performance indicator was added in 2005. A common set of TESDA "5S" standards was developed and provided to all TESDA offices.<sup>9</sup> A total of 130 corporate staff attended quality assurance capability-building programs, and 5 central and 11 regional offices were audited against the quality assurance standards. Mandatory annual compliance audits of at least 10% of all registered programs helped link the corporate quality assurance efforts to the sector level.

16. **Educational management and information system.** A functioning education and training information system is essential to enable TESDA to formulate relevant and timely policies that are aligned with labor market needs. TESDP intended to expand TESDA's management information capacity through the development, implementation and expansion of the educational management and information system (EMIS). EMIS would operate as a common system for both corporate and TESDA technology institutions. Full realization of a common system was hampered by design and implementation issues, however.

17. Two types of EMIS were developed: a stand-alone EMIS (to be used by institutions without internet access), and a web-based EMIS that would allow uploading of information to the TESDA database. Versions of EMIS were installed in central, regional, and provincial offices; 23 CenTexes; and 92 TESDA technology institutions; and 1,651 TESDA personnel were

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<sup>8</sup> Private accreditation agencies are independent bodies that are qualified to assess and certify technology institutions. These bodies would be independent of TESDA and the institutions to be assessed.

<sup>9</sup> "5S" is a quality assurance approach for workplace improvement. It represents a systemic approach to productivity, quality, and safety improvements in all types of business.

trained as EMIS coordinators. However, technical difficulties (e.g., bandwidth and other system issues) challenged EMIS and in 2007 EMIS was replaced by the monitoring network system, a web-based application. By the end of TESDP, full data, applications and technology interoperability across the organization had not been achieved. However, TESDP supported the formulation of TESDA's Information Systems Strategic Plan 2007–2009, allowing TESDA to comply with a Commission on Information and Communication Technology directive.

18. **Distance education.** Activities were undertaken to strengthen TESDA's capacity to develop and deliver distance training to achieve cost-effective training delivery. The first stage was to develop and pilot-test five distance education programs for teachers in five technology institutions; in the second stage, the trained teachers were to deliver two programs to students through distance education. Progress was limited, however. Some delays resulted from the dependence of the distance education programs on other parts of TESDP, such as curricula development and equivalency recognition. There was also limited expertise and only moderate interest within TESDA.

19. Two distance education courses (a trainers' methodology course for teachers and a food processing course for students) were developed, both of which used a blended delivery mode combining online theory and in-center training. The Trainers' Methodology Course Level 1 at national certificate level II was implemented by the Regional Training Center-Batangas, and the Food Processing Course at national certificate level II was offered by the TESDA Women's Center. Ten students successfully completed the food processing course, but the trainers enrolled in the trainers' methodology course failed to complete the course due to technical design problems. TESDA indicated that the project provided valuable experience in developing on-line based applications. Some distance education courses are planned for the immediate future.

20. **Policy analysis and research.** TESDA is a central training authority, and one of its key functions is to provide directions for the TESD sector. The project strengthened TESDA's capacity in policy analysis, research and information dissemination.<sup>10</sup> Achievements included (i) the development of a manual to describe the TESD situation in specific geographic areas and timeframes, with a national study conducted in 2006; (ii) impact evaluation studies undertaken through graduate tracer studies conducted in 2005 and 2007 (these are now institutionalized); (iii) employers' satisfaction survey conducted, (iv) five research projects undertaken; (v) 17 regional and 89 provincial skills priority plans developed; and (vi) capacity-building programs conducted on research methodology and policy analysis. TESDA is considering expanding its impact evaluation study to determine whether the graduates who have trained using the upgraded facilities and the new CBT system have a greater chance securing employment and earning higher incomes. Benefit impact monitoring and evaluation was undertaken—three workshops were conducted and the end-of-project evaluation report was prepared under the benefit impact monitoring and evaluation activity—but this activity is not reflected in the project framework.

21. **Organizational development.** The institutional analysis plan prepared for TESDA under TESDP in 2003 was superseded by the 2004 requirement that all government agencies develop a rationalization plan. The TESDA rationalization plan was developed and submitted to the Department of Budget and Management for review. The plan was withdrawn in 2007 to enable revisions to be made to reflect further changes in TESDA's directives. The revised plan was submitted in 2008, and approval is pending. The Corporate Human Resource Development

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<sup>10</sup> No specific indicators were set in the project framework for this sub-output.



(HRD) Plan serves as a blueprint for personnel development in all TESDA offices (central, regional and provincial). The HRD plan was added as a separate activity after the midterm review. The HRD plan follows a competency-based approach, and assessment tools were also developed. In addition, the TESDA Development Institute has been established as recommended under the HRD plan. A total of 1,245 corporate staff were trained under the corporate HRD plan. Overseas fellowships were awarded to 28 TESDA staff to attend training programs on management of TESD programs and institutions. In addition, 10,168 people—staff from the TESDA technology institutions and private technical vocational institutions—were trained under TESDP. In total, 11,442 staff attended capacity-building programs.

22. **Output 1 Summary.** Successful implementation of many of the sub-outputs under output 1 has strengthened TESDA as a central training authority. TESDA can be further strengthened by building on this foundation, and through full implementation of those sub-outputs that were only partially successful (e.g., EMIS).

## 2. **Output 2: Responsibilities for Skills Training Devolved from the Technical Education and Skills Development Authority to Local Government Units and Institutions**

23. Under this output, activities were undertaken to prepare the (i) personnel, (ii) physical resources, and (iii) business plans for devolution of TESDA technology institutions to LGUs and other local organizations.

24. **Staff development.** Success in devolving TESDA technology institutions depends to a large extent on staff attitude and competencies. A total of 259 staff from LGUs, NGOs and TESDA technology institutions were trained to prepare them to provide local management of TESDA technology institutions. The benefits of this training may be compromised by slow devolution and staff turnover.

25. **Training facilities.** The training facilities of selected TESDA technology institutions were upgraded prior to the devolution of these institutions. Civil works for 25 CenTexes, 45 provincial training centers, 39 assessment centers and 32 other TESDA institutions were completed by the end of TESDP. The amount and scope of civil works ranged from refurbishment to construction of new buildings to house classrooms, shops, laboratories, libraries, administration offices and assessment centers. Around 636 individual facilities were upgraded in the project institutions: 17% were workshop areas, 16% were toilets, and instructors' rooms and storerooms accounted for 11% each (see Appendix 2). Efforts to resolve conflicts and construction snags, particularly after the midterm review, have been excellent. All construction contracts were completed.

26. Training equipment was also provided in the priority areas,<sup>11</sup> including assessment tools and instruments for the assessment centers, laboratory instruments for contextual learning, and computers and peripherals. The DANIDA loan of \$10 million did not eventuate and the cost of the equipment that was to be purchased under this loan was instead purchased using government funds and reallocated ADB funding. A total of 23 equipment and material packages were acquired and delivered to the intended project institutions (see Appendix 3). All equipment was delivered, although in one case TESDA is considering civil court action as the supplier did not replace equipment that was rejected.<sup>12</sup> Late delivery of equipment delayed full implementation of CBT.

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<sup>11</sup> The NDF loan funded the purchase of some of the equipment.

<sup>12</sup> This has not prevented the courses from being offered, as old equipment is being used.

27. **Devolution plans and guidelines.** The renewed focus on TESDA's core functions was complemented by a plan to devolve the management of training institutions from TESDA to LGUs, NGOs and other partner institutions. The devolution framework and guidelines were approved by the TESDA Board and incorporated in a devolution manual, with all TESDA technology institutions required to formulate institutional development plans for approval by TESDA management. Furthermore, specific TESDA technology institutions, including all CenTexes, were required to formulate devolution plans together with their devolution partner institutions (LGUs, industry, or industry associations), and have these plans endorsed by the relevant authorities. The process involved training of the devolution partner and TESDA institution staff prior to the consultation phase. A total of 120 institutional development plans were formulated and submitted by the TESDA technology institutions; the 23 Centexes submitted both institutional development plans and full devolution plans. When agreement was reached, a memorandum of agreement to implement the devolution plan was signed by both TESDA and the devolution partner.

28. Five devolution models were proposed for piloting, but only four were piloted.<sup>13</sup> However, only a few LGUs have expressed substantive interest in assuming responsibility for the TESDA technology institutions, due to the following constraints: (i) financial sustainability, (ii) transfer of staff, and (iii) change of local government executives. Only six TESDA technology institutions have been fully or partially devolved. The National Economic and Development Authority has approved a progressive devolution plan that details the devolution of all TESDA technology institutions over the period 2001 to 2030, with devolution of CenTexes scheduled to occur from 2008 to 2012. Devolution is expected to continue to meet challenges, especially in the case of CenTexes, as a result of their higher costs and staff numbers.

29. **Output 2 Summary.** The preparatory plans under this output to devolve TESDA technology institutions were completed successfully. However, before TESDA can devolve many of its institutions, a number of issues need to be resolved, including (i) access of LGUs and other devolution partners to finance; (ii) lack of understanding on the part of some LGUs and industries regarding the benefits of devolution; and (iii) insufficient will on the part of TESDA management to pursue the devolution mandate.

### 3. **Output 3: Private Sector Technical Education and Skills Development Provider Institutional Strengthening**

30. Through this output, private technical vocational institutions were able to access credit through FTESD to improve the quality of buildings, learning materials and staff skills. Through TESDP, private institutions were provided with copies (free or at cost) of the new CBT-related material to enable them to meet the requirements under the new CBT system. Two types of targeted scholarships—the ADB Scholarship Fund and the Jobs-Directed Scholarships—were introduced to encourage poor students to attend private technical vocational institutions.

31. **Fund for Technical Education and Skills Development.** The FTESD was established to enable qualified private institutions to borrow funds to upgrade and improve the quality of private skills training. Eligible borrowers were private institutions offering post-secondary, non-degree TESD programs in priority areas such as information technology, engineering technology, food technology and services, and tourism. Under FTESD, qualified private training institutions could borrow funds for staff development, instructional materials, equipment and

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<sup>13</sup> The "co-managed by LGU and NGO model" could not be piloted, as there were legal problems in transferring facilities to a private entity.

upgrading and expansion of physical facilities. It was expected that 100–120 private institutions would use the loan facility, borrowing an average of about \$75,000–\$250,000 each.

32. However, only 28 private providers used the loan facility, with a total of 31 subloans, but with a larger-than-expected average loan size. Of the 28 borrowers, 17 used the funds solely to construct new academic buildings, eight to construct buildings and upgrade school facilities and equipment, while three used the funds to acquire equipment and upgrade facilities. The loan closed on 9 January 2007 with over 50% of the loan cancelled. Major reasons cited for the low uptake are (i) poor investment climate, (ii) increased competition from the public sector, (iii) high interest rate, (iv) exclusion of the construction of new buildings and land, and (v) inability of smaller institutions to provide the collateral and documentation required. In February 2003, at the request of DBP, ADB approved a major change of scope to allow the construction of new academic buildings. Also, interest rates were reduced. These changes greatly facilitated the loan uptake.

33. **Scholarship fund for private students.** The ADB Scholarship Fund was expected to provide 20,000 person-years of scholarships to poor students. Guidelines were developed in 2001 to ensure consistent administration of the scholarship fund nationwide. A total of 20,687 person-years of scholarships were awarded to target beneficiaries. The gender target of 50% women was almost met: 49.5% of recipients were females, and 50.5% males. To encourage poor students to enroll in private schools, an initial target of 80:20 was set in favor of the private institutions. This was reduced to 70:30 to accommodate TESDA's request for more scholarships for the poor in public TESDA technology institutions. However, only 62% of the scholarships (in person-years) were awarded to students in private technical vocational institutions.

34. **Student loan fund and jobs-directed scholarships.** TESDP originally included a student loan fund, but this was cancelled in 2005 after neither of the proposed models was endorsed by TESDA. ADB approved a reallocation of the project funds, to create a Jobs-Directed Scholarship Program with a budget of \$1 million. The Jobs-Directed Scholarship Program awarded scholarships (grants) to institutions offering courses identified by TESDA that were responsive to the needs of communities for job generation and employment. Eligible courses covered at least one unit of competency and were of less than 1-year duration. The program aimed to benefit approximately 1,600 poor students, but this target was exceeded—3,305 poor students benefited, and 3,200 graduated. About 1,806 of these scholars (56%) graduated from private institutions. A gender disaggregated target of 50% for women was requested by ADB but not included in the implementing guidelines; unfortunately, no disaggregated statistics were collated. A tracer study revealed that 1,481 job-directed scholarship graduates were employed.

35. **Quality assurance and competency-based training.** Private technical vocational institutions also benefited from TESDP through access to CBT material. Training regulations and competency-based curriculum exemplars were posted on the TESDA website, and competency-based learning modules and contextual learning matrices were made available through regional offices on a cost-recovery basis, enabling private institutions to more easily convert to and comply with the new CBT and assessment system. A total of 2,160 teachers and administrators of private technical vocational institutions received training on the CBT system; this was just 57% of the target, due to difficulties in staff being released from private technical vocational institutions. A total of 1,456 public teachers were trained to support both private and public teachers. Difficulties in engaging a private accreditation body resulted in just one private technical vocational institution being accredited by the close of TESDP, far below even the reduced target for accreditation of 60 private technical vocational institutions.

36. Overall, output 3 did not provide the expected level of support to the private sector. About 50% of the expected amount was lent through the FTESD; many smaller private institutions that were expected to benefit did not, as they could not meet the loan collateral and documentation requirements. Support to students at private institutions also failed to reach the level projected prior to implementation.

#### 4. Output 4: Enhanced Equity in Access to, and Acquisition of, Skills

37. Enhanced equity was achieved by increasing access to TESD for students from poor families, rural populations and women (paras. 31–32). TESDP also supported equity by developing a system of equivalency, so that skills gained could be recognized for future entry to higher-level qualifications.

38. **Equivalency and certification system.** One of the reasons cited for low enrolment is that TESD is perceived to be a “dead-end”, and provides few opportunities for further education. TESDP aimed to develop and implement an equivalency and certification system to allow people with technical skills to further their education. Equivalency gained momentum in 2005 following the issuance of Executive Order 358 2004, supplemented by memorandums from TESDA and the Commission on Higher Education. A system of equivalent credits had to be established—under the Commission on Higher Education for formal post-secondary level education, colleges and universities, and under the Department of Education for basic education—for competency and learning achieved in technology institutions. A National Qualifications Framework was developed and implementing guidelines for equivalency and the granting of credits was published, including qualification pathways. By 2007, a total of 692 public and private institutions were identified for participation in the Ladderized Education Program.

