



Project Administration Memorandum

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Loan Number: 2416-INO
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Indonesia: Vocational Education Strengthening Project (INVEST)

The project administration memorandum (PAM) is an active document, progressively updated and revised as necessary, particularly following any changes in project costs, scope, or implementation arrangements. This document, however, may not reflect the latest project changes. The PAM shall be read along with the RRP and the Loan Agreement.

Asian Development Bank

CURRENCY EQUIVALENTS

(as of 29 February 2008)

Currency Unit	–	rupiah (Rp)
Rp1.00	=	\$0.00011056
\$1.00	=	Rp9,045

ABBREVIATIONS

ADB	–	Asian Development Bank
BAPPENAS	–	National Development Planning Agency
DGMPSE	–	Directorate General for the Management of Primary and Secondary Education
DTVE	–	Directorate of Technical and Vocational Education
GE		general senior secondary education
GS	–	general senior secondary school
ICT	–	information and communications technology
M&E	–	monitoring and evaluation
MOF	–	Ministry of Finance
MONE	–	Ministry of National Education
PMIS	–	project management information system
PMU	–	project management unit
PSC	–	project steering committee
SBP	–	school business plan
SSE	–	senior secondary education
TA	–	technical assistance
TVE	–	technical and vocational education
VE	–	vocational senior secondary education
VS	–	vocational senior secondary school

NOTE

In this report, "\$" refers to US dollars.

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CONTENTS

LOAN PROCESSING HISTORY DESIGN AND MONITORING FRAMEWORK

I.	PROJECT DESCRIPTION	1
	A. Project Area and Location	1
	B. Impact and Outcome	1
	C. Outputs	1
	D. Special Features	5
II.	COST ESTIMATES AND FINANCING PLAN	6
	A. Detailed Cost Estimates	6
	B. Financing Plan	7
III.	IMPLEMENTATION ARRANGEMENTS	7
IV.	IMPLEMENTATION SCHEDULE	8
V.	COST ESTIMATES AND FINANCING PLAN DURING IMPLEMENTATION	8
VI.	CONSULTANT RECRUITMENT	8
VII.	PROCUREMENT	8
VIII.	DISBURSEMENT PROCEDURES	9
	A. Disbursement Procedure for SBP Funds	9
	B. Imprest Fund Procedure	10
	C. Direct Payment Procedure	10
	D. Commitment Procedure	10
	E. Reimbursement Procedure	11
IX.	PROJECT MONITORING AND EVALUATION	11
	A. Project Performance and Monitoring System	11
	B. Project Review	11
X.	REPORTING REQUIREMENTS	12
	A. Progress Report	12
	B. Annual Contract Awards and Disbursement Plans	12
	C. Project Completion Report	12
XI.	AUDITING REQUIREMENTS	13
XII.	MAJOR LOAN COVENANTS	13
XIII.	IMPLEMENTATION OF ACCOMPANYING TA	14
XIV.	KEY PERSONS INVOLVED IN THE PROJECT	15
XV.	ANTICORRUPTION	17

APPENDIXES

1. Indicative Profile of Project School and Selection Criteria
2. Human Resources Development Strategy
3. School Business Plan and Fund Channeling
4. Detailed Cost Estimate and Financing Plan
5. Organization Structure
6. Project Implementation Schedule
7. Outline Terms of Reference for Consulting Services
8. Procurement Plan
9. Summary of Disbursement Procedures
10. Monitoring and Evaluation Framework
11. Progress Report Format
12. Annual Contract Award and Disbursement Projections
13. Outline of PCR
14. Sample Audit Letter
15. Major Loan Covenants
16. Summary Gender Strategy
17. Summary of TA 7072-Enhance Continuing Skills Development
18. List of ADB Reference Materials

LOAN PROCESSING HISTORY

- Approval of PPTA : 5 December 2003
- Fact-Finding Mission : 4–22 June 2007
- MRM : 22 August 2007
- Appraisal Mission : 10–25 September 2007
- MOU Signing : 27 November 2007
- SRC Meeting : 29 November 2007
- Loan Negotiations : 26 February 2008
- Board Circulation : 10 March 2008
- Board Approval : 31 March 2008
- Loan Agreement Signing : 26 May 2008
- Loan Effectiveness : 9 July 2008

DESIGN AND MONITORING FRAMEWORK

Design Summary	Performance Targets/Indicators	Data Sources/ Reporting Mechanisms	Assumptions and Risks
<p>Impact Increased competitiveness and employment opportunities for vocational school graduates</p>	<ul style="list-style-type: none"> • VS graduates entering skilled employment increased by 20% by 2015 • VS graduates in productive self-employment increases from 22% to 30% by 2020 • MONE establishes formal arrangements with 10 multinational or international organizations for mutual recognition or international skills recognition by 2015 	<ul style="list-style-type: none"> • Labor force surveys by NSA • Labor force surveys by NSA • MOUs between MONE and international organizations • MONE annual reports 	<p>Assumption</p> <ul style="list-style-type: none"> • Substantial policy support and resources continue to be available for vocational education. • Industry involvement will continue to grow. <p>Risks</p> <ul style="list-style-type: none"> • Indonesia's economic development does not support the employment of more skilled workers and skilled entrepreneurs. • VSs aim for enrolment growth rather than structural and management change to sustain innovations.
<p>Outcome Improved quality and relevance, expanded access, and greater efficiency in senior secondary vocational education</p>	<ul style="list-style-type: none"> • Model VSs increase overall enrolment intake by 20% by 2012 • 40 model schools enter formal arrangements with multinational or international companies or organizations for international skills certification by 2011 • Final examination results for VS students in core subjects are equivalent to those for GS students • Industry personnel are involved in course identification and development in all model VSs by 2012 • 50% of model VSs use industry standards and personnel to assist with student competency assessment by 2012 	<ul style="list-style-type: none"> • Evaluation and monitoring reports provided by PMU • MONE EMIS for data on model VSs in comparison with all VSs • Project evaluation and monitoring reports • Final examination scores for VSs and GSs, 2008–2013 • Monitoring of SBP implementation by PMU and M&E consultants • Annual reports from schools to PMU • MONE review of multinational and international skills recognition arrangements as a precursor to MOUs 	<p>Assumptions</p> <ul style="list-style-type: none"> • VS enrolment demand will be sufficient to meet growth targets. • New approaches to VS management and teaching and learning will be accepted. • Industry involvement will be effective. • International skills recognition will be feasible, affordable, and not involve large payments to international agencies. <p>Risks</p> <ul style="list-style-type: none"> • VS leadership will be conservative and not look for new approaches to management and program delivery. • MONE policies will impede expanded industry involvement.
<p>Outputs 1. Refocused vocational school management using a business approach</p>	<ul style="list-style-type: none"> • By end of 2008, model and alliance schools selected on basis of agreed criteria and competitive process 	<ul style="list-style-type: none"> • Review of performance indicators set in individual SBPs at midterm and at project conclusion 	<p>Risk</p> <ul style="list-style-type: none"> • National, provincial, and local authorities do not give model VSs the independence or necessary skills training to develop their own plans.

Design Summary	Performance Targets/Indicators	Data Sources/ Reporting Mechanisms	Assumptions and Risks
	<ul style="list-style-type: none"> • By 2009, all model VSs begin to implement agreed SBPs for 2008–2011 that match their individual capacities with national Government objectives • Each VS has an FMIS, an EMIS, an updated website with school profile, good interconnectivity, ISO 9001:2000, and an HRD plan for school staff by mid-2010 • Each model VS files quarterly and annual reports to the PMU on the status of achievements according to specified formats • Each model VS has a functioning job placement information office and database entries for employment status of graduates by end-2010 • Each VS SBP includes a 5-year growth strategy that is achievable under existing local conditions • Each VS achieves its SBP targets for each year of the Project 	<ul style="list-style-type: none"> • Revisions of SBPs based on review and final approval • Review of performance indicators set in individual SBPs at midterm and at project conclusion • Monitoring of SBP implementation by PMU and M&E consultants • Quarterly and annual reports from schools to PMU • Model VS websites and MONE project website • Monitoring of SBPs by PMU and M&E consultants • Quarterly and annual reports from schools to PMU • Monitoring of SBPs by PMU and M&E consultants • Monitoring of SBP implementation by PMU and M&E consultants • Monitoring of SBP implementation by PMU and M&E consultants • Quarterly and annual reports from schools to PMU 	<p>Assumptions</p> <ul style="list-style-type: none"> • All VSs have representative and functioning school committees that are capable and participate in decision-making concerning school development and financial management. • All SBPs have clearly articulated and verifiable targets and indicators of achievement.
2.Improved quality of teaching and learning in model and alliance schools	<ul style="list-style-type: none"> • All model VSs have completed agreed refurbishment and equipment upgrading program by mid-2012 • All model VSs have introduced new teaching methodologies such as group teaching, self-paced learning, and applied project work by end 2010 • Schools establish e-libraries and use e-learning regularly as part of teaching strategies from 2010 	<ul style="list-style-type: none"> • Monitoring of SBP implementation by PMU through school reports and M&E consultants • Project MIS • Midterm and final M&E surveys and reports • Monitoring of SBP implementation by PMU and M&E consultants • Quarterly and annual reports from schools to PMU • Monitoring of SBP implementation by PMU and M&E consultants • Quarterly and annual reports from schools to PMU 	<p>Risk</p> <p>VS may opt for innovations that are high in new technology but do not give sustainable results. Facilities and equipment upgrading may not be supported by sufficient operating budgets for operation, maintenance, and supplies.</p>

Design Summary	Performance Targets/Indicators	Data Sources/ Reporting Mechanisms	Assumptions and Risks
	<ul style="list-style-type: none"> • Teaching of academic subjects, especially mathematics and science, upgraded to national standard through <ul style="list-style-type: none"> (i) revised guidelines and syllabus for mathematics and science circulated to schools by end-2008, (ii) revised textbooks with practical examples in print and on web by mid-2009 • Technical skills of teachers upgraded to industry standard by end-2011 • A system for the professional certification of vocational teachers developed by mid-2010 • A “what works” manual produced at project-end, edited by independent experts 	<ul style="list-style-type: none"> • Revised curriculum guidelines • Revised textbooks • Monitoring of SBP implementation by PMU and M&E consultants • Quarterly and annual reports from schools to PMU • Midterm and final M&E surveys and reports • Guidelines issued by MONE, QITEP • Independent review of project successes by experts 	
3. Strengthened school–industry linkages in model VSs	<ul style="list-style-type: none"> • Each model VS enters at least one formal arrangement with a local industry to share knowledge and expertise by 2010 • Each model VS delivers two courses per year for skill improvement and retraining of workers from 2010 • 50% of model VSs enter agreements with local industry groups to implement skills assessment using local industry personnel by 2010 	<ul style="list-style-type: none"> • Monitoring of SBP implementation by PMU and M&E consultants • Quarterly and annual reports from schools to PMU • Monitoring of SBP implementation by PMU and M&E consultants • Quarterly and annual reports from schools to PMU • Monitoring of SBP implementation by PMU and M&E consultants • Quarterly and annual reports from schools to PMU 	<p>Assumption VSs will be able to form real links with industry not merely ceremonial links.</p>

Design Summary	Performance Targets/Indicators	Data Sources/ Reporting Mechanisms	Assumptions and Risks
4. Enhanced entrepreneurship focus in model VSs	<ul style="list-style-type: none"> • By 2010 all model VSs will use entrepreneurship training programs to deliver <ul style="list-style-type: none"> (i) introductory program to 80% of students, and (ii) advanced program to 40% of students • 50% of model VSs have designed and implemented assistance programs for student entrepreneurship start-up by 2010 • Income from existing production units increases by 20% or viable new units are established by mid-2012 	<ul style="list-style-type: none"> • Monitoring of SBP implementation by PMU and M&E consultants • Quarterly and annual reports from schools to PMU • Monitoring of SBP implementation by PMU and M&E consultants • Quarterly and annual reports from schools to PMU • Monitoring of SBP implementation by PMU and M&E consultants • Quarterly and annual reports from schools to PMU 	<p>Risk</p> <p>VS may lose money on unsuccessful ventures.</p>

<p>Core Activities with Milestones</p> <p>1. Refocused VS Management Using a Business Approach</p> <p>1.1 Train and mentor VS managers and provincial staff to develop SBPs and entrepreneurship to manage large institutions effectively and plan for growth.</p> <p>1.1.1 100% of model and alliance VS principals and 20% of other VS staff complete programs in management and leadership by end-2009 and 80% of VS principals complete follow-up training by 2011</p> <p>1.1.2 Structures and procedures for VS SBP reviews and formal approval designed and in place by mid-2008</p> <p>1.1.3 100% of model VS principals and 20% of other VS staff complete programs in management and leadership by mid-2010 and all VS principals complete follow-up training by mid-2012</p> <p>1.1.4 100% of model VS principals and 20% of other VS staff complete programs in entrepreneurship development by mid-2011 and 80% of all involved VS staff complete follow-up training by mid-2012</p> <p>1.2 Establish management systems in model VSs and improve school administration, including by use of MONE EMIS. Train model VS staff to optimize use of MIS for planning and monitoring.</p> <p>1.2.1 100% of target VSs have computer systems in place and staff trained in MIS use by end-2009</p> <p>1.3 Develop efficiency and effectiveness indicators for VSs and train all relevant staff in their use.</p> <p>1.3.1 Indicators are included in business plans submitted in 2008</p> <p>1.4 Introduce teachers to the school EMIS as a means to provide tracking of student progress and counseling.</p> <p>1.4.1 All teachers complete training in the use of the MONE EMIS by 2009; carry out annual audits to assess the extent of use of EMIS in schools</p> <p>1.5 Improve internal communication systems in the model VSs and establish networks among them to share innovation and best practice.</p> <p>1.5.1 Internal network system in place by 2009</p> <p>1.5.2 School websites developed by end-2009</p> <p>2. Improved Quality of Teaching and Learning in VSs</p> <p>2.1 Improve facilities for learning (equipment and civil works) in model VSs to allow expanded enrolments, longer hours of operation, and better efficiency by 2011.</p> <p>2.2 Develop new learning methodologies in model VSs suitable for large institutions</p>	<p>Inputs</p> <p>ADB: \$80 million</p> <ul style="list-style-type: none"> • Management and in-service training: \$7.02 million • Consulting services: \$2.24 million • M&E surveys: \$1.77 million • Model and Alliance VS Development Program: \$61.64 million • MIS and project management: \$1.74 million <p>Government: \$35 million</p> <ul style="list-style-type: none"> • Model and Alliance VS Development Program: \$29.5 million • Project management: \$4.15 million • Contingencies \$1.35 million
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Core Activities with Milestones	Inputs
<p>by 2010.</p> <p>2.3 Provide new textbooks, materials, and software to model VSs. 2.3.1 VSs to purchase all textbooks and software by 2009 to be in place by 2010</p> <p>2.4 Improve teacher technical skills to industry standards in model and alliance VSs, including time in industry. 2.4.1 100% of teachers complete training needs analysis and 30% of teachers commence programs to meet needs identified by 2010</p> <p>2.5 Improve teaching and learning in English, mathematics and science to national standards in model and alliance VSs. 2.5.1 100% of teachers complete training needs analysis and 30% of teachers commence programs to meet needs identified by 2010 2.5.2 Model VSs contract companies to teach English to teachers by 2009 2.5.3 40% of teachers attain MONE-required English test score by 2011 2.5.4 Model VSs contract institutions for in-service training in mathematics and science by 2009 2.5.5 DTVE issues new guidelines for mathematics and science by mid-2008</p> <p>2.6 Identify workable systems for certifying technical skills of VS teachers and issue guidelines by 2010, in collaboration with QITEP.</p> <p>2.7 Review outputs of the Project and innovations introduced by VSs, and prepare a "what works" manual describing successful innovations. Circulate to all VSs with enrolment exceeding 500 in 2012.</p> <p>3. Strengthened School-Industry Linkages</p> <p>3.1 Support partnerships between VSs and industry. 3.1.1 Each model VS enters at least one formal arrangement with a local industry to share knowledge and expertise by 2010</p> <p>3.2 Deliver courses for existing workers. 3.2.1 New courses developed to meet local industry needs in collaboration with industry by 2009 3.2.2 Each model VS holds discussions with local employers and draws up list of priority needs by 2009; by 2010 each VS has two courses developed and marketed to local industry 3.2.3 Examine models for VSs to develop and trial programs to upgrade skills and certification for workers, and develop a coherent policy framework for sustainable activities in the VS system (Appendix 16).</p> <p>3.3 Examine opportunities for international benchmarking and trial selected international standards and benchmarks in cooperation with industry by 2011. 3.3.1 40 model VSs enter arrangements with multinational or international companies or organizations for mutual skills recognition arrangements by 2011 3.3.2 MONE enters into MOUs with 10 multinational or international organizations for mutual recognition or international skills recognition by 2012</p> <p>4. Enhanced Entrepreneurship Focus</p> <p>4.1 Provide assistance to students to develop their own businesses. 4.1.1 50% of schools have assistance programs in place for entrepreneurship start-up by students by 2010</p> <p>4.2 Introduce entrepreneurship training into all student courses by end-2009.</p> <p>4.3 Review existing production units and develop plans for enhancement by 2009.</p> <p>5. Project Management</p> <p>5.1 Set up PMU, and train school committees and implementation teams. 5.2 Set up steering committee, and technical and consultant teams to guide the Project along business lines. 5.3 Establish SBP review mechanisms. 5.4 Establish M&E unit and develop M&E work plans. 5.5 Project website established by PMU in 2008</p>	

DTVE = Directorate of Technical and Vocational Education, EMIS = education management information system, FMIS = financial management information system, GS = general senior secondary school, HRD = human resource development, ISO = International Organization for Standardization, M&E = monitoring and evaluation, MONE = Ministry of National Education, MOU = memorandum of understanding, NSA = National Statistical Agency, PMU = project management unit, QITEP = Quality Improvement of Teachers and Education Personnel, PMU = project management unit, SBP = school business plan, VS = vocational senior secondary school.

I. THE PROPOSED PROJECT

A. Project Area and Location

1. The Project is based on a national school cluster structure in which 90 model schools will form the center of clusters consisting of 3–4 surrounding schools. In all, 230 alliance schools will be mentored by the model schools and benefit from training opportunities and minor equipment. The Project is a national project with at least one model school cluster per province. In all, the Project covers 20% of districts. The 90 model VSs will be selected through a two-stage process from among 212 VSs (of which 10 are private) that MONE has already designated as “international standard schools.” In the first stage, 120 VSs will be selected based on an assessment of the data available and the school development plans prepared for DTVE. In the second stage, 90 of the 120 schools will be selected based on the school business plans (SBPs) developed in the first year of the Project. The number of schools in each province were allocated based on total provincial VS enrolments. Within provinces, schools were selected according to size, potential for quality improvement, relevance to the local competitive advantage and existing partnerships with industry. One-third of the schools proposed have already been classified as international standard schools. A balance between the different types of VS (technology and industry, business and management, tourism/hotel and restaurant, agriculture, arts and craft) was required to ensure a gender balance that reflects the VS system as a whole. The model-alliance scheme will spread the project benefits of improved management and teaching-learning practices to the alliance schools which will, in turn, improve the quality, relevance, and access of the VS system. A profile of project schools and indicative list of model VS and selection criteria are in Appendix 1.

B. Impact and Outcome

2. In partnership with the Government, the Project is expected to increase the international competitiveness and employment opportunities for VS graduates, which is consistent with the Government’s economic and industry policy agenda. The medium-term outcome of the Project is expected to be improved quality and relevance, expanded access and greater efficiency in VE. Key success indicators include (i) a 20% increase in enrollment in model VSs; (ii) upgrading of teaching in academic subjects, especially mathematics, science and English, to national standards through upgraded curricula with increased time allocations in model and alliance schools; (iii) agreements with local industry to carry out student skills assessment in at least 50% of model VSs; (iv) entrepreneurship start-up programs in all model VSs; (v) trials of arrangements with international agencies for mutual skills recognition in at least 40 model VSs.

C. Outputs

3. The Project will produce four outputs to help ensure that 90 selected VSs are developed as model schools with (i) refocused school management using a business approach, (ii) improved quality of teaching and learning, (iii) strengthened school–industry linkages, and (iv) enhanced entrepreneurship focus. A TA grant No. 7072: Enhance Skills Development, is provided to support increased efficiency, close links with industry, and more diversified courses by offering after-school courses for skills improvement and retraining.

1. Refocused School Management Using a Business Approach

4. **Train School Managers in Demand-Oriented School Business Planning.** A mixed training and mentoring approach will be taken to develop the SBPs. First, a uniform approach and methodology for the formulation of SBPs will be developed, and the results disseminated to selected institutions that will support the model VSs in developing their SBPs. For around 6

months, the institutions and firms will provide training and mentoring to principals, senior teachers and school committee leaders in model schools, and facilitate development of SBPs by school management and the school committee. The completed SBPs will be reviewed and refined by technical and industry specialists working with each school, before being assessed by an advisory panel of technical experts, including industry representatives. SBP funds will be allocated competitively, and tranche releases will be dependent upon performance as defined in the SBPs.

5. Develop a Business Approach to School Management. To enable managers to lead large and complex institutions more effectively, a new approach to school management will be encouraged. An integrated program of management training will be provided separately by a management training firm based on business principles including annual planning, cost-efficiency, business development, marketing and advocacy, effective personnel management and accountability, and gender awareness. This activity is an essential element for creating dynamic and well-managed institutions that can operate effectively and efficiently. The management training will be provided annually to both model and alliance schools.

6. Establish School Management Systems and Improve School Administration. While VSs with 200–300 students can manage with simple management information systems, the move to larger institutions demands more sophisticated systems with wider usage by staff. The Project will therefore support the development of computerized education management information systems and financial management systems, and will provide in-house support and follow-up to ensure their proper use in planning and monitoring in both model and alliance schools. Efficiency and effectiveness indicators will be developed for schools to use in project reporting, with all relevant staff trained in their use. The aim is also to develop indicators that can be used long beyond the Project to increase accountability and sustainability. As MONE has already made a substantial investment in the national education management information system, it will be relatively inexpensive to extend the system to a school-based system that can assist school management. This will be a requirement for all model schools.

7. Improve Internal Communication Systems and Establish Networks. As the model schools expand and develop, they will need to improve their internal and external communications to share innovations and best practice. The Project will support internet connections to enable project schools to share information and advice. A project website will aid information sharing among the model and alliance VSs, as well as the development of e-libraries to broaden the technical knowledge base of schools.

2. Improved Quality of Teaching and Learning

8. The bulk of the SBP funds will be used to improve teaching and learning quality. The aim is to encourage model VSs to develop their own plans and to assess the relative priorities of (i) upgrading or constructing new facilities, (ii) providing new, or upgrading and relocating existing, equipment, (iii) new teaching and learning tools—computer learning aids, textbooks, on-line learning services, etc, and (iv) upgrading teachers' technical and academic skills. The SBPs will identify school development priorities in relation to national and local skills demand, and will link these school priorities systematically to existing and planned new course offerings, planned curriculum and teacher development activities, and proposed facilities and equipment needs. The SBP activities will aim to put each school in a better position to meet the Government's objectives of improved quality and expanded access. This will necessitate efficiency and effectiveness gains in the core business of the VSs: delivering skills training.

9. **Improve Facilities to Increase Efficiency, Expand Enrolments and Extend Hours of Operation.** The extent to which new facilities and equipment are required, and the type, will be identified in the SBPs after each school has assessed its capacity for expansion in line with skills demand and efficiency gains. Although the physical facilities in VSs are generally good, additional facilities will be necessary to expand enrolment and achieve the desired efficiencies. Schools will be able to obtain professional advice on proposed capital works. Refurbishment costs may also arise, especially where existing schools amalgamate to create larger institutions.

10. The equipment in most of the better VSs, including those selected for the Project, is adequate for basic training but needs to be updated to meet current industry standards. Emerging areas in electronics, computer-aided manufacturing and information technology will require new equipment. An equipment specialist will advise the model schools to ensure equipment purchases are in line with skills demand and planned SBP activities in terms of proposed training programs, curriculum and teacher development, and instructional materials. Each school will get the equipment it prioritizes and will pay for it out of its SBP allocation. The alliance schools will also be provided with selected minor equipment, based on an internal and external assessment of their equipment needs. SBPs will be required to include a preventive maintenance plan to ensure that new facilities and equipment can be maintained properly.

11. **Improve the Teaching of Academic and Technical Subjects.** To improve teaching skills and reach national standards in core academic subjects (especially mathematics and science) and industry standards in technical subjects, teachers will be offered a comprehensive in-service training program. The program will cover all teachers in model schools and half of the teachers in alliance schools. DTVE will implement the in-service training program together with other relevant institutions and industry. The curriculum in core subjects will be strengthened to approximate the curriculum for general schools, and revised curriculum guidelines and textbooks will be issued. Curricula for new skills training courses will be developed in consultation with industry. All teachers will receive intensive training in English to meet the requirements for international standard schools. Training in multimedia approaches and the use of computer-aided instruction will be a further priority. MONE will carry out long-term qualification upgrading and professional certification of teachers through the Directorate General of Quality Improvement of Teachers and Education Personnel. As there is currently only a fledgling system for the professional certification of vocational teachers, this will be developed under the Project. Appendix 2 provides the human resource development plan.

12. **Develop New Learning Methodologies Suitable to Large Institutions.** The use of new teaching methodologies such as group learning, project learning, computer-aided instruction, and self-paced learning is an essential element of the strategy to develop larger schools of international quality. In addition a stronger emphasis on competency-based assessment will be necessary. The intention as the Project progresses is that teachers will facilitate learning through a wide variety of techniques, and that learning will not be confined to the classroom and workshop. Activities to achieve this output include research studies, examination and review of DTVE guidelines and school standards, plus trials of new approaches at all model VSs.

13. **Provide New Instructional Materials and Software.** Teaching and learning materials are both scarce and outdated in most VSs. New instructional materials will be identified for each school following decisions about the new teaching methodologies to be introduced and the content of the training program. Additional instructional materials, including e-learning tools, computer-aided instruction and software will be required in most schools.

3. Strengthened School–Industry Linkages

14. **Support Partnerships between Schools and Industry.** To support close ties with industry, each model school will enter into at least one formal arrangement with a local industry partner to share knowledge and expertise. Each school will be expected to deliver more than three courses per year for skills improvement and retraining of workers. In these ways, VSs will build relationships with local industry that have two-way advantages: industry will benefit by having workers' skills upgraded and the schools will gain a better knowledge of industry needs. The enhanced linkage will facilitate appropriate student work placements and job placement, as well as strengthen the career center programs through which some VSs already provide a limited number of upgrading courses to workers.

15. **Support New Courses to Meet Local Industry Needs.** This activity will build upon and enhance the career center programs to strengthen VS links with local industry. The Project will support a series of school-based research studies to investigate the needs and priorities of schools and local industry, and explore new opportunities for men and women. The studies will be carried out by local trade or business experts. In the second stage, new short courses for existing workers will be developed and trialed by VS in collaboration or co-sponsorship with industry partners. Evaluation of the trials will be led by industry experts. Given the experimental nature of this work, not all courses are expected to be successful. In the long term, successful courses could be institutionalized where similar industry needs exist.

16. **Examine Opportunities for International Benchmarking and Trial Selected International Standards and Benchmarks in Cooperation with Industry.** This activity responds directly to the Government's policy on international standard schools, specifically related to VSs. The model schools will examine opportunities for students to obtain international certification. At present this is available to VS students in the field of computer operations, who obtain certification recognized by multinational ICT companies, and hotel management and tourism. These opportunities can be extended. As well, new fields such as auto-mechanics, aircraft maintenance, rigging and scaffolding, and heavy machinery operation will be examined.

17. The milestone for this activity is that at least 40 model schools will enter arrangements with multinational or international companies or organizations for mutual skills recognition arrangements by 2011. Moreover, based on trials by model schools, MONE will be able to assess the opportunity for entering formal agreements with multinational or international organizations for system-wide mutual recognition or international skills recognition.

4. Enhanced Entrepreneurship Focus

18. A quarter of VS graduates become self-employed, and require general business skills in addition to technical skills. For new graduates, the job search can be lengthy as they lack basic workplace skills. Entrepreneurship training, business incubators and production units provide basic workplace and business experience needed for self-employment and the workplace.

19. **Provide Assistance to Students to Start Their Own Businesses.** This activity will involve the piloting of business incubators or similar initiatives designed locally to suit local opportunities. For example, a group of students might be assisted to rent premises or hire equipment, or they may be given access to school equipment after teaching hours. In all cases they will be mentored by a staff member or a community expert. Each model school will make its own assessment of opportunities in its region for successful student businesses and include its proposals in its business plan. Some model schools are expected to enter partnership agreements with local chambers of industry or other private entities with similar objectives.

20. **Strengthen Entrepreneurship Education.** The need for increased entrepreneurship education is recognized by the International Labour Organization (ILO) which has developed two programs for young people to teach them about business and give them the skills to plan and open their own businesses. Some VSs already have qualified trainers accredited by ILO and offer courses based on ILO materials. The Project will associate with ILO (or a similar organization) to enable the model schools to train staff in the use of the material and deliver the courses. All model schools will be involved in this initiative. About 80% of students are expected to undertake the basic modules and 40% the more advanced modules.

21. **Enhance Production Units.** These units are an important feature of VSs and comprise activities organized by the school to produce goods and services sold to the public. This is a practical means of giving students hands-on experience while offsetting direct costs and generating revenue for other school operations. They are an introduction to the world-of-work. Under the Project, model schools will be able to include in their SBP investments related to production units provided they can demonstrate that the unit is viable.

D. Special Features

22. The project design has two key features. The first is a national school cluster structure in which 90 model schools will form the center of clusters consisting of 3–4 surrounding schools. In all, 230 alliance schools will be mentored by the model schools and benefit from training opportunities and minor equipment. The Project is a national project with at least one model school cluster per province. In all, the Project covers 20% of districts. The 90 model VSs will be selected through a two-stage process from among 212 VSs (of which 10 are private) that MONE has already designated as “international standard schools.” In the first stage, 120 VSs will be selected based on an assessment of the data available and the school development plans prepared for DTVE. In the second stage, 90 of the 120 schools will be selected based on the school business plans (SBPs) developed in the first year of the Project. The 90 SBPs that best demonstrate how the schools can contribute to the Government’s objectives will be granted funds. The criteria for selecting model VSs will ensure broad district geographic representation, particularly in areas with good prospects for industry expansion and strong school–industry linkages; a balance among different types of schools and programs; a female enrolment share of 40%; potential for expansion; and strong local government commitment. Selection criteria for alliance schools include good potential for quality improvement as well as geographic proximity to the model VS. To give smaller and lower quality private schools an opportunity to learn from the model schools, they will comprise around 50% of the alliance schools. The model–alliance scheme will spread the benefits of improved management and teaching and learning practices from the model to the alliance VSs. Replication of the strategy will be fostered by treating the 30 VSs not selected as model schools as the core for the next batch of model schools to be developed by the Government.

23. The second key feature of the design is the SBP. Around 75% of project funds will be used to finance the SBPs, of which two-thirds will be channeled directly to schools to empower them through the planning and management of their own resources and programs to meet the Government’s objectives of improving quality, relevance and efficiency. Although this mechanism is now used widely in Indonesia, the approach used here is more challenging for schools as it will cover all aspects of a school’s operations. The resources are also substantial enough to fully fund medium-term plans rather than just specific aspects. Each model VS will prepare a 4-year SBP that will be demand-driven and involve extensive consultations with local industry. The SBP will include annual budgets and implementation plans that will be updated annually. It will be financed partly by funds channeled directly to the school (known as “SBP

funds”) and partly by the central provision of some of the goods and services specified in the SBP. Appendix 14 provides a description of the SBPs and project fund flows.

24. The SBPs will be demand-oriented and results-based, specifying activities and a budget that shows sources of funding for each activity, tied to specific performance indicators with the following options: (i) civil works upgrading and extension to improve efficiency and increase enrolment; (ii) equipment, teaching and learning materials including computer-aided instructional materials and software; (iii) human resource development for upgrading general and technical teaching, management development, and entrepreneurship for both model and alliance schools; (iv) partnerships with industry; (v) development of business incubators or similar schemes to assist students to trial business ventures; (vi) improvement and development of new activities in production units and (vii) project implementation costs at school level. One of the components of an SBP will be improvement of the technical, management and entrepreneurship skills of alliance schools. Outputs 2, 3 and most of 4 will be funded through the SBP funds paid to schools. Output 1 (management training) and VS equipment, management and teacher in-service training, and monitoring and evaluation services (under output 2) will be procured through DTVE.

II. COST ESTIMATES AND FINANCING PLAN

A. Detailed Cost Estimates

25. The project investment cost is estimated at \$115 million, including contingencies of \$4.4 million, and local taxes and financing charges of \$2.5 million (Table 1). The summary cost estimates and financing plan are in Appendix 3.

26. Around three-quarters of the total project funds will be used to support the SBPs for model schools, of which 65% will be channeled directly to schools. These funds, termed SBP funds, will cover civil works and minor equipment, teaching and learning materials, partnerships with industry, some human resource development (including for alliance schools), entrepreneurship development, promotion of production units and business incubators, and project management in schools. Major items of equipment and the management and teacher development programs will be determined through the SBPs but procured centrally. Around 60% of the project funds are expected to be used to upgrade physical facilities and equipment to international standard. About 80% of the SBP funds will be used to modernise and expand physical facilities and equipment in line with the planned business directions.

Table 1: Project Investment Plan
(\$ million)

Component	Amount
A. Base Cost	
1. Refocus School Management Using a Business Approach	6,766
2. Improve Quality of Teaching and Learning	88,102
3. Strengthen School–Industry Linkages	4,997
4. Enhance Entrepreneurship Focus	3,304
5. Project Management	4,878
Subtotal (A)	108,047
B. Contingencies	4,434
C. Financing Charges during Implementation	2,519
Total (A+B+C)	115,000

Source: Asian Development Bank estimates.

B. Financing Plan

27. The Government has requested a loan of \$80,000,000 equivalent from ADB's Special Funds resources to help finance the Project. The loan from ADB's Special Funds resources will have a 32-year term, including a grace period of 8 years, and an interest charge of 1.0% during the grace period and 1.5% per annum thereafter. The Government will provide the remaining \$35 million equivalent, or 30% of the total project cost, as counterpart financing. The Government counterpart funds will be used for SBP funds (32% of the total amount), project management, and taxes and duties (Table 2).

**Table 2: Financing Plan
(\$ million)**

Source	Total	%
Asian Development Bank	80.0	70
Government	35.0	30
Total	115.0	100

Source: Asian Development Bank estimates.

III. IMPLEMENTATION ARRANGEMENTS

28. The Director, DTVE will be the project director and will provide implementation support to DGMPSE. The project management unit (PMU) has been established by DGMPSE, under the guidance of the project director. The PMU is headed by a project manager and will be responsible for day-to-day project implementation, planning and budgeting, procurement, disbursement, monitoring, supervising, overseeing of implementation in project schools, and submitting the required reports to the Government and ADB. The PMU will have at least 25 staff members from DTVE, including technical, finance, monitoring, and administrative staff. The PMU will also include a technical working group comprising full-time DTVE staff who will work closely with consultants on each project component. An advisory expert panel will conduct the initial evaluations of SBPs using agreed criteria and procedures, and the annual evaluations of school performance thereafter. The panel will comprise a core group of around five education and industry representatives, hired as PMU consultants, with an ad hoc pool of experts in specific vocational fields to be called upon when required. The panel will be chaired by one of the technical experts. The school committee in each of the model schools will be responsible for implementing the approved SBP. Each school committee will be headed by a Chairperson with the school principal acting as the Secretary, and assisted by an implementation team consisting of members of the school committee and teachers. The Secretary of the school committee will report to the PMU. A budget allocation to support the school committee will be required under each SBP. The organization structure is presented in Appendix 5.

29. A project steering committee (PSC) will be established to guide the PMU on general policy, intersectoral coordination and strategic direction. The Deputy Minister for Human Resources and Cultural Affairs, BAPPENAS will chair the PSC. The PSC will be supported by a project technical committee that will be chaired by the Director, Religious Affairs and Education, BAPPENAS. The PSC and PTC will comprise representatives from the Ministry of Finance, MONE, BAPPENAS, the Ministry of Manpower, the Ministry of Industry and the Chamber of Commerce.

IV. IMPLEMENTATION SCHEDULE

30. The Project will be implemented over 5 years, from 1 June 2008 to 31 May 2013. First-year activities will focus on human resource development and the SBPs. In subsequent years, project funding and support will be allocated in accordance with approved SBPs and performance. The Project implementation schedule is in Appendix 6.

V. COST ESTIMATES AND FINANCING PLAN DURING IMPLEMENTATION

31. Table 3 provides the proposed allocation of loan proceeds. This is attachment to Schedule 3 of the Loan Agreement.

Table 3: Allocation of Loan Proceeds

Cat No.	Item	CATEGORY		ADB FINANCING BASIS (Percentage of ADB Financing from the Loan Account)
		Amount Allocated For ADB Financing ('000)		
		(in SDR)	(in USD) a/	
01	MIS Equipment	1.097	1.723	100% of total expenditures (net of tax)
02	Monitoring & Evaluation Sureveys	1.116	1.752	100% of total expenditures (net of tax)
03	Model & Alliance VSS Devt Prgm	38.970	61.194	68% of totaxl expenditures
04	Teacher Training	4.440	6.972	100% of total expenditures (net of tax)
05	Consulting Services	1.415	2.222	100% of total expenditures (net of tax)
06	Interest During Construction	1.593	2.501	100%
07	Unallocated	1.950	3.062	
	Total	50.581	79.426	

USD equivalent as of 21 August 2008.

VI. CONSULTANT RECRUITMENT

32. All consultants to be financed from the loan proceeds will be selected in accordance with ADB's *Guidelines on the Use of Consultants* (2007, as amended from time to time). Individual national consultants will be engaged to guide the development of SBPs and to provide preparatory training to ensure a uniform approach. Institutions and firms will be engaged through CQS to help model VSS prepare SBPs and the PMU with selecting qualified consultants. Consultants for (i) the review and refinement of SBPs and SBP implementation; (ii) management development; and (iii) monitoring, evaluation and reporting will be engaged through firms on the basis of quality- and cost-based selection with 80:20 weighting. MONE, through the PMU, will be responsible for selecting and hiring consultants. Individual consultants will be hired to assist the PMU. The outline terms of reference for consulting services are in Appendix 7. Individual consultants will also be engaged to assist the PMU and the PIUs at the model schools, as well as procurement and financial consultants working on a full- and part-time basis, will also provide technical services.

VII. PROCUREMENT

33. Procurement of goods and services financed under the loan will be in accordance with ADB's *Procurement Guidelines* (2007, as amended from time to time). Contracts for the refurbishment of the PMU office including equipment and furniture will be awarded on the basis of shopping for contracts estimated to cost \$100,000 or less, and by national competitive bidding for contracts estimated to cost the equivalent of more than \$100,000 up to \$500,000. Civil works, teaching materials, textbooks, furniture and instructional aids will be procured using national competitive bidding for contracts estimated to cost the equivalent of more than

\$100,000 up to \$500,000, and shopping for contracts estimated to cost \$100,000 or less. Contracts for works, goods and equipment estimated to cost more than \$500,000 will be awarded on the basis of international competitive bidding. The procurement plan and step-by-step procedure through NCB are in Appendix 8.

VIII. DISBURSEMENT PROCEDURES

34. The Borrower will establish immediately after the effective date, an Imprest Account at Bank Indonesia for the purpose of financing eligible small expenditures. The currency of the imprest account shall be in US Dollars. The Imprest Account will be established, managed, replenished and liquidated in accordance with ADB's *Loan Disbursement Handbook* (2007, as amended from time to time). An initial advance equivalent an estimated expenditures for the next six (6) months, but not to exceed the equivalent of 10% of the Loan amount, whichever is lower. This amount of the initial advance establishes a ceiling up to which ADB may deposit into the imprest account for replenishment purposes. This ceiling may be changed by the mutual agreement of the ADB and the Borrower. Turnover ratio of at least two times a year is required once the funds are deposited to the imprest account. The statement of expenditure (SOE) procedures may be used for liquidating or replenishing payment of eligible expenditures incurred not exceeding the equivalent of \$100,000 per individual payment. Disbursement of loan proceeds shall be subject to the provisions of Schedule 3 of the Loan Agreement. Appendix 9 provides a summary of disbursement procedures. A copy of the Disbursement Handbook was given to the PMU, and can be downloaded from ADB's website at http://www.adb.org/Documents/Handbooks/Loan_Disbursement/default.asp.

35. Before disbursement can start, the Borrower will have to nominate person(s) to sign the withdrawal applications. A withdrawal authorization letter, together with the original specimen signature(s) of the authorized signatories shall be submitted to ADB before submission of the first withdrawal application. In the event there is a change in the authorized person(s) in the future, the Borrower shall furnish the ADB with a new authorization letter, accompanied by the specimen signature(s) to ensure uninterrupted processing of loan disbursements.

A. Disbursement Procedures for SBP Funds

36. The model schools will submit their SBPs to the project management unit (PMU) in the Ministry of National Education (MONE) for review and evaluation by technical experts. The experts will recommend allocation of the funds on a competitive basis. Unapproved SBPs will be returned to the schools for revision. Upon approval of the SBP, an MOU will be signed between the school committee and the project director to authorize financing of the SBP. The MOU will specify the name of the school, performance agreements, activities, bank account information, and amount of funding.

37. Funds will be allocated for each school to implement its SBP activities. SBPs will cover 4 years and funds will be provided in annual tranches, based on SBP project commitments and accomplishments. The SBP fund for the first year will be based on the expenses approved for the first year of SBP activities (year 2 of the Project). The subsequent releases will be based on reports from schools on progress achieved, and funds utilized and committed, submitted to the PMU against targets in the business plan. Schools will make any necessary adjustments to years 3, 4, and 5 and submit their updated business plans. In conjunction with the monitoring and evaluation specialists, the advisory panel of technical experts will evaluate the achievement of performance indicators in the SBPs, which will be verified by the PMU prior to approval of subsequent tranche releases. VSs that do not perform will have their participation in the Project

reconsidered, or funds for years 3, 4, and 5 reduced so that they can be reallocated to more successful VSs.

38. The SBP funds will be channeled through the imprest account, with payments made directly to the school committee's bank account. Payments may also be made through the direct payment method .

39. The system for withdrawal of ADB loan proceeds consists of four major types briefly described below.

B. Imprest Fund Procedure

40. There are two ways to liquidate the imprest fund.

- (i) **Full documentation:** For any individual payment exceeding the equivalent of \$100,000. the application for replenishment of imprest fund account should be accompanied by supporting documents such as receipts, invoices, or other forms of evidence of payments.
- (ii) **Statement of Expenditures (SOE):** Pursuant to paragraph 6(c), Schedule 3 of the Loan Agreement, the SOE procedure may be used for payment of eligible expenditures . Any individual payment to be reimbursed or liquidated under SOE procedure shall **not** exceed the equivalent of \$100,000.

An application for replenishment will be supported by SOE in lieu of the normal full documentation. Under this procedure, the PMU is required to submit to ADB together with a Withdrawal Application, an SOE duly certified by persons authorized to sign Withdrawal Applications. All relevant documents (invoices, receipts, etc.) must be retained and must be made available for auditing and examination by ADB's representative.

C. Direct Payment Procedure

41. The ADB, at the request of the Borrower, pays a designated beneficiary directly. A separate Withdrawal Application is required for each different currency. The following supporting documents must be submitted to ADB together with the Withdrawal Application:

- (i) One of the following:
 - (a) For payment of goods: supplier's invoice or bill of lading;
 - (b) For payment of services: consultant's claim or invoice;
 - (c) For payment of civil works: claim or invoice from the contractor and work progress certificate signed by the authorized representative of the Borrower.

D. Commitment Procedure

42. The ADB, at the Borrower's request, irrevocably agrees to reimburse a commercial bank for payments made or to be made to a supplier against a Letter of Credit (LC). Under this procedure, the LC issued by the Borrower's bank (LC issuing bank) becomes operative only if and when ADB issues its commitment letter to the commercial bank in the supplier's country.

The Bank's payment assurance under this procedure is limited to the amount available in the loan account. A commitment letter issued by ADB under this procedure is irrevocable in the sense that ADB's obligation is not affected by the suspension or cancellation of the loan.

E. Reimbursement Procedure

43. The ADB pays from the loan account to the Borrower's account or, in some cases, to the project account for eligible expenditures which have been incurred and paid for by PMU out of its budget allocation or its own resources. This procedure normally requires submission of full supporting documentation.

- (i) Contract or confirmed Purchase Order
- (ii) In addition to the above requirement:
 - (a) For payment of goods (equipment/materials): supplier's invoice or bill of lading.
 - (b) For payment of consulting services: consultant's claim or invoice.

IX. PROJECT MONITORING AND EVALUATION

A. Project Performance and Monitoring System

44. A comprehensive and gender-disaggregated project management information system (PMIS) will be designed for different levels of management, including DTVE, provincial and district education offices, and model schools. A user manual will be developed, and workshops conducted for provincial, district, and model and alliance school staff. The workshops will help officials appreciate the value of the PMIS, and provide technical training. A national consultant will be contracted to design the PMIS, develop the manual and conduct the training. Project performance will be monitored and evaluated by a firm providing consultants to monitor the progress of programs in accordance with the agreed indicators and targets.

45. Responsibility for the internal monitoring of project implementation performance will lie with the project monitoring unit in the PMU, shared with the provincial and district education offices. The SCs in each of the 90 model VSs will assume a vital role in monitoring implementation at schools, particularly in relation to the oversight and management role of the school committee and the generation of data for the monitoring system. The Project will help strengthen district management information systems by ensuring that all required data is submitted by schools to districts. External monitoring and evaluation will be contracted to a reputable firm or institution, which will carry out compliance monitoring through regular and systematic audits of a sample of model VSs; and conduct the baseline, midterm and final evaluation surveys. This firm will also assist the PMU in designing the internal monitoring system, and provide training and support during implementation. The monitoring and evaluation strategy is in Appendix 10.

B. Project Review

46. The Government and ADB will review the Project's progress jointly at least twice a year. The Government and ADB will jointly undertake a midterm review shortly after the PMU's submission of the third annual report. The midterm review will focus on overall project strategy and achievements, which may require adjustments of targets and processes and reallocation of resources. Specifically, the midterm review will (i) review the project scope, design,

implementation arrangements, and human resource development; (ii) assess project implementation against projections and performance indicators; (iii) review compliance with loan covenants; (iv) identify critical issues, problems, and constraints; and (v) recommend changes in project design or implementation.

X. REPORTING REQUIREMENTS

A. Progress Report

47. The PMU will prepare quarterly progress reports on the status and progress of project implementation and submit these to ADB and MONE within 20 days after each quarter. Progress reports will be in English and include information on the status of all implementation on all aspects of the project. The suggested format and content of progress report is in Appendix 11. This format is designed so that ADB can readily capture key information for monitoring and updating the Project Performance Report, regularly updated by ADB.

B. Annual Contract Awards and Disbursement Plans

48. The PMU will submit to ADB an annual contract awards and disbursement projections. This requirement is effective in monitoring project implementation and will help identify impediments to implementation progress. The projection is submitted to ADB on 15 December of each year. The form is in Appendix 12.

C. Project Completion Report

49. Within 3 months after project physical completion, the Government will prepare and submit to ADB a project completion report describing project implementation, accomplishments, benefits, impact, costs and compliance with loan covenants. The outline of the report is in Appendix 13.

XI. AUDITING REQUIREMENTS

50. Each school committee will be required to establish and maintain a separate account at a local branch of a bank acceptable to ADB, and evidence of the use of the SBP funds for audit by the PMU and the government audit agency. The SBP funds deposited into this account will be used exclusively for activities approved in the SBP. Each school committee will submit to the PMU quarterly and annual financial reports. The PMU will carry out spot checks on VSs by arranging for semiannual audits of accounts and records of a sample of model schools. In cases of fund misuse or irregularity, the PMU may suspend activities at the schools involved until the case is resolved. Any fund recovery will be determined by the PMU investigative panel, in collaboration with ADB. The Government's audit agency will audit all accounts annually in accordance with the Government's standard practices and submit its findings to MONE and Ministry of Finance to ensure that the SBP funds are used properly and that cases of irregularity and fraudulent practice are handled properly.

51. MONE will maintain separate records and accounts for the Project that identify goods and services financed from the loan proceeds. It will ensure that accounts and financial statements are audited annually by the Government's audit agency or other certified independent auditors acceptable to ADB. The auditor will prepare a report on the use of loan funds, compliance with loan covenants, use of the imprest account, and statement of expenditure procedures; issue findings of any irregularities or discrepancies; and recommend corrective measures so that the financial statements and audited accounts will be certified by

the auditor as meeting generally accepted accounting practices. The auditors will provide audit standards and key procedures in their report.

52. DTVE will submit the audited financial statements and the auditor's report on the project accounts, including the imprest account and use of the statement of expenditure, to ADB in English within 9 months after the end of each fiscal year. A sample audit letter is in Appendix 14.

XII. MAJOR LOAN COVENANTS

A. Loan Covenants

53. A summary of major loan covenants is attached as Appendix 15.

B. Specific Assurances

54. In addition to the standard assurances, the Government and DTVE have given the following assurances, which are incorporated in the legal documents.

- (i) The Government will provide counterpart funds for project implementation on time. DGMPSE will make timely submission of annual budgetary appropriation requests to MOF and MOF will ensure prompt disbursement of appropriated funds during each year of project implementation.
- (ii) The Government will ensure the smooth flow of funds from central level to the model schools in accordance with the flow of funds mechanism agreed between the Government and ADB.
- (iii) The Government and DGMPSE will ensure that only model schools meeting the agreed eligibility criteria for grant assistance will receive funding under the Project.
- (iv) The Borrower will ensure that each of the school committees will establish a separate account at a local branch of a bank acceptable to ADB, for the purpose of the SBP funds. The Government will further ensure that the SBP funds will be used exclusively for the activities approved under the model VS SBP.
- (v) Within 12 months following the loan effective date (August 2009), DGMPSE will design and standardize a comprehensive PMIS for the different levels of management including for DGMPSE, the provincial education offices, and model schools. Furthermore, DGMPSE will develop a users' manual within same period of time.
- (vi) To ensure that women benefit equally from the Project, the Government and DGMPSE will ensure that the Project will be carried out in accordance with ADB's *Policy on Gender and Development (1998)* and the agreed gender analysis and strategy described in Appendix 16.
- (vii) Within 9 months following the loan effective date (April 2009), DGMPSE will create a project website to disclose information about various matters on the Project, including procurement. With regard to procurement, the website will include information on the list of participating bidders, name of the winning bidder,

basic details on bidding procedures adopted, amount of contract awarded, and the list of goods and services procured.

- (viii) Within 9 months following the loan effective date (April 2009), DGMPSE will establish within the PMU a complaints and action task force to receive and resolve complaints/grievances or act upon reports from stakeholders on misuse of funds and other irregularities. The task force will (a) review and address grievances of stakeholders of the Project, in relation to either the Project, any of the service providers, or any person responsible for carrying out any aspect of the Project; and (b) set the threshold criteria and procedures for handling such grievances, for proactively and constructively responding to them, and for providing the stakeholders with notice of such mechanism.
- (ix) Although no significant environmental impacts were identified, the siting, design, construction, and operation of school facility rehabilitation work undertaken under the Project will be implemented in line with the Government's environmental laws and regulations and ADB's *Environment Policy (2002)*. All civil works contracts will contain standard requirements for environmental impact mitigation.
- (x) The Government and DGMPSE will ensure that it will not approve any SBP funds if the rehabilitation or construction of the new school facilities will involve involuntary resettlement according to ADB's *Involuntary Resettlement Policy (1995)*. To be eligible for SBP funds the schools are required to confirm that no land acquisition or resettlement is required under the Project. Construction of new classrooms will be added to existing model schools on unoccupied land already owned by the model schools.
- (xi) DGMPSE will ensure that the construction of multistory buildings will comply with construction safety standards. Schools will not be allowed to construct a new storey without first obtaining assurance from a qualified engineer that the existing classroom construction is strong enough for the additional upper level.

XIII. IMPLEMENTATION OF ACCOMPANYING TA

55. TA 7072-INO will help selected model schools introduce skills upgrading and certification programs for workers, and to develop a coherent policy framework for sustainable upgrading programs in the vocational school system. The total TA cost will be \$665,000. ADB will provide \$500,000 on a grant basis from ADB's TA funding program. The Government will contribute the balance of \$165,000, in kind. The TA will support the Project by strengthening the links of vocational schools with industry, improving school sustainability, and expanding skills upgrading opportunities for workers.