39. Enhanced equity in access to and acquisition of skills was achieved. Both scholarship programs benefited students from poor families. Also, the implementation of the Ladderized Education Program has provided TESD graduates with the opportunity to use this qualification to progress to higher education programs.

#### C. Project Costs

40. At appraisal, the total TESDP cost was estimated at \$70.0 million, of which \$27.34 million (39.1%) was foreign exchange cost, including the \$4.01 million service charge. The local currency cost was estimated at \$42.66 million (60.9%). ADB's share was estimated at \$25.0 million, NDF's at \$8.0 million, DANIDA's at \$10.0 million, OFID's at \$7.0 million, and the government's at \$20.0 million. The actual cost of TESDP was \$47.65 million, of which ADB financed \$19.091 million, NDF \$7.851 million, OFID \$6.24 million, and the government \$14.47 million.<sup>14</sup> This was 68% of the original estimate.<sup>15</sup> At the request of the borrower, \$3.7 million from the ADB loan was cancelled in January 2006. An undisbursed balance of \$2.17 million was cancelled upon closing of the loan account. A summary of the appraisal and actual financing plans is in Appendix 4. Detailed TESDP cost estimates at appraisal and completion are shown in Appendix 5.

<sup>14</sup> The Department of Budget and Management has continued to permit TESDA to access funds for this Project until 31 December 2009. As of 15 October 2009, government spending has reached \$16.55 million.

<sup>15</sup> There was significant depreciation of the peso against the US dollar during project implementation, particularly in 2005 and 2006.

41. At appraisal, the cost of the FTESD was estimated at ¥2,166.7 million (\$20 million), to be used for relending to qualified private training providers over a 6-year period. However, over 50% of the loan amount was cancelled due to low utilization (Table 1).

**Table 1: Fund for Technical Education and Skills Development Cancellations**

Number	Cancellations	Date	Yen	Equivalent in \$
1.	First Cancellation	22 November 2004	¥ 1,066,100,100.00	\$ 10,000,000.00
2.	Second Cancellation	05 September 2005	¥ 77,425,064.00	\$ 694,831.41
3.	Final Cancellation	23 March 2007	¥ 81,104,695.00	\$ 691,488.58
	<b>Total</b>		<b>¥ 1,224,629,859.00</b>	<b>\$ 11,386,319.99</b>

Source: ADB.

#### **D. Disbursements**

42. Total disbursements for TESDP amounted to \$19.09 million. Interest charges accounted for 14% of the total loan disbursements. An imprest account was established for the timely release of funds and ADB provided an initial advance of \$1.0 million. The imprest account was used efficiently to pay out an amount equivalent to \$7.16 million. The statement of expenditure procedure was used for small payments (under \$50,000 per payment). This procedure was implemented with adequate supporting documents, and was particularly effective for small payments, including scholarship allowances.

43. Actual disbursement during the first 2 years was low, primarily due to the lack of budget allocation in the 2001 national budget as a result of the re-enactment of the budget for 2000 to 2001; late recruitment of consultants; and slow identification of the equipment to be procured. Disbursement increased steadily beginning in 2004, 3 years after project commencement, and reached a total of \$16.06 million by 31 December 2008. The breakdown of annual disbursements is in Appendix 6.

44. For FTESD, DBP submitted withdrawal applications to ADB for release of the loan proceeds semi-annually based on the needs of the sub-borrowers. Initially, no imprest account was envisioned for this loan. Upon receipt of loan proceeds from ADB, DBP converted the yen to Philippine pesos, but this was costly to do on a per-approved-project basis, because each project was relatively small. This resulted in a higher exchange rate. An imprest account in yen amounting to the equivalent of \$1.0 million (similar to that provided to TESDA under the TESDP) was subsequently established for DBP to facilitate disbursement of subloans. The imprest account was managed, replenished and liquidated in accordance with ADB's *Disbursement Handbook*.

#### **E. Project Schedule**

45. As envisaged during appraisal, TESDP was to be implemented over 6 years, from 2000 to 2006. TESDP became effective on 9 January 2001, 5 months after loan approval. One year after its inception, only a few activities had been implemented, because there was no budget appropriation in 2001 and the project management office (PMO) was not fully established. Delays were experienced in contracting civil works due to changes in internal TESDA approval procedures. Moreover, the recruitment of the TESD management and devolution consultant was deferred, and the fielding of the contextual learning consultant was also delayed, resulting in a delay in the introduction of contextual learning. There were also delays in finalizing the list of teaching and assessment equipment. In November 2006, TESDP was extended by 12 months due to a lack of budget appropriations and delays in some activities. A second extension of 12

months was granted in August 2008 to access some of the unused loan funds to procure tools and equipment to support construction and civil technology courses. All the additional tools and equipment for construction and civil technology courses were delivered on time. There were also extensions to the loans from OFID and NDF with respective closing dates of March 2008 and June 2008.

46. FTESD was approved by the ADB Board on 24 August 2000 and became effective on 9 January 2001. The original closing date was 9 January 2006 but it was extended for 1 year to allow for the processing of sub-loan applications. FTESD closed on 9 January 2007, while the loan account closed on 23 March 2007.

47. TESDP was physically completed by the extended closing date of 31 December 2008. A comparison of the planned overall project schedule against actual implementation is in Appendix 7.

## **F. Implementation Arrangements**

48. TESDP was implemented through a “mainstreaming” arrangement. The project management team was composed of TESDA staff in the central and regional project component teams, with the director-general of TESDA serving as project director. The central team included one deputy director general (deputy project director),<sup>16</sup> the executive director of the National Institute of Technical Vocational Education and Training (project coordinator), the other executive directors, plus 16 focal persons. The regional project team was composed of the regional directors, regional focal persons, and heads of beneficiary institutions. The team had approximately 45 members spread throughout the TESDA structure. Many staff members were involved in project implementation, especially in procurement, civil works and training.

49. This mainstreamed approach promoted ownership, linked TESDP to core TESDA activities, and encouraged greater project sustainability, but had the disadvantage that strong coordination mechanisms were initially absent, and the additional project work was not appropriately recognized within TESDA. For the first 3 years of project implementation, the PMO was very small, and without a fulltime project manager. During 2003, the PMO was expanded to seven staff (still less than the planned complement), and a project manager was appointed. There were frequent changes in the leadership of TESDA and in the PMO. Despite delays in implementation, TESDP was able to overcome negative impacts through improved management in the second half of the implementation period (2005–2008). Project implementation was generally carried out as designed at appraisal.

50. DBP managed FTESD. Eligible private technical vocational institutions could apply for loans at any DBP lending outlet; the outlets processed the loans, with final approval made at DBP headquarters. DBP’s appraisers and account officers ensured that ADB’s procurement process was followed. Initially, DBP and TESDA coordinated actively and jointly conducted advocacy campaigns across the country to promote the fund.

## **G. Conditions and Covenants**

51. The status of compliance with the loan covenants for TESDP was generally satisfactory despite some delays. Fourteen out of the 17 loan covenants were complied with satisfactorily.

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<sup>16</sup> One deputy director general was designated as deputy project director, and the other two deputy directors general assisted the project when project activities were undertaken by offices they supervised.

Three loan covenants—EMIS, devolution of TESDA technology institutions, and distance education and training—were partly complied with. All financial covenants were complied with despite delays in submission of annual project accounts. TESDP was completed without any covenants being cancelled or significantly altered.

52. For FTESD, nine of the ten covenants were complied with by DBP. No formal assessments appear to have been made on the benefits and impact of the subloans, nor were tracer studies conducted. Also, the majority of loan proposals submitted to DBP by potential borrowers were for construction of new academic buildings, although such construction was not initially included in the Loan Agreement. At the request of DBP, a major change in project scope was approved by ADB on 3 February 2003 to include the construction of new academic buildings. The status of compliance with loan covenants is in Appendix 8.

## **H. Related Technical Assistance**

53. An advisory TA was provided to strengthen the management capacity of TESDA, improve the quality of TESD programs, and enhance the employment opportunities of TESD graduates (footnote 3). The TA consisted of three major components: (i) strengthening of the management capacity of TESDA at the central, regional, and provincial levels, in the institutions managed by TESDA, and in related LGUs; (ii) improving the quality of TESD programs through the development and implementation of systems for accreditation, skill testing and certification, equivalency, quality assurance, dual training and apprenticeships; and (iii) enhancing the employment opportunities of TESD graduates through career guidance and counseling services, industry–institution links, and entrepreneurship development programs in TESD institutions. A significant amount of the TA involved the conceptual development of programs to be implemented under TESDP.

54. The TA design had three weaknesses: (i) the TA and TESDP incorrectly assumed that TESDA had a vision for TESD and its own role in the TESD system, and that competency-based training was understood and already being implemented; (ii) the TA scope was ambitious, with the consultants expected to strengthen management capacity at all levels of the TESD system, and design and implement several major programs; and (iii) some TA activities relating to the enhancement of graduate employment opportunities were not covered under the project and had to be implemented as part of TESDA's regular activities. Intense efforts were made to strengthen the link between the TA, TESDP and TESDA's regular programs to ensure the smooth transition from TA to TESDP implementation.

55. The delayed TESDP startup and a slightly compressed TA implementation schedule enabled all TA outputs to be completed before the fielding of the loan consultants. This was beneficial because the TA was intended to support TESDA's preparation for the project.

56. The most important achievement of the TA was agreement within TESDA on the nature of the desired TESD system, and delineation of TESDA's core functions. It was agreed that the ideal system would be competency-based, quality-assured and demand-driven, involving a partnership among industry, government, learners and communities. TESDA's role would be to provide national leadership in creating and sustaining such a system, and a model of the restructured TESDA was agreed upon. The second major achievement was concept and strategy development in six areas: competency-based training, quality assurance, equivalency, responsiveness to industry, entrepreneurship, and improved learner access to careers.

57. The TA was rated highly successful in terms of the quality, relevance and acceptability to TESDA of the outputs produced. However, a loss of momentum (and to some extent, continuity) could be traced to changes in TESDA leadership during TA implementation, and this led to the lower rating of successful. The TA completion report, circulated to the Board on 24 June 2004, is in Appendix 9.

## I. Consultant Recruitment and Procurement

58. Consultants were selected and engaged in accordance with ADB's *Guidelines on the Use of Consultants* (2007, as amended from time to time). TESDP used 62 person-months of international consultant services, slightly less than the 65 person-months estimated at appraisal. Due to foreign exchange constraints, the period of engagement of international consultants was also slightly reduced, but with no effect on the expected outputs. National consultants provided 84 person-months of services instead of the 111 person-months planned at appraisal. Reasons for the reduced inputs by national consultants included the death of the benefit and impact evaluation specialist during his contract. TESDP encountered no problems in recruiting consultants or in following ADB's procedures. TESDA's anticorruption process includes an independent observer group for procurement, a representative of which must be present during the pre-procurement conference, and the opening of bids. On several occasions, the inability of the independent observer group to attend at the proposed time resulted in the meeting being rescheduled, which caused the evaluation of consultant proposals and engagement of the consultants to be delayed.

59. TESDA and ADB conducted staff training on procurement using ADB's procedures. The procurement of civil works under OFID financing followed ADB's *Procurement Guidelines*. There were delays in procurement because of (i) failure of bidding resulting from bid proposals that were not technically responsive; (ii) lack of capacity for civil works implementation and slow internal approval processes at TESDA; (iii) land ownership problems; (iv) inability of TESDA to make the first progress payment, because the Department of Budget and Management had not released the funds for payment; and (v) deviations from the original plan without prior approval of TESDA and ADB. To resolve the issue of non-payment of progress billing, ADB agreed to pay the contractors directly, even though the payments were below the minimum amount for direct payment procedures.

60. Procurement of equipment under ADB financing mainly followed ADB's *Procurement Guidelines*. There were delays in procurement because of the time-consuming and complicated bidding procedures.<sup>17</sup>

61. Procurement of equipment using NDF financing was completed successfully. However, procurement suffered from delays due to the following: (i) inadequate or inaccurate equipment specifications, (ii) delays in finalizing the lists of teaching and testing equipment, (iii) lack of budgeted funds as there were limited TESDA budget appropriations per year, (iv) time consuming and complicated bidding procedures, and (v) failure of bidding because of insufficient bids due to lack of interest in submitting for small items. TESDA coordinated closely with the Department of Budget and Management and the National Economic and Development Authority for the relevant budget appropriations.

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<sup>17</sup> The procurement process took about 45 days from preconference meeting to approval by the TESDA Board.



## **J. Performance of Consultants, Contractors, and Suppliers**

62. The consultants' performance was generally satisfactory in important areas such as the competency standards and assessment, courseware development, and testing and certification. However, difficulties were encountered in the fielding of certain consultants, e.g., the devolution specialist; and replacement of the benefit and impact monitoring and evaluation consultant after the death of the original consultant. The performance of the civil works contractors and the equipment and materials suppliers was generally satisfactory, except for one equipment supplier who was unable to complete delivery because the equipment provided did not meet the required specifications. No fraud or corruption was involved. TESDA is considering filing a civil case.

## **K. Performance of the Borrower and the Executing Agency**

63. The performance of TESDP was unsatisfactory in the initial years due to the lack of a budget appropriation in 2001; reduced budget appropriations from 2002–2004; delays in hiring the PMO staff and an incomplete PMO staff complement, including no project manager; weak coordination within TESDA; and frequent changes in TESDA leadership (four directors general in 3.5 years). Also, many projects were being run simultaneously, with the result that the limited senior staff had multiple responsibilities, making it difficult for them to focus on the project. With the appointment of a project manager in August 2003, the pace of implementation accelerated. From late 2004, one executive director acted as both project coordinator and project manager, assisted by a deputy project manager. Bi-monthly project coordination meetings were also conducted to strengthen coordination among project subcomponents. To compensate for the lack of progress in the first year, TESDA opted for a 12-month loan extension. Overall, the performance of TESDA was considered satisfactory.

64. DBP managed FTESD through its decentralized structure. The subloan processing timeframe followed by DBP was reasonable (45 days upon completion of the requirements). DBP undertook several measures to increase loan utilization: interest rates for the sub-loans were lowered, a nationwide marketing campaign was conducted, and funding eligibility was extended to include the construction of new academic buildings in response to demand. DBP lending units visited the projects and the borrowing TESD institutions annually to monitor the use of the loan funds and ensure full compliance with the terms and conditions. The performance of DBP was considered satisfactory.