56. **Impact and Output.** The expected impact of the TA is that Indonesian workers will have better access to opportunities for skills upgrading, allowing them to move up in their careers, reenter the workforce, or find skilled positions overseas. The outcome is expected to be wider opportunities for skills upgrading for workers delivered through VEs on a demand-driven basis, in collaboration with industry. Although some schools have already established career centers to undertake such initiatives, they are ad hoc. A set of trials, which are well researched and monitored, will provide the basis for the confident expansion of such courses. This is consistent with the long-term objectives for the vocational education system.

57. **Methodology and Key Activities.** The TA activities comprise (i) a desk study review of examples of international best practice in vocational skills upgrading; (ii) a review of skills upgrading activities in model VSs and development of a database; (iii) an intensive review of best international practice in two other countries to gather ideas for implementing skills upgrading courses; (iv) an investigation of the feasibility of international links to develop joint cooperation for international certification, linkages and mutual recognition; (v) a series of practical trials in 10 VSs; and (vi) preparation of a final report, based on the results of the trials, with recommendations for a sustainable skills upgrading program in VSs.

58. **Implementation Arrangements.** MONE will be the Executing Agency for the TA; the Directorate of Technical and Vocational Education will be the Implementing Agency. The TA will be undertaken over 2 years. A small task force will be created to oversee the TA, and DTVE will appoint a senior staff member as TA coordinator for all matters pertaining to the TA. ADB will engage a qualified consulting firm or educational institution to implement the TA. The firm will be selected using quality- and cost-based selection of the international consultant in association with national consultants. The firm will provide one international expert for 6 person-months and one national consultant for 8 person-months. The final TA output will be a comprehensive report that summarizes outcomes of the school trials and identifies directions for the sustainable development of VS upgrading programs. A summary of the TA is in Appendix 17.

XIV. KEY PERSONS INVOLVED IN THE PROJECT

A. ADB Staff

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	<p>Ms. Purificacion Lopez-Liwanag Control Officer Tel. No. (63-2) 632-6780 E-mail: pliwanaq@adb.org</p>
<p>Central Operations Services Office Consulting Operations Services Division 2 (COS2)</p>	<p>Ms. Candice McDeigan Procurement Specialist Tel. No.: (63-2) 632-6470 E-mail: cmcdeigan@adb.org</p>
<p>Address:</p>	<p>Asian Development Bank P.O. Box 789</p>
<p>Facsimile:</p>	<p>0980 Manila, Philippines</p>
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B. Executing Agency

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	<p>Mr. Bambang Indrianto Secretary of Director General</p>
<p>The Directorate of Technical and Vocational Education (DTVE)</p>	<p>Mr. Joko Sutrisno Director Tel. No.: (62-21) 572 5466 Fax No.: (62-21) 572 5477 / 5049</p>
<p>Ministry of Finance Jln. Lapangan Banteng Timur 2-4, Jakarta 10710, Indonesia</p>	<p>Dr. Rahmat Waluyanto Director General of Debt Management Fax No.: (62-21) 384 6516</p>
	<p>Mr. Maurin Sitorus Director of External Funds Tel. No.: (62-21) 344 9230 Fax No.: (62-21) 381 2859</p>
<p>National Development Planning Agency Jln. Taman Surapati 2, Jakarta 10310</p>	<p>Dra. Nina Sardjunani, MA Deputy of Human Resources and Culture Fax No.: (62-21) 392 6601</p>
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XV. ANTICORRUPTION

59. The Government was advised of ADB's Anticorruption Policy (1998, as amended to date) and policy relating to Combating Money Laundering and the Financing of Terrorism (2003). Consistent with its commitment to good governance, accountability and transparency, ADB will require the Government to institute, maintain, and comply with internal procedures and controls following international best practice standards to prevent corruption or money laundering activities or the financing of terrorism, and covenant with ADB to refrain from engaging in such activities. The investment documentation between ADB and the Government will allow ADB to investigate any violation or potential violation of these undertakings. In particular, all contracts financed by ADB in connection with the Project will include provisions specifying the right of ADB to audit and examine the records and accounts of DTVE and all contractors, suppliers, consultants, and other service providers as they relate to the Project

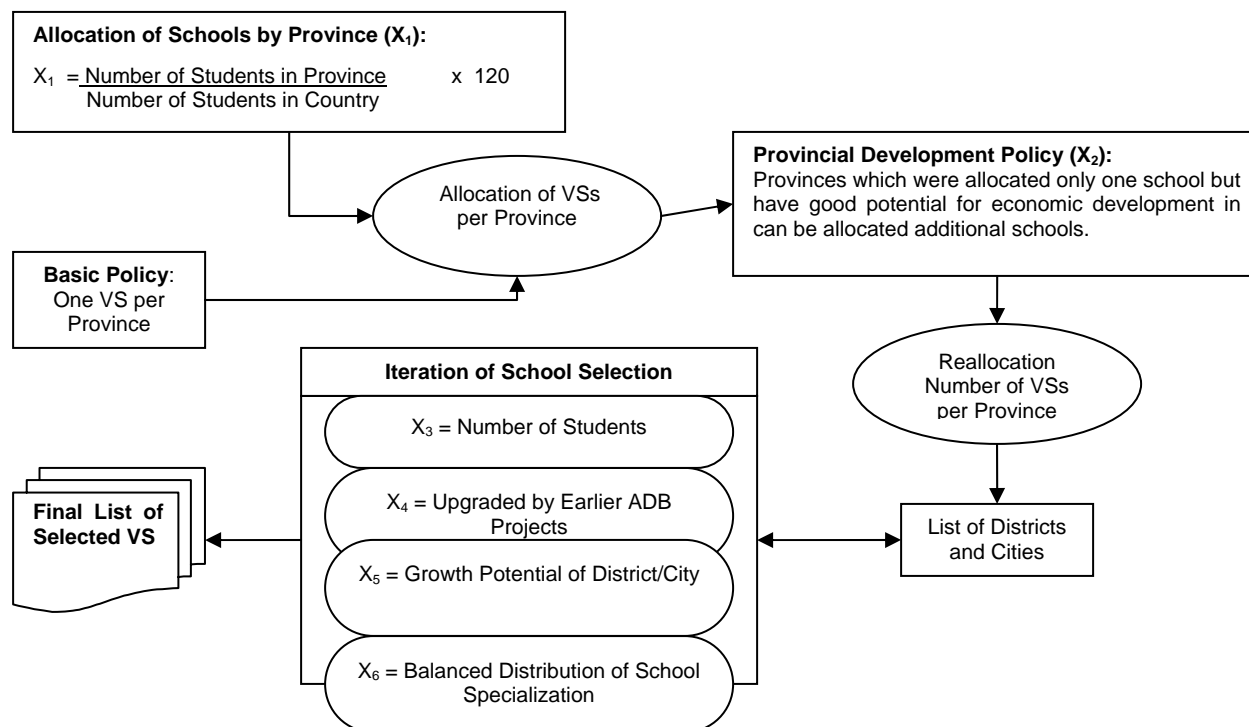
60. The Project incorporates several other measures, in addition to the standard ADB requirements, to deter corruption and increase transparency. The Project will (i) build capacity within DTVE and model VSs to understand and comply with ADB and government procedures as outlined in the project administration manual; and (ii) widely publicize in schools and communities the existence of the integrity division within ADB's Office of the Auditor General, as the initial point of contact for allegations of fraud, corruption and abuse in ADB-financed projects. A project website will be developed to disclose information about project matters, including procurement. The Project will establish a computerized financial management information system in model VSs and enforce strict reporting requirements. Finally, to encourage more stakeholder vigilance as well as ensure greater accountability, a complaints and action task force will be set up at the PMU to receive and resolve grievances or act upon stakeholders' reports of irregularities. The task force will (i) review and address grievances of project stakeholders, in relation to either the Project, any of the service providers, or any person responsible for carrying out the Project; and (ii) set the threshold criteria and procedures for handling such grievances, for proactively responding to them, and for providing the stakeholders with notice of the mechanism.

61. The PAM shall be read in conjunction with the RRP, Loan Agreement, and relevant documents listed in Appendix 18.

INDICATIVE PROFILE OF PROJECT SCHOOLS AND SELECTION CRITERIA

1. The Project includes vocational senior secondary schools (VSs) that demonstrate high performance standards and the potential to improve. Schools were chosen from each province where the Directorate of Technical and Vocational Education (DTVE) of the Ministry of National Education considers local government that are potentially responsive to the concept and cost of national reference schools and to be more likely to commit to assuming a greater financial share.
2. A key feature of the Project is a national school cluster structure in which 90 model schools will form the center of clusters consisting of 3–4 surrounding schools. In all, 230 alliance schools will be mentored by the model schools and benefit from training opportunities and minor equipment. The Project is a national project with at least one model school cluster per province. In all, the Project covers 20% of districts.
3. The school selection process was step-wise. First, an estimation of the allocation of the 90 project schools across provinces was estimated proportional to provincial VS enrollments, although some adjustments were made to take account of provincial development potential. Second, within provinces, individual schools were selected according to this allocation, based on size, good potential for quality improvement, relevance to the local competitive advantage and existing partnerships with industry.
4. The general approach, selection criteria and procedure adopted in selecting the model VS is shown in Figure A1.1.

Figure A1.1: Framework for Selection of 120 Model VS



5. The 90 model VSs will be selected through a two-stage process from among 213 VSs (of which 10 are private) that MONE has already designated as “international standard schools.” In the first stage, 120 VSs will be selected based on an assessment of the data available and the school development plans prepared for DTVE. In the second stage, 90 of the 120 schools will be selected based on the school business plans (SBPs) developed in the first year of the Project. The 90 SBPs that best demonstrate how the schools can contribute to the Government’s objectives will be granted funds. The criteria for selecting model VSs will ensure broad district geographic representation, particularly in areas with good prospects for industry expansion and strong school–industry linkages; a balance among different types of schools and programs; a female enrolment share of 40%; potential for expansion; and strong local government commitment.

6. The alliance schools will be selected in the first year of the Project. Selection criteria for alliance schools include good potential for quality improvement as well as geographic proximity to the model VS. To give smaller and lower quality private schools an opportunity to learn from the model schools, they will comprise around 50% of the alliance schools. The model–alliance scheme will spread the benefits of improved management and teaching and learning practices from the model to the alliance VSs. Replication of the strategy will be fostered by treating the 30 VSs not selected as model schools as the core for the next batch of model schools to be developed by the Government. DTVE will use this experience to conduct a parallel program of school improvement in other VSs using regular government funds. The project therefore is a key pilot initiative to introduce broad school improvement programs throughout the country.

Table A1.1: Number of Public and Private VS and Enrollment by Province, 2006

No	Province	Total Number of VSs			Total Number of Students	
		Public	Private	Total		
1	NAD (Aceh)	35	46	81	17,949	20,282
2	North Sumatera	506	85	591	182,265	205,959
3	West Sumatera	110	51	161	44,047	49,773
4	Riau	77	27	104	32,246	36,438
5	Riau Islands	27	6	33	9,816	11,092
6	Jambi	40	30	70	19,564	22,107
7	South Sumatera	105	23	128	50,041	56,546
8	Bangka Belitung	24	12	36	11,874	13,418
9	Bengkulu	27	32	59	10,785	12,187
10	Lampung	213	39	252	75,369	85,167
11	DKI Jakarta	578	61	639	186,279	210,495
12	West Java	813	128	945	292,231	330,221
13	Banten	170	24	194	85,564	96,687
14	Central Java	720	149	869	350,192	395,717
15	DI Yogyakarta	132	40	172	57,892	65,418
16	West Java	742	203	945	399,219	451,117
17	West Kalimantan	72	35	107	27,619	31,209
18	Central Kalimantan	27	23	50	9,713	10,976
19	South Kalimantan	21	34	55	12,002	13,562
20	East Kalimantan	87	34	121	26,341	29,765
21	North Sulawesi	44	30	74	20,593	23,270
22	Gorontalo	5	14	19	6,898	7,795

No	Province	Total Number of VSs			Total Number of Students	
		Public	Private	Total		
23	Central Sulawesi	35	30	65	16,280	18,396
24	South Sulawesi	155	71	226	47,554	53,736
25	West Sulawesi	16	20	36	4,625	5,226
26	Southeast Sulawesi	17	29	46	11,978	13,535
27	Bali	58	31	89	30,710	34,702
28	West Nusa Tenggara	23	37	60	21,243	24,005
29	East Nusa Tenggara	62	43	105	30,637	34,620
30	Maluku	16	28	44	11,491	12,985
31	North Maluku	5	14	19	10,134	11,451
32	Papua	21	32	53	16,493	18,637
33	West Papua	7	9	16	2,447	2,765
		4,990	1,470	6,464	2,132,091	2,409,263

Table A1.2: Proposed Allocation of Project VS (90 and 120) by Province and School Trade Cluster, and Actual Distribution of 213 “International Standard VS”

No	Province	Number of VS by Specialization																	
		Technical			Business and Management			Hospitality and Restaurant			Agriculture			Arts and Crafts			Total		
		213	120	90	213	120	90	213	120	90	213	120	90	213	120	90	213	120	90
1	NAD (Aceh)	3	0	0	2	0	0	0	0	0	0	0	0	0	0	0	5	0	0
2	North Sumatera	7	3	2	1	0	0	1	1	1	0	0	0	0	0	0	9	4	3
3	West Sumatera	2	1	1	2	1	1	1	1	1	0	0	0	0	0	0	5	3	3
4	Riau	1	1	1	0	0	0	1	0	0	1	1	1	0	0	0	3	2	2
5	Riau Islands	2	2	1	0	0	0	0	0	0	0	0	0	0	0	0	2	2	1
6	Jambi	1	1	0	1	0	0	1	1	1	0	0	0	0	0	0	3	2	1
7	South Sumatera	4	2	1	0	0	0	1	1	1	0	0	0	0	0	0	5	3	2
8	Bangka Belitung	1	1	1	0	0	0	1	0	0	0	0	0	0	0	0	2	1	1
9	Bengkulu	2	1	1	0	0	0	0	0	0	0	0	0	0	0	0	2	1	1
10	Lampung	1	0	0	1	1	1	1	0	0	1	1	1	0	0	0	4	2	2
11	DKI Jakarta	4	3	3	4	2	1	3	3	3	0	0	0	0	0	0	11	8	7
12	West Java	8	5	4	4	3	3	2	2	2	4	3	2	1	1	0	19	14	11
13	Banten	2	1	1	2	2	2	0	0	0	0	0	0	0	0	0	4	3	3
14	Central Java	21	7	5	7	5	3	3	3	3	4	3	2	2	1	0	37	19	13
15	DI Yogyakarta	5	4	2	1	0	0	1	0	0	0	0	0	1	1	1	8	6	3
16	West Java	14	7	4	10	8	5	4	2	2	1	1	1	2	1	0	31	21	12
17	West Kalimantan	1	1	1	2	1	1	0	0	0	1	0	0	0	0	0	4	2	2
18	Central Kalimantan	1	1	1	1	0	0	1	0	0	0	0	0	0	0	0	3	1	1
19	South Kalimantan	1	1	1	1	1	1	0	0	0	0	0	0	0	0	0	2	2	2
20	East Kalimantan	3	1	1	1	1	1	2	0	0	0	0	0	0	0	0	6	2	2
21	North Sulawesi	1	0	0	2	1	1	1	0	0	0	0	0	0	0	0	4	1	1
22	Gorontalo	1	0	0	1	1	1	1	0	0	0	0	0	0	0	0	3	1	1
23	Central Sulawesi	1	1	1	2	0	0	0	0	0	0	0	0	0	0	0	3	1	1
24	South Sulawesi	3	2	1	3	3	2	3	1	1	0	0	0	0	0	0	9	7	4
25	West Sulawesi	2	0	0	1	1	1	0	0	0	0	0	0	0	0	0	3	1	1
26	Southeast Sulawesi	0	0	0	1	1	1	1	0	0	0	0	0	0	0	0	2	1	1
27	Bali	1	1	1	3	2	1	1	0	0	0	0	0	2	1	1	7	4	3
28	West Nusa Tenggara	2	0	0	1	1	1	1	0	0	0	0	0	0	0	0	4	1	1
29	East Nusa Tenggara	1	0	0	0	0	0	2	1	1	0	0	0	0	0	0	3	1	1

No	Province	Number of VS by Specialization																	
		Technical			Business and Management			Hospitality and Restaurant			Agriculture			Arts and Crafts			Total		
		213	120	90	213	120	90	213	120	90	213	120	90	213	120	90	213	120	90
30	Maluku	1	1	1	1	0	0	0	0	0	0	0	0	0	0	0	2	1	1
31	North Maluku	1	1	1	1	0	0	0	0	0	0	0	0	0	0	0	2	1	1
32	Papua	2	1	1	1	0	0	1	0	0	0	0	0	0	0	0	4	1	1
33	West Papua	2	1	1	0	0	0	0	0	0	0	0	0	0	0	0	2	1	1
Total		102	51	38	57	35	27	34	20	16	12	9	7	8	5	2	213	120	90
Percentage		48	43	42	27	29	30	16	17	18	6	8	8	4	4	2	100	100	100

Note: The proposed allocation of VS per province is proportional to the total VS student population.

Table A1.3: Distribution of 213 Designated “International Standard Schools” by School Status and School Trade Cluster

No	School Trade Cluster	Number of International Standard Schools					
		Public		Private		Total	
		School	%	School	%	School	%
1	Technical	94	46.3	8	80.0	102	47.9
2	Business and Management	55	27.1	2	20.0	57	26.8
3	Hospitality and Restaurant	34	16.7	0	0.0	34	16.0
4	Agriculture	12	5.9	0	0.0	12	5.6
5	Art & Craft	8	3.9	0	0.0	8	3.8
Total		203	100.0	10	100.0	213	100.0

^a Technical schools offer courses in building, electronics and communications, electrical, machining, automotive mechanics, aviation, marine science and chemistry-related fields.

^b Business and management schools offer courses in accounting, business management, secretarial.

^c Hospitality and restaurant offer courses in hotel management, restaurant, tourism, fashion.

^d Agricultural schools offer courses in agriculture, agro-processing, horticulture, aquaculture, fisheries.

^e Arts and craft schools offer courses in music and handicrafts.

Table A1.4: Distribution of 213 Designated “International Standard Schools” by School Trade Cluster

No	School Trade Cluster	Number of International Standard Schools		Number of International Standard Schools			
				90s		120s	
		School	%	School	%	School	%
1	Technical	102	47.9	38	42.2	51	42.5
2	Business & Management	57	26.8	27	30.0	35	29.2
3	Hospitality & Restaurant	34	16.0	16	17.8	20	16.7
4	Agriculture	12	5.6	7	7.8	9	7.5
5	Art & Craft	8	3.8	2	2.2	5	4.2
Total		213	100.0	90	100.0	120	100.0

Table A1.5: Average Number of Students by School Trade Cluster

No	School Trade Cluster	Average Number of Students								
		Among International Standard Schools			Among 90s Project VS			Among 120s Projects VS		
		Female	Male	Total	Female	Male	Total	Female	Male	Total
1	Technical	937	171	1,111	980	137	1,142	1,027	126	1,167
2	Business & Management	314	723	1,005	299	809	1,107	351	812	1,139
3	Hospitality & Restaurant	198	587	802	258	639	897	233	641	895
4	Art & Craft	231	404	802	158	532	690	245	475	720
5	Agriculture	686	238	645	795	290	1,085	753	259	1,013
Total		603	406	1,005	611	452	1,073	652	428	1,083

Note : Average number of students per school for SBI SMKs with missing data was estimated based on average number of students at respective trade cluster

Table A1.6: Total Number of Students of Public and Private International Standard Schools by School Trade Cluster

No	School Trade Cluster	Average Number of Students								
		Public			Private			Total		
		Female	Male	Total	Female	Male	Total	Female	Male	Total
1	Technical	88,036	16,099	104,466	7,492	1,370	8,891	95,528	17,469	113,356
2	Business & Management	17,258	39,789	55,262	628	1,447	2,010	17,886	41,236	57,272
3	Hospitality & Restaurant	6,727	19,962	27,279	-	-	-	6,727	19,962	27,279
4	Art & Craft	2,774	4,848	9,628	-	-	-	2,774	4,848	9,628
5	Agriculture	5,485	1,905	5,157	-	-	-	5,485	1,905	5,157
Total		122,389	82,351	204,069	6,029	4,057	10,053	128,418	86,408	214,122

Note : Average number of students per school for SBI SMKs with missing data was estimated based on average number of students at respective trade cluster

Table A1.7: Total Number of Students of Project VS (90s and 120s) and International Standard Schools by School Trade Cluster

No	School Trade Cluster	Average Number of Students								
		90s Project VS			120s Project VS			Total International Standard Schools		
		Male	Female	Total	Female	Female	Female	Female	Female	Female
1	Technical	37,255	5,208	43,382	52,358	6,419	59,514	95,528	17,469	13,356
2	Business & Management	8,063	21,839	29,902	12,268	28,425	39,868	17,886	41,236	57,272
3	Hospitality & Restaurant	4,124	10,225	14,349	4,668	12,814	17,894	6,727	19,962	27,279
4	Art & Craft	1,103	3,724	4,827	2,209	4,275	6,484	2,774	4,848	9,628
5	Agriculture	1,591	580	2,171	3,767	1,297	5,064	5,485	1,905	5,157
Total		54,956	40,681	96,610	78,296	51,397	29,937	128,418	86,408	214,122

Note : Average number of students per school for SBI SMKs with missing data was estimated based on average number of students at respective trade cluster

Table A1.8: List of Target and Eligible Project VS Based on The List of International Standard Schools

Prov ID	Province	District/City	ID	School Name	Sta tus	Tra- de	Teacher						Students			Criteria	
							M	F	T	D3	S1	S2	M	F	T	90s	120
1	NAD	Kab. Aceh Tengah	1	SMKN 1 Takengon	PU	BM	26	48	74	20	52	2	273	486	759	ES	ES
1	NAD	Kab. Aceh Tenggara	2	SMK Negeri 1 Kutacane	PU	BM	23	20	43	19	24	0	230	520	750	ES	ES
1	NAD	Kab. Bireuen	3	SMKN 1 Bireuen	PU	TC	59	26	85	15	70	0	1027	41	1068	ES	ES
1	NAD	Kota Langsa	4	SMKN 2 Langsa	PU	TC	91	48	139	35	94	0	1160	16	1176	ES	ES
1	NAD	Kota Lhokseumawe	5	SMKN 4 Lhokseumawe	PU	TC	25	18	43	4	37	2	264	42	306	ES	ES
2	North Sumatera	Deli Serdang	6	SMKN 1 Lubuk Pakam	PU	TC	73	34	107	17	89	1	840	23	863	ES	TS
2	North Sumatera	Kab. Asahan	7	SMKN 2 Kisaran	PU	TC	30	26	56	1	55	0	562	66	628	ES	ES
2	North Sumatera	Kab. Deli Serdang	8	SMKN 1 Percut Sei Tuan Medan	PU	TC	102	60	162	10	148	4	1061	72	1133	TS	TS
2	North Sumatera	Kab. Pematang Siantar	9	SMKN 3 Pematang Siantar	PU	TC	4	43	47	26	46	0	27	591	618	ES	ES
2	North Sumatera	Kab. Simalungun	10	SMKN 1 Raya	PU	TC	30	37	67	12	55	0	465	77	542	ES	ES
2	North Sumatera	Kota Medan	11	SMKN 8 Medan	PU	HR	3	65	68	9	59	0	79	770	849	TS	TS
2	North Sumatera	Kota Medan	12	SMK Teladan Medan	PR	BM									588	ES	ES
2	North Sumatera	Toba Samosir	13	SMKN 1 Balige	PU	TC	72	43	115	35	78	0	1006	12	1018	TS	TS
2	North Sumatera	Kab. Binjai	14	SMK Tunas Pelita Binjai	PR	TC										ES	ES
3	Sumatera Barat	Bukittinggi	15	SMKN 2 Bukittinggi	PU	BM	21	74	95	7	79	9	188	1260	1448	TS	TS
3	Sumatera Barat	Kab. Padang Pariaman	16	SMKN 2 Payakumbuh	PU	TC	98	60	158	27	127	4	1110	46	1156	TS	TS
3	Sumatera Barat	Kota Bukittinggi	17	SMKN 1 Bukittinggi	PU	TC	124	51	175	17	186	10	1299	29	1328	ES	ES
3	Sumatera Barat	Kota Solok	18	SMKN 1 Solok	PU	BM	20	55	75	10	64	1	79	745	824	ES	ES
3	Sumatera Barat	Padang	19	SMKN 6 Padang	PU	HR	13	83	96	17	77	2	18	604	622	TS	TS
4	Riau	Kab. Indragiri Hulu	20	SMKN 1 Pasir Penyau Riau	PU	AG	34	63	97	4	58	1	628	341	969	TS	TS
4	Riau	Kota Pekanbaru	21	SMKN 2 Pekanbaru	PU	TC	72	84	156	19	134	5	1688	121	1809	TS	TS
4	Riau	Kota Pekanbaru	22	SMKN 3 Pekanbaru	PU	HR	8	74	82	7	74	0	70	779	849	ES	ES
5	Kepulauan Riau	Kota Batam	23	SMKN 1 Batam	PU	TC	30	33	63	2	60	1	638	138	776	TS	TS
5	Kepulauan Riau	Kota Tanjung Pinang	24	SMKN 3 Tanjung Pinang	PU	TC	55	23	78	22	53	3	746	36	782	ES	TS
6	Jambi	Jambi	25	SMKN 2 Jambi	PU	BM	25	31	56	3	52	1	318	585	903	ES	ES
6	Jambi	Kota Jambi	26	SMKN 3 Jambi	PU	TC	85	29	114	20	91	3	1194	5	1199	ES	TS
6	Jambi	Kota Jambi	27	SMKN 4 Jambi	PU	HR	13	49	62	6	53	3	98	597	695	TS	TS
7	South Sumatera	Kab. Muaraenim	28	SMKN 2 Muaraenim	PU	TC	46	31	77	15	58	4	917	89	1006	ES	ES
7	South Sumatera	Kab. OKI	29	SMKN 2 Kayu Agung	PU	TC	21	30	51	9	42	0	474	112	586	TS	TS
7	South Sumatera	Kota Palembang	30	SMKN 4 Palembang	PU	TC	107	33	140	35	98	2	1157	22	1179	ES	ES

Prov ID	Province	District/City	ID	School Name	Sta tus	Tra- de	Teacher						Students			Criteria	
							M	F	T	D3	S1	S2	M	F	T	90s	120
12	West Java	Kota Bandung	63	SMKN 7 Bandung	PU	TC			37				483	694	1177	ES	ES
12	West Java	Kota Bandung	64	SMKN 1 Bandung	PU	BM	27	58	85	6	75	4	15	1132	1147	TS	TS
12	West Java	Kota Bandung	65	SMKN 10 Bandung	PU	AC	44	21	65	15	46	4	188	236	424	ES	TS
12	West Java	Kota Bandung	66	SMKN 9 Bandung	PU	HR	13	69	82	14	67	1	139	817	956	TS	TS
12	West Java	Kota Bogor	67	SMKN 3 Bogor	PU	HR	22	84	106	22	79	2	261	931	1192	TS	TS
12	West Java	Kota Cimahi	68	SMKN 1 Cimahi	PU	TC	85	43	128	11	108	10	1100	480	1580	TS	TS
12	West Java	Kota Cirebon	69	SMKN 1 Cirebon	PU	BM			132				1320	130	1450	TS	TS
12	West Java	Kota Tasikmalaya	70	SMKN 2 Tasikmalaya	PU	TC	105	27	132	14	107	5			1533	ES	TS
13	Banten	Kab Pandeglang	71	SMKN 2 Pandeglang	PU	TC	40	22	62	3	52	3	585	49	634	ES	ES
13	Banten	Kab. Serang	72	SMKN 1 Serang	PU	BM	40	59	99	9	70	20	132	1455	1587	TS	TS
13	Banten	Kota Cilegon	73	SMKN 1 Cilegon	PU	TC	40	21	61	0	60	1	914	61	975	TS	TS
13	Banten	Kota Tangerang	74	SMKN 3 Tangerang	PU	BM	7	44	51	10	39	2	176	992	1168	TS	TS
14	Central Java	Kab. Banjarnegara	75	SMKN 1 Bawang	PU	BM	24	35	59	2	57	0	125	943	1068	TS	TS
14	Central Java	Kab. Banyumas	76	SMKN 1 Purwokerto	PU	BM	37	29	66	8	55	3	48	1008	1056	TS	TS
14	Central Java	Kab. Banyumas	77	SMK Telkom Sandiputra	PR	TC										ES	ES
14	Central Java	Kab. Blora	78	SMKN 1 Blora	PU	TC	78	17	95	15	79	1	1189	12	1201	TS	TS
14	Central Java	Kab. Kebumen	79	SMKN 2 Kebumen	PU	HR	69	18	87	17	67	3	662	13	675	TS	TS
14	Central Java	Kab. Boyolali	80	SMKN 1 Boyolali	PU	BM	18	34	52	1	50	1	65	797	862	ES	ES
14	Central Java	Kab. Boyolali	81	SMKN 1 Mojosongo	PU	AG	54	31	85	27	52	6	481	443	924	TS	TS
14	Central Java	Kab. Cilacap	82	SMKN 2 Cilacap	PU	TC	78	22	100	13	93	4	1199	16	1215	TS	TS
14	Central Java	Kab. Jepara	83	SMKN 1 Jepara	PU	AG	35	42	77	3	72	2	527	265	792	ES	ES
14	Central Java	Kab. Karanganyar	84	SMKN 2 Karanganyar	PU	TC	41	11	52	2	48	2	635	6	641	TS	TS
14	Central Java	Kab. Kebumen	85	SMKN 1 Gombong	PU	TC	41	15	56	3	52	1	664	81	745	ES	ES
14	Central Java	Kab. Klaten	86	SMKN 1 Klaten	PU	BM	34	38	72	9	63	0	29	1043	1072	ES	TS
14	Central Java	Kab. Klaten	87	SMKN 2 Klaten	PU	TC	76	34	110	8	98	4	522	8	530	ES	ES
14	Central Java	Kab. Klaten	88	SMKN 3 Klaten	PU	HR	18	51	69	15	54	0	22	852	874	TS	TS
14	Central Java	Kab. Klaten	89	SMKN Trucuk	PU	AG	57	25	82	9	71	2	736	21	757	ES	TS
14	Central Java	Kab. Salatiga	90	SMKN 2 Salatiga	PU	TC	71	21	92	7	81	4	845	28	873	ES	TS
14	Central Java	Kab. Tegal	91	SMKN 1 Adiwerna Tegal	PU	TC	73	16	89	6	77	6	1239	67	1306	ES	ES
14	Central Java	Kab. Tegal	92	SMKN 1 Slawi	PU	BM	17	38	55	0	54	1	98	1069	1167	ES	ES
14	Central Java	Kab. Tegal	93	SMKN 2 Adiwerna Tegal	PU	AC	33	11	44	0	40	4				ES	ES
14	Central Java	Kab. Temanggung	94	SMKN 1 Temanggung	PU	AG	13	11	24	20	47	2	524	386	910	TS	TS

Prov ID	Province	District/City	ID	School Name	Sta tus	Tra- de	Teacher						Students			Criteria	
							M	F	T	D3	S1	S2	M	F	T	90s	120
14	Central Java	Kata Pekalongan	95	SMKN 3 Pekalongan	PU	TC	42	18	60	13	46	1	596	127	723	TS	TS
14	Central Java	Kota Kendal	96	SMKN 2 Kendal	PU	TC	128	32	160	13	145	2	1403	93	1496	ES	ES
14	Central Java	Kota Magelang	97	SMKN 1 Magelang	PU	TC	55	21	76	11	63	2	867	345	1212	TS	TS
14	Central Java	Kota Semarang	98	SMKN 11 Semarang	PU	TC	34	47	81	10	67	4	14	1192	1206	ES	ES
14	Central Java	Kota Semarang	99	SMKN 2 Semarang	PU	BM	62	31	93	1	82	9	2148	70	2218	ES	TS
14	Central Java	Kota Semarang	100	SMKN 4 Semarang	PU	TC	9	70	79	19	58	2	55	916	971	ES	ES
14	Central Java	Kota Semarang	101	SMKN 6 Semarang	PU	HR	126	44	170	3	153	16	1761	246	2007	TS	TS
14	Central Java	Kota Semarang	102	SMKN 7 Semarang	PU	TC	114	41	56	14	126	15	1723	219	1415	ES	TS
14	Central Java	Kota Semarang	103	SMK Tunas Harapan Semarang	PR	TC			35						360	ES	ES
14	Central Java	Kota Surakarta	104	SMKN 2 Surakarta	PU	TC	109	55	164	9	150	7	1531	104	1635	ES	ES
14	Central Java	Kota Surakarta	105	SMKN 5 Surakarta	PU	TC	81	33	114	4	107	3	1081	0	1081	ES	ES
14	Central Java	Kota Surakarta	106	SMKN 6 Surakarta	PU	BM	27	51	78	18	56	4	21	1009	1030	TS	TS
14	Central Java	Kota Surakarta	107	SMKN 8 Surakarta	PU	AC	41	47	88	23	56	9	264	269	533	ES	TS
14	Central Java	Kota Tegal	108	SMKN 3 Tegal	PU	TC	71	29	100	2	97	1	1123	110	1233	ES	ES
14	Central Java	Kab. Pati	109	SMK Tunas Harapan Pati	PR	TC			61						1262	ES	ES
14	Central Java	Kab. Sukoharjo	110	SMK Muhammadiyah 1 Sukoharjo	PR	TC			58						1174	ES	ES
14	Central Java	Kota Kudus	111	SMK Muhammadiyah Kudus	PR	TC			51						907	ES	ES
15	DI Yogyakarta	Bantul	112	SMKN 2 Kasihan	PU	AC	31	44	75	5	69	1	62	911	973	TS	TS
15	DI Yogyakarta	Kab. Bantul	113	SMKN 1 Bantul	PU	BM	110	28	138	5	128	5	1237	88	1325	ES	ES
15	DI Yogyakarta	Kab. Gunung Kidul	114	SMKN 2 Wonosari	PU	TC	130	32	162	18	134	5	1247	108	1355	ES	TS
15	DI Yogyakarta	Kab. Kulon Progo	115	SMKN 2 Pengasih	PU	TC	101	58	159	20	127	12	1220	308	1528	ES	TS
15	DI Yogyakarta	Kab. Sleman	116	SMKN 2 Depok Sleman	PU	TC	119	35	154	20	124	10	1880	109	1989	TS	TS
15	DI Yogyakarta	Kota Yogyakarta	117	SMKN 2 Yogyakarta	PU	TC	36	97	133	1	129	3	88	1530	1618	TS	TS
15	DI Yogyakarta	Kota Yogyakarta	118	SMKN 4 Yogyakarta	PU	HR			95						1314	ES	TS
15	DI Yogyakarta	Kota Yogyakarta	119	SMK Muhammadiyah 3 Giwangan	PR	TC			112						1123	ES	ES
16	East Java	Kab. Bondowoso	120	SMKN 2 Bondowoso	PU	HR									846	ES	TS
16	East Java	Kab. Jember	121	SMKN 1 Sukorambi	PU	AG	73	35	108	17	90	1	803	197	1000	TS	TS
16	East Java	Kab. Jombang	122	SMKN 1 Jombang	PU	BM	18	42	60	3	55	2	102	756	858	ES	TS
16	East Java	Kab. Magetan	123	SMKN 1 Magetan	PU	BM	34	35	69	64	3	7	24	1159	1183	TS	TS
16	East Java	Kab. Malang	124	SMKN 1 Singosari	PU	TC	96	52	148	0	143	5	1235	115	1350	TS	TS
16	East Java	Kab. Mojokerto	125	SMKN 1 Pungging	PU	TC	54	27	81	2	67	12	1029	164	1193	ES	TS
16	East Java	Kab. Ngawi	126	SMKN 1 Ngawi	PU	BM	25	27	52	5	46	1	5	690	695	TS	TS

Prov ID	Province	District/City	ID	School Name	Sta tus	Tra- de	Teacher						Students			Criteria	
							M	F	T	D3	S1	S2	M	F	T	90s	120
16	East Java	Kab. Pasuruan	127	SMKN 1 Purwasari	PU	TC										ES	ES
16	East Java	Kab. Ponorogo	128	SMKN 1 Ponorogo	PU	BM									783	ES	TS
16	East Java	Kab. Sidoarjo	129	SMKN 2 Buduran	PU	BM									910	ES	ES
16	East Java	Kab. Sidoarjo	130	SMKN 3 Buduran	PU	TC	52	30	82	25	54	3	826	119	945	ES	TS
16	East Java	Kab. Situbondo	131	SMKN 1 Panji	PU	BM				9	76	11	838	1306	2144	ES	TS
16	East Java	Kab. Trenggalek	132	SMKN 1 Pogalan	PU	BM	27	40	67	0	67	0	25	768	793	ES	ES
16	East Java	Kab. Tuban	133	SMKN 2 Tuban	PU	BM	34	49	83	13	67	3	14	892	906	TS	TS
16	East Java	Kab. Tulungagung	134	SMKN 3 Boyolangu	PU	TC	85	26	111	6	102	3	1240	4	1244	TS	TS
16	East Java	Kota Blitar	135	SMKN 1 Blitar	PU	TC									2036	TS	TS
16	East Java	Kota Gresik	136	SMKN 1 Cerme	PU	TC	49	38	87	2	82	3	719	210	929	TS	TS
16	East Java	Kota Jember	137	SMKN 1 Jember	PU	BM	30	13	43	0	41	2	179	610	789	TS	TS
16	East Java	Kota Kediri	138	SMKN 1 Kediri	PU	TC	103	29	132	6	125	1	1994	23	2017	ES	TS
16	East Java	Kota Malang	139	SMKN 3 Malang	PU	HR	5	75	80	0	78	3	117	1286	1403	TS	TS
16	East Java	Kota Malang	140	SMKN 4 Malang	PU	TC	47	43	90	12	77	1	1272	496	1768	ES	ES
16	East Java	Kota Malang	141	SMK PGRI 3 Malang	PR	TC									1677	ES	ES
16	East Java	Kota Malang	142	SMKN 5 Malang	PU	AC	50	38	88	4	79	5	460	806	1266	ES	TS
16	East Java	Kota Ponorogo	143	SMKN 1 Jenangan	PU	TC									942	ES	ES
16	East Java	Kota Surabaya	144	SMKN 1 Surabaya	PU	TC	42	60	102	5	92	5	286	2095	2381	ES	ES
16	East Java	Kota Surabaya	145	SMKN 10 Surabaya	PU	BM	22	36	58	7	51	0	21	1110	1131	TS	TS
16	East Java	Kota Surabaya	146	SMKN 11 Surabaya	PU	AC									701	ES	ES
16	East Java	Kota Surabaya	147	SMKN 2 Surabaya	PU	TC	63	31	94	6	4		1504	30	1534	ES	ES
16	East Java	Kota Surabaya	148	SMKN 5 Surabaya	PU	TC	97	54	151	13	134	4	1458	238	1696	ES	ES
16	East Java	Kota Surabaya	149	SMKN 6 Surabaya	PU	HR	21	50	71	14	55	4	170	954	1124	TS	TS
16	East Java	Kota Surabaya	150	SMKN 8 Surabaya	PU	HR	11	54	65	3	61	1	56	819	875	ES	TS
16	East Java	Kota Madiun	151	SMKN 3 Madiun	PU	TC									667	ES	ES
16	East Java	Kab. Pacitan	152	SMKN 1 Pacitan	PU	AR									1010	ES	ES
17	West Kalimantan	Kab. Ketapang	153	SMKN 2 Ketapang	PU	AG	27	20	47	10	37	0	235	19	254	ES	ES
17	West Kalimantan	Kab. Pontianak	154	SMKN 1 Mempawah	PU	BM	14	31	45	5	39	1	343	394	737	ES	ES
17	West Kalimantan	Kota Pontianak	155	SMKN 4 Pontianak	PU	TC	66	24	90	33	55	2	1168	100	1268	TS	TS
17	West Kalimantan	Kota Singkawang	156	SMKN 2 Singkawang	PU	BM	27	11	38	13	25	0	234	359	593	TS	TS
18	Central Kalimantan	Kab. Kotawaringin Barat	157	SMKN 1 Pangkalan Bun	PU	BM	22	37	59	6	51	0	359	465	824	ES	ES
18	Central Kalimantan	Kota Palangka Raya	158	SMKN 1 Palangkaraya	PU	TC	102	22	124	34	89	1	778	47	825	TS	TS

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							M	F	T	D3	S1	S2	M	F	T	90s	120
18	Central Kalimantan	Kota Palangkaraya	159	SMKN 3 Palangkaraya	PU	HR	11	45	56	3	25	1	68	427	495	ES	ES
19	South Kalimantan	Kab. Tabalong	160	SMKN 1 Tanjung	PU	BM	25	41	66	5	59	2	397	630	1027	TS	TS
19	South Kalimantan	Kota Banjarmasin	161	SMKN 5 Banjarmasin	PU	TC	61	26	87	27	57	5	1054	74	1128	TS	TS
20	East Kalimantan	Kota Balikpapan	162	SMKN 1 Balikpapan	PU	TC									1199	ES	ES
20	East Kalimantan	Kota Balikpapan	163	SMKN 4 Balikpapan	PU	HR	13	47	60	8	49	2	170	711	881	ES	ES
20	East Kalimantan	Kota Bontang	164	SMKN 1 Bontang	PU	TC			77				584	151	735	TS	TS
20	East Kalimantan	Kota Samarinda	165	SMKN 1 Samarinda	PU	BM	27	27	54	5	46	3	250	833	1083	TS	TS
20	East Kalimantan	Kota Samarinda	166	SMKN 3 Samarinda	PU	HR	13	42	55	13	36	3	63	399	462	ES	ES
20	East Kalimantan	Kota Tarakan	167	SMKN 2 Tarakan	PU	TC	73	18	91	1	83	7	731	147	878	ES	ES
21	North Sulawesi	Kota Bitung	168	SMKN 1 Bitung	PU	BM	10	45	55	4	51	0	84	823	907	ES	ES
21	North Sulawesi	Kota Bitung	169	SMKN 2 Bitung	PU	TC	57	28	85	20	63	2	1149	115	1264	ES	ES
21	North Sulawesi	Kota Manado	170	SMKN 1 Manado	PU	BM	32	66	98	3	95	0	380	1115	1495	TS	TS
21	North Sulawesi	Kota Manado	171	SMKN 3 Manado	PU	HR	10	62	72	7	56	1	342	801	1143	ES	ES
22	Gorontalo	Kota Gorontalo	172	SMKN 1 Gorontalo	PU	BM	33	72	105	9	93	3	643	1281	1924	TS	TS
22	Gorontalo	Kota Gorontalo	173	SMKN 2 Gorontalo	PU	HR	13	60	73	8	65	0	84	459	543	ES	ES
22	Gorontalo	Kota Gorontalo	174	SMKN 3 Gorontalo	PU	TC									1016	ES	ES
23	Central Sulawesi	Kab. Toli-Toli	175	SMKN 1 Toli-Toli	PU	BM	25	19	44	7	33		327	592	919	ES	ES
23	Central Sulawesi	Kota Palu	176	SMKN 1 Palu	PU	BM	6	48	54	10	44	0	1	111	112	ES	ES
23	Central Sulawesi	Kota Palu	177	SMKN 3 Palu	PU	TC	75	30	105	29	76	2	1456	125	1581	TS	TS
24	South Sulawesi	Kab. Makassar	178	SMKN 4 Makasar	PU	BM	48	36	84	3	76	5	204	979	1183	TS	TS
24	South Sulawesi	Kab. Palopo	179	SMKN 2 Palopo	PU	TC	139	18	157	3	147	7	1291	21	1312	TS	TS
24	South Sulawesi	Kab. Pinrang	180	SMKN 1 Pinrang	PU	BM	45	30	75	4	66	5	387	645	1032	TS	TS
24	South Sulawesi	Kab. Soppeng	181	SMKN 1 Soppeng	PU	HR	12	26	38	5	33	1	320	390	710	ES	ES
24	South Sulawesi	Kab. Tana Toraja	182	SMKN 1 Makale	PU	TC	83	22	105	14	90	1	934	47	981	ES	ES
24	South Sulawesi	Kab. Toraja	183	SMKN 1 Rantepao	PU	BM	25	37	62	2	60	0	36	975	1011	ES	TS
24	South Sulawesi	Kota Makasar	184	SMKN 5 Makasar	PU	TC	100	33	133	12	111	10	1336	42	1378	ES	TS
24	South Sulawesi	Kota Makassar	185	SMKN 8 Makassar	PU	HR	8	78	86	4	84	1	80	600	680	TS	TS
24	South Sulawesi	Pare-Pare	186	SMKN 3 Pare Pare	PU	HR	15	43	58	6	49	3	21	489	510	ES	TS
25	South-East Sulawesi	Kota Bau Bau	187	SMKN 2 Bau Bau	PU	TC	26	61	87	25	59	1	552	16	568	ES	ES
25	South-East Sulawesi	Kota Kendari	188	SMKN 1 Kendari	PU	BM	43	38	81	9	71	1	220	740	960	TS	TS
25	South-East Sulawesi	Kota Kolaka	189	SMKN 2 Kolaka	PU	TC	36	23	59	2	55	2	490	136	626	ES	ES
26	West Sulawesi	Kab. Majene	190	SMKN 1 Majene	PU	HR	8	32	40	10	30	0	67	158	225	ES	ES

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							M	F	T	D3	S1	S2	M	F	T	90s	120
26	West Sulawesi	Polewali Mandar	191	SMKN 1 Polewali	PU	BM	33	24	57	1	37	2	285	467	752	TS	TS
27	Bali	Kab Buleleng	192	SMKN 3 Singaraja	PU	TC	98	24	122	11	104	7	1124	24	1148	TS	TS
27	Bali	Kab. Bangli	193	SMKN 1 Bangli	PU	BM	30	16	46	0	46	0			741	ES	TS
27	Bali	Kab. Gianyar	194	SMKN 2 Sukawati	PU	AC	66	20	86	1	84	1	160	49	209	ES	ES
27	Bali	Kab. Gianyar	195	SMKN 3 Sukawati	PU	AC	55	19	74	7	60	5	253	153	406	TS	TS
27	Bali	Kab. Jembrana	196	SMKN 1 Negara	PU	BM	23	13	36	1	34	1	354	366	720	ES	ES
27	Bali	Kota Denpasar	197	SMKN 1 Denpasar	PU	BM	127	52	179	34	143	2	1981	206	2187	TS	TS
27	Bali	Kota Denpasar	198	SMKN 3 Denpasar	PU	HR	20	39	59	1	53	1	314	396	710	ES	ES
28	West Nusa Tenggara	Kab. Bima	199	SMKN 1 Bima	PU	BM	34	20	54	5	24	0	200	78	278	TS	TS
28	West Nusa Tenggara	Kab. Lombok Barat	200	SMKN 2 Kuripan	PU	TC	90	15	105	8	76	6	822	49	871	ES	ES
28	West Nusa Tenggara	Kota Mataram	201	SMKN 4 Mataram	PU	HR			82				125	772	897	ES	ES
28	West Nusa Tenggara	Mataram	202	SMKN 3 Mataram	PU	TC	123	40	163	52	70	0	1573	109	1682	ES	ES
29	East Nusa Tenggara	Kab. Ende	203	SMKN 2 Ende	PU	TC	97	19	116	51	65		959	109	1068	ES	ES
29	East Nusa Tenggara	Kota Kupang	204	SMKN 1 Kupang	PU	HR	36	29	65	9	55	1	283	796	1079	ES	ES
29	East Nusa Tenggara	Kota Kupang	205	SMKN 3 Kupang	PU	HR	18	50	68	30	38	0	49	439	488	TS	TS
30	Maluku	Kota Ambon	206	SMKN 1 Ambon	PU	BM	12	34	46	13	33	0	217	505	722	ES	ES
30	Maluku	Kota Ambon	207	SMKN 3 Ambon	PU	TC	42	17	59	15	45	0	609	33	642	TS	TS
31	North Maluku	Kota Ternate	208	SMKN 2 Ternate	PU	TC	52	26	78	13	1		694	60	754	TS	TS
31	North Maluku	Kota Tidore Kepulauan	209	SMKN 1 Tidore	PU	BM	18	15	33	5	28	0	86	137	223	ES	ES
32	Papua	Kab. Mimika	210	SMKN 1 Mimika	PU	TC	30	14	44	4	34	0	523	56	579	ES	ES
32	Papua	Kota Jayapura	211	SMKN 1 Jayapura	PU	HR	10	29	39	14	24	1	51	234	285	ES	ES
32	Papua	Kota Jayapura	212	SMKN 2 Jayapura	PU	BM	25	33	58	15	40	3	289	664	953	ES	ES
32	Papua	Kota Jayapura	213	SMKN 3 Jayapura	PU	TC	84	68	152	23	128	1	1368	140	1508	TS	TS
33	West Papua	Kota Manokwari	214	SMKN 2 Manokwari	PU	TC	28	24	52	9	41	2	660	60	720	ES	ES
33	West Papua	Kota Sorong	215	SMKN 3 Sorong	PU	TC				2	51	2	1374	42	1416	TS	TS

Note : PU = Public, PR = Private , TC = Techncal, BM = Business & Management, HR = Hospitality & Restaurant, AC = Art & Craft, AG = Agriculture, M = Male, F = Female, A = Accepted, ES = Eligible School, TS = Target School.

HUMAN RESOURCES DEVELOPMENT STRATEGY

1. In 2005, the total human resources of the VS system consist of 176,261 teachers, 5,631 principals, 39,046 non-teaching staff. In the public sector, 54,995 teachers (14,655 part-time), 1,159 principals, and 13,390 non-teaching staff. In the public sector. The VS system—particularly the private VS—relies significantly on part-time staff to provide teaching functions. The average ratio of teachers to schools is 32:1. For public VS the ratio is 48:1 and for private VS 28:1. The pupil: teacher ratio is 12:1 for public VS and 13:1 for private VS. The ratio of non-teaching staff to teaching staff indicates a system which is not overly administered at the school level. These ratios are low by international standards, especially when it is remembered that nearly one half of the enrollments are in the area of business studies. Small class sizes may be required for safety and supervision reasons in some workshop and laboratory courses where dangerous equipment and materials are in use.

2. Vocational senior secondary schools (VSs) suffer from significant problems in the recruitment and retention of good teachers, especially teachers with industry experience. In line with the curriculum for vocational and technical education, around 120,000 of 176,261 teachers (68%) teach vocational subjects, and the remaining teach academic subject (science, math, and languages), civics, religion and provide counseling and guidance. Only 62% meet teacher qualification standards (degree in education), but 73% have a degree in other fields. Some 37% of teachers have been teaching for less than 5 years; over 60% have been teaching for less than 10 years. This indicates that there is a substantial pool of younger teachers who will benefit from mentoring and other support at the beginning of their careers. Part time staff are used widely particularly in private schools. More pedagogical training will be needed to transform the teaching methods generally used by vocational senior secondary teachers. In particular, the human resource development (HRD) challenges are listed as follows:

- (i) School principals, senior teachers and administrative staff will need the management skills to be able to plan for growth and then administer large complex organizations. They will have to deal with industry at many levels. The principals will become the chief executive officer and have a business orientation to the management of the schools'.
- (ii) Larger institutions will require a staff hierarchy within most teaching areas. No longer will there be one or two teachers in each area; there may be more than 10. Senior teachers will need the leadership and management skills to create a vibrant team, and more experienced staff will need the skills to mentor their less experienced colleagues without creating offence. This will entail parallel systems development and capacity building activities to be undertaken at the schools. For sustainability, local government leaders will play a supportive role in the monitoring, resources mobilization, and capacity building of the model and alliance schools under the project.
- (iii) All teachers will need the technical skills to be able to adapt to new teaching methods. This is the key to the adoption of new teaching/learning methodologies. Teachers who have the technical skills, and who do not have to rely on the 'text book approach', are more able to adapt to and create new learning techniques. Pedagogical skills are also important, but the key to teaching vocational skills is the teacher's own levels of such skills.
- (iv) At all levels, in a large organization, information flows and information management are essential. The move to large vocational schools will require an

effective MIS and the staff who are familiar with its use and dedicated to its upkeep. Communications technology will be required, as well as staff training.