## **L. Performance of the Asian Development Bank**

65. ADB fielded a total of 11 missions during the implementation period. ADB provided intensive support and detailed guidance to the PMO and DBP in a timely manner through regular communications and regular review missions. The project would have benefited from an additional loan review mission between January 2003 and the start of the midterm review in April 2004. Also, ADB changed the project officer six times and project analyst four times. Despite this, ADB paid close attention to the implementation of the project and provided technical support, including minor adjustments to the project's implementation arrangements and extension of the implementation period. ADB also demonstrated flexibility in responding to requests with regard to reallocation of loan proceeds among categories and the partial cancellation of loan funds. ADB's performance was considered satisfactory.

### III. Evaluation of Performance

#### A. Relevance

66. This Project is rated *highly relevant*. The design of the project was highly relevant and remained so until its completion in 2008. The project was in accordance with the government's economic development plans and strategies for skills development and ADB's education sector strategy at the time of appraisal, and continues to be so. It has strengthened the role of TESDA as a regulatory and support authority and prepared for the devolution of its responsibilities as a direct provider of training. It also established CBT and the accreditation system for the TESD system so that training could be more responsive to the skills needs of the industry, and ensured formal recognition of the skills acquired.

67. The design of the project reflected lessons from earlier projects such as ADB's Technical and Vocational Education Project,<sup>18</sup> as well World Bank-funded projects. One lesson was that CenTexes be established with distinctive areas of competence, rather than creating identically equipped centers offering identical programs. Other lessons applied were the use of tracer studies. The earlier projects also emphasized the importance of direct and indirect support to the private providers that train the majority of TESD students. Consequently, the design included FTESD as well as scholarships targeted for poor students in private technical vocational institutions. Changes were made to the design in response to issues raised during implementation. However, other changes were required due to unforeseen events, such as the re-enactment of the 2000 budget and reduced budget appropriation in the subsequent 3 years. Changes were managed in a timely fashion.

#### B. Effectiveness in Achieving Outcome

68. The project is rated *effective*. The indicator for the first outcome of strengthening TESDA as the central TESD training authority was strengthening of TESDA's role, function, and effectiveness as a central training authority. Eleven key operational guidelines were formulated that reinforced TESDA's mandate and functions for managing the TESD sector and devolving its direct provider and accreditation responsibilities. The introduction of CBT and the assessment system established the new teaching and assessment framework for the subsector. At the same time, the program registration system using the new training regulations was improved, and annual compliance audits were introduced of 10% of all registered programs. The systems, processes and training implemented have refocused and strengthened TESDA's training management role, but it is difficult to quantify the extent of that change.

69. The indicator for the second outcome of devolving training functions to LGUs, NGOs and other partner institutions—development and acceptance of training devolution plans for all public project institutions; staff training provided to LGUs, NGOs, and other partner institutions; and upgrading and equipping of staff training facilities—was achieved. However, it is expected that devolution will be a challenge, especially for the high-cost CenTexes, despite the fact they are good training facilities, as LGUs have a restrictive geographic jurisdiction.

70. For the third outcome of removing constraints on private skills training, the indicator was the establishment of the FTESD for quality improvement and expansion of 120 private schools. Only 28 private institutions borrowed from the fund (23% of the target), but about 50% of the loan amount was utilized. The project also supported private skills providers by increasing the

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<sup>18</sup> ADB. 1998. Reevaluation of Loan No. 0531-PHI: *Technical and Vocational Education Project*. Manila.

skills of teachers and administrators, providing new CBT material free or at cost, and targeting poor students with scholarships to attend private technical vocational institutions.

71. The final outcome was enhanced equity in skills acquisition among disadvantaged groups. There were three indicators: (i) establishment of the Scholarship Fund and Student Loan Fund for 25,000 students; (ii) continuation of expansion of the training delivery for the informal sector; and (iii) established equivalency and certification systems. The Scholarship Fund for poor students was established with 20,687 person-years of scholarships awarded, exceeding the target of 20,000. The revised target of 70% of students from private technical vocational institutions was not met, as poor private school students accounted for only 62%. The target of 50% women was met. The Student Loan Fund with its target of 5,000 students was cancelled, with \$1 million from its allocation being used to support the Jobs-Directed Scholarship Program. This program provided support to 3,305 poor students, of which 3,200 graduated, exceeding the target of 1,600. The success of these scholarship programs has encouraged TESDA to continue with other scholarship programs. The training delivery for the informal sector has developed into the more structured technology-based CBT and entrepreneurship development program. The system of equivalency and the consequent "ladderization" of TESD has provided the framework for pro-poor access and progress through the education system, although further refinement is required.

### **C. Efficiency in Achieving Outcome and Outputs**

72. The overall project is rated *less efficient*. The project's complexity and diversity and its mainstreamed implementation approach made the project challenging to implement. Initially, there were substantial implementation delays beyond the control of the implementing agency. At the midterm review in September 2004 (after 65% of the loan period had elapsed), only 24% of contract awards and 29% of disbursements had been made.

73. While the project improved significantly after the midterm review, the intended outputs and outcomes had been significantly affected. This necessitated the first extension of TESDP to 31 December 2007, and subsequent extensions of the OFID loan to March 2008, and of the NDF loans to June 2008. These extensions allowed the project to achieve most of its outputs.

### **D. Preliminary Assessment of Sustainability**

74. The overall project is rated *sustainable*. The President's scholarship program has made over P5 billion available in scholarships for TESDA courses. Subsequent projects are building on project achievements, such as the Austria-Centers for Excellence in Modern Manufacturing Technical Project, which is continuing improvements in equipment. Most TESDA technology institutions now have income-generating projects that contribute to their sustainability. Also, many of the initiatives supported by the project have been institutionalized, e.g., the CBT and assessment system, program registration, accreditation, quality assurance and equivalency.

75. The government's response to the global economic crisis that began towards the end of 2008 is expected to support the sustainability of project accomplishments. The retraining and reintegration into local industry of returning overseas Filipino workers and displaced local workers will require the training courses provided by TESDA. These courses directly or indirectly use the project outputs, e.g., improved training facilities and equipment, CBT and assessment system, and better trained staff. The project is likely to be sustainable at both corporate TESDA level and the level of TESD providers.

## E. Impact

76. The achievements under the four outcomes contributed to the two development impacts, but the full extent of these contributions has not been realized as yet. Data was not collected for several indicators and targets.

77. The first intended impact was enhanced competitiveness of the Philippine economy through greater relevance and quality of middle-level skills training. The indicator was the certification rate, as this attests to the level of acquisition of competencies of TESD graduates. The certification of skilled workers provides employers, particularly overseas employers, with a means to ensure the quality of workers they are hiring. The target was that the pass rates of students in project technology institutions would increase from 38% to 60% on national certification competency tests. By the end of the project, 114,726 graduates were assessed, with 77,372 (67%) gaining national certification, thus exceeding the target. Gender-disaggregated statistics are available for the 61,440 students assessed at CenTexes, regional training centers and provincial training centers.<sup>19</sup> Almost 23% of the graduates assessed and 24% of those certified were women. Another indicator was to increase the number of skilled workers in the priority areas through training, with a target of 175,000. By the end of the project, over 185,677 people (27% of whom were women) had graduated from project technology institutions.

78. The second intended impact was reduced poverty among the disadvantaged population through increased access to skills training and capacity to generate income. The first indicator was that the enrolment of poor students in TESD with family incomes below the official poverty line would increase from 30% to 50%. Specific data was not collected for this indicator. However, indicative trend data indicates that the relative proportion of poor students enrolled in TESD courses decreased over the early and middle period of the project. This was due in part to the economic downturn in the Philippines: (i) poor students could no longer afford to study, and (ii) non-poor students transferred to TESD courses from more expensive academic courses. Another contributing factor was the then-director general's decision to stop TESDA institutions from offering courses that competed with the private sector, which reduced the enrolment of poor students in TESDA-administered technology institutions. This decision was subsequently reversed. The trend data shows that in the last few years of the project, the percentage of poor students in TESDA-administered technology institutions had rebounded. Another indicator was to substantially increase the number of women and rural populations completing informal skills training for income generation. No specific data has been collected on this indicator, but women's participation in the informal and formal TESD subsector has remained steady at about 51%–52%. The upgrading of a number TESDA technology institutions and private technical vocational institutions in rural provinces provided increased access for rural populations to quality TESD closer to their homes. These courses reflected local industry needs, thereby increasing the chance students would find employment after completing the course.

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<sup>19</sup> The need for gender-disaggregated statistics was not specified at the start of the project, and therefore not all indicators have fully gender-disaggregated statistics.

### III. OVERALL ASSESSMENT AND RECOMMENDATIONS

#### A. Overall Assessment

79. On the basis of the preceding assessment that the project was *highly relevant, effective, less efficient*<sup>20</sup> and *sustainable*, the project is rated *successful*. The project supported the development of a TESD system that enabled the effective and efficient training of a large workforce with skills required by industry. Industry groups were partners in identifying the labor demand areas, and the required skills, and in developing the related CBT system components. The system is structured so that it is demand driven and is able to respond to changes in industry skill requirements. The quality assurance and accreditation processes that were introduced have helped improve the quality of the programs, staff and technology institutions. Private sector technical vocational institutions were supported, although not to the expected level, through access to cheaper financing, targeted scholarships and assistance to adopt the new CBT and assessment system. Access by disadvantaged groups to quality TESD was increased through the general improvement of the TESD system, upgrading of facilities in provinces and targeted scholarships. Despite implementation delays in the early years of TESDP, the main project goals were achieved. At outcome and output level, the project was successful.

#### B. Lessons Learned

80. There are several lessons and insights that can be gained from reviewing the project's management and execution.

81. **Effectiveness of Mainstreaming.** The mainstreaming of this project has been very important for ownership, capability development, and integration with regular programs, thereby increasing sustainability. The project's complexity and diversity required that significant coordination be undertaken from the outset, but this did not occur until the midterm review, after which coordination was strengthened. Although the project workload was substantial, in many cases it came in addition to the regular work program. Mainstreaming should be used in future projects where sustainability can be improved through increased ownership, capability building and integration with regular programs. However, the resourcing plan should recognize the additional workload and coordination required.

82. **Project management structure.** An adequate project management structure should be in place before the project starts. Some of the initial delays in project implementation were caused by the delayed staffing of the PMO. In addition, the initial lack of staff with experience in procurement, especially in handling bidding, slowed implementation. The total workload of staff involved in the project should also be considered. The PMO staff faced heavy demands from several other projects receiving foreign assistance that were undertaken concurrently with this project. In many cases, the project workload was in addition to other work required of subcomponent focal points and their teams.

83. **Lack of baseline data.** The failure to establish baseline data and information for impact and outcome levels at the start of the project made it difficult to determine the actual project achievements in some areas, e.g., number of women and rural populations completing informal skills training at the start of the project. It is important to collect baseline data at project commencement, and then perform monitoring during implementation. Data collection for

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<sup>20</sup> Mainly due to the initial lack of or limited budget appropriation, and the required extension.

indicators should be included in the project plan. Monitoring was generally good with respect to output-related data.

**84. Implementation agency expertise.** Sub-outputs that are well aligned with the mandate of TESDA and the expertise of its staff were mainly successful—e.g., the competency assessment and certification program is a TESDA flagship program, and TESDA commitment, expertise and ownership with respect to this activity are strong. However, those sub-outputs that are not aligned with its mandate, and in which TESDA lacked expertise, encountered greater problems, were cancelled, or did not proceed well, e.g., the Student Loan Fund and distance education. Consideration should be given to providing additional support or attention to those activities that are not core functions of the implementing agency.

**85. Implementation challenges.** The complexity and diversity of the project constituted a risk that was recognized in the design, but this risk was underestimated. While it was expected that two sub-outputs would be managed by DBP and Land Bank of the Philippines, little or no notice was given to the significant and constant management and coordination required for the remaining numerous suboutputs. Complete staffing of the PMO at the start of the project would have helped improve coordination in the first half of the project (2000–2004). To assist project startup and implementation, the following ideas could be considered: (i) the design stage should focus more on project implementation, (ii) ADB should actively engage with the executing agency to set up the project management unit and systems prior to loan effectiveness, and (iii) a small advance should be released from loan proceeds to finance startup project management activities.

**86. Private technical vocational institutions.** Instructors from private institutions provided a valuable contribution to the development of the training regulations. The partnership with the private sector is very important, because the majority of TESD students are trained in the private sector. The private sector needs to be improved to provide a higher-quality learning environment (e.g., improved physical facilities and better trained teachers). However, continuing education for instructors in private institutions was a challenge. The staff development target for private instructors was not met as they could not be released at the time of the scheduled programs. Consultations should be held with private institutions to identify how their instructors can be provided with training. Training could be conducted on a voluntary basis on weekends or during term breaks, with instructors paid to attend. Training could also be provided during terms, with replacement instructors paid to cover the absence of the regular instructor.

**87. Fund for Technical Education and Skills Development.** It is critical to involve each implementing agency early in loan preparation. DBP was not involved in the preparation of the project until close to the loan negotiation stage. TESDA identified DBP as the lending institution to manage the activity that provided financing to private TESD providers. During implementation, when the loan uptake proved low, DBP realized they should have been more involved in the preparation stage. Furthermore, it was suggested that in future loans to be administered by DBP, ADB should consult with DBP field officers, who are familiar with problems encountered in lending to specific target groups. If they had been more involved, DBP believes that the project's targets would have been scaled back for smaller schools. DBP also felt that a grant-funded TA could have been provided to assist the smaller TESD providers, who needed significant assistance and counseling, but could not afford such services. The TA could have helped formulate innovative ways to mitigate the potential risks associated with small borrowers, and meet collateral requirements.

## C. Recommendations

### 1. Project Related

88. **Progress on devolution.** Monitoring should continue on the devolution of TESDA technology institutions to LGUs and other organizations. This devolution is critical to enable TESDA to concentrate on its core role as the central TESD training authority.

89. **Future assistance.** Further financial investment may assist the completion of the information management system and may also be needed to support the devolution process. A loan facility could be established through DBP for LGUs and industry bodies to borrow funds as part of the devolution process; it could assist private institutions to borrow, but with a more flexible approach to collateral that nevertheless remains based on a sound business case.