3. The basis on which the Project is designed is that the selected model schools should develop their own business plans which will outline the ways they wish to respond to the Government's policy directions. In view of this each model schools will need to develop its own HRD strategy as a mandatory part of its business plan. Additionally, each business plan will be required to provide an HRD plan for the school, including targets set for the quantity and nature of HRD, performance indicators. The human resources development strategy will include the whole range of training and staff development opportunities available to selected school management and staff; not simply those which might be funded under this Project. For example, within MONE, the newly created Directorate-General for Teacher Education Quality is developing plans for a range of opportunities for teachers, including VS teachers, to enhance their skills. Each SBP human resource development strategy will need to maximize its access to such opportunities.

4. The Project will provide funds for the management and skills training for teachers and principals at the model and alliance schools, local government staff at provinces and districts, and project management staff at DTVE and school levels. The management training will consist of school business planning and budgeting, school based management, financial management, management information systems, project implementation (procurement, project accounting and disbursement, finance). Corollary to the management training, consultants will be hire to do systems development, installation and initial training, Skills and entrepreneur training will be undertaken the SBP funds of each model school. The model school skills training will cover trade-specific areas, as well as entrepreneurship, industry linkages through workshops (regional, hence a group of schools will organize this). SBP block grant will be tapped to undertaken training on skills and entrepreneur development. Most of the training will be conducted annually, and will be provided based on a comprehensive staff development plan of all relevant teachers, management and staff. All training will be held in-country, will be regional in approach, and finally held at the model schools for the teaching staff. Investment of resources; in new curriculum, in equipment, in classroom set-up, and resource materials (with ICT orientation) will be required. Also it requires teachers to be upgraded on teaching methodologies. The two types of funding for human resource development are listed below:

- (i) **DTVE-Managed Training.** Through the Project Management Unit (PMU), DTVE will manage the HRD for management development of the selected schools, local officials, and other staff. Five regional locations strategically located nationwide will be selected to undertake the teacher and principal training. The training and preparation of SBPs will be outsourced to selected institutions, i.e. Vocational Education Development Centers, education institutions, and universities. These institutions will undergo core training on the school business planning (results-based) methodology that is proposed under the project, In turn, these entities will train and facilitate the model schools in the 2nd quarter of Year 1, to enable the schools to prepare and revise the SBPs, in accordance with project objectives and criteria. For SBP and project implementation, individual consultants will be hired in various management systems to enable them to prepare prototype training modules for dissemination and institutionalization at the project schools. SBPs should include detailed HRD plans for their selected staff, to enable them to realize their project outcomes.
- (ii) **School-Managed Training.** Schools will manage the skills and entrepreneur development training that will be contained in the SBPs. Due to the varied trades inherent in vocational and technical education, industry experts will be tapped to

provide training and assist in the development and improvement of curriculum and methodology in their field of specialization. Academic training in math, sciences, and English will also be provided based on the upgraded curriculum proposed under the project. Other types of training will be on methodology and student assessment and testing. Core trainers will be trained, which will in turn provide training to all the teachers in their schools. Ongoing mentoring, team teaching and supervision will be utilized to ensure project sustainability on the quality improvement undertaken under the project.

5. The indicative human resource development plan is presented in Appendix 9. The summary training plan do not represent the training activities which could be arranged and funded under the Project; rather, they represent only the mandatory (minimum) activities. The Project interventions to provide training will use a variety of means to achieve the required outcomes. The means will include:

- (i) Training undertaken directly by consultants recruited through the Project.
- (ii) Training delivered 'in-house' using materials which the Project has commissioned.
- (iii) Cooperation with industry at the local level, with some funding from the school block grants.
- (iv) Initiatives designed by individual model schools and included in its business plan
- (v) Mentoring and team teaching, as well as supervision from model-alliance schools
- (vi) Model schools will provide the training and venue for the alliance schools.

SCHOOL BUSINESS PLANS AND FUND CHANNELING

A. Rationale

1. About 70% of project funds will be channeled directly to the school committees of the model vocational senior secondary schools (VSs) to allow them to plan and manage their educational resources and programs according to their individual situations and needs to meet the Government's policy objectives. Each school will prepare a 4-year school business plan (SBP) covering all aspects of its operations with the objective of improving the quality and relevance of the education it offers to students. Project funds will finance SBPs that clearly demonstrate a school's capacity to contribute to the Government's objectives.

2. The Project is based on a model-alliance scheme that consists of 90 model schools and 230 alliance schools. By the end of the Project, the model schools will enroll a large number of students; have successfully implemented income-generating measures through new demand-oriented training courses; produce marketable goods in their production units and have implemented partnerships with industry. The alliance schools will have the same programs as their local model school and will have potential for growth. The model-alliance scheme will improve management and teaching and learning technology, which will, in turn, improve the quality, relevance and access to the vocational education system. Selection criteria for model schools include (i) provincial geographic representation to ensure that experience can be transferred within each province, (ii) capacity to expand to up to 2,000 students and located in areas where industry may expand, (iii) representation and balance among different types of schools and programs to yield a gender ratio near the average of 40% girls, (iv) local government commitment, and (v) linkages with local industry.

B. Development of School Business Plans

3. The Project will provide training in performance-based school planning and budgeting for school management teams and provincial and district staff. Training in the latest approaches in school-based performance planning will be provided to selected institutions and firms, and a methodology for the formulation of SBPs developed. These institutions or firms will provide training for the model and alliance schools and facilitate the development of VS plans for 6 months in year 1. The SBPs must be developed in collaboration with local industry. The completed SBPs will be assessed by an advisory panel consisting of education and industry experts, and funds allocated competitively. Subsequent tranche releases will be dependent upon performance as defined by performance indicators in the SBPs.

4. The SBPs will be demand-oriented and results-based, and comprise an analysis of local and national skills demand, a strategy for school development responding to these demands, activities and a budget specifying sources of funding for each activity, and specific performance indicators. The menu options include (i) civil works upgrading and extension to improve efficiency and increase enrollment; (ii) equipment, and teaching and learning materials including computer-aided instructional materials and software; (iii) human resource development for general teaching and technical skills upgrading, management development, and entrepreneurship for both model and alliance schools; (iv) partnerships with industry; (v) development of business incubators or similar schemes to assist students to trial business ventures; (vi) improvement and development of new activities in production units; and (vii) project implementation costs at school level. Each SBP will include a gender plan based on the gender strategy prepared for the Project (Appendix 14). Schools will be informed that all civil works must take place within existing school premises. One of the key components of an SBP

will be improvement of the technical, management, and entrepreneurship skills of alliance schools.

C. Disbursement Procedures for SBP Funds

5. The model schools will submit their SBPs to the project management unit (PMU) in the Ministry of National Education (MONE) for review and evaluation by technical experts. The experts will recommend allocation of the funds on a competitive basis. Unapproved SBPs will be returned to the schools for revision. Upon approval of the SBP, an MOU will be signed between the school committee and the project director to authorize financing of the SBP. The MOU will specify the name of the school, performance agreements, activities, bank account information, and amount of funding.

6. Funds will be allocated for each school to implement its SBP activities. SBPs will cover 4 years and funds will be provided in annual tranches, based on SBP project commitments and accomplishments. The SBP fund for the first year will be based on the expenses approved for the first year of SBP activities (year 2 of the Project). The subsequent releases will be based on reports from schools on progress achieved, and funds utilized and committed, submitted to the PMU against targets in the business plan. Schools will make any necessary adjustments to years 3, 4, and 5 and submit their updated business plans. In conjunction with the monitoring and evaluation specialists, the advisory panel of technical experts will evaluate the achievement of performance indicators in the SBPs, which will be verified by the PMU prior to approval of subsequent tranche releases. VSs that do not perform will have their participation in the Project reconsidered, or funds for years 3, 4, and 5 reduced so that they can be reallocated to more successful VSs.

7. The SBP funds will be channeled through the imprest account, with payments made directly to the school committee's bank account. The fund channeling mechanism for the SBP funds is illustrated in Figure A3.1. Payments may also be made through the direct payment method illustrated in Figure A3.2.

D. Accounting and Auditing

8. The school committee of each model VS will be required to establish a separate account at a local branch of a bank acceptable to ADB, and maintain evidence of the use of the SBP funds for audit by the PMU and the government audit agency. The SBP funds deposited into this account will be used exclusively for activities approved in the SBP. Every 6 months, the PMU will arrange for an audit of the accounts and records of a sample of schools as a spot-check mechanism to ensure that the SBP funds are used properly in accordance with the approved plan and budget. If irregularities, corruption cases, or fraudulent practices are noted in the use of the SBP funds, the PMU will investigate and take administrative and legal action against the school and individuals involved. The PMU will report to ADB and issue an order suspending the activities at the particular school until the case is resolved satisfactorily. When the SBP funds are used improperly, fund recovery will be determined by the PMU investigative panel in consultation with ADB. A similar procedure will be followed for audits conducted by the Government audit agency. MONE will also request the audit agency to audit the project accounts and statements of expenditures annually, and provide a management letter covering internal controls and procedures associated with the maintenance of project accounts and preparation of audited project accounts. The audited accounts should be submitted to ADB no later than 9 months after the close of each fiscal year.

E. Criteria for Allocation of SBP Funds

9. A shortlist of 120 model VSs will be agreed to prior to the start of the Project. After preparation of the SBPs, DTVE will appoint an advisory panel of technical experts—from the education and business communities—to help select 90 SBPs from among this group. The PMU and DTVE will provide secretariat and analytical assistance to the advisory panel. The panel will assess the SBPs of each VS, make recommendations on the funding needed, and provide each VS with a non-binding assessment of the funding needs for years 3 and 5 (subject to satisfactory performance). Each VS will be free to include in its SBP whatever it requires to meet the Government and project objectives. However, DTVE will provide advice to each VS about a lower and upper limit of funds for which to bid. This will be done to avoid getting bids that are far in excess of the total funds available. After each quarter, each VS will report on implementation of its SBP and any required changes. The advisory panel will review these performance reports and recommend the allocation of funds for subsequent years. The advisory panel will reach judgments on each bid and be free to negotiate with VSs on modifications to their bids. However, transparency is essential and the panel will need to justify its decisions and recommendations to the PMU. For this reason, a standard template will be used to evaluate each bid (Table A3.1):

Table A3.1: Proposed Criteria for Evaluation of School Business Plans

No.	Particulars	Score 1–5
1	School profile is complete and adequately represents the school's potential for development, and provides an indication of shortcomings that need to be addressed and problems identified	
2	General responsiveness to project and Government objectives (in terms of goals and objectives, e.g., expansion of enrollment, programs, etc.)	
3	Ability to draw in industry and other contributions (in terms of demonstrated approach and concrete plans)	
4	Extent of innovation and general quality of business plan: does this plan have a vision for the future? Does it have effective performance indicators?	
5	Does the plan have concrete and realistic targets that are consistent with existing conditions and demonstrated ability to achieve them?	
6	What are program/project activities and are they well integrated to represent a comprehensive and integrated approach to development of capacity in well-specified area?	
7	How well-developed, complete, and accurate are annual implementation plans and is costing well developed and realistic?	
8	Inclusion of a gender plan: is the plan gender-inclusive? Does it have actions for promoting increased female enrollment and equal access to opportunities for female students and teachers?	
9	Cost effectiveness of individual initiatives and of total plan	
10	Extent of industry cooperation: what commitments have industry given? (To what extent has the school demonstrated capacity to attract industry support and how does it plan to change or expand that capacity?)	
11	Efficiency benefits in use of VS facilities: how many extra students, how much increase use of existing facilities?	
12	Value for money in relation to equipment and capital works purchases (What are projected costs and are they realistic and cost-effective?)	
13	Affordability: is this plan realistic for funding under the Project?	
14	Management structures: does the plan demonstrate that the VS will have the management structures and training plans to transform the school into a lead VS (and what are implementation management procedures and structures?)	
15	Management and accountability: does the plan provide the required management and accountability measures to undertake the work in the plan	

VS = vocational senior secondary school.

Source: Asian Development Bank estimates.

F. Indicative Cost Estimates for SBP Funds

10. The indicative cost of SBP funds by field of study are presented in Tables A3.2 to A3.4. The key assumptions are (i) civil works and equipment costs are based on DTVE standards, civil works upgrading cost is 50% of new construction, and equipment estimates are based on 60% replacement for technological schools and 100% for other schools; (ii) management training, most teacher in-service training and external monitoring and evaluation will be non-SBP fund activities, while entrepreneurship, some in-service teacher training and school-industry linkages will be under the SBP fund; and (iii) teacher academic subject upgrading (general subject content and methodology) for teachers will be managed by DTVE in coordination with the Directorate General for Quality Improvement of Teachers and Education Personnel.

Table A3.2: Estimated Summary Costs for Model VS (\$'000)

Item of Expenditure	Under SBP Funds	Not Under SBP Funds	Total
Civil Works	28,417	0	28,417
Equipment	0	37,059	37,059
Teaching and Learning Materials	3,850	0	3,850
Human Resource Development	2,200	0	2,200
Partnership with Industry	4,500	0	4,500
Entrepreneurship Development	1,805	0	1,805
Assessment and Curriculum	1,224	0	1,224
Total	41,996	37,059	79,055

SBP = school business plan.

Source: Asian Development Bank estimates.

Table A3.3: Estimated Average for SBP Funds by Field of Study (\$'000)

Item of Expenditure	Technical	Agriculture	Business and Management	Hospitality and Restaurant	Arts and Crafts	Total
Civil Works	15,126	1,554	5,616	5,320	801	28,417
Equipment	21,636	2,177	5,976	6,270	1,000	37,059
Teaching and Learning Materials	1,540	299	1,027	813	171	3,850
Human Resource Development	880	171	587	464	98	2,200
Partnerships with Industry	1,800	350	1,200	950	200	4,500
Enhance Entrepreneurship	722	140	481	381	81	1,805
Assessment and Curriculum	490	96	326	258	54	1,224
Total	42,194	4,787	15,213	14,456	2,405	79,055

SBP = school business plan.

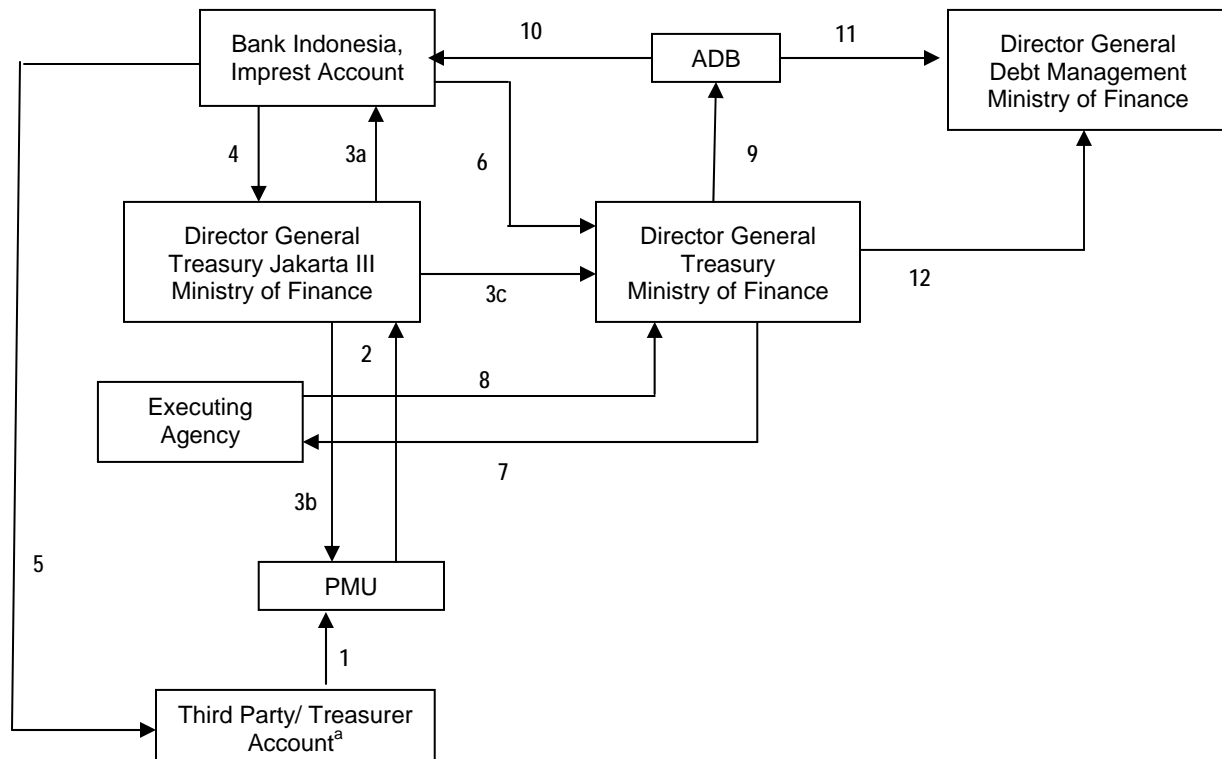
Source: Asian Development Bank estimates.

Table A3.4: Estimated Average for SBP Funds per Model VS (\$'000)

Item of Expenditure	Technical	Agriculture	Business and Management	Hospitality and Restaurant	Arts and Crafts
Civil Works	420	222	234.00	280	200
Equipment	601	311	249.00	330	250
Teaching and Learning Materials	43	43	43.00	43	43
Human Resource Development	24	24	24.00	24	24
Partnerships with Industry	50	50	50.00	50	50
Enhance Entrepreneurship	20	24	24.00	20	20
Assessment and Curriculum	14	14	14.00	14	14
Total	1172	688	638.00	761	601

SBP = school business plan.

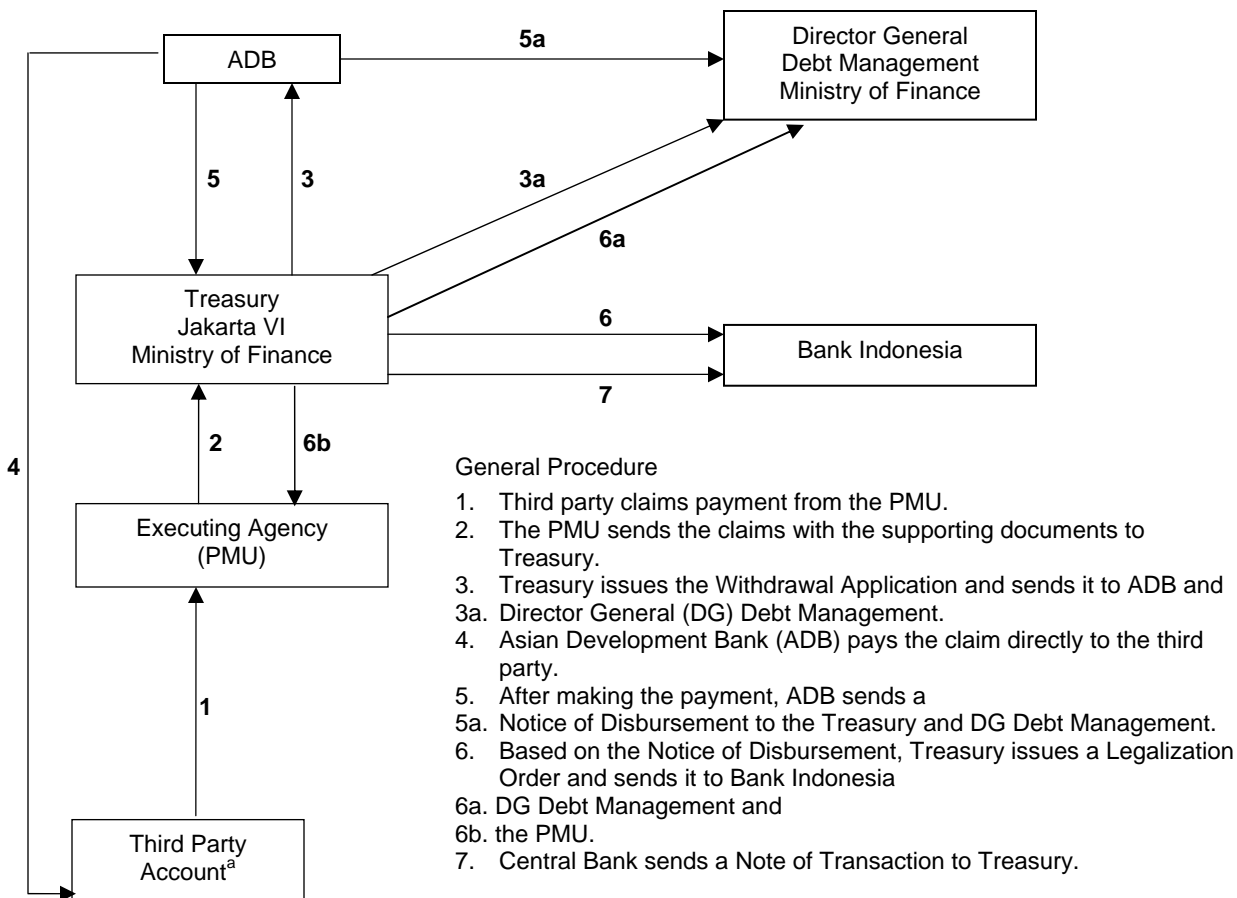
Source: Asian Development Bank estimates.

Figure A3.1: Fund Channeling through the Special Account Mechanism

1. a. The model vocational school (VS) submits its school business plan (SBP) to the project management unit (PMU) as Budget User (PA) or Authorized Budget User (KPA). The SBP is reviewed by the PMU and advisory expert panel. The PMU may request the VS to revise the SBP to meet the requirements. Afterwards, a Memorandum of Understanding (MOU) will be signed between the VS and the PMU.
b. The VS submits a payment request along with necessary documents to the PMU. The document will then be reviewed, and the VS may need to revise it until acceptable by PMU.
2. Once the payment request is approved, the PMU prepares a Payment Order (SPM), which will then be submitted to the Director General (DG) Treasury appointed in Jakarta.
- 3a On the basis of the Payment Order from the PMU, DG Treasury Jakarta issues an Instruction for Disbursement (SP2D) and sends it to Bank Indonesia (BI).
- 3b Parallel to 3a, DG Treasury Jakarta sends a copy of the Instruction for Disbursement to PMU for their records.
- 3c Treasury, Jakarta sends a copy of the Payment Order, Instruction for Disbursement and supporting documents to the DG Treasury, Ministry of Finance (MOF) for replenishment.
4. Upon receiving the Instruction for Disbursement from DG Treasury Jakarta, BI dispatches a "Nota Debet" (ND) to DG Treasury Jakarta to inform them of the transfer to the account of the school committee, contractor, supplier or treasurer of the PMU.
5. Funds are transferred from BI to the account of the school committee, contractor, supplier or treasurer of the PA/KPA.
6. BI dispatches a copy of the Bank Statement of the Imprest Account to DG Treasury. The Bank Statement will then be used by the Executing Agency (EA) to begin the replenishment process.
7. DG Treasury then sends a copy of the bank statement to the EA for information.
8. The EA, with supporting documents from the PMU, prepares a Withdrawal Application (WA) for ADB
9. DG Treasury submits the WA to ADB for replenishment.
10. On the basis of the WA from DG Treasury, ADB replenishes the BI imprest account.
11. ADB dispatches a Notice of Disbursement to DG Debt Management, Directorate of Evaluation, Accounting, and Settlement, for their information and records.
12. Parallel to (9), DG Treasury, Directorate of Cash Management, dispatches a copy of the WA to DG Debt Management, Directorate of Evaluation, Accounting, and Settlement for their information and records.

^a A third party account can be an account for a consultant, contractor, supplier, school committee or PMU treasurer.

Source: Asian Development Bank.

Figure A3.2: Fund Channeling through the Direct Payment Mechanism**Procedure for Senior Secondary Vocational Schools (VS)**

1. a. The VS submits its school business plan (SBP) to the project management unit (PMU) as Budget User (PA) or Authorized Budget User (KPA). The SBP is reviewed by the PMU and advisory expert panel. The PMU may request the VS to revise the SBP to meet the requirements. Afterwards, a Memorandum of Understanding (MOU) will be signed between the VS and the project director.
b. The VS submits an invoice along with necessary documentation to PMU. The document will be reviewed, and then PMU may request the VS to complete it until acceptable.
c. The contractor, supplier or consultant submits an invoice along with supporting documents to PMU. The invoice is based on the terms and condition for payment stipulated in the contract between the PMU and the contractor, supplier or consultant.
2. PMU reviews the invoice and supporting documents. If acceptable, the PMU will prepare a Payment Order for DG Treasury Jakarta VI.
3. Based on the Payment Order from PMU, DG Treasury Jakarta VI issues a Withdrawal Application (WA) and dispatches it to ADB.
4. ADB transfers the funds as specified in the WA to the beneficiary accounts (VS, contractor, supplier or consultant)
5. ADB dispatches a Payment Advice to DG Treasury Jakarta VI.
6. Treasury Jakarta VI dispatches a Legalization Order to BI and a copy to PMU.
7. Bank Indonesia sends a Note of Transaction to DG Treasury Jakarta VI.
8. ADB sends a Notice of Disbursement to Director General, Debt Management and Bank Indonesia

^a A third party account can be an account for a consultant, contractor, supplier, school committee, or treasurer PMU.

Source: Asian Development Bank.

DETAILED COST ESTIMATES AND FINANCING PLAN

Table A4.1: Project Investment Plan
(\$'000)

Item	2008/09	2009/10	2010/11	2011/12	2012/13	Total
A. Base Costs^a						
1. Refocus School Management Using a Business Approach	3,476	1,559	1,361	185	185	6,766
2. Improve Quality of Teaching and Learning	578	31,630	31,548	22,712	1,633	88,101
3. Strengthen School–Industry Linkages	900	1,077	1,060	1,060	900	4,997
4. Enhance Entrepreneurship Focus	1,204	750	750	300	300	3,304
5. Project Management	1,114	959	1,009	899	899	4,880
Subtotal (A)	7,272	35,975	35,728	25,156	3,917	108,048
B. Contingencies^b						
1. Physical Contingencies	90	293	299	293	9	984
2. Price Contingencies	103	645	1,055	1,278	369	3,450
Subtotal (B)	193	938	1,354	1,571	378	4,434
C. Interest Charges (C)^c	167	827	830	599	96	2,519
Total (A+B+C)	7,632	37,740	37,912	27,326	4,391	115,000

^a As of 2007, inclusive of taxes and duties.