90. TESDA has identified the following list of strategic themes for 2010 and beyond: (i) addressing labor market supply-demand imbalance, (ii) incorporating informal sector occupations in the PTQF, (iii) increasing the share of enterprise-based training, (iv) accrediting TVET providers for targeted occupations, (v) securing employer acceptance of the TESDA Certificate of Competency as a hiring requirement, (vi) building capacity for program evaluation and tracer studies, and (vii) institutionalizing career guidance and job placement services to improve TVET employment outcomes. Most of these themes build on the achievements of TESDP or are complementary actions. ADB investment could support some of the themes. In addition, investment in entrepreneurship activities to support poor graduates to set up small business could be explored. These potential opportunities should be further discussed with the government.

91. **Support for the private sector.** A well functioning private TESD sector is essential for the Philippines to improve its industrial productivity to compete in the global economy. TESDA could work with industry associations and specific employers to expand the training programs conducted by these organizations. Also, small but viable private providers still need access to competitive financing. A new loan scheme could be developed that takes into account the lessons from FTESD. Support could be provided to assist these small providers to develop their business plans (e.g., labor market advice, marketing) and to prepare the loan application. Another area that needs support is the upgrading of instructors from private institutions. Opportunities and incentives could be provided to encourage instructors to upgrade their qualifications.

### 2. General

92. **Project design.** This was a very complex and diverse project and it may have benefited from some form of phasing, e.g., putting CBT and the assessment system in place prior to implementation of the scholarship programs. Also, consideration should be given to streamlining the number of different activities that seek to achieve a similar result, e.g., a larger scholarship program rather than a scholarship and student loan program. Activities that are outside of the core expertise of the agency require significant consultant support and staff training to ensure they will be successful.

93. **Strengthen project implementation.** Future project performance would be enhanced by ensuring that competent project managers and staff are appointed at startup and, if possible, stay with the project throughout implementation. More specifically, competent and regular staff must be appointed to handle financial management. More realistic workloads of the PMO staff and various focal points would have enabled closer monitoring and enhanced project implementation. Monitoring and evaluation preparation should begin from the outset of the project.

## PERFORMANCE SUMMARY AGAINST DESIGN AND MONITORING FRAMEWORK

Performance summary uses the targets as revised during the project. The original targets are also listed with explanations about the reasons for the change.

Design Summary	Indicators and Targets	Outputs and Outcomes	Remarks
<b>Development Goals (Impact)</b>			
<p>1. Enhance the competitiveness of the Philippine economy through greater relevance and quality of middle level skills training</p> <p>2. Reduce poverty among the disadvantaged population by increasing their access to skills training and capacity to generate income</p>	<p>Technical Education and Skills Development (TESD) students in project institutions increase pass rates on national certification competency from 38% to 60%</p> <p>Approximately 175,000 skilled workers will be trained in priority skills areas</p> <p>Enrollment of poor students with family incomes below the official poverty line increased from 30% to 50% of total TESD students</p>	<p>A total of 114,726 TESD graduates of 120 TTIs were assessed using national assessment standards and 77,372 (67%) were certified.</p> <p>A total of 185,677 trainees—including 136,230 men (73.4%) and 49,447 women (26.6%)—graduated from various TESD programs at 120 TTIs.</p> <p>In 2000, an estimated 47% of TESD enrollments were poor students with family incomes below the poverty line. In 2008, the estimated figure was 44%.</p>	<p>“Project institutions” refers to the 120 Technical Education and Skills Development Authority (TESDA) Technology Institutions (TTIs). Over the period of the project, this number dropped to 117 due to transfers to other government departments.</p> <p>Of the 61,440 graduates assessed at centers for excellence (CenTexes), regional training centers (RTCs) and provincial training centers (PTCs), 22.7% were women; in addition, 24.1% of those certified were women. Gender-disaggregated statistics were not available for graduates assessed at assessment centers (ACs).</p> <p>The basis of the baseline of 30% could not be found. TESDA reports were generated for the TESD sector. The enrollment of poor students in the TESD sector decreased as a consequence of the instruction from the then-director general requiring that TESDA not offer courses that competed with the private sector. While some poor students enrolled in private schools, many could not afford the fees. At the same time, TESD overall enrollments increased as students changed from academic to technical courses as a result of the economic downturn. The</p>



Design Summary	Indicators and Targets	Outputs and Outcomes	Remarks
	Substantial increase in the number of women and rural populations completing informal skills training for income generation	Women's participation in the technical vocational education and training (TVET) sector (formal and informal) remained steady at about 51%–52%.	<p>policy that TESDA should not provide courses offered by the private sector was reversed in 2007, and enrolment of poor students increased. Overall TESD enrolments have decreased.</p> <p>No specific data for informal or rural populations.</p>
<b>Overall Project Purposes (Project Outcomes)</b>			
1. Strengthen TESDA as the central training authority	TESDA's role, function and effectiveness as the central training authority strengthened	TESDA formulated 11 key operational guidelines that significantly reinforced its role as a central agency. These include: competency assessment and certification (TESDA Circular No. 9, Series [s.] 2007); program registration (TESDA Circular No. 045, s. 2007); compliance audit using third party assessors (TESDA Circular No. 17, s. 2007), E-Registration or E-UTPRAS (TESDA Circular No. 10, s. 2007), program accreditation for public TESD Institutions (TESDA Circular No. 45, s. 2007), and recognition of third party accrediting bodies for	

Design Summary	Indicators and Targets	Outputs and Outcomes	Remarks
		<p>private TESD Institutions (TESDA Circular No. 17, s. 2007).</p> <p>Guidelines related to the devolution of public TESD institutions to partner TESD institutions include designation of the incumbent deputy director general for field operations as progressive devolution officer (TESDA Circular No. 225 s. 2005, Sept. 11); creation of a progressive devolution management unit, (TESDA Circular No. 338 s. 2005, Nov. 25); and creation of regional devolution teams (TESDA Circular No. 339 s. 2005, Nov. 25).</p> <p>Program registration has been strengthened through the Unified TVET Program Registration and Accreditation.</p> <p>In 2002 (baseline year), almost 60% of the 746 training programs registered with TESDA provincial offices were under the category "no training regulations." By the end of the project,</p>	

Design Summary	Indicators and Targets	Outputs and Outcomes	Remarks
		<p>almost 90% of registered training programs are "with training regulations." The competency-based Philippine TVET Qualification and Certification Framework is operating.</p> <p>Competency-based training regulations (TRs) promulgated with support competency-based training (CBT) instructional modules.</p>	
<p>2. Devolve training functions to local government units (LGUs), nongovernment organizations (NGOs), and other partner institutions</p>	<p>Training devolution plans developed and accepted for all public project institutions; staff training provided to LGUs, NGOs and other partner institutions, staff, training facilities upgraded and/or equipped</p>	<p>120 TTIs formulated their institutional development plans (basic devolution plans) and 23 CenTexes completed their full devolution plans.</p> <p>259 regional, provincial and LGU officials were trained and oriented on devolution.</p> <p>All 120 TTIs received various training and testing tools and equipment; in addition, one private sector technology institution received training equipment.</p>	<p>The intent of the original indicator was clarified in an Aide Memoire of November 2001: institutional development plans formulated for 120 TTIs and full devolution plans for 25 CenTexes. The CenTex target was reduced to 24 when the Marikina Institute of Science and Technology was transferred to the Commission on Higher Education. San Vicente Pilot School for Philippine Craftsmen was transferred to Department of Education and was replaced by New Lucena Polytechnic College, but the latter has not prepared a devolution plan.</p>



Design Summary	Indicators and Targets	Outputs and Outcomes	Remarks
	Established equivalency and certification systems	<p>based) and entrepreneurship development.</p> <p>As of SY2008, 692 educational institutions were implementing the Ladderized Education Program equivalency system, including: 466 private higher educational institutions, 159 state universities and colleges, 12 local government universities and colleges and 55 CenTexes and TTIs. The Ladderized Education Program covers eight priority disciplines: information technology, hotel and restaurant and tourism, engineering, health, education, maritime, agriculture and criminology.</p>	
<b>Outputs</b>			
1. TESDA has been strengthened as the central training authority			
1.1 Quality assurance programs have been fully developed and are working throughout the country	Detailed operational guidelines for the system of assessment and certification developed by 2005	TESDA Circular No. 23 series 2008 (which amends TESDA Circular No. 212 s. 1998, No. 14 s. 2005, No. 21 s. 2006 and No. 09 s. 2007) is the Philippine TVET Qualification and Certification System. It	The indicator was revised during the midterm review to reflect new terminology for trade testing and also the delayed achievement date.

Design Summary	Indicators and Targets	Outputs and Outcomes	Remarks
	<p>A total of 112 existing and new training regulations defined by employers using CBT curricula developed</p> <p>Forty five new skills assessment centers established and key personnel trained in the process by December 2004</p>	<p>defines a national, comprehensive and flexible certification system for TVET. It sets the competency requirements for all qualifications as defined in the approved TRs as the basis for the assessment and certification.</p> <p>Capacity-building courses were conducted for program registration, the CBT system, and program accreditation.</p> <p>A total of 114 training regulations were developed within the 12 priority sectors; in addition, 96 competency-based curricula (CBCs), 188 national-level assessment tools and 626 certificates of competence were developed and/or procured under the project.</p> <p>39 public assessment centers (24 CenTexes, 10 RTCs, and 5 PTCs) and 5 private institutions were established.</p>	<p>The TRs target was increased during the midterm review from 12 to 112 when TESDA adopted TESDA Occupational Qualification and Certification System (TOQCS), the predecessor of the Philippine TVET Qualification and Certification Framework.</p> <p>While TESDP has developed training regulations for the maritime and footwear and leather goods sectors, the private sector is responsible for developing the corresponding CBCs.</p> <p>The target was reduced from 50 to 45 assessment centers as detailed in Aide Memoire of November 2001; the midterm review cited a shortage of funds as the reason.</p>

Design Summary	Indicators and Targets	Outputs and Outcomes	Remarks
	<p data-bbox="554 906 905 1036">Detailed operational guidelines for system of accreditation developed by 2003</p> <p data-bbox="554 1208 932 1370">60 private and 25 public training institutions (CenTexes) to have received level one accreditation by December 2006</p>	<p data-bbox="974 266 1373 867">A total of 2,019 assessors were trained through the basic competency assessor's course, including 1,373 men (68%) and 646 women (32%); 526 of the assessors also undertook an assessors' enhancement program, including 358 men (68%) and 168 women (32%). Another 412 assessment center staff and other staff completed orientation training, including 256 men (62%) and 156 women (38%). Also, 50 courses on competency-based assessment tool development were conducted.</p> <p data-bbox="974 906 1373 1166">Guidelines for accreditation approved in 2004. TESDA adopted third party accreditation and subsequently commissioned the Asia Pacific Accreditation and Certification Commission, in mid-2006.</p> <p data-bbox="974 1208 1352 1403">By the end of the project, 25 CenTexes and 6 TTIs were accredited to level one (i.e., bronze level) under the Philippine TVET Quality Awards. The TESDA</p>	<p data-bbox="1400 266 1969 428">CenTex San Vicente Pilot School for Philippine Craftsmen was transferred to the Department of Education and was replaced by New Lucena Polytechnic College, which received electrical rehabilitation.</p> <p data-bbox="1400 906 1940 964">The indicator was revised by the midterm review</p> <p data-bbox="1400 1208 1969 1370">According to the loan review mission (LRM) of February 2006 (para. 14), given the slow progress on accreditation, it was agreed to reduce the target from 120 to 60 private institutions and 25 CenTexes.</p>

Design Summary	Indicators and Targets	Outputs and Outcomes	Remarks
		<p>Women's Center has been awarded a silver rating. Only one private TESD institution, the International Film Academy for Film and Television, has been accredited at level one.</p>	
<p>1.2 TESDA's functions refocused on core mandates and strengthened</p>	<p>Management of training institutions devolved to LGUs, NGOs and other partner institutions</p> <p>Institutional analysis completed with detailed recommendations for project implementation and a longer-term strategy for organizational development at all levels</p>	<p>Implementation scheduled for 2008–2012 following a National Economic and Development Authority Board Resolution.</p> <p>The organizational development plan prepared under TESDP was presented to the TESDA Executive Committee in 2003. However, in 2004, government agencies were required to prepare a rationalization plan, which replaced the organizational development plan and parts of the human resources development (HRD) plan. The rationalization plan was submitted to the Department of Budget and Management in 2005. It has subsequently been updated and is awaiting approval. The rationalization plan aims to streamline and align TESDA's functions and</p>	<p>This indicator is discussed and evaluated as a part of output 2 because it covers the devolution process.</p> <p>The indicator was revised by the midterm review.</p>



Design Summary	Indicators and Targets	Outputs and Outcomes	Remarks
	<p data-bbox="554 363 940 461">Policy analysis, research and information dissemination functions strengthened</p> <p data-bbox="554 1208 947 1338">TESDA's Education Management Information System (EMIS) expanded and made operational</p>	<p data-bbox="976 266 1346 331">strategies with its personnel complement.</p> <p data-bbox="976 363 1360 630">A TVET situationer manual was developed. Subsequently, a study was conducted in 2006 using the manual as a guide. Impact evaluation studies (i.e., graduate tracer studies) were conducted in 2005 and 2007.</p> <p data-bbox="976 669 1369 1162">Five small research studies were funded corresponding to the National TVET Research Agenda. Other activities included the formulation of 17 regional and 89 provincial skills priorities plans, and conduct of an employers' satisfaction survey. Four courses have been conducted on research methodology and six on policy analysis and the conduct of capability build up programs on policy analysis and research.</p> <p data-bbox="976 1208 1365 1399">The EMIS Comprehensive Framework was formulated and EMIS was installed in the central office, regional offices and provincial offices, 23 CenTexes, and 92 TTIs. Two</p>	

Design Summary	Indicators and Targets	Outputs and Outcomes	Remarks
		<p>modes of EMIS were developed: a stand-alone EMIS (for use without internet access) and a web-based EMIS. Problems with EMIS resulted in its replacement in 2007 by the Monitoring Network System, a web-based application.</p> <p>The 25 CenTexes were provided with computer equipment and required to install local area networks and link to the internet.</p> <p>1,651 TESDA personnel have been trained as EMIS coordinators, including 651 men (39%) and 1,000 women (61%).</p>	

Design Summary	Indicators and Targets	Outputs and Outcomes	Remarks
	<p>TESDA's capacity strengthened to assemble and disseminate relevant courseware from various sources</p> <p>a. 364 competency-based learning materials developed; and</p> <p>b. 274 contextual learning matrices developed</p> <p>TESDA has developed a capacity to design distance teaching programs that cover hard-to-reach groups with relevant knowledge and skills</p> <p>TESDA's capacity strengthened to provide extension services programs to cover hard-to-reach groups</p>	<p>A total of 364 competency-based learning materials and 409 contextual learning matrices were developed or procured under the project to support implementation of the training regulations</p> <p>Courseware development courses attended by 313 people.</p> <p>One distance learning management system design was developed, and 62 staff attended capacity-building courses.</p> <p>One distance education course for trainers (trainer's methodology level 1) was conducted by RTC-Batangas. This course was not successful due to design and technical problems. One skills development course (food processing) via distance education was conducted at TESDA Women's Center using TESDA scholars; 10 students passed this blended course.</p>	<p>The targets for competency-based learning materials and contextual learning matrices were introduced in the midterm review</p> <p>The original idea was (i) to conduct distance training of trainers in five pilot sites, and (ii) the trainers would then pilot two skills development courses via distance education.</p> <p>This new indicator was introduced after the midterm review to measure service provision, not just design capacity.</p>

Design Summary	Indicators and Targets	Outputs and Outcomes	Remarks
	<p>TESDA corporate staff strengthened through the provision of relevant training based on the HRD plan</p> <p>Implementation of Corporate Quality Assurance System activities from the corporate level down to field operations involving regional and provincial offices and training institutions</p>	<p>The HRD plan serves as a blueprint to all TESDA offices in the development of their personnel. It was prepared, approved by TESDA in March 2006, and subsequently approved by the Civil Service Commission. The plan follows a competency-based approach, and assessment tools were also developed. In addition, the plan recommended that the TESDA Development Institute (TDI) be established, which has occurred. Under the Plan a total of 1,245 central, regional and provincial offices (COROPO) staff were trained.</p> <p>A common set of TESDA “5S” standards was developed and deployed to all TESDA offices. Capability-building programs on corporate quality assurance were also conducted. Five central offices departments and 11 regional offices were audited against the quality assurance standards, and 130 staff were trained in five different corporate quality assurance courses.</p>	<p>The HRD plan was first mentioned by the midterm review; it was added as indicator after the July 2005 LRM</p> <p>This performance indicator was added after July 2005 LRM.</p>

Design Summary	Indicators and Targets	Outputs and Outcomes	Remarks
		<p>Institutional quality assurance for technology institutions was developed, which consisted of a five-stage process. All 20 pilot institutions completed stage 1 and 5 completed stage 5.</p> <p>The corporate quality assurance efforts were complemented by the sector level mandatory annual compliance audits of at least 10% of all registered programs.</p>	
2. Responsibilities for skills training devolved from TESDA to LGUs and institutions			
<p>2.1 Staff development programs implemented for LGU officials and administrators of targeted training institutions</p> <p>2.2 Development of training facilities: selected TESD schools and training centers equipped with modern equipment and materials</p>	<p>250 staff under LGUs and targeted schools completed the training programs needed to understand and undertake local management responsibilities.</p> <p>25 public training institutions turned into “CenTexes” in their regions by 2005</p>	<p>A total of 259 regional, provincial and LGU officials were trained and oriented on devolution.</p> <p>The project transformed 25 public training institutions into CenTexes through new equipment and teaching materials. This was fully achieved by project completion.</p>	<p>Initially, civil works were only planned for CenTexes and PTCs. The June 2002 LRM added 37 remaining institutions, two multimedia rooms and the National Institute for TVET (NTVET) to the civil works list. The target for the remaining institutions varied with the available funds—32 were completed. NTVET was completed but the</p>

Design Summary	Indicators and Targets	Outputs and Outcomes	Remarks
	<p>45 provincial training centers refurbished by 2004 and equipped by 2005–2006</p> <p>32 TESDA remaining institutions<sup>1</sup> refurbished and equipped by 2007</p>	<p>The refurbishment and equipping of 45 PTCs was achieved by project completion.</p> <p>32 remaining institutions were completed</p>	<p>multimedia rooms were not. Initially, equipment was planned for only CenTexes and PTC (LRM of November 2001). The LRM of November 2002 indicates that remaining institutions will also be equipped. The actual number of remaining institutions to be refurbished and equipped decreased to 32 due to budget constraints.</p> <p>The indicator was changed by the midterm review.</p>
<p>2.3 Plans agreed upon implemented for devolution of training institutions to local communities or for self administration</p>	<p>Plan and guidelines developed for devolving project public TESD institutions to LGUs, NGOs and other partners and endorsed by June 2001</p> <p>Institutional and financial development plans for TESD institutions targeted for devolution developed and approved by TESDA and LGUs by December 2002</p> <p>Pilot devolution of provincial training centers to take place by December 2004</p>	<p>A devolution framework and guidelines for the devolution of project beneficiary institutions were prepared and approved by the TESDA Board. The framework and guidelines are incorporated in a devolution manual prepared by TESDA.</p> <p>A total of 120 institutional development plans were formulated and submitted by all the beneficiary institutions, while devolution plans were submitted by 23 Centexes.</p> <p>Five devolution models were tested in five selected institutions: 1) LGU, 2) NGO 3) industry, 4) other</p>	<p>The indicator was changed by the midterm review.</p>

<sup>1</sup> Remaining institutions is the term used by TESDA to describe those institutions administered by TESDA, excluding CenTexes, RTCs or PTCs.

Design Summary	Indicators and Targets	Outputs and Outcomes	Remarks
	Phased devolution of selected project institutions to take place in 2005	<p>government agency, and 5) self-sustaining center. The fifth model encountered many government regulatory constraints. The pilot results were used in exploring the prospects for devolution with LGUs, NGOs and other potential partners.</p> <p>Actual devolution is expected to commence only in 2008–2012, according to a board resolution of the National Economic and Development Authority. At present, management of six technology institutions has been fully or partially devolved.</p>	
3. Private sector TESD provider institution strengthening			
3.1 Fund for TESD established and fully utilized	Fund established by June 2001 and fully utilized by December 2005; approximately 120 schools borrowed from the fund	28 private TESD institutions borrowed from the FTESD, and 31 subloans amounting to P404.42 million were approved, but over 50% of the loan was canceled.	
3.2 Scholarship Fund established and availed of by private students and	Scholarship Fund established by June 2001 and made available to private schools	20,687 person-years of scholarships were awarded, 10,438 to men (50.5%) and	The Scholarship Fund for private students and schools is evaluated under this output.

Design Summary	Indicators and Targets	Outputs and Outcomes	Remarks
<p>schools</p> <p>3.3 Student Loan Fund established and availed of by private students and schools</p> <p>3.4 Quality assurance programs and accreditation programs adopted by private TESD institutions</p> <p>3.5 Improved and new curriculum and courseware made available to private institutions</p>	<p>and students who meet requirements in SY 2003</p> <p>Student Loan Fund (through micro-credit facility) made available to private students/schools who meet requirements in SY2007</p> <p>Approximately 60 private institutions will adopt quality assurance program and register for accreditation standards by December 2006</p> <p>The schools registered for accreditation to adopt the new curriculum and courseware in their programs by March 2006</p>	<p>10,249 to women (49.5%); 7,826 (37.8%) attended public institutions and 12,825 (62%) private institutions.</p> <p>The Student Loan Fund was not implemented.</p> <p>Only one private institution was accredited. The delay in the identification and engagement of a third party accrediting body, the Asia Pacific Accreditation and Certification Commission has left this sub-output incomplete as of the project closing.</p> <p>CBCs and promulgated TRs are posted on the TESDA website and available to the public. CBLMs and CLMs are available through regional offices.</p>	<p>The indicator was changed by the midterm review. The target set for the ADB Scholarship Fund was 20,000 person-years of poor students, with an original target of 80% in private schools, and 20% in public schools; this was subsequently changed in the midterm review to a ratio of 70% private and 30% public.</p> <p>Funds were reallocated by the midterm review to: (i) create the Jobs-Directed Scholarship Program, and procure equipment.</p> <p>The indicator was changed by the midterm review.</p> <p>The February 2006 LRM (para. 14) agreed to reduce the target to 60 private institutions (reduced from 120) and 25 CenTexes.</p> <p>The indicator was changed by the midterm review.</p>



Design Summary	Indicators and Targets	Outputs and Outcomes	Remarks
<p>3.6 Improved teaching and administrative competencies of teachers and administrators of private TESD providers</p> <p>3.7 Jobs-Directed Scholarships availed of by private schools</p>	<p>3,500 teachers and 300 administrators from the private TIs trained</p> <p>Jobs-Directed Scholarship Program, with a target of 1,600.</p>	<p>2,160 teachers from the private sector were trained (i.e., 57% of the target).</p> <p>A total of 3,305 students availed of the Jobs-Directed Scholarship Program and 3,200 graduated, 56% (1,806) from private schools and 44% (1,394) from public schools. Tracer study results showed that 1,481 graduates were employed.</p>	<p>As per the midterm review, the figure of 8,650 in the report and recommendation of the President was incorrect for use as an indicator. The midterm review agreed on 3,500 teachers and 300 administrators. Private teachers could not be released from their teaching duties to attend training sessions; 1,456 public trainers were trained instead to be used as resources for both the public and private sectors.</p> <p>Jobs-Directed Scholarship Program for private schools evaluated under this output.</p>
<p>4. Enhanced equity in access to and acquisition of skills</p>			
<p>4.1 Scholarship Fund established</p>	<p>Guidelines for administration of the Scholarship Fund formulated by TESDA by March 2001</p> <p>Scholarship Fund established by June 2001</p>	<p>Guidelines were approved in 2001.</p> <p>20,687 scholarships were awarded, 10,438 to men (50.5%) and 10,249 to women (49.5%). Of these, 7,826 (38%) attended public institutions and 12,825 (62%)</p>	<p>The target set for the ADB Scholarship Fund was 20,000 person-years for poor students. The original target was 80% in private schools, and 20% in public schools; this was subsequently changed in the midterm review to a ratio of 70% private and 30% public.</p>



Design Summary	Indicators and Targets	Outputs and Outcomes	Remarks
4.4 Jobs-Directed Scholarships established	<p>Guidelines for the implementation of Jobs-Directed Scholarships developed by 2005</p> <p>Approximately 1,600 students awarded scholarships</p>	<p>3,305 students availed of the Jobs-Directed Scholarship Program and 3,200 graduated—1,806 (56%) from private schools and 1,394 (44%) from public schools. Tracer study results showed that 1,481 graduates were employed.</p>	<p>The overall Job-Directed Scholarship Program was evaluated under output 4. The midterm review indicated that 50% of scholars would be women but this was not included in the implementing guidelines and no gender-disaggregated statistics were collected.</p> <p>The indicator was added because the Jobs-Directed Scholarship in part replaced the student loan fund.</p>

## CIVIL WORKS SUMMARY

Table A2.1: Civil Works Summary–Centers for Excellence

25 Center of Excellence (Centex)			Practical / Production Area	Office	Assessment Room	Multi-purpose Hall	Locker's Room	Laboratory	Library	Quality Control	Multi-media Room	Storage Area	Instructor's Room	Lecture Room	Computer Room	Tool Room	Comfort Room
Region	No.	Name of Beneficiary Institution															
I	1	Marcos Agro-Industrial School	2				2	1		1	1	2	2	1	1		2
II	2	Aparri School of Arts and Trades	1				2	1	1	1	1	2	2	1	1	1	2
	3	Southern Isabela College of Arts and Trades	1				2	1	1		1	5	2	1	1	1	1
III	4	Regional Training Center–Guiguinto, Bulacan	2		2			1	1		2	2	1	1	1		3
IV-A	5	Jacobo Z. Gonzales Memorial School of Arts and Trades	1				1	1	1	1	1	3	1	1	1		1
IV-B	6	Puerto Princesa School of Arts and Trades	2				2	1		1	1	3	1	1	1		1
	7	Alcantara National Trade School	2				1	1		1	1	3	1	1	1		2
V	8	San Francisco Institute of Science and Technology	6	1				1			1	1	1	1			1
VI	9	Passi Trade School	1						1		1	2	1	2	1		2
	10	Dumalag Vocational Technical School	6	2	1			1		1				2			2
	11	New Lucena Polytechnic College	Electrical Rehabilitation														
VII	12	Regional Training Center –Banilad, Cebu City	3	1										2		1	
VIII	13	Balicutro College of Arts and Trades	3					1	1		1	1	1		1	1	2
IX	14	Dipolog School of Fisheries	3					1			1	1	1	1			2
	15	Kabasalan National Vocational School	4		1	1	1	1	1	1	1		1		1		4
X	16	Oroquieta Agro-Industrial School	1		1			2			1		2			1	3
	17	Cagayan de Oro "Bugo"	2							1	1	2				1	2
	18	Salvador Trade School	2				1	1		1	1	2	1	2	1		4
	19	Regional Training Center–Iligan City	5						1	1	1		1	2	1	1	2
XII	20	General Santos National	1				1	1		1	1	1	2	2	1		1
NCR	21	Marikina Polytechnic College	2	3	1		2	1			1	2	1	1	1		6
	22	Quezon City Lingkod Bayan Skills Development Center	1	3	1		2	1			1	4	3	3	1		3
CAR	23	Baguio City College of Arts and Trades	5			1											1
Caraga	24	Northern Mindanao School of Fisheries	3					1			1	2	2	1	1		5
	25	Agusan del Sul School of Arts and Trades	3							1	1	2	2		1		3

**Table A2.2: Civil Works Summary — TESDA Remaining Institutions**

32 TESDA Remaining Institutions			Workshop Area	Locker's Room	Laboratory	Multi-media Room	Storage Area	Instructor's Room	Lecture Room	Computer Room	Tool Room	Comfort Room
Region	No.	Name of Beneficiary Institution										
I	1	Bangui Institute of Technology	1							1		
	2	Luciano Milan Memorial School of Arts and Trades	3							1	4	
	3	Pangasinan College of Fisheries			1		1		1	1		
	4	Pangasinan School of Arts and Trades	3				1	1		1		
II	5	Lasam Institute of Technology	1	1			1	1	1			1
	6	Kasibu National Agricultural School	1	1			1	1	1			1
	7	Maddela Institute of Technology	1	1			1	1	1			1
	8	Isabela School of Arts and Trades	1	1			1	1	1			1
III	9	Gonzalo Puyat School of Arts and Trades	1									1
IV-A	10	Bondoc Peninsula Technological Institute	1	1	1			1	1			1
IV-B	11	Simeon Suan Vocational and Technical College	1	1			1	1		1	3	
	12	Buyabod School of Arts and Trades	1								1	2
	13	Torrijos Poblacion School of Arts and Trades	1	1			2	1		1		1
V	14	Camarines Sur Institute of Fisheries and Marine Sciences	2		1		1	1				2
	15	Cabugao School of Handicraft and Cottage Industries	1									1
	16	Masbate (Milagros) School of Fisheries	1		1		1	1				1
	17	Bulusan National Vocational Technical School	1									1
	18	Sorsogon National Agricultural School	1									1
VI	19	Leon Ganson Polytechnic College	1					1	1			1
VII	20	Lazi National Agricultural School	2						2			1
VIII	21	Cabugcayan National School of Arts and Trades	1	2					1		1	1
	22	Calubian National Vocational School	2	2							1	1
	23	Arteche National Agricultural School	1				1		1		1	1
	24	Balangiga National Agricultural School	1				1		1		1	1
	25	Samar National School of Arts and Trades	1	2					1		1	1
	26	Las Navas Agro-Industrial School	1	2				1			1	1
X	27	Kinoguitan National Agricultural School			2	1		1		1		1
XI	28	Davao National Agricultural School	1						1	1		
	29	Carmelo delos Cientos Sr. National Trade School	3				2		1			
	30	Wangan National Agricultural School	2	1			1					
XII	31	Surallah National Agricultural School	1									1
Caraga	32	Surigao del Norte College of Agriculture and Technology	1		1			1			1	1

TESDA = Technical Education and Skills Development Authority.  
Source: TESDA.