^b Physical contingencies are computed at 2%–5% of civil works and equipment costs. Price contingencies include (i) local costs: 5% for 2008–2012; and (ii) foreign costs: 1.9% for 2008–2012. School business plan funds are assumed at 0% price contingency.

^c For the Asian Development Fund loan, interest charges are computed at 1% per year during project implementation.

Source: Asian Development Bank estimates.

Table A4.2: Financing Plan

Item	2008/09		2009/10		2010/11		2011/12		2012/13		Total			
	ADB	Govt	ADB	Govt	ADB	Govt	ADB	Govt	ADB	Govt	ADB	Govt	Project	
A. Base Costs^a														
1. MIS Equipment	1,625	0	0	0	110	0	0	0	0	0	1,735	0	1,735	
2. Management and Teacher Training	1,685	0	2,009	0	1,894	0	717	0	717	0	7,022	0	7,022	
3. Consultant Services	1,002	0	555	0	264	0	209	0	208	0	2,238	0	2,238	
4. Monitoring and Evaluation Surveys	325	0	360	0	360	0	360	0	360	0	1,765	0	1,765	
5. Model and Alliance VS	1,220	584	21,791	10,429	21,825	10,445	15,582	7,457	1,217	583	61,636	29,498	91,134	
6. Project Management	0	830	0	831	0	830	0	831	0	831	0	4,153	4,153	
Subtotal (A)	5,857	1,414	24,715	11,260	24,453	11,275	16,868	8,288	2,502	1,414	74,396	33,651	108,047	
B. Contingencies^c														
1. Physical	62	28	205	88	209	91	202	90	7	2	685	299	984	
2. Price Contingencies	73	27	458	188	736	320	881	398	252	116	2,400	1,050	3,450	
Subtotal (B)	135	55	663	276	945	411	1,083	488	259	118	3,085	1,349	4,434	
C. Interest Charges^d (C)	167	0	827	0	830	0	599	0	96	0	2,519	0	2,519	
Total	6,160	1,469	26,205	11,536	26,229	11,686	18,549	8,776	2,858	1,532	80,000	35,000	115,000	

ADB = Asian Development Bank, Govt = Government, MIS = management information system, VS = vocational senior secondary schools.

^a As of 2007, inclusive of taxes and duties.

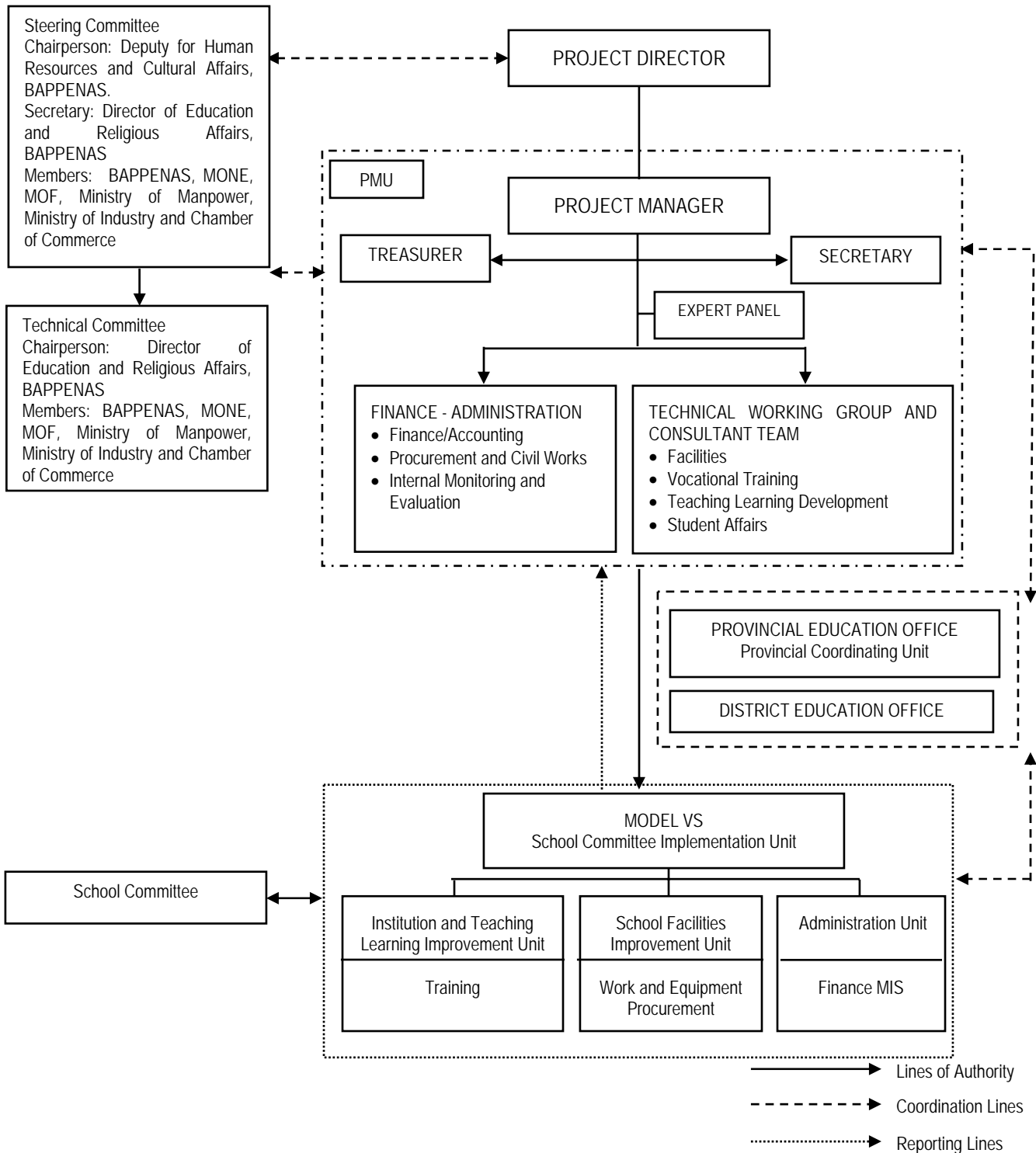
^b Includes SBP funds for model schools and equipment for alliance schools.

^c Physical contingencies are computed at 2%–5% of civil works and equipment costs. Price contingencies are (i) local costs: 5% for 2008–2012; and (ii) foreign costs: 1.9% for 2008–2012. School business plan block funds are assumed at 0% price contingency.

^d For the Asian Development Fund loan, interest charges are computed at 1% per year during project implementation.

Source: Asian Development Bank estimates.

ORGANIZATION STRUCTURE



BAPPENAS = National Development Planning Agency, MIS = management information system, MOF = Ministry of Finance, MONE = Ministry of National Education, PMU = project monitoring unit, VS = vocational senior secondary school.

Source: Asian Development Bank.

PROJECT IMPLEMENTATION SCHEDULE

Description	2008			2009				2010				2011				2012				2013
	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4	1
1 Refocus School Management using a Business Approach																				
1.1 Conduct training and mentoring of school managers in performance-based planning and budgeting																				
a. Develop SBP results-based planning methodology and training for managers																				
b. Train selected institutions or firms on SBP																				
c. Facilitate the development of SBP at selected model/alliance VSs																				
1.2 Establish school management systems and improve school administration, including school EMIS for planning and monitoring																				
Develop and implement school management systems																				
Develop and implement school EMIS																				
1.3 Develop a business approach to school managers so that managers can lead large and complex institutions																				
1.4 Improve internal communication systems and establish networks to share innovation and best practice																				
2 Strengthen School-Industry Linkages																				
2.1 Support partnerships between VS and industry																				
Establish linkages between VS and industry																				
2.2 Support new courses to meet local industry needs																				
Conduct workshops with local industry experts																				
2.3 Examine opportunities for international benchmarking and trial																				
Select international standards and benchmarks in cooperation with Industry																				
3 Enhance Entrepreneurship Focus																				
3.1 Provide assistance to students to start their own businesses																				
a. Develop system for student entrepreneurship assistance																				
b. Provide student assistance fund																				
3.2 Make entrepreneurship education part of all students' courses																				
Conduct entrepreneurship training for teachers																				
3.3 Enhance production units																				
4 Improve Quality of Teaching and Learning																				
4.1 Improve facilities for learning (equipment and works)																				
a. Prepare detailed civil works design and equipment specifications																				
b. Procure and implement civil works and equipment																				

Description	2008			2009				2010				2011				2012				2013
	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4	1
4.2 Develop new learning methodologies suitable to large institutions Develop learning methodologies					■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	
4.3 Provide new instructional materials and software					■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	
a. Prepare a list of instructional materials and software for VSs			■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	
b. Procure and train on use of training aids, software, and materials					■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	
4.4 Improve the teaching of academic and technical subjects					■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	
a. Review existing curricula			■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	
b. Develop proposed methodologies and conduct training of trainers					■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	
Project Implementation	■																			
Set up PMU and School Committee/school implementation team	■	■																		
Identify and hire project implementation consultants, and technical experts to review and guide SBP funds	■	■																		
Develop project website			■	■	■	■														
Develop project management information system		■	■	■	■	■														
Produce a manual for VS based on project experience		■	■	■	■	■														
Midterm project review																				■
Final project review																				■
Continuous monitoring and evaluation																				■

EMIS = education management information system, PMIS = project management information system, PMU = project management unit, SBP = school business plan, VS = vocational senior secondary school.
Source: Asian Development Bank estimates.

OUTLINE TERMS OF REFERENCE FOR CONSULTING SERVICES

1. The Project provides for four contracts for consultancy services and two individual consultants for preparatory work. Under the main contract for school business plan (SBP) preparation and implementation, 21 national consultants for a total of 231 person-months will be needed.

A. Framework for School Business Plans

2. **School Business Planning Specialists** (2 individual consultants for 6 person-months). The specialists will (i) develop performance-based school business planning and budgeting methodology; (ii) prepare training modules and conduct training for core trainers on performance-based school planning and budgeting; and (iii) work closely with vocational education development centers and other institutions in the initial training and management of SBP preparation and submission.

B. School Business Plan Preparation

3. **Facilitators for SBP Preparation** (10 institutions or firms; 6-month duration). The institutions or firms will (i) conduct training for model schools on performance-based school planning and budgeting; (ii) help the model schools through mentoring and on-site assistance in the preparation of performance-based SBPs, including 4-year rolling budgets and performance indicators; (iii) oversee the preparation of detailed equipment and civil works specifications for inclusion in the bidding documents; and (iv) work closely with the other institutions, provincial governments, and project management unit (PMU) in the training and management of SBP preparation and submission.

C. SBP and Project Implementation

4. One firm will be contracted to provide 21 national consultants for 231 person-months.

5. **Education Specialist** (6 person-months). The specialist will (i) review policies, programs, strategies, and initiatives to contribute to developing sustainable programs for upgrading skills; (ii) assess and improve vocational education standards and student assessment; (iii) review upgrading of academic and technical subject content and methodology and (iv) develop strategies for networking with industry.

6. **Education Technology and Instructional Materials Specialist** (6 person-months). The specialist will (i) work with the teacher training specialist to assist schools in selecting textbooks and instructional materials for inclusion in the SBPs, based on the choice of learning methodologies; (ii) guide schools in the selection of library and reference materials, including development of an e-library; (iii) assist schools in planning procurement of these materials; (iv) help instructional staff from selected institutions to produce or identify multimedia and internet-accessible resource materials for teaching; and (v) conduct training programs for teachers on multimedia technology.

7. **Equipment Specialist** (6 person-months). The specialist will (i) review the existing equipment of the selected school; (ii) develop the list of equipment to be procured for each major field of study; (iii) assist VSSs in preparing specifications for learning and resource materials for tendering and (iv) develop appropriate procedures of equipment maintenance, including equipment replacement.

8. **Procurement Specialists** (2 consultants, 12 person-months). The specialists will (i) help model schools develop their procurement plans and advise them of relevant Asian Development Bank and Government requirements; (ii) advise schools of the relative merits, costs, warranty, and delivery timetables for equipment identified in the SBPs; (iii) advise on procedures for procurement of civil works, materials, and goods and services; (iv) assist schools in arranging for any bulk purchases; and (v) advise schools on warranty and delivery issues.
9. **Civil Works Specialists** (7 consultants, 12 person-months for SBP review and 90 person-months for SBP implementation). The specialists will (i) review the existing school buildings, prepare detailed designs, and develop the civil works implementation plan; (ii) confirm the budget estimations for civil works, as submitted by VS business plans; (iii) supervise the civil works construction at all model VSs to ensure adherence to building standards and plans; and (iv) conduct periodic reviews and evaluation of the civil works including the completion report.
10. **Project Education Management Information System (EMIS) Specialist** (6 person-months). The specialist must have a good understanding of the management information systems for VSs and computerized management information systems. The consultant will (i) review the overall design of the vocational education and training EMIS; (ii) design, develop, and test the project EMIS; (iii) produce and assist in the installation of the project EMIS in the selected VSs; and (iv) train the central, provincial, district, and schools in its use.
11. **Financial Management Specialists** (2 consultants, 24 person-months). The specialists must have a good understanding of the VS education financial management information systems and project accounting and computerized project financial information systems. The key tasks and expected outputs are (i) assess the adequacy of accounting and internal controls in VSs, and enhance the control system; (ii) review the overall design of the financial management information system for VSs, including the financial systems developed under earlier technical assistance; (iii) design, develop, and test the financial management information based on Ministry of National Education and project requirements; (iv) prepare operating manuals; and (v) provide guidance and conduct initial training for relevant central, provincial, district, and VS staff responsible for financial management.
12. **Quality Assurance Specialist** (3 person-months). The specialist will (i) review the existing quality assurance (QA) system in VSs and the Directorate of Technical and Vocational Education; determine its compatibility with other institutions of the education system; and revise as necessary; (ii) conduct training programs for staff of selected institutions on the proposed quality assurance system; (iii) working closely with the project management specialist, implement a QA system as part of the new management system of selected institutions; and (iv) evaluate the effectiveness of the QA system and make changes as appropriate.
13. **School–Industry Linkages Specialist** (3 person-months). The specialist will (i) develop a system for DTVE that supports partnerships between VSs and industry; (ii) develop terms of reference for a series of school-based research studies to investigate the needs and priorities of schools and local industry, and explore new opportunities; (iii) assist in developing new short courses for existing workers for VS trials in collaboration or co-sponsorship with industry leaders; (iv) evaluate the trials to be led by industry experts; (v) develop prototype courses that could be institutionalized where similar industry needs exist; and (vi) examine opportunities for international benchmarking, and trial selected international standards and benchmarks in cooperation with industry.

14. **Teacher Training Specialist** (12 person-months). The specialist must have experience in vocational teacher training. The specialist will (i) establish a framework for the provision of in-service training in new teaching methodologies to schools, in collaboration with DTVE and the Directorate General for Teacher Quality; (ii) identify partner institutions or firms that can deliver the training as well as arrangements with local industry; (iii) help schools identify their training needs for inclusion in the SBPs; (iv) draft contracts for partner institutions; (v) liaise with the Directorate General of Teacher Quality on a program for upgrading and professional certification of VS teachers; (vi) propose a means for certifying technical teachers; and (vii) prepare a final report assessing the teacher training program including detailed suggestions for follow-up and an implementation plan for the remaining project years.

15. **Project Management Specialist** (24 person-months). The specialist must have a background in school management and vocational education, and will work in coordination with other specialists to establish the project administrative and financial systems, guidelines on project management for schools and the PMU, and reporting arrangements. Experience working with school principals would be an asset. The key tasks are (i) lead overall activities that relate to project implementation; (ii) conduct periodic reviews of project implementation, including supervision missions, annual performance review, and preparation for the midterm review and project completion reports; and (iii) continuously adjust implementation strategies and activities.

16. **Writer and Editor for “What Works” Publication** (3 person-months). The specialist will collect information about successful initiatives undertaken by the model schools and prepare a publication titled “What Works in VSs”. The work will involve editing of the final document, procurement of photographs, and arrangements for printing.

17. **Procurement Specialist** (6 person-months). The specialist will (i) develop procurement guidelines for consulting services; (ii) prepare draft request for proposals; (iii) oversee and assist procurement and contract preparation; (iv) prepare procurement packages including a procurement plan to cover the project implementation period, to be updated on an annual basis or as the need arises; and (v) conduct other activities that relate to procurement activities.

D. Management Development (one firm, 4 years, intermittent).

18. The firm will (i) develop a school-based management methodology for VSs using a business approach; (ii) provide a consultant team that will visit selected schools, and assess appropriate content and methods for conducting school-based management training for the model VSs; (iii) plan and prepare school-based management system modules and materials for a series of training programs to be delivered in five regional locations; and (iv) evaluate and revise management training programs to introduce new management methods based on business approaches for delivery at model and alliance schools.

E. Monitoring and Evaluation (one firm, 5 years, intermittent)

19. The firm, in collaboration with an education management information system specialist, will (i) conceptualize and design the monitoring and evaluation (M&E) system for the PMU; (ii) develop project and SBP performance indicators; (iii) develop the M&E system and procedures in accordance with performance indicators; (iv) carry out baseline and annual surveys; (v) carry out specific surveys as required including checking of financial compliance and fiduciary controls on SBP funds; (vi) train relevant staff members on M&E; and (vii) institutionalize a results-based monitoring system for schools through workshops and training as part of surveys.

PROCUREMENT PLAN

A. General

Project Information	
Country	Republic of Indonesia
Name of Borrower	Republic of Indonesia
Project Name	Second Senior Secondary Education Project
Loan Reference	TA 4239-INO: Preparing the Decentralized Senior Secondary Education Project
Date of Effectiveness	
Amount	\$80 million
Executing Agencies	Directorate General of Management of Primary and Secondary Education, Ministry of National Education
Approval Date of Original Procurement Plan	17 June 2007
Approval of Most Recent Procurement Plan	26 February 2008
Period Covered by this Plan	1 June 2008–31 May 2013

B. Procurement Project Thresholds

Except as ADB may otherwise agree, the following process thresholds will apply to procurement of goods and works:

Method	Threshold
International Competitive Bidding (ICB) for Works	More than \$500,000
International Competitive Bidding (ICB) for Goods	More than \$500,000
National Competitive Bidding (NCB) for Works	More than \$100,000 up to \$500,000
National Competitive Bidding (NCB) for Goods	More than \$100,000 up to \$500,000
Shopping (SHP) for Works	\$100,000 or less
Shopping (SHP) for Goods	\$100,000 or less

C. ADB Prior or Post Review

Except as ADB may otherwise agree, the following prior or post review requirements apply to the various procurement and consultant recruitment methods used for the Project:

Procurement Method	Prior or Post	Comments
Procurement of Goods and Works		
NCB Goods	Prior	Usage subject to <i>Procurement Guidelines</i> , chapter III.
Shopping for Works	Post	Usage subject to <i>Procurement Guidelines</i> , para. 3.5 and PAI 3.04 C.
Shopping for Goods	Post	Usage subject to <i>Procurement Guidelines</i> , para. 3.5 and PAI 3.04 C.
Limited International Bidding	Prior	Usage subject to <i>Procurement Guidelines</i> , para. 3.2 and PAI 3.03 H.
Single Source Selection	Prior	ADB needs to be satisfied that the prices to be paid are reasonable, and method applied in accordance with <i>Procurement Guidelines</i> , para. 3.6 and PAI 3.05 A.
Direct Contracting	Prior	ADB needs to be satisfied that direct contracting is the appropriate method and in accordance with the <i>Procurement Guidelines</i> , para. 3.6.
Recruitment of Individual Consultants		
Individual Consultant Recruitment by DGMPSE, the Executing Agency	Prior	DGMPSE selects, contracts, and manages contract. One DGMPSE submission is required, namely, candidate ranking and draft contract. <i>Guidelines on the Use of Consultants</i> , chapter II, A.1.a and PAI 2.03.

Procurement Method	Prior or Post	Comments
Recruitment of Consulting Firms		
QCBS (80:20) of firm by DGMPSE	Prior	DGMPSE selects, negotiates, and manages the contract. Three DGMPSE submissions are required: (i) shortlist, (ii) technical evaluation, and (iii) financial ranking and minutes of negotiations and draft contract. <i>Guidelines on the Use of Consultants</i> , chapter II, A. 1. a. and PAI 2.02, Part E, B.
CQS	Prior	DGMPSE selects, negotiates, and manages the contract. A minimum of three firms should submit amplified EOIs. <i>Guidelines on the Use of Consultants</i> , chapter II A. 1. e.
Single Source Selection	Prior	ADB needs to be satisfied that the prices to be paid are reasonable, and method is applied in accordance with the <i>Guidelines on the Use of Consultants</i> (2007, as amended from time to time) para. 3.6 and PAI 3.05 A.

D. Goods and Works Contracts Estimated to Cost in Excess of \$1 million

General Description	Contract Value (\$)	Procurement Method	Prequalification of Bidders (y/n)	Advertisement Date
MIS Computer and Software X 2	1.625 million	NCB ¹	No	First 10 months

E. Consulting Services Contracts Estimated to Cost in Excess of \$100,000

General Description	Contract Value (\$)	Recruitment Method	Advertisement Date	International or National Assignment	Comments
Component 1 Preparation and facilitation of SBP by institutions and firms X 9	200,000	CQS (80:20)	First 2 months	National	DGMPSE through the PMU will invite and evaluate EOIs on broad criteria. Top-ranked EOIs will submit a technical and financial proposal. Contracts will be negotiated on the basis of CQS. ADB will endorse.
Component 1 Review and refinement of SBP (i.e., whole school planning) and instructional materials	750,000	QCBS (80:20)	First 5 months	National	DGMPSE through the PMU will select and negotiate the contract the consultant.
Components 1, 2, and 4 SBP Implementation consultant (review architectural plans, FMIS in schools, and prepare ideas and strategies for VSs)	470,000	QCBS (80:20)	10th–12th month	National	DGMPSE through the PMU will select and negotiate the contract of the consultant.
Component 5 Monitoring evaluation and surveys	325,000	QCBS (80:20)	15th–18th month	National	DGMPSE through the PMU will select the consultant, and negotiate the contract. ADB will endorse.

¹ For specific package NCB has been approved as the procurement method.

F. Consulting Contracts Expected to be below \$100,000

General Description	Contract Value (\$)	Recruitment Method	Advertisement Date	International or National Assignment	Comments
Component 1 Management training and leadership	80,000	Individual consultant	First month	National	DGMPSE through the PMU will select and negotiate the contract.
Component 1 Developing planning modules, VS business planning and facilitation	25,000	Individual consultant	First 5 months	National	DGMPSE through the PMU will select and negotiate the contract.

G. Goods and Works and Related Services Contracts Estimated to Cost Less than \$1 million

Description	Value of Contracts (\$) ^a per VS	Number of Contracts ^b	Procurement / Recruitment Method	Advertisement Date
A. Technical Schools x 36				
1. Equipment ^c	600,000 or less	Multiple	NCB	18th–36th month
2. Civil Works	380,000 or less	Multiple	NCB/SHP	First 18 months
3. Teaching and Learning Materials	43,000 or less	Multiple	SHP	First 12 months
B. Business Management Schools x 30				
1. Equipment	234,000 or less	Multiple	NCB	18th–36th month
2. Civil Works	240,000 or less	Multiple	NCB/SHP	First 18 months
3. Teaching and Learning Materials	43,000 or less	Multiple	SHP	First 12 months
C. Hospitality Schools x 13				
1. Equipment	330,000 or less	Multiple	NCB	18th–36th month
2. Civil Works	280,000 or less	Multiple	NCB/SHP	First 18 months
3. Teaching and Learning Materials	43,000 or less	Multiple	SHP	First 18 months
D. Agricultural and Agro-Industry x 7				
1. Equipment	310,000 or less	Multiple	NCB	18th–36th month
2. Civil Works	225,000 or less	Multiple	NCB/SHP	First 18 months
3. Teaching and Learning Materials	43,000 or less	Multiple	SHP	First 18 months
E. Arts and Craft x 4				
1. Equipment	190,000 or less	Multiple	NCB	First 18 months
2. Civil Works	200,000 or less	Multiple	NCB/SHP	First 18 months
3. Teaching and Learning Materials	43,000 or less	Multiple	SHP	First 18 months
F. Furniture and Equipment Project Management)				
1. PMU	110,000	1	SHP	First 12 months
2. Provincial Education Office	160,000	1	NCB	First 12 months

^a These amounts represent the threshold amounts allocated from the SBP fund for each VS. Actual amounts will be determined from the SBPs.

^b The contracts are to be determined after approval of the SBPs. However for the purposes of the procurement plan, the use of multiple contracts is assumed to arise from the use of the SBP fund for each VS. In each case the procurement method will be based on the threshold for contract values for NCB and shopping outlined in section A.

^c Equipment for all schools will be procured centrally by the Directorate General for the Management of Primary and Secondary Education, which will determine procurement packages based on approved SBPs.

ADB = Asian Development Bank, CP = community participation, CQS = consultants qualification selection, DC= direct contracting, DGMPSE = Directorate General for the Management of Primary and Secondary Education, EOI = expression of interest, FMIS = financial management information system, ICB = international competitive bidding, NCB = national competitive bidding, NCB/SHP = combination of national competitive bidding and shopping within the thresholds established in Section A, NCB/SHP = based on available information not possible to disaggregate; usage in accordance with sections A and B, PAI = Project Administration Instruction, PMU = project monitoring unit, QCBS = quality- and cost-based selection, SBP = school business plan, SHP = shopping, SSS = single source selection, VS = vocational senior secondary school.

Source: Asian Development Bank estimates.