Table A2.3: List of Assessment Centers

No.	Region I	Remarks
1.	Marcos Agro-Industrial School	Rehabilitation of existing building in all identified assessment centers beneficiaries. The rehabilitations were done "by Administration".
2.	Provincial Training Center–Lingayen, Pangasinan	
3.	Regional Training Center–San Fernando, La Union	
<b>Region II</b>		
4.	Aparri School of Arts and Trades	
5.	Southern Isabela College of Arts and Trades	
6.	Regional Training Center–Carig, Tuguegarao	
<b>Region III</b>		
7.	Regional Training Center–Guiguinto, Bulacan	
8.	Provincial Training Center–Mariveles, Bataan	
<b>Region IV-A</b>		
9.	Jacobo Z. Gonzales Memorial School of Arts & Trades	
10.	Provincial Training Center–Calamba, Laguna	
11.	Regional Training Center–Batangas City	
<b>Region IV-B</b>		
12.	Puerto Princesa School of Arts and Trades	
13.	Alcantara National Trade School	
<b>Region V</b>		
14.	San Francisco Institute of Science and Technology	
15.	Regional Training Center–Camarines Sur	
<b>Region VI</b>		
16.	Passi Trade School	
17.	Dumalag Vocational Technical School	
18.	Regional Training Center–Iloilo City	
<b>Region VII</b>		
19.	Regional Training Center–Cebu City	
20.	Provincial Training Center–Jagna, Bohol	
<b>Region VIII</b>		
21.	Balicutro College of Arts and Trades	
22.	Regional Training Center–Tacloban City	
<b>Region IX</b>		
23.	Dipolog School of Fisheries	
24.	Kabasalan National Vocational School	
25.	Regional Training Center–Zamboanga City	
<b>Region X</b>		
26.	Oroquieta Agro-Industrial School	
27.	Cagayan de Oro (Bugo) School of Arts and Trades	
28.	Regional Training Center–Iligan City	
29.	Salvador Trade School	
<b>Region XI</b>		
30.	Provincial Training Center–Mintal	
31.	Regional Training Center–Davao City	
<b>Region XII</b>		
32.	General Santos School of Arts and Trades	
33.	Provincial Training Center–Cotabato	
<b>National Capital Region</b>		
34.	Marikina Polytechnic College	
35.	Quezon City Lingkod Bayan Skills Development Center	
<b>Cordillera Administrative Region</b>		
36.	Baguio City School of Arts and Trades	
37.	Regional Training Center–Baguio City	
<b>Caraga</b>		
38.	Northern Mindanao School of Fisheries	
39.	Agusan del Sur School of Arts and Trades	

Source: TESDA.

**Table A2.4: List of Provincial Training Centers**

<b>No.</b>	<b>Region I</b>	<b>Remarks</b>
1.	Provincial Training Center–Lingayen	Rehabilitation of existing building in all identified provincial training center beneficiaries. The rehabilitations were done "by Administration".
<b>Region III</b>		
2.	Provincial Training Center–Orion	
3.	Provincial Training Center–Tarlac City	
4.	Provincial Training Center–Calumpit	
5.	Provincial Training Center–Malolos	
6.	Provincial Training Center–Iba	
7.	Provincial Training Center–Palayan City	
8.	Provincial Training Center–Baler	
<b>Region IV-A</b>		
9.	Provincial Training Center–Calamba	
10.	Provincial Training Center–Rosario	
11.	Provincial Training Center–Trece Martirez	
12.	Provincial Training Center–Quezon	
13.	Provincial Training Center–Binangonan	
<b>Region V</b>		
14.	Provincial Training Center–Labo	
15.	Provincial Training Center–Libmanan	
16.	Provincial Training Center–Malilipot	
17.	Provincial Training Center–Guinobatan	
<b>Region VI</b>		
18.	Provincial Training Center–Hamtic	
19.	Provincial Training Center–Aklan	
20.	Provincial Training Center–Cadiz	
21.	Provincial Training Center–Kabankalan	
<b>Region VII</b>		
22.	Provincial Training Center–Daanbantayan	
23.	Provincial Training Center–Carmen	
24.	Provincial Training Center–Minglanilla	
25.	Provincial Training Center–Samboan	
26.	Provincial Training Center–Toledo City	
27.	Provincial Training Center–Inabanga	
28.	Provincial Training Center–Tubigon	
29.	Provincial Training Center–Jagna	
30.	Provincial Training Center–Pilar	
31.	Provincial Training Center–Bilar	
<b>Region VIII</b>		
32.	Provincial Training Center–Catarman	
<b>Region IX</b>		
33.	Provincial Training Center–Sindangan	
34.	Provincial Training Center–Pagadian City	
<b>Region X</b>		
35.	Provincial Training Center–Valencia	
36.	Provincial Training Center–Plaridel	
<b>Region XI</b>		
37.	Provincial Training Center–Mintal	
<b>Region XII</b>		
38.	Provincial Training Center–Cotabato	
<b>Cordillera Administrative Region</b>		
39.	Provincial Training Center–Abra	
40.	Provincial Training Center–Sabangan	
41.	Provincial Training Center–Kalinga	
42.	Provincial Training Center–Ifugao	
<b>Caraga</b>		
43.	Provincial Training Center–Cabadbaran	
44.	Provincial Training Center–Surigao	
<b>Autonomous Region of Muslim Mindanao</b>		
45.	Provincial Training Center–Basilan	

Source: TESDA

**TECHNICAL EDUCATION AND SKILLS DEVELOPMENT AUTHORITY EQUIPMENT PROCUREMENT SUMMARY**  
(as of 31 December 2008)

Programmed Year/ Fund Source/ Mode of Procurement	No. of Lots	Distinctive Area of Competence/ Discipline	TESDP Beneficiary														Name of Supplier	Contract Amount	Amount Paid	Actual Delivery Completion/% Delivery	Expected Delivery Completion (per contract)	Remarks				
			CE	AC			PTC	PTC	RI	RO	RTC	PO	TI	CO									CO			
				AC	AC	PTC								NIVET	MSD	CTAD								TWC	TTCTCE	
2002 (continuing appropriation P33.45 + P18.114M)/ ADB TES-01/ International Competitive Bidding	2	Computer Equipment for EMIS and Multimedia Equipment for Courseware Development	24					16							2	1					Ayala Systems Technology, Inc.	P49,932,118.94	P49,932,118.94	March 2004 (90 days)	March 2004 (90 days)	Completed
LP-2002 continuing appropriation P6.1M and Gov't.-current appropriation P34.045M/ ADB TES-02/ International Shopping	1	Audiovisual and Office Equipment for Courseware Development	24					16							2	1					Avesco Marketing Corporation	P25,118,540.30	P25,118,540.30	March 2004 (90 days)	March 2004 (90 days)	Completed
LP-2002 continuing appropriation P6.1M and Gov't.-current appropriation P6.2M/ ADB TES-03/ International Shopping	1	Courseware Learning Materials																1			State Alliance Enterprises, Inc.	\$223,685.00	\$218,105.25	December 2006	March 2004 (90 days)	Completed
2006/  ADB TES-04/  International Competitive Bidding	2	Automotive; Decorative Crafts	7	1																	Andsons Int'l. Trading	\$192,910.32 P48,469.91	\$173,619.29	December 2007	July 2007 (120 days)	Partially delivered; For blacklisting and filing of appropriate civil case.
																					Boss Protec Gmbh	Euro 181,553.00	Euro 16,493.91	December 2007	July 2007 (120 days)	Completed
																					State Alliance Enterprises, Inc.	Euro 73,519.00 \$193,932.00 P70,900.00	Euro 66,167.10 \$174,538.8	December 2007		Completed
																					De Lorenzo	\$1,080,157.61	\$942,621.05	December 2007	July 2007 (120 days)	Completed
																					Gaest Overseas	£182,927.88	£163,813.86	December 2007		Completed
2007/  ADB TES-05/  Limited International Bidding	1	Various Information and Communication Technology Equipment (EMIS Additional IT Equipment - Central Office Backup Infrastructure)														1					The Brain Computer	P3,504,000.00	P3,316,285.72.	10 December 2007	28 December 2007 (30 days)	Completed
																					Ayala Systems Technology, Inc.	P603,195.44	P570,881.40	28 December 2007	28 December 2007 (30 days)	Completed
																					ONE OPSIS Inc.	P808,069.76	-			Cancelled





Programmed Year/ Fund Source/ Mode of Procurement	No. of Lots	Distinctive Area of Competence/ Discipline	TESDP Beneficiary													Name of Supplier	Contract Amount	Amount Paid	Actual Delivery Completion/% Delivery	Expected Delivery Completion (per contract)	Remarks					
			CE	AC		PTC	RI	RO	RTC	PO	TI	CO										CO				
				AC	PTC							NIVET	MISD	CTAD	TWC								TTCTCE			
2008/ ADB TES-07C/ Repeat Order	7	Various Civil Technology Tools and Equipment	3		2	3	6	3											2	Xiamen Huamin Import and Export Co. Ltd.	\$21,239.94 P20,171.11			December 2008	December 2008	Delivered with IAR and ARE issued by TESDA.
																				State Alliance Enterprises, Inc.	P22,910.00 P5,500.00	\$20,619.00		December 2008	December 2008	
																				V.G. Roxas Inc. Co.	\$17,500.30 P8,240.50			December 2008	December 2008	
																				ACMI Office System Inc.	P4,990,078.36	P4,722,752.73		December 2008	December 2008	
2005/ NDF TES-01/ International Competitive Bidding	2  7	Tourism; Automotive Engine Rebuilding	16	7 (6 public, 1 private)	2															Carl F. Petersen Holding A/S	Euro735,458.00 P479,978.00	Euro 739,080.00		June 2006	15 June 2006 (186 days)	Completed
		ICT/Electronics; Agri- Fishery; Processed Food and Beverage; Common Equipment; Computer Laboratory; Furniture and Fixtures; Construction - Welder All Range																					Yangzhou Sunflower Import and Export Co., Ltd.	\$3,579,780.00	\$3,576,796.67	
2006/ NDF TES-02/ International Competitive Bidding	2	Automotive; Garments;	3	3	1															V. G. Roxas Company, Inc.	P23,119,384.22	P21,060,134.89		May 2008	11 April 2008 (90 days + 60 days extension)	Completed
		Metals Engineering; HVAC																					State Alliance Enterprises, Inc.	Euro83,220.00 \$468,882.00	Euro83,220.00 \$468,882.00	
2007/ NDF TES-03/ International Competitive Bidding/	6  2	Tourism; Automotive; Construction - Welder; Agri-Fishery; Processed Food and Beverage; Decorative Construction - Industrial Electricity; HVAC				34														V. G. Roxas Company, Inc.	P96,669,171.88	P89,856,611.01		June 2008	March 2008 (75 days + 45 days + 25 days + 32 days extensions)	Completed
																							State Alliance Enterprises, Inc.	Euro18,600.00 \$214,068.00 P39,000.00	Euro 18,600 214,068.00 P39,000	

AC = assessment center, CE = center of excellence, CO = central office, CTAD = Curriculum and Training Aide Division, EMIS = educational management information system, NTVET = National Technical Vocational Education and Training Program, PTC = provincial training center, RI = remaining institution, RO = regional office, TESDA = Technical Education and Skills Development Authority, TI = technical institution, TTCTCE = TESDA Training Center-Taguig Campus Enterprise, TWC = TESDA Women's Center, ARE = acknowledgement receipt for equipment, IAR = inspection and acceptance report.  
Source: TESDA.