NATIONAL COMPETITIVE BIDDING (NCB)

1. PREPARATION OF BID PACKAGES

- EA**
- Prepare list of goods to be procured
 - Group goods into contracts
 - Determine scope and number of civil works contracts
 - Submit to ADB

- ADB**
- Review bid packaging proposed by Executing Agency
 - Provide comments/Approval

2. PREPARATION OF BIDDING DOCUMENTS (Note: Only the first draft English Language version of the bidding documents should be submitted for ADB prior review and approval. Thereafter, the approved NCB bidding documents should be used as a model for the same Project, prior review and approval of ADB will not be required)

- EA**
- Prepare draft bidding documents
 - Submit draft bidding documents to ADB

- ADB**
- Review draft bidding documents
 - Provide comments/Approval

3. ADVERTISEMENT AND NOTIFICATION

- EA**
- 1. Advertise Invitation for Bids (IFB) in local newspaper of general circulation
 - 2. For goods
 - Issue bidding documents

4. PREPARATION OF BIDDING DOCUMENTS

- Bidder**
- Prepare bids (30 days minimum)

- EA**
- Answer inquiries o bidders during clarification period
 - Prepare and send Q&A document to all bidders and to ADB

- Bidder**
- Submit bid

5. PUBLIC BID OPENING

- EA**
- Open bids received in public
 - Announce and record:
 - Name of bidder
 - Total bid price
 - Price of alternative bid if any
 - Discounts, if any
 - Presence of bid security, amount and validity

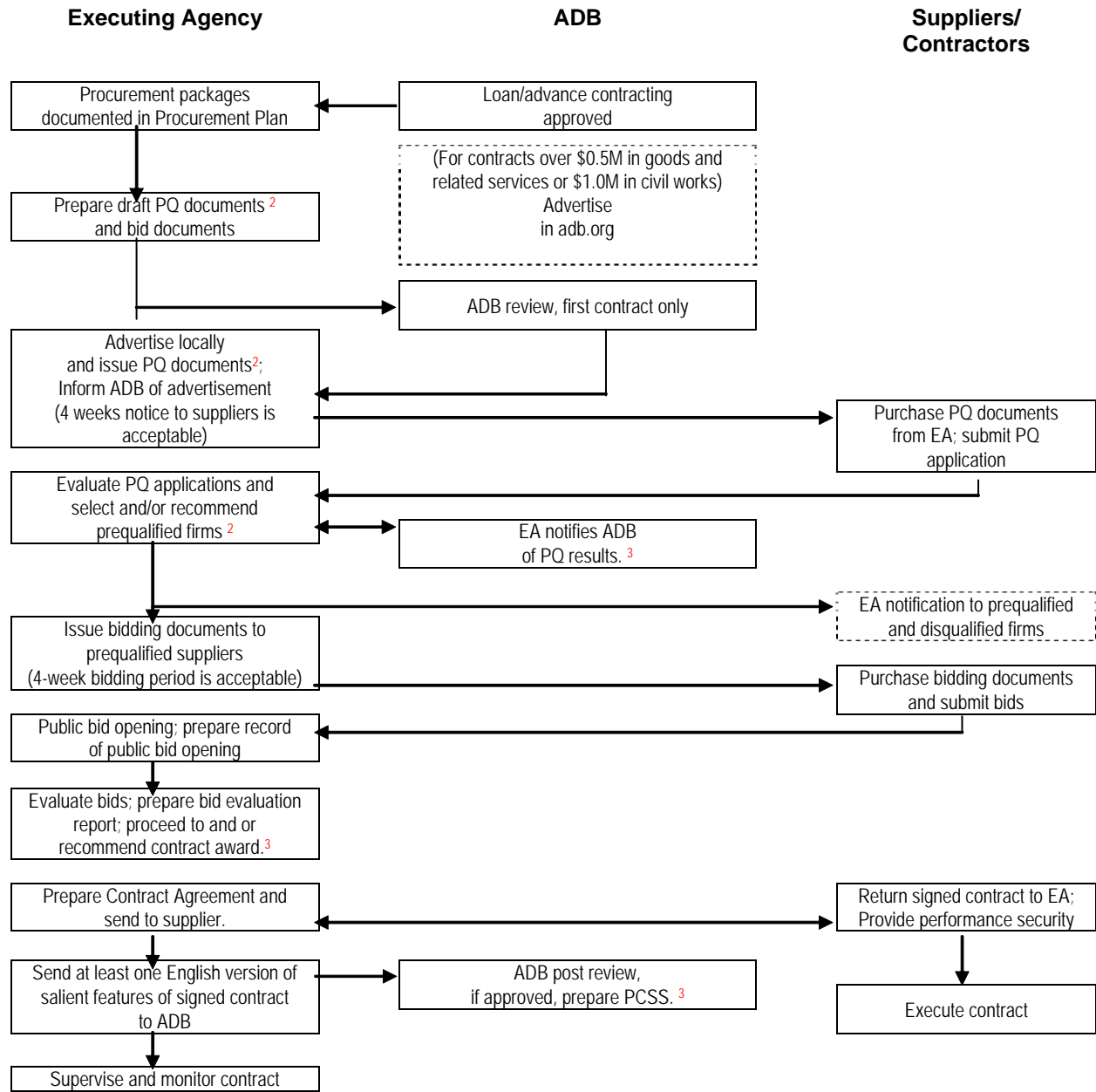
- Bidder**
- Sign attendance register
 - Sign record of public bid opening

6. EVALUATION OF BIDS

- EA**
- Evaluate bids
 - Seek clarification from bidders if necessary
 - Prepare bid evaluation report
 - Submit (i) an account of the public opening of bids; (ii) a summary and evaluation of the bids; (iii) the proposal for award; and (iv) a draft contract or a draft letter of acceptance.
- ADB**
- Review/Approve bid evaluation report

7. AWARD OF CONTRACT

- EA**
- Send letter of notification of award including contract form to successful bidder
- Bidder**
- Sign Contract and return to EA
 - Obtain Performance Security and submit to EA
- EA**
- Sign Contract
 - Submit Contract as executed to ADB
- ADB**
- Review Contract
 - Issuance of Procurement Contract Summary Sheet (PCSS)



DISBURSEMENT PROCEDURES

Reference: ADB's Loan Disbursement Handbook dated January 2007

1. Procedures for withdrawal of loan proceeds are standardized to facilitate disbursements under most loans. Disbursement procedures consist of four major types, described briefly below:

A. DIRECT PAYMENT PROCEDURE (page 24 of the Handbook)

2. This procedure is where ADB, at the borrower's request, pays a designated beneficiary directly.

Requirements

- A signed withdrawal application (*form ADB-DRP/RMP in Appendix 5*) must be submitted to ADB together with a summary sheet (*form DRPSS in Appendix 8*) and the required supporting documents.
- A separate withdrawal application is required for each different currency.

Supporting Documents

3. The following supporting documents must be submitted to ADB with the withdrawal application:

- All cases require a contract or confirmed purchase order (PO), if not submitted earlier to ADB, indicating the amount and date due;
- payment of goods requires the supplier's invoice, bill of lading, other similar documents;
- payment of services requires the consultant's claim or invoice;
- payment of civil works requires the claim or invoice from the and a summary of work progress certified by the project engineer approved by the borrower's authorized representative.

B. COMMITMENT PROCEDURE (page 26 of the Handbook)

4. This procedure is where ADB, at the borrower's request, provides an irrevocable undertaking to reimburse a commercial bank for payments made or to be made to a supplier against a letter of credit (LC) financed from the loan account.

Requirements

- A signed application for issuance of commitment letter in the form ADBCL (*see Appendix 6*) is submitted to ADB together with a summary sheet for the commitment letter (*see Appendix 9*) and the required supporting documents. A separate application is required for each currency in which a commitment letter is requested.

Supporting Documents

5. Supporting documents to be submitted to ADB with the application for commitment letter include:

- a contract or confirmed PO, if not yet submitted earlier to ADB; and
- two signed copies of the LC against which ADB's commitment letter is requested.

Amendments to the LC

6. The borrower requests ADB's approval of amendments to the LC as soon as the LC amendment is obtained from the LC issuing bank (*see Appendix 17*). Copy of the signed amendment must be attached to the request.

7. ADB communicates its approval to the nominated commercial bank and the borrower by the form shown in *Appendix 18* or by authenticated SWIFT, tested telex, or a formal letter of approval.

8. ADB can allow the borrower, in urgent cases, to send its application for approval to amend the LC by fax. The message is to include loan number, commitment letter number, LC number, and nature and reason for the amendment. Copy of the LC amendment should be attached to the application.

9. The message must state that the amendment has been made by the LC issuing bank and that the application for approval of amendment of LC and a copy of the LC amendment are being airtailed to ADB.

10. Amendments to the LC for: (i) extending the expiry date and shipping dates **up to the loan closing date**; and (ii) other amendments except those mentioned in para. 8.18 need not be submitted to ADB for approval. The borrower merely informs ADB using the standard form (*see Appendix 19*) and submits a signed copy of the amendment. This will ensure ADB's prompt payment of claims received from the nominated commercial bank.

Amendments Requiring ADB's Prior Approval

11. ADB's prior approval is required for amendments to the LC involving changes such as

- extension of the LC expiry date beyond the loan closing date of the loan account, as specified in the loan agreement, or otherwise extended by ADB;
- change in the LC's value or currency;
- description or quantity of goods;
- country of origin;
- beneficiary; and
- terms of payment.

12. The nominated commercial bank(s) are to copy all proposed amendments to ADB for its information or approval.

C. REIMBURSEMENT PROCEDURE (page 30 of the Handbook)

13. This procedure is one where ADB pays from the loan account to the borrower's account or, in some cases, to the project account for eligible expenditures which have been incurred and paid for by the project out of its budget allocation or its own resources.

14. Under this procedure, ADB's payments are made only to the borrower or EA and not to a third party, and this procedure normally requires submission of full supporting documentation.

Requirements

- A signed withdrawal application (see form ADB-DRP/RMP in Appendix 5) must be submitted to ADB together with a summary sheet (see form ADB-RMP-SS in Appendix 8) and the required supporting documents.
- A separate withdrawal application must be submitted for each currency.
- A separate summary sheet must also be submitted for each loan category or subcategory grouping items claimed by contract number.
- The expenditures should have been incurred and paid for by the borrower out of its own fund sources.

Supporting Documents

- ADB is to receive the withdrawal application with the contract or confirmed PO, if not yet submitted to ADB;
- a copy of the invoice/bill/claim and delivery receipt; and
- the evidence or receipt of payment showing the amount paid, the date of receipt, and the payee.

Statement of Expenditure (SOE) Procedure

15. Statement of Expenditures procedure is a simplified procedure requiring no submission of supporting documentation. The procedure derives its name from the SOE form which is submitted with the withdrawal application. The SOE replaces the usual supporting documents and the summary sheet. The SOE form provides data on contracts and disbursements up to the authorized ceiling amount. In the SOE, the borrower certifies that

- expenditures have been incurred and paid for under the terms and conditions of the loan agreement;
- records are maintained and are available for examination by ADB disbursement/review missions and independent auditors; and
- payments have not been split just to enable it to pass through the threshold prescribed under the SOE.

16. The SOE forms available are:

- SOE form for contracts of US\$100,000 and below (see Appendix 22);
- SOE form for contracts over US\$100,000 (see Appendix 23);
- SOE form for noncontract items, mostly related to operating and overhead expenses (see Appendix 24); and

- SOE form (free format) for items not provided in the other SOE forms (see Appendix 25).

17. The statement of expenditure procedures may be used for liquidating or replenishing the imprest account. Such procedures shall apply to contracts not exceeding \$100,000.

18. Where ADB subsequently finds any payment made under SOE procedure to be insufficiently supported or ineligible for ADB financing, ADB may offset the amount of the unjustified or ineligible payment against subsequent withdrawals for reimbursement or request the borrower or EA to refund the same amount to the loan account.

D. IMPREST FUND PROCEDURE (page 37 of the Handbook)

19. This is a procedure where ADB makes an advance disbursement from the loan account for deposit to an imprest account to be used exclusively for ADB's share of eligible expenditures. The following conditions must exist before the borrower is allowed to use the procedure: (i) need for the procedure, (ii) borrower's capability, and (iii) audit arrangements.

Requirements

- A signed withdrawal application for imprest account (*see Appendix 7*) must be submitted to ADB together with a statement of the estimated ADB share of project expenditures on form ADB-IFP-EES (*see Appendix 29*).

20. The borrower is required to open, for the exclusive use of the project, a separate bank account for depositing advances. The imprest account shall be maintained in current account only and opened in the borrower's name. The Account may be opened at the Central Bank of the borrower's country or in a commercial bank the borrower designates, provided that the institution chosen is capable of executing foreign exchange and local currency transactions, opening letters of credit and handling a large volume of transactions, and issuing detailed monthly bank statements promptly.

21. The ceiling and initial amount of the imprest account will not exceed \$8 million.

Liquidation/Replenishment

22. As eligible expenditures are incurred and paid from the Account, the borrower requests liquidation/replenishment of the Account by submitting a withdrawal application and the applicable summary sheet using the form in *Appendix 8* if full documentation is required or *Appendix 22 to 25* if SOE procedure is approved. The corresponding bank statement and reconciliation statement (*see Appendix 30*) should also be submitted with the application. Withdrawal application must be prepared in the currency of the Account.

E. INSTRUCTIONS FOR WITHDRAWALS

23. Before the first withdrawal application (W/A) is submitted to ADB, the name of the authorized representative(s) must be provided to ADB, including the authenticated specimen signatures of the representative(s).

24. The W/A should be signed by the authorized representative(s), sequentially numbered and should not exceed five digits (00001, 00002, etc). The cover letter of the W/A should include a

sentence reconfirming that the contracts were awarded on the basis of tax exemption to ensure expeditious loan disbursement by ADB.

25. For all withdrawals, ADB must receive a withdrawal application in the prescribed form. A withdrawal application is a written request from the borrower to ADB to pay funds against the borrower's loan account. The application must reach ADB before the loan closing date. The W/A forms and summary sheets to be used vary for the different procedures. A separate W/A for each currency requested should be submitted. A withdrawal application consists of

- the application itself in letter form (*see Appendixes 5, 6, and 7 for sample formats*);
- summary sheet(s) for each category claimed (*see Appendixes 8 and 9 for sample formats*); and
- supporting documents, if required (*see Appendix 10*).

26. Before a disbursement is made for any contract issued by the Borrower, ADB has to prepare a Procurement Contract Summary Sheet (PCSS). Copies of all signed contracts and supporting documents should be sent to ADB as soon as they are available. This is a basis for ADB to monitor performance against the projected annual activities made at the start of the year. A PCSS number will be assigned by ADB for each contract received and these data will be relayed to the EA. The PCSS serves as an acknowledgement by ADB that the award of a contract has been checked and has been found to comply with ADB's procurement guidelines. It also serves as a basis for disbursement. The PCSS is also numbered sequentially, not exceeding four digits, i.e. 0001, 0002, etc. The PCSS consists of the following basic information:

- ADB Contract No. or the PCSS No.
- Date of ADB approval of the Award of Contract
- Date of Contract Approval by the EA
- Mode of Procurement
- Name of contractor or supplier
- Terms of payment and currency of contract
- Component to which the expenditures will be charged

27. Without the PCSS, ADB's Controller's Department could not proceed with the processing of payment for the W/A. When an amendment or a variation of a contract is made, a copy of the variation order should also be sent to ADB, for updating of the PCSS.

28. **To avoid delay in the processing of payment, the PCSS No. should be indicated in the W/A to be submitted by the EA.** The PCSS No. should be shown in the summary sheet.

29. The W/A to be submitted to ADB must be the signed original copy to the attention of Ms. Li-Chun Hung, Financial Control Specialist, CTLA-5.

MONITORING AND EVALUATION FRAMEWORK

A. Overview of the Monitoring and Evaluation Approach

1. The Monitoring, Evaluation and Reporting (MER) concepts and approaches for the INVEST Project are intended to ensure that Project benefits, impact, outcome, output and core activity procedures and regulations are adhered to, results achieved, and milestones met. This will be accomplished through three inter-related MER activities: (i) (internal) progress and performance monitoring, (ii) (external) process/program and financial management compliance monitoring, and (iii) (external) benefit and impact evaluation. Although the primary distinction is based on the status of the institutions and persons responsible for the design and conduct of these activities, there is still considerable overlap in the scope and indicators employed amongst them. Agencies directly involved in the implementation of core activities need feedback and information on project progress and performance in order to assess the efficacy of plans, identify constraints and problems in implementation and make adjustments where necessary. It is for this reason that progress and performance monitoring activities are treated as internal and performed by a unit to be attached to the INVEST PMU. However, In the case of both process/program and financial management compliance monitoring and benefit and impact evaluation the key requirement is for a high level of objectivity and neutrality that can best be attained by using monitors and evaluators that are structurally independent of the host agencies and this function is delegated to the M and E firm that is to be contracted for this purpose.

2. The Design and Monitoring Framework (DMF) is the main instrument employed for elaborating the various elements of this approach. The distinction between monitoring and benefit and impact evaluation refers to a distinction among the various levels found in the DMF, in which monitoring indicators and related information sources are specified in detail at each operational level. While evaluation is generally seen to concentrate on the level of Impact (Goal) and may be almost exclusively conducted following project implementation (with about a 5 year lag),¹ monitoring of Outcome, Outputs and Inputs (Core Activities) are the focus of monitoring that takes place in an on-going process throughout project implementation. External compliance monitoring and evaluation will be undertaken by the independent agency or firm referred to above that will design and implement compliance monitoring and the baseline, midterm and final evaluation surveys.

B. Progress and Performance Monitoring, and Compliance Monitoring

3. All conventional project management approaches call for “an iterative process” approach that moves from problem identification and design of appropriate intervention to various stages of implementation that are accompanied by project monitoring that produces observations that can provide feedback and direction for subsequent stages of planning and implementation. What is often only poorly articulated in this iterative process is the need for concrete and empirically verifiable data at each stage in the cycle. A baseline profile for each beneficiary or beneficiary unit (school) is essential to establishing the underlying needs and potential for development that forms the basis for each core activity under the Project, as well as laying the foundation for the measurement of progress towards performance targets. This is an essential component of the

¹ Efforts to shorten this lag can be at least partially accommodated by shifting the focus of the earlier evaluation assessments from the typical emphasis on impact to tracing the chain of benefits derived from the input-output-outcome chain – with emphasis on the measurement of benefit – and it is suggested that this shift in emphasis might be most appropriate for the evaluation surveys that will be discussed here. In other words the emphasis is shifted from impact to benefit evaluation with a shorter time frame.

information to be included in the SBPs (School Business Plans) to be developed by each participating Model VTS. Core SBP activities must be clearly articulated with respect to timing, volume and intended outputs and outcomes to provide concrete indicators of successful achievement. It is becoming increasingly common to employ a dual system of monitoring of such activities in order to account for not only verification of inputs (core activities), outputs and outcomes but to also observe the added requirements that implementation processes are participatory, transparent and adhere to ethical norms. This has led to a distinction between the design and operation of conventional approaches to internal progress and performance monitoring and external compliance monitoring. The former is oriented toward the satisfaction of management's need to identify problems and obstacles encountered in the most efficient and effective transformation of inputs to outputs that characterizes project implementation and the identification of appropriate methods to overcome them. The latter must go beyond the dominant concern for efficiency and effectiveness and the practical identification and resolution of problems to include a concern for the observance and adherence to higher standards of performance – e.g. broad popular participation, transparency and adherence to ethical norms. In this sense, it might be said that compliance monitoring includes the same orientation toward efficiency, effectiveness and the practical identification of problems and clear cut solutions as progress and performance monitoring but goes beyond it to include an added dimension of standards for performance.

4. For the measurement of progress, performance, as well as compliance, the need for empirical data remains the same and there are substantial areas of overlap and the INVEST Project's mechanisms for providing this information will be dealt with in a later section below. What is more important in differentiating between the two approaches is the identity and positioning of the monitor. Whereas the employment of institutional insiders and stakeholders as performance monitors is supported by the inherent interest and stake in the identification and resolution of problems that will lead to the achievement of higher levels of output, it may come at the cost of sacrifice of those higher level standards identified above that should also be employed. Sufficient attention to the observance of these higher level standards may only be achieved by employing neutral monitors, who have the freedom, independence and professional training to report their violation in spite of relatively high levels of performance. It is sometimes felt by project managers and implementers that the monitoring of compliance to higher level standards can impede the efficient and effective achievement of progress and performance targets according to conventional measures. This criticism is felt to be largely unjustified or overstated because it is observed that compliance to higher standards will also – in the long run – produce even higher levels of achievement on conventional indicators, as well as provide assurance of sustainability.

1. Internal Monitoring

5. The approach to monitoring and evaluation under INVEST will combine both of the approaches described above. Responsibility for the internal monitoring of project implementation progress and performance will be assigned to a unit in the PMU, in the Directorate of Technical and Vocational Education (DTVE). This responsibility will be shared by the Provincial Education Office (Dinas Propinsi), and the District Education Office (Dinas Kabupaten/Kotamadya) to a lesser extent.² The PIUs to be established in each of the 90 model VS will also assume a vital role in the monitoring of implementation at school level, particularly with respect to the oversight and management partnership roles of the respective school committees and the generation of

² While the principle of decentralization assigns management responsibility for primary and secondary education to district level, the fact that the project will support model schools employing international standards as well as the stipulation that no district will have more than one of these schools will limit the role assigned to districts. There is also a regulation that identifies central government as being responsible for the development of international standard schools.

data as part of the VS-based E-MIS and F-MIS that will underlie and support the monitoring system.³ Stakeholder groups use the information provided by internal monitoring activities for the purposes of assuring transparency and accountability, maintaining quality control, evaluating project impact on intended beneficiaries, and adjusting annual plans for DBEP activities. Indicators of benefit, impact, progress and performance can be found on the project Design and Monitoring Framework. Further elaboration of the internal monitoring system and the indicators and procedures to be employed will be developed by the PMU M&E Unit with the assistance of the consultant staff engaged by the M&E firm, who will also provide periodic staff training and capacity building, as well as support during implementation. Routine monitoring activities will be the responsibility of project management staff at the various operational levels but M&E Consultant staff may accompany them for purposes of providing oversight and support.

6. Project management is especially concerned with delivering critically needed activities and inputs to target Model and Alliance VS to assist in the achievement of project goals and objectives. The internal M&E system answers these concerns through:

- (i) Tracking the delivery of inputs against action plans.
- (ii) Checking the outputs produced against the targets specified in action plans.
- (iii) Comparing the achievement of outputs produced with desired objectives or outcomes. For example: (a) did the teachers change their teaching approaches and practices as a result of training? (b) do students do more homework or learn subject specific skills better than before the new curriculum was introduced or new textbooks were provided? (c) are industry standards and cooperation better integrated into VS operations as a result of training and design interventions?

7. As a general rule, progress and performance reporting should be adequate enough to allow for timely corrective action without overburdening the management structure of schools, districts or the PMU.

2. Compliance Monitoring

8. Compliance monitoring will be carried out by the M&E consultant professional staff and will take the form of periodic and comprehensive audits of a sample of Model VS⁴ on a regular basis. The Independent Monitors observe the management process of each of the four major outputs of INVEST, specifically they provide independent verification of items including the following:

a. Refocused VS Management:

- (i) Model and alliance VS selection on basis of agreed criteria and competitive process
- (ii) Model VS formulate/update SBPs annually in accordance with individual needs and capacities and national government objectives/guidelines (SBP contains 5-

³ The relationship to be established between the Model VS and Alliance VS that are to be linked to them will also create opportunities for an expanded monitoring role at both the Model VS and district levels. The identity and function of these school clusters requires further elaboration that will be provided during the early stages of project implementation.

⁴ Because the determination of the role assigned and benefits to be received by Alliance VS, it remains speculative as to what their role might also be as targets of the monitoring activities under discussion here. This point will require further clarification as these aspects become clearer during implementation.

- year growth strategy)
- (iii) PMU conducts annual review and approval of SBPs
- (iv) Model VS implement SBPs in accordance with plans and guidelines (each year's targets are met and outputs achieved)
- (v) Identification and reporting on "good practices"
- (vi) Each VS has E-MIS and F-MIS, web site with current school profile, ISO 9001:2000 and HRD plan for staff development
- (vii) Model VS file quarterly and annual progress and financial reports to PMU using approved formats
- (viii) Model VS develop job placement information office and database component for graduate employment status

b. Improved Quality of Teaching & Learning

- (i) Model VS complete agreed refurbishment and upgrading
- (ii) Model VS introduce new teaching methodologies – e.g. group teaching, self-paced learning and applied project work
- (iii) VS establish e-libraries and use e-learning in teaching
- (iv) VS teaching of subjects (math and science) upgrade to national standards
- (v) PMU organizes revised guidelines and syllabus for math and science, as well as revised textbooks that support them
- (vi) PMU organizes upgrading of teacher skills to industry standards
- (vii) System of professional certification for VS teachers developed
- (viii) PMU produces "what works" manual with independent experts

c. Strengthened school-industry linkages in model VS

- (i) Model VS enter formal arrangement(s) with local industry to share knowledge and expertise
- (ii) Model VS delivers two courses per year for up-skilling and retraining industry workers
- (iii) Model VS enter agreements with local industry for their personnel to implement skills assessments

d. Enhanced Entrepreneurship in Model VS

- (i) PMU organizes training and materials to upgrade entrepreneurship education in Model VS
- (ii) Model VS conduct entrepreneurship introductory training to 80% students and advanced training to 40% students
- (iii) Model VS design and implement assistance programs for student entrepreneurship start-up
- (iv) Existing VS production unit(s)' income increases by 20% or new unit(s) established.

9. The monitors conduct interviews and document reviews with the relevant project stakeholders and implementers at school/community, district and PMU levels regarding the matters cited above. Document review and interviews with all participants are part of this verification exercise. A small sample of potentially eligible schools not selected may also be visited to look for bias in the selection process. In addition to compliance information, the Independent Monitors report on good practices they observe in all activity preparation and implementation. The external

and independent nature of the compliance monitors bears a similarity to those same characteristics of the independent evaluation design and implementing personnel and there will be significant operational overlap in these two functions under a single consultant contract.

10. In the case of compliance monitoring there are two general areas of focus: i) program or process elements that track the procedures or regulations that are intended to guide actions undertaken throughout the project cycle; and 2.) financial management procedures and regulations that govern accountability throughout the cycle. The distinction between these two dimensions of the compliance monitoring focus requires that the project cycle be broken down into a series of sequential stages that form the basis of a cluster of monitoring indicators on which data will be systematically collected.