**FINANCING PLAN**  
(\$)

Item	Plan	ADB	NDF	OFID	Government	Total
<b>A. Base Cost</b>						
1. Physical Facilities						
Upgrading of 25 Centers of Excellence	7,000,000			6,237,321	686,178	6,923,499
2. Equipment						
a. Equipment	18,840,000	5,544,930	7,850,860		4,360,883	17,756,672
b. Courseware and Books	6,910,000	1,231,560			1,744,977	2,976,537
c. Vehicles	310,000					
3. Staff Development						
a. In-Country Fellowships	3,730,000	1,220,990			498,814	1,719,804
b. Overseas Fellowships	1,960,000	89,455				89,455
4. Consultant Services						
a. National Consultants	750,000	11,313			1,309,745	1,321,058
b. International Consultants	1,580,000	1,933,996			176,974	2,110,970
5. Scholarship Fund	6,500,000	5,881,669			222,009	6,103,678
6. Jobs Directed Scholarship Programs					845,807	845,807
7. Student Loan Fund	1,500,000					
8. Educational Management Information System	700,000	535,449			675,109	1,210,558
9. Policy Research and Development	200,000				219,631	219,631
10. Project Management and Recurrent Costs	2,450,000				3,726,949	3,726,949
11. Taxes and Duties	3,630,000					
<b>Total Base Cost</b>	<b>56,060,000</b>	<b>16,449,361</b>	<b>7,850,860</b>	<b>6,237,321</b>	<b>14,467,076</b>	<b>45,004,618</b>
<b>B. Contingencies</b>						
1. Physical Contingency	2,980,000					
2. Price Escalation	6,950,000					
<b>C. Interest and Other Charges</b>						
1. Interest and Commitment Fee	4,010,000	2,391,542				2,391,542
2. Front End Fee		250,000				250,000
<b>Total Project Cost</b>	<b>70,000,000</b>	<b>19,090,903</b>	<b>7,850,860</b>	<b>6,237,321</b>	<b>14,467,076</b>	<b>47,646,160</b>

ADB = Asian Development Bank, NDF = Nordic Development Fund, OFID = OPEC Fund for International Development.

Source: Project Management Office, Technical Education and Skills Development Authority.

## TOTAL PROJECT COST

(\$)

Component/Activity	2001	2002	2003	2004	2005	2006	2007	2008	2009	Total
<b>A. Base Cost</b>										
<b>1. Strengthening TESDA</b>	<b>45,762.00</b>	<b>1,125,035.22</b>	<b>3,079,668</b>	<b>2,343,181</b>	<b>738,872</b>	<b>1,260,945</b>	<b>560,834</b>	<b>248,893</b>	<b>0</b>	<b>9,403,191</b>
Registration and Accreditation		50,846.67	46,058	49,890		11,511	7,907			166,213
Courseware Development		53,887.32	1,421,815	442,073	48,631	675,221	102,719	232,190		2,976,537
Distance Learning		4,644.72	1,860	10,445	9,543	2,767	999			30,258
Staff Development	45,762.00	300,050.41	167,203	396,552	280,500	261,560	35,799	16,703		1,504,129
Skills Standards and Certification		112,192.47	87,386	118,130	35,978	153,913	146,035			653,635
Assessment and Certification		5,210.95	34,515	276,292	48,372	78,794	24,737			467,921
Educational Management Information System			825,327	149,975	36,797	31,188	167,272			1,210,558
Policy Research and Development		74,556.91	56,557	14,218	37,689	19,466	17,144			219,631
Corporate Quality Assurance					11,434	3,792	27,407			42,633
Contextual Learning			4,446	6,263	3,381					14,090
Consultancy		523,645.77	434,501	862,471	226,162	12,814				2,059,594
Institutional Quality Assurance				16,874	365	8,977	9,375			35,591
Benefit and Impact Monitoring Evaluation					20	942	21,439			22,401
<b>2. Devolving Training Functions to LGUs/NGOs</b>		<b>550,309.14</b>	<b>4,058,021</b>	<b>328,701</b>	<b>268,594</b>	<b>3,060,502</b>	<b>12,194,470</b>	<b>4,408,367</b>	<b>0</b>	<b>24,868,964</b>
Devolution		29,525.72	62,340	4,424	11,481	43,781	37,241			188,792
Civil Works		513,338.39	3,993,187	324,277	257,113	497,896	1,337,688			6,923,499
Equipment		7,445.02	2,494			2,518,825	10,819,541	4,408,367		17,756,672
<b>3. Strengthening the Capacity of TESD Providers</b>		<b>21.28</b>	<b>1,098</b>	<b>632</b>	<b>2,737</b>	<b>7,453</b>	<b>386</b>	<b>0</b>	<b>0</b>	<b>12,327</b>
Fund for TESD (advocacy)		21.28	1,098	632	2,737	7,453	386			12,327
<b>4. Enhancing Equity in Skills Acquisition</b>		<b>1,243,001.36</b>	<b>1,160,486</b>	<b>1,297,432</b>	<b>1,162,079</b>	<b>1,817,399</b>	<b>312,790</b>	<b>0</b>	<b>0</b>	<b>6,993,188</b>
Equivalency		15,534.72	1,721	2,046	16,569	6,048	1,783			43,703
Scholarship Fund		1,227,466.64	1,158,765	1,295,386	919,225	1,490,738	12,098			6,103,678
Jobs-Directed Scholarship Program					226,285	320,613	298,909			845,807
Student Micro Credit Program										0
<b>5. Project Management and Recurrent Costs</b>	<b>36,973.97</b>	<b>514,809.08</b>	<b>349,619</b>	<b>384,121</b>	<b>160,324</b>	<b>158,596</b>	<b>200,484</b>	<b>440,872</b>	<b>1,481,149</b>	<b>3,726,949</b>
<b>Subtotal (A)</b>	<b>82,735.97</b>	<b>3,433,176.08</b>	<b>8,648,892</b>	<b>4,354,067</b>	<b>2,332,606</b>	<b>6,304,895</b>	<b>13,268,965</b>	<b>5,098,133</b>	<b>1,481,149</b>	<b>45,004,619</b>
<b>B. Interest During Construction/Front End Fee</b>	<b>275,434.00</b>	<b>133,510.00</b>	<b>228,999</b>	<b>297,380</b>	<b>397,870</b>	<b>575,632</b>	<b>732,716</b>	<b>0</b>	<b>0</b>	<b>2,641,541</b>
<b>Total</b>	<b>358,169.97</b>	<b>3,566,686.08</b>	<b>8,877,891</b>	<b>4,651,447</b>	<b>2,730,476</b>	<b>6,880,527</b>	<b>14,001,681</b>	<b>5,098,133</b>	<b>1,481,149</b>	<b>47,646,160</b>

LGU = local government unit, NGO = nongovernment organization, TESD = technical education and skills development.

Source: Project Management Office, Technical Education and Skills Development Authority.

## ANNUAL DISBURSEMENTS OF LOAN PROCEEDS

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Item	2001	2002	2003	2004	2005	2006	2007	2008	2009	Total
01A Equipment and Materials–Courseware and Books			27,718	845,201			16,789	341,852		1,231,560
01B Equipment and Materials–Vehicles										
01C Equipment and Materials–Educational Management Information Software				535,449						535,449
01D Equipment and Materials–Testing and Training							1,741,999	775,871	3,027,059	5,544,930
02A Staff Development–In Country Fellowships		61,801	124,929	277,888	255,866	197,294	155,738	147,474		1,220,990
02B Staff Development–Overseas Fellowships				51,245	38,211					89,455
03A National Consultants					650	10,664				11,313
03B International Consultants		279,901	1,107,695	323,313	223,087					1,933,996
04A Student Assistance–Scholarship Fund		130,791	669,542	1,408,633	1,043,307	1,351,255	1,006,258	271,883		5,881,669
04B Student Assistance–Student Loan Fund										
05 Front End Fee	250,000									250,000
06 Interest and Commitment Fee	25,434	133,510	228,999	297,380	397,870	575,632	732,716			2,391,542
<b>Total</b>	<b>275,434</b>	<b>606,004</b>	<b>2,158,883</b>	<b>3,739,108</b>	<b>1,958,990</b>	<b>2,134,845</b>	<b>3,653,500</b>	<b>1,537,082</b>	<b>3,027,059</b>	<b>19,090,903</b>
<b>Percentage to Total</b>	<b>1.44%</b>	<b>3.17%</b>	<b>11.31%</b>	<b>19.59%</b>	<b>10.26%</b>	<b>11.18%</b>	<b>19.14%</b>	<b>8.05%</b>	<b>15.86%</b>	<b>100.00%</b>

Source: Project Management Office, Technical Education and Skills Development Authority.



## STATUS OF COMPLIANCE WITH LOAN COVENANTS

**Table A8.1: Project Specific Covenants**

NO.	COVENANTS	REFERENCE	STATUS
1.	The Borrower shall ensure that the EMIS developed under the Project is capable of providing planners and policy makers, administrators of TESDA personnel, TESD institutions and students with up-to-date information on TESD institutions, their programs and their quality rating, labor market demand and trends, the number of TESD students and graduates and employment status of TESD graduates.	Schedule 6, para. 4	Partially complied with (see main text, paras. 16–17)
2.	The Borrower shall ensure that the devolution plans for each of the provincial training centers and Project institutions include a detailed devolution strategy and legal framework, a detailed implementation schedule (which shall provide for devolution during the Project implementation period), a financial plan and forecast and detailed development strategy. The Borrower shall ensure that the devolved Project institutions provincial training centers are allowed to manage their own economic and financial affairs and retain income and earnings from their activities and assets to support their programs.	Schedule 6, para. 7	Partially complied with (see main text, paras. 27–28)
3.	The Borrower shall ensure that the Project institutions and qualified public and private TESD institutions are required to, and conduct, tracer studies to follow up on the employment status of their graduates and maintain job placement statistics as part of EMIS.	Schedule 6, para. 13	Complied with
4.	Baseline data for the Project institutions and qualified private TESD institutions shall be collected in the first year of Project implementation and shall form part of TESD EMIS at the central and local levels. Standard monitoring forms shall be developed for use by TESDA, the Project institutions and the qualified private TESD institutions as instruments for assessing the progress and achievements of the Project.	Schedule 6, para. 14	Complied with.
5.	The Borrower shall ensure that all courseware, instructional and educational material and packages developed, procured and financed under the Project meet internationally accepted standards in terms of content and presentation.	Schedule 6, para. 23	Complied with
6.	The Borrower shall ensure that an institution-based supervisory, monitoring, and evaluation system is adopted in the Project institutions and provincial training centers to ensure continuous self-improvement and sustainable and effective planning and management of TESD programs.	Schedule 6, para. 24	Complied with

NO.	COVENANTS	REFERENCE	STATUS
7.	The following indicators shall serve as criteria for evaluating the success and impact of the Project: the passing rate in the national skills standard certification examinations of students in the Project institutions and qualified private TESD institutions, job placement of graduates, the number of students and applicants going through the equivalency system, the number of TESD programs and institutions accredited, the accessibility to TESD programs to the poor and number of scholarships awarded.	Schedule 6, para. 25	Complied with
<b>I. ENVIRONMENT</b>			
8.	The Borrower shall ensure that the upgrading, expansion, renovation and operation of the school facilities under the Project follow the Bank's Environmental Guidelines for Selected Infrastructure Development Projects and relevant environmental procedures.	Schedule 6, para. 28	Complied with
<b>Social</b>			
9.	Project institutions and qualified private TESD institutions shall nominate their qualified teachers and administrators for participation in the in-service education and staff development programs and fellowships.	Schedule 6, para. 8	Complied with
10.	The Borrower shall ensure that TESD students enrolled in formal and non-formal TESD programs, in both public and private institutions, whose annual family earnings are below the Borrower's officially defined poverty line as set by the NEDA shall be eligible to apply for Project financed scholarships at the TESD institutions in which they are enrolled.	Schedule 6, para. 16	Complied with
11.	The Borrower shall ensure that during Project implementation, the distance education program is fully developed and integrated into the broader equivalency system. Such integration shall ensure that those who have acquired knowledge and skills by distance education are eligible to take equivalency tests for the purpose of obtaining certifications, which enable them to apply for jobs or more advanced training in the formal system.	Schedule 6, para. 20	Partially complied with (see main text, paras.18–19)
<b>II. FINANCIAL</b>			
12.	Within 15 days after the effective date, TESDA shall open an account with TESDA's depository bank into which TESDA shall periodically deposit loan funds to finance approved scholarship awards. The Borrower shall ensure that TESDA's depository bank submits monthly consolidated bank statements of the funds deposited by TESDA and disbursed to scholarship recipients and TESD schools, together with the supporting documents. In addition, the Borrower shall ensure that TESDA's depository bank submits semi-annual reports of amounts received and disbursed and standing balances.	Schedule 6, para. 19	Complied with



NO.	COVENANTS	REFERENCE	STATUS
13.	TESDA and DBP shall monitor and evaluate the outcomes and achievements of the FTESD based on the number and amount of subloans, the utilization rate, the rate of loan repayment and the number of students directly benefiting from the programs and facilities financed under the FTESD.	Schedule 6, para. 27	Complied with
<b>III. OTHERS</b>			
14.	Established, Staffed, and Operating PMU/PIU. Within 15 days after the effective date, TESDA shall appoint a full-time Project Manager, who shall head the PMO and be responsible for managing and supervising day-to-day Project implementation activities and coordinate PMO activities through the TESDA regional and provincial offices. The PMO shall be adequately staffed and shall have at least an accountant and a procurement specialist. The existing central, regional and provincial offices of TESDA shall act as Project implementation units to supervise and coordinate project implementation activities in their respective regions and provinces.	Schedule 6, para. 1	Complied with
15.	Fielding of Consultants		
	(i) The Project provides consulting services of 176 person-months: 65 international and 111 domestic. Consultants will be selected in accordance with ADB's Guidelines on the Use of Consultants and other arrangements satisfactory to ADB for the engagement of domestic consultants.	Schedule 5	Complied with
	(ii) The Borrower and the Bank shall undertake a comprehensive midterm review soon after the third year of Project implementation to compare the progress and achievements of the Project against the Project objectives and targets, and to identify any difficulties being encountered and recommend remedial measures.	Schedule 6, para. 26	Complied with
16.	Submission of AFS	Article IV, Section 4.06 (b)	Complied with

ADB = Asian Development Bank, AFS = audited financial statement, DBP = Development Bank of the Philippines, EMIS = educational management information system, FTESD = Fund for Technical Education and Skills Development, NEDA = National Economic Development Authority, PMO = project management office, PMU/PIU = project management unit/project implementation unit, TESD = technical education and skills development, TESDA = Technical Education and Skills Development Authority.