11. The basis for the entire monitoring and evaluation system and all of its components is the DMF. This Framework contains detailed targets and indicators for each level of the INVEST design. However, the project implementation performance and process and financial management compliance monitoring procedures just described require a more detailed outline of indicators and guidelines for field data collection that will be more fully developed by the M&E Consultants. In addition to the distinction just made between program and financial management dimensions of project activities, within the INVEST context it may be seen that there are two main categories of actors or project implementers. Because the Project has determined that approximately 70% of financial inputs will be expended by/for the 90 Model VS, the most important targets of monitoring activities are at the school/community level. However, there are a number of capacity building and other training activities for which implementation will be organized directly by the PMU or by agencies employed by the PMU for the purpose of design and implementation. The result is a configuration of four clusters of indicators that may be outlined as follows:

(i) Program Compliance Monitoring of School Processes:

- **Participating Model/Alliance VS Orientation and Selection:** It has been stipulated that the participating VS will be selected on the basis of clearly specified and agreed criteria and that some form of competition may be employed for the finalization of selection. The indicators here should assess the subject school's fulfillment of those criteria and the process of selection, including the information process that was employed to inform schools of the Project and the selection.
- **SBP Formulation, Review and Approval:** The INVEST approach is based on the production of the best possible SBPs and this is essential to its success. Indicators will include assessment of: the SBP design/formulation/revision approach and process, training of VS participants, procedures and participation in the SBP formulation process, procedures and participation in the SBP review and approval of final SBPs overall, as well as on an annual basis.
- **Preparation for and Implementation of SBPs:** While it is intended that individual VS be granted some autonomy in not only SBP design but also implementation, there remain a number of budgetary and other constraints. It is important that the relevant indicators provide a full and accurate picture of the actions taken by VS – as well as other implementing agencies – in preparation for implementation and the implementation itself. Among the important indicators to be included here are those related to transparency and participation in detailed implementation planning, assignment of implementation responsibility and goods and services procurement

procedures.

- **SBP Implementation Monitoring and Reporting:** In keeping with the enhanced role of the school committee in school management and accountability, it is expected that the leadership and members of the committee will be provided with training and greater involvement in monitoring and reporting at the school level. Indicators will include the schools' efforts to provide for greater participation and transparency in implementation activities and the role of the committee in monitoring and reporting procedures.

(ii) Financial Management Compliance Monitoring of School Processes:

- **SBP Budget Formulation, Review and Approval:** The SBP also serves as the primary financial planning and management tool available to participating Model VS and each activity item included in the overall design and annual implementation plan must contain detailed budgets and costing for the development programs and constituent activities (Who participates, what pricing standards are employed and details on input volumes, unit and overall cost). The formulation of these budgetary plans requires assistance, supervision, assessment and approval. (Under INVEST there is also the possibility that some categories of school expenditures will be planned and implemented in a more centralized or collective manner with some manner of pooling of school resource allocations or actual centralized procurement by the PMU)
- **SBP Budget Implementation:** Expenditure of individual SBP budget funds in an efficient, accountable and transparent manner (Fund expenditures initiated and approved by whom? System of comparative pricing, final determination of suppliers and approval procedures employed?)
- **SBP Expenditure Bookkeeping:** Establishment and maintenance of a comprehensive and fully transparent bookkeeping system that is also simple enough to be understood by all interested parties (Maintenance of bank account and cash, including proper authorization and valid receipts for all expenditures and filing system for financial documentation – These factors should be incorporated into the F-MIS at VS level to be discussed below).
- **Model VS Financial Reporting:** Development and maintenance of a periodic financial reporting system that serves as a management tool, as well as the basis for a system of monitoring, oversight and accountability at all levels. (Bookkeeping formats and posting on VS bulletin board, timely completion and filing of standard reporting formats at all levels – These formats should also be incorporated into the F-MIS as standardized outputs and further discussion of this point is also provided below.)

(iii) Program Compliance Monitoring of Support Activity Processes:

- **Support Activity Planning:** The majority (70%) of Model VS development is intended to be undertaken by the VS itself but there are numerous activities identified as capacity building – primarily training and materials development – in which the VS serves as participant in an activity conducted by an external agency or contractor designated for this purpose. Included here is the process by which training and other

Model VS development support activities are identified, institutions recruited or designated as implementing agents, the planning of implementation, etc.

- **Support Activity Implementation:** Preparation for and actual implementation of the support activities, including provision for on-going internal review and quality assessment of plans, targets and achievement – with procedures for modification and adjustment.
- **Support Activity MER Internal:** Formulation and application of systems and procedures for the internal reporting, monitoring and evaluation of the entire support activity process.

(iv) Financial Management Compliance Monitoring of Support Activity Processes:

- **Support Activity Budget Formulation, Review and Approval:** Each support activity included in the overall Project design and annual implementation plan must contain detailed budgets and costing (Who participates, what pricing standards are employed and details on input volumes, unit and overall cost, as well as any arrangements for potential cost sharing with participating VS).
- **Support Activity Budget Implementation:** Expenditure of individual support activity budget funds in an efficient, accountable and transparent manner (Fund expenditures initiated and approved by whom? System of comparative pricing, final determination of suppliers and approval procedures employed, including feedback from target VS?)
- **Support Activity Expenditure Bookkeeping:** Establishment and maintenance of a comprehensive and fully transparent bookkeeping system that is also simple enough to be understood by all participating agencies and the PMU staff responsible for oversight of finances, including: maintenance of bank account and cash, proper authorization and valid receipts for all expenditures and filing system for financial documentation.
- **Support Activity Financial Reporting:** Development and maintenance of a periodic financial reporting system that serves as a management tool, as well as the basis for a system of monitoring, oversight and accountability at all levels.

12. In keeping with the multi-component nature of the approach employed here and described above, it must be remembered that each of the clusters of indicators outlined here must be further elaborated with respect to their use in the external program/process or financial management compliance monitoring, as well as contributions they might make to the data requirements of external evaluation surveys. Non-compliance caused by lack of understanding of the procedures, regulations and required financial systems employed by the Project will be addressed by providing hands-on training in preparing projects accounts, records and reports. A Provincial Project Coordinator will be responsible for reporting the need for and arranging for providing the additional training. In the case of non-compliance due to misuse of funds, the case will be referred to the PMU for appropriate action that may include action as serious as immediate removal from the project. If the misuse involves criminal activities, the case will be referred to law enforcement authority.

C. Data and Reporting Requirements for Monitoring and Evaluation: E-MIS & F-MIS

13. Effective systems of monitoring and evaluation are built upon the flow of management information. In order for effective systems of monitoring and evaluation to operate two primary sources of information are essential – i.e. baseline descriptions of all relevant conditions extant before the implementation of project activities – including key institutional profiles – and timely reporting on performance in routine and special/project activities. The INVEST Project design addresses both of these requirements through well-defined performance indicators at various levels in the DMF) and through core project activities aimed at strengthening VS E-MIS and F-MIS, as well as the development and use of standardized financial and substantive progress reporting formats. The SBP focus of Model VS development activities is a major focus of this information foundation.

14. The INVEST Project emphasis is on the development of 90 Model VS and 230 Alliance VS but the bulk of project implementation will be concentrated on the delivery of a variety of inputs to the designated Model VS at the school level. SBP formulation – and subsequent implementation – is essential as the basis for project monitoring and evaluation activities because most of the project funds will be expended at the VS level and the completed SBPs form blueprints for the activities involved and the targets to be met. The DMF that underlies project design, monitoring and evaluation as described above is highly dependent upon the initial – and continuing – generation of accurate information that will fulfill the data and reporting requirements. In an earlier section above it was noted that school-based E-MIS and F-MIS will play a major role in satisfying the data and information needs of the project overall and the M-E system, in particular. Following from this emphasis on the monitoring of activities that are concentrated in Model VS and identified in detail in the completed SBPs, school-level field monitoring activities will include a careful review of the processes by which: VS are trained to formulate their respective SBPs; the formulation, review and approval of the SBPs, pre-implementation and implementation organization and activities; and the reporting process that includes monthly Cashbook postings on public bulletin boards and the quarterly and annual project implementation reports that are filed with the PMU. The development of the FMIS will include regulations, procedures and formats for procurement decision-making, financial bookkeeping, documentation, filing and reporting. It is important to remember that these procedures and formats are for the use of the school management and staff and should not be sophisticated accounting systems.

15. It is noted that, in theory, each participating VS has some form of E-MIS and, possibly, F-MIS that satisfies existing information needs. In many cases the E-MIS is little more than a collection of data on descriptive statistical indicators that provide a profile of the existing institution along the following illustrative dimensions:

- Gross and net applicant enrollment (by class, sex and academic program)
- Student enrollment (by class, sex and academic program)
- Teaching, administration and support staff (by sex, age, academic qualifications, employment status and experience)
- Buildings and facilities (classrooms, labs and shops – availability, completeness, quality, etc.)
- Academic achievement information (scores, transition rates, drop-outs)
- Graduation numbers and employment rates
- Financial income and expenditure breakdowns

16. There are at least two observations that can be made here about the quality, completeness and need for such information. While the discussion here suggests the need for fairly complete and well-developed E-MIS and F-MIS at the school level in each participating VS, the sources of available information are not located at that level – but rather at various levels of higher aggregation. MONE has, over a period of years, invested considerable human and financial resources into the development of a school-based EMIS that will satisfy its planning and M&E needs but those efforts have continued to be plagued by fragmentation and low rates of return. Since the inception of decentralization the reporting of school profile data has dropped precipitously and individual directorates of MONE have duplicated data collection efforts with the same low levels of reporting. The result is that DTVE has only an incomplete picture of the basic profiles of the schools under its technical guidance. Efforts to fill this data gap, particularly for the 200+ “international standard” schools that form the focus of INVEST activities, continue to fall short of desired goals. Within DTVE itself there are two successive stages of such data collection efforts that can be identified. In the first instance, a fairly sophisticated effort was made to collect annual information on a wide range of indicators from all schools but the results were quite limited in terms of response levels, completeness of individual responses and the quality, validity and reliability of the data provided. More recently this effort has been supplanted by a much less ambitious effort that limits data requirements to a single page of basic indicators. At the same time the MONE Center for Educational Statistics (PSP or *Pusat Statistik Pendidikan*) has long had responsibility for collecting a wide range of profile and performance data on all types of schools throughout Indonesia and they have continued to collect annual data on a comprehensive set of indicators but response is also quite limited and the sharing of information with DTVE is limited to tabulations of certain categories of output.⁵

17. In response to the conditions just described the Project and DTVE have launched yet another effort as part of the INVEST design process to again redesign the data requirements for target VS in a revised six-page format as part of the broader effort to develop International Standard Schools. Baseline data for the intended Project participant VS is at this point only partially complete and will require continued augmentation under both the E-MIS development and SBP formulation core activities of the Project.⁶ It also needs to be noted here that the school-based E-MIS and F-MIS conceived of here as part of the INVEST Project-supported development will go beyond the basic statistical school profiles that characterize existing efforts in this area. Among the suggested added requirements will be:

- Substantially expanded and improved individual student performance data
- Records of post-graduate employment or continued education
- Information on student participation in industry-sponsored apprenticeship or practical training activities and industry participation in curriculum development and student testing
- Records of VS outreach and organization of post-graduation industry worker training and upgrading
- Information on the existing and expanded school-industry linkages
- Detailed information on existing and new enterprise activities engaged in by the VS
- Entrepreneurship program development information

⁵ The long standing efforts to develop a department-wide E-MIS that is based on individual school inputs has been the subject of considerable recent controversy and efforts to – once again – establish consensus on a unified approach and system under PSP (Until recently PDIP or *Pusat Data dan Informasi Pendidikan*) but these efforts continue to be hindered by the same problems of low response and reliability of data.

⁶ SBP formulation will require inclusion of basic descriptive statistical profiles of subject schools that will complement school-based EMIS formulation and, in turn, contribute to the baseline survey.

- An expanded range of financial information on income and expenditures related to several of the areas listed above

18. While small VS can manage with relatively simple E-MIS systems, the planned INVEST-supported movement towards larger institutions will also demand more sophisticated systems and will require the involvement of a wider range of school staff in development and use. This will entail substantial design and training interventions to develop the more complex information systems required and guarantee that they are understood and capable of being operated and maintained by the full range of VS management, teaching and support staff.

19. The widespread existence of relatively low school financial management capabilities and financial reporting requirements at school level also need to be noted here as the source of need for substantial improvement under the Project. In spite of the recent shift under decentralization to concentration of systems of financial accountability at the district level, the fact remains that many districts do not have adequate administration and school financial reporting systems and district-based information systems have continued to be largely neglected in favor of the long-dominant centralized systems. The dominant model for financial management training employed by MONE at all levels is largely limited to the training of school principals and treasurers. At the secondary education level, each school has an office for general administrative matters (Kantor Tata Usaha) but school principals play a dominant role in school financial management.⁷ In conjunction with increased emphasis on principles of SBM (School Based Management), an enhanced role in school financial management for the School Committee and increased employment of Block Grant funding mechanisms, there is need to strengthen financial planning and management systems, asset management and procurement procedures at the school level. Development of a practical school level F-MIS (financial management information system) that is consistent with ongoing reforms in government standards for integrated budgeting and financial reporting at the school level will be a very important output of this project.

20. To ensure transparency, accountability, and efficiency in financial management and control under the Project, a financial management information system (F-MIS) is being developed as an integral part of the school-based E-MIS. This is a practical, computerized school level financial system that is consistent with ongoing reforms in government budgeting and financial reporting. In keeping with the drive toward the devolution of responsibility for financial planning and implementation to the school level, the Project will channel funds directly to school bank accounts. Schools will be obliged to maintain internal school accounting and transcription of all discrete transactions in the form of a Cash Book that must be posted monthly on VS bulletin boards established in public in school areas to ensure broad in-school and community awareness of all aspects of financial decision-making and actual use of funds. Such regular and frequent public disclosure and enabling awareness is a key to reducing fraud and corrupt practices. On a quarterly and annual basis each school will be required to report all activities funded via the block grant and all revenues and expenditures in standardized formats to be designed for the Project. Although the SBPs themselves are intended to be broad-based plans that include all sources of funding and income in an integrated manner, it is likely that the expenditure reporting formats described here will continue to be devoted to only the funding

⁷ For example, in DKI Jakarta, the decentralized financial administration system dictates that all schools must file routine financial reports with a standardized format, while financial reporting requirements imposed by MONE are typically limited to accountability for funds received by the various projects within its jurisdiction. In the case of the latter requirement, formats vary from one project to another and this has contributed to the fragmented approach to financial management.

provided by the INVEST Project. Examples of the suggested financial reporting formats are provided here as Appendix 1.⁸

21. The project will support the development of the computerized E-MIS described in the preceding and will provide for design of the system to be employed in each of the participating Model and Alliance VS, as well as intensive school staff training in its establishment, use and maintenance to ensure proper use of both the E-MIS and F-MIS components in planning and monitoring, in both model and alliance schools. Individual student performance and efficiency and effectiveness indicators will be developed for schools to use both for management purposes and project reporting, and all relevant staff will be trained in their use. The aim is also to develop indicators that can be used long beyond the Project, to increase accountability and sustainability. Given that MONE has already made a substantial investment of time and money in a National E-MIS (see the discussion above), it will be relatively inexpensive to extend this E-MIS to include an improved school-based system that can assist in school management and reporting. Employment of these systems will be required for all participating VS and elements of this school-based E-MIS will also be employed in the planning, monitoring and evaluation of the SBPs under the Project. Development and maintenance of these systems will be the joint responsibility of the PMU M&E Unit and the firm that will be employed under the M&E Consultant contract and several other specialized consultants that are provided for under the Project. This E-MIS and F-MIS and the quarterly and annual project implementation progress reporting system referred to above will form the basis for the project's internal monitoring system that will be centered in – but not limited to – the M&E unit in the PMU.

D. Scope of the Monitoring and Evaluation Consultant Contract

22. To implement the multifaceted approach described in the preceding sections, the Project will provide for an M&E firm or agency to assist the PMU in the following areas: (i) further refinement of the conceptualization and design of the overall Performance and Compliance Monitoring System; (ii) completion of development of a full range of Project activity and performance indicators for School Business Plans; (iii) development of data collection and analysis procedures in accordance with the specified performance indicators; (iv) the design and conduct of baseline and periodic (mid-term and final) project implementation evaluation surveys; (v) conduct of independent sample audits of VS and other implementing agencies as required, including emphasis on both program and financial management compliance (fiduciary control) of SBP grants; (vi) the development and conduct of training of relevant staff members at all management and oversight levels (PMU, Province, District and School Committee) on the monitoring and evaluation approaches and indicators being employed; and (vii) institutionalization of a results-based monitoring system for involvement of school committees at school level through workshops and training.

23. The Monitoring and Evaluation Consultant Team is organized around the following three intermittent positions:⁹

⁸ For purposes of illustration, sample recap SBP budget outlines, monthly SBP Cashbook and Quarterly/ Annual Report formats have been provided in Appendix 1. These forms will also be further modified for use by/for non-VS implementing agencies to track their project activities.

⁹ Given the inherent and essential relationship between the information needs and products of the monitoring system described in some detail above, it is proposed that the VS E-MIS development function that is described elsewhere in the Project design documents in conjunction with the role and responsibility of the Project Education Management Information System (E-MIS) Specialist be carried out as an integrated component of this team and be added here. The interdependence of these components and advantages to be gained from inclusion here is evident from the accompanying description and the more complete TOR to be included here in an appendix.

- (i) Team Leader/Program Performance and Compliance Monitoring Specialist: Bears overall responsibility for the design of the internal (performance) and external (compliance) monitoring systems, independent evaluation surveys, training in all systems application and oversight of all aspects of implementation, as well as having more specific responsibility for the design of the internal (performance) and external (compliance) Program monitoring systems and indicators, related aspects of the independent evaluation surveys, training in internal systems application and oversight of implementation, as well as the conduct of external program compliance monitoring audits.
- (ii) Financial Management Performance and Compliance Monitoring Specialist: Has responsibility for contributing to the design of the internal (performance) and external (compliance) Financial Management monitoring systems and indicators, related aspects of the independent evaluation surveys, training in internal systems application and oversight of implementation, as well as the conduct of external financial management compliance monitoring audits.
- (iii) VS Monitoring Data Preparation and Monitoring, Evaluation and Reporting Analysis Specialist: Has responsibility for the tasks and expected outputs related to: (i) review of the overall design of the vocational education and training E-MIS, including: identification of VS institutional profile, individual student performance and graduate tracking data requirements; (ii) design, develop, and test the Project E-MIS; (iii) produce and assist in the installation of the Project E-MIS in the selected VS; (iv) design and conduct training of the relevant central, provincial, district and VS personnel in the use and maintenance of the Project E-MIS; (v) assistance in the formulation of VS periodic reporting requirements based on E-MIS/F-MIS components and the systems for tabulation and analysis of resulting reports at various levels; and (vi) assistance in the design of indicators and data sources for independent baseline, mid-term and final evaluation surveys.

E. Impact and Evaluation Surveys

24. The independent baseline, midterm and final evaluation surveys will be conducted by the M&E consultants and will collect primary data from a sampling of schools. A sample of approximately 25% of participating Model VS (as many as 25 Model VS) – as well as an appropriate sample of Alliance VS – will be required in order to accommodate the high degree of fragmentation caused by geographic and academic program diversification. The Baseline Survey will be conducted as soon as practically feasible within the Project implementation schedule,¹⁰ while the Midterm Evaluation Survey is scheduled to take place following the third year of project implementation and the Final Evaluation Survey will be conducted in preparation for the filing of the Project Completion Report. The Midterm Evaluation Survey will focus on the overall project approach, strategy and achievements and should form the basis for the identification of the need for adjustments of targets and processes and the reallocation of resources. More specifically, it will (i) review the project scope, design, implementation

¹⁰ While it is likely that the baseline data will consist largely of secondary source material that can be drawn from existing E-MIS sources and the SBP profiles that will be completed in the early stages of project implementation, that does not preclude the need to augment these sources with primary data based on field surveys. There is also a possibility that such augmentation might be conducted retrospectively in conjunction with the conduct of the Midterm Evaluation Study.

arrangements, and human resource development; (ii) measure the inputs, outputs and outcomes of project implementation against projections and specified performance indicators; (iii) review compliance with loan covenants; (iv) identify critical issues, problems, and constraints; and (v) recommend changes in project design or implementation. It is suggested that the timing be consistent with the requirement that one month before the Bank Review, the PMU submit to ADB a comprehensive report on each of the matters listed. The Project Completion Report is required to be completed by the PMU to assess early impact and identify lessons learned and the Final Evaluation Study will contribute to the fulfillment of this requirement. While the design of these studies will require consultation with the PMU, implementation is expected to be conducted independently by the PMU M&E Consultant and funding for these independent studies has been included in that contract and is described in the TOR and budget for that contract.¹¹

F. Staffing and Intermittent Scheduling of Monitoring and Evaluation

25. Based on the outline of activities provided in the previous sections and the Project Implementation Schedule provided in the RRP Appendices, Table A10 below represents an indicative schedule of activities and intermittent inputs for M&E activities. Further details on the staffing and budgetary requirements for the Monitoring and Evaluation Consultant are contained in the TOR in Appendix 7.

Table A10: Monitoring and Evaluation Activity Schedule

Description	2008				2009				2010				2011				2012			
	1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4
Project Monitoring & Evaluation																				
Set up PMU Internal Monitoring Unit	■																			
Identify and Mobilize Independent Monitoring & Evaluation Consultant		■																		
Develop Project Management Information System (PMIS)			■																	
Develop Internal Performance Monitoring System Indicators			■																	
Develop External Compliance Monitoring System Indicators			■																	
Internal Performance Monitoring Training				■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■
External Compliance Monitoring Audits						■				■				■				■		
Complete Baseline Evaluation Surveys				■																
Midterm Project Review Surveys											■									
Final Project Review Surveys																				■

¹¹ It is estimated that the geographic dispersion of the Model and Alliance VS will result in the need to allocate approximately four person-days per target school (including at least one travel day between each location) or more than 200 total person-days to complete surveys at both mid-term and final evaluation stages. These costs are included in the M/E Contract TOR and cost estimates.

PRO FORMA OF THE EXECUTING AGENCY'S PROJECT PROGRESS REPORT

A. Introduction and Basic Data

1. Provide the following:

- (i) ADB loan number, project title, borrower, executing agency(ies), implementing agency(ies);
- (ii) total estimated project cost and financing plan;
- (iii) status of project financing including availability of counterpart funds and cofinancing;
- (iv) dates of approval, signing, and effectiveness of ADB loan;
- (v) original and revised (if applicable) ADB loan closing date and elapsed loan period based on original and revised (if applicable) loan closing dates; and
- (vi) date of last ADB review mission.

B. Utilization of Funds (ADB Loan, Cofinancing, and Counterpart Funds)

2. Provide the following:

- (i) cumulative contract awards financed by the ADB loan, cofinancing, and counterpart funds (commitment of funds to date), and comparison with time-bound projections (targets);
- (ii) cumulative disbursements from the ADB loan, cofinancing, and counterpart funds (expenditure to date), and comparison with time-bound projections (targets); and
- (iii) reestimated costs to completion, need for reallocation within ADB loan categories, and whether an overall project cost overrun is likely.

C. Project Purpose

3. Provide the following:

- (i) status of project scope/implementation arrangements compared with those in the report and recommendation of the President (RRP), and whether major changes have occurred or will need to be made;
- (ii) an assessment of the likelihood that the immediate development objectives (project purpose) will be met in part or in full, and whether remedial measures are required based on the current project scope and implementation arrangements;
- (iii) an assessment of changes to the key assumptions and risks that affect attainment of the development objectives; and
- (iv) other project developments, including monitoring and reporting on environmental and social requirements that might adversely affect the project's viability or accomplishment of immediate objectives.

D. Implementation Progress

4. Provide the following:

- (i) assessment of project implementation arrangements such as establishment, staffing, and funding of the PMU;
- (ii) information relating to other aspects of the EA's internal operations that may

- impact on the implementation arrangements or project progress;
- (iii) progress or achievements in implementation since the last progress report;
- (iv) assessment of the progress of each project component, such as,
 - recruitment of consultants and their performance;
 - procurement of goods and works (from preparation of detailed designs and bidding documents to contract awards); and
 - the performance of suppliers, manufacturers, and contractors for goods and works contracts.
- (v) assessment of progress in implementing the overall project to date in comparison with the original implementation schedule—quantifiable and monitorable target, (include simple charts such as bar or milestone to illustrate progress, a chart showing actual versus planned expenditure, S-curve graph showing the relationship between physical and financial performance, and actual progress in comparison with the original schedules and budgets, the reference framework or guidelines in calculating the project progress including examples are shown in page 79; and
- (vi) an assessment of the validity of key assumptions and risks in achieving the quantifiable implementation targets.

E. Compliance with Covenants

5. Provide the following:

- (i) the borrower's compliance with policy loan covenants such as sector reform initiatives and EA reforms, and the reasons for any noncompliance or delay in compliance;
- (ii) the borrower's and EA's compliance with financial loan covenants including the EA's financial management, and the provision of audited project accounts or audited agency financial statements; and
- (iii) the borrower's and EA's compliance with project-specific loan covenants associated with implementation, environment, and social dimensions.

F. Major Project Issues and Problems

6. Summarize the major problems and issues affecting or likely to affect implementation progress, compliance with covenants, and achievement of immediate development objectives. Recommend actions to overcome these problems and issues (e.g., changes in scope, changes in implementation arrangements, and reallocation of loan proceeds).

II. FRAMEWORK AND GUIDELINES IN CALCULATING PROJECT PROGRESS

A. Introduction

7. To ensure that all implementation activities are reflected in measuring implementation progress against the project implementation schedule, the term "physical completion" in the PPR has been changed to "project progress."

8. Physical and precommencement activities are considered in calculating project implementation progress. These activities, which may include recruitment of consultants, capacity building, detailed design, preparation of bid and prequalification documents, etc., could constitute a significant proportion of overall implementation and therefore should be counted.

9. Each activity in the implementation schedule will be weighted according to its overall contribution (using time as a reference) to progress of project implementation. These weights will then be used to calculate the percentage of project progress along the entire time span of the project. This is to provide a holistic view of the pace of implementation.

B. Framework for Compiling Activity List and Assigning Weights

10. As implementation activities and their corresponding weights will vary according to the type of project, sector, and country, sector divisions or RMs will be responsible for determining and including them in the project administration memorandum. The actual project implementation progress of these activities should be reported regularly through the EA's quarterly project progress report. To ensure ADB-wide consistency, the following framework has been established; its application will be monitored through the PPR.

1. Compilation of Activity List

11. Sector divisions or RMs concerned should identify major implementation activities and include them in the implementation schedule, which is attached as an appendix in the report and recommendation of the President (RRP). The implementation schedule should follow the critical path of the project's major activities in project implementation taking account of various country, sector, and project constraints.

2. Assignment of Weights

12. Corresponding weights for each activity should be assigned to ensure that "project progress" measures the percentage of achievement (nonfinancial except when the project has credit components) for all events during the entire duration of the implementation schedule. To avoid disproportionate assignment