**Table A8.2. Status of Compliance with Covenants**

NO.	COVENANTS	REFERENCE	STATUS
<b>I. Environmental</b>			
1.	The Borrower shall ensure that all qualified projects shall be undertaken in accordance with applicable environmental and social guidelines of ADB, including Environmental Guidelines for Selected Infrastructure Development Projects. Internationally accepted standard operating procedures for the use and discharge of chemical and biological substances in school laboratories shall be complied with in order to prevent adverse environmental impacts.	Schedule 6, para. 28	Complied with
<b>II. Financial</b>			
2.	The Borrower shall maintain a capital adequacy ratio of at least 10% and a minimum return on average total assets of 0.3%. "Capital adequacy ratio" is defined as the ratio of total capital less deferred income tax divided by total risk assets. "Total risk assets" mean total assets excluding cash, short-term deposits in banks, investment in government securities and fixed assets used in the course of operations and a "minimum return on average total assets" is defined as the net income after taxes divided by the average of the total assets at the end of the current year and of the previous year.	Article V, para. 5.10	Complied with
3.	Except as the Bank and the Borrower may otherwise agree, (i) the amortization schedule applicable to each subloan shall not extend beyond 10 years or the economic life of the assets financed by the subloan, whichever is shorter including a grace period of not exceeding two years from the date of the initial drawdown of the subloan and shall provide for approximately equal semiannual or quarterly aggregate payments of principal plus interest. Each subloan shall be fully secured by a real estate and chattel mortgage, or similar collateral substitutes. A front-end fee of 1% of the subloan amount shall be payable on every subloan and a commitment fee of 0.75% per annum shall be charged on the undisbursed portion of the subloan.	Article II, para. 2.02, Schedule 4, para 6.a	Complied with
4.	The Borrower shall ensure that, except as the Bank and the Borrower, may otherwise agree (i) the proceeds of any subloan liquidated by a Qualified Enterprise shall be further relented to a Qualified Enterprise for a Qualified Project no later than the expiry of 9 months from the date of such subloan liquidation and (ii) special account shall be established into which the repayment of subloans shall be credited and further relented by the Borrower.	Article IV, Schedule 4, para 6.b	Complied with
5.	The Borrower shall ensure that the relevant Qualified Enterprise will provide necessary counterpart support of at least 20% of the cost of the Qualified Project for implementation of the Qualified Project concerned, including necessary logistical and transport arrangements, office space and facilities and assignment of at least one full-time appropriately qualified staff member to assist in such implementation.	Schedule 4, para. 7	Complied with

NO.	COVENANTS	REFERENCE	STATUS
6.	The Borrower shall visit annually each Qualified Project for which a subloan is made to monitor the use of the subloan funds and ensure full compliance with the terms and conditions of the subloan. TESDA shall also inspect the progress of such Qualified Projects and assess the technical benefits to and impact of the subloan on the students and staff of the borrowing institutions. The Bank, TESDA and the Borrower shall hold consultative meetings and field joint review missions to review the Qualified Projects for which subloans are made. Each borrower of a subloan shall be required to submit a progress report to the Borrower semi-annually. The Borrower shall submit semi-annual reports to the Bank on the implementation status of the project.	Schedule 4, para. 8	Complied with
7.	DBP shall monitor and evaluate the outcomes and achievements of the FTESD based on the number and amount of subloans, the utilization rate, the rate of loan repayment and the number of students directly benefiting from the programs and facilities financed under the FTESD and the quality of graduates and their ability to find employment as a result of the programs and facilities financed under FTESD. DBP shall submit to the Bank semi-annual reports on the results of evaluation. (LA, Schedule 4, para. 10).	Schedule 4, para. 10	Partially complied with (see main text, paras. 31–32)
<b>III. Others</b>			
8.	Established, Staffed, and Operating PMU/PIU. The Borrower shall be responsible for the carrying out of the Project and shall (i) undertake marketing and promotion of the FTESD (ii) undertake credit reviews of proposed Qualified Projects and Qualified Enterprises (iii) process and approve subloans, (iv) supervise, manage and administer each subloan. The Borrower shall designate a team of qualified staff including a certified public accountant to manage and supervise the day-to-day implementation of the FTESD including coordinating with TESDA.	Schedule 4, para. 1	Complied with
9.	The Borrower shall ensure that the Qualified Enterprises and Qualified Projects financed through subloans satisfy particular eligibility criteria as follows: Qualified Enterprises shall (i) be private TESD institutions with accredited TESD programs, (ii) offer post-secondary, non-degree TESD programs in priority areas such as information technology, engineering technology, food technology and services and tourism, (iii) have no past due amounts outstanding and payable to the Borrower or any other creditor and (iv) have at least a "medium grade" credit classification under the Borrower's applicable credit rating system. Qualified Projects shall include (i) staff development programs, (ii) upgrade of school facilities such as classrooms, laboratories, workshops and other work areas and academic buildings, (iii) procurement of equipment, instructional materials, coursewares and programs and books in priority areas, (iv) development and implementation of new programs, (v) improvement and expansion of cooperation programs with the private sector to enhance training and employment prospects of graduates and (vi) other related quality improvement programs to be considered on a case-to-case basis with the consent of the Bank.	Schedule 4, para. 3	Complied with  Major change of scope

NO.	COVENANTS	REFERENCE	STATUS
10.	Submission of AFS and APA	Article V, Section 5.07	Complied with

ADB = Asian Development Bank, AFS = audited financial statement, APA = audited project account, DBP = Development Bank of the Philippines, EMIS = educational management information system, FTESD = Fund for Technical Education and Skills Development, LA = loan agreement, NEDA = PMU/PIU = project management unit/project implementation unit, TESD = technical education and skills development, TESDA = Technical Education and Skills Development Authority.



**ASIAN DEVELOPMENT BANK**

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IN.106-04  
17 June 2004

**TECHNICAL ASSISTANCE COMPLETION REPORT**

The following Technical Assistance Completion Report is attached for information:

Strengthening Management Capacity and Improving Quality of  
Technical Education and Skills Development System  
(Philippines) (TA 3482-PHI)

<b>TA No. and Name</b> TA3482-PHI: Strengthening Management Capacity and Improving Quality of Technical Education and Skills Development System			<b>Amount Approved:</b> \$775,000		
			<b>Revised Amount:</b> \$775,000		
<b>Executing Agency:</b> Technical Education and Skills Development Authority (TESDA)		<b>Source of Funding</b> JSF	<b>TA Amount Undisbursed</b>	<b>TA Amount Utilized</b> \$693,945.96	
<b>Date</b>			<b>Completion Date</b>		
<b>Approval</b>	<b>Signing</b>	<b>Fielding of Consultants</b>	<b>Original</b>	<b>Actual</b>	
24 August 2000	6 Sept 2000	15 October 2001	28 February 2002	30 November 2002	
			<b>Original</b>	<b>Closing Date</b>	
			28 February 2002	31 December 2003	
<b>Description</b>					
<p>This advisory technical assistance (TA) was piggy-backed to Loan 1750-PHI: Technical Education and Skills Development Project (TESDP), approved on 24 August 2000 and effective on 9 January 2001. TESDP is implemented by the Technical Education and Skills Development Authority (TESDA). The goal of TESDP is to enhance competitiveness through greater relevance and quality in skills development. TESDP has four specific objectives: (i) to rationalize the role and strengthen the capacity of TESDA; (ii) to devolve TESDA's responsibilities for training institutions to local government units (LGUs) or NGOs; (iii) to strengthen the capacity of private providers of technical education and skills development (TESD) and (iv) to enhance equity in skills acquisition.</p> <p><b>Objectives and Scope</b></p> <p>The TA was intended to assist the Government in: (i) strengthening the management capacity of TESDA at the central, regional and provincial levels, in the institutions managed by TESDA, and in LGUs; (ii) improving the quality of programs in TESD through the development and implementation of systems for accreditation, skills testing and certification, equivalency, quality assurance, dual training and apprenticeship; and (iii) enhancing the employment opportunities of TESD graduates through the institutionalization of career guidance and counseling services, industry-institution linkages and entrepreneurship development programs in TESD institutions. The TA supported loan implementation by developing recommendations, implementation plans and guidelines, handbooks, and manuals for some of the loan components.</p> <p><b>Evaluation of Inputs</b></p> <p>The TA was financed from a grant of \$775,000 from ACCSF, and provided for 16 person-months of international and 34 person-months of domestic consultancy services (6 international consultants, including the team leader, and 8 domestic consultants). The fielding of consultants was delayed due to a change in the leadership of TESDA in March 2001 after an unexpected change of government. The TA covered training workshops for the capacity building program and consultation meetings. As the TA was intended to support TESDA's preparations for the TESDP by strengthening its management and operational processes, the original implementation schedule was compressed to ensure that all outputs would be complete before the fielding of the loan consultants. The performance of the consultancy firm was satisfactory. The TA consultants fulfilled their terms of reference, and worked well with TESDA staff. TESDA was satisfied with the consultants. The rapport established with a new, dynamic Director General allowed a fruitful exchange of ideas on a new business model for TESDA, which was subsequently adopted.</p> <p>The TA design had three weaknesses. First, the TA and the accompanying loan project assumed that TESDA had a vision for TESD and its own role in the TESD system, and that competency-based training was understood and already being implemented. As this was not the case, the consultants initially had to devote considerable time and resources to develop an agreed vision with TESDA and a better understanding of competency-based training. Secondly, the design was ambitious in scope, as the consultants and their counterparts were expected to strengthen management capacity at all levels of the TESD system as well as design and implement several major programs related to quality assurance and training, and graduate employment. The individual terms of reference for the consultants were more realistic, focusing on production of implementation plans and manuals etc. to guide later implementation. Thirdly, the TA design could have been better-articulated with the loan. Some of the activities relating to the enhancement of graduate employment opportunities were not covered under the loan, so the programs designed for this area had to be implemented as part of TESDA's regular activities, where budgets are tight. To overcome this, intensive efforts were made by the TA team, TESDA, and ADB to strengthen the linkages between the TA, the loan project and TESDA's regular programs, and ensure a smooth transition from the TA to loan implementation.</p> <p>During TA implementation, the project officer held regular meetings with the consultants and TESDA staff, participated in the internal midterm review, and provided regular feedback on TA progress. A formal review mission was fielded for the final tripartite review. The performance of ADB was satisfactory. TESDA provided the consultants with good facilities and TESDA staff were available for scheduled meetings with the consultants. The performance of TESDA was satisfactory, despite the time limitations of senior-level counterpart staff who continued to perform all of their regular duties. This is a generic problem that inevitably constrains knowledge and skills transfer.</p>					

### **Evaluation of Outputs**

The final report was comprehensive, consisting of a series of 16 individual reports and four team reports. These reports included policy recommendations and implementation strategies for each TA component, as well as guidelines, manuals and workbooks to guide implementation. Five reports were produced on strengthening management, including recommendations on decentralized management of TESDA, financing of TESDA and increasing market responsiveness. A training program and a management training module were also produced. In the area of improving program quality, there were eight reports covering competency-based testing and certification, guidelines for competency-based assessment, a model for institutional quality assurance, registration of TESDA programs and accreditation of institutions, and equivalency recognition including guidelines for establishing the system. In the area of enhancing employment opportunities, there were four reports on how to build school-industry partnerships plus a manual and workbook, how to carry out entrepreneurship training in TESDA institutions and communities, and how to introduce career guidance and job placement support in TESDA institutions. All of these reports were of satisfactory quality. The consultants also trained TESDA staff to implement the outcomes of each component. During the final tripartite review, TESDA stated that they were very satisfied with the outputs of the consultants.

The first major achievement of the TA was to reach agreement within TESDA on the nature of the TVET system desired, and a delineation of TESDA's core business. It was agreed that the ideal system would be competency-based, quality assured and demand-driven, involving a partnership of industry, government, learners, and communities. TESDA's overall role would be to provide national leadership in creating and sustaining such a system. Agreement has been reached also on the three operational clusters required for TESDA to provide this leadership: direction setting, quality assurance, and support and provision (based on the provinces). On this basis, a model of a restructured TESDA was proposed and accepted.

The second major achievement of the TA was concept and strategy development in six areas: competency-based training, quality assurance, equivalency, responsiveness to industry, entrepreneurship, and improved learner access to careers. All of the specific recommendations were discussed thoroughly with the relevant TESDA officers at national and field levels, as well as industry stakeholders, and were revised during the internal midterm review. The final tripartite meeting indicated that TESDA was satisfied with the TA outputs. To help ensure continuity with the loan project, the loan consultant team leader took part in the final tripartite review, before the fielding of the loan consultants.

### **Overall Assessment and Rating**

The TA was highly successful in terms of the quality, relevance and acceptability to TESDA of the outputs produced. Many of the recommendations for competency-based training, quality assurance, equivalency, responsiveness to industry, and school-industry linkages have been implemented under TESDP, while entrepreneurship training is being incorporated into TESDA's regular programs. Career guidance and counseling remains a weak area. The new model for TESDA has been adopted in principle and the ideas behind the model have been generally accepted. However, organizational change has been slow, due mainly to the changes in senior leadership that TESDA has experienced in the last few years. Just as the TA was completing in mid-2002, the DG who had worked closely with the TA team in framing and promoting the recommendations was replaced. As the next DG was not familiar with the TA and never became closely involved in TESDP, momentum was lost and implementation of the TA recommendations under the loan and other TESDA programs slowed down. After a new DG was appointed from within TESDA in March 2003, implementation picked up again. However, the loss of momentum resulting from the mid-2002 change in leadership reduced the impact of the TA and, to some extent, its sustainability. In light of this, the TA is rated as successful rather than highly successful, despite the high quality of the TA outputs and the success achieved in overcoming the limitations of the TA design.

### **Major Lessons Learned**

First, the experience of the TA underscores the importance of a good assessment of EA capability and its understanding of concepts fundamental to the TA or project, so that valuable time is not lost in reaching agreement on basic issues. Secondly, piggy-backed TAs that are designed to feed into loan implementation must be well-articulated with the loan in terms of timing and programs. Adequate time should be allowed for completion of the TA, and the TA activities should tie in well with activities covered under the loan. In this case, the timing worked well because the Government did not provide funding for the loan project in its first year, which meant that the TA was able to be completed before loan implementation began. This was a big advantage for the project. Generally, TA and loan implementation occurs concurrently, resulting in heavy time demands on counterpart staff, confusion over responsibilities, and reduced opportunity for the TA recommendations to be implemented as part of the project. Thirdly, the TA illustrates the critical importance of continuity in leadership for the sustainability of achievements.

### **Recommendations and Follow-Up Actions**

The TA produced a valuable set of documents that are central to TESDA's core operations. The challenge is to ensure implementation of these recommendations. There are three major reform tasks: the establishment and consolidation of competency-based training, the introduction of quality assured systems, and the transformation of TESDA into a leadership authority committed to developing a demand-driven, enterprise-responsive and community-responsive TESD system. It is recommended that ADB continue to support these reforms under ongoing and subsequent projects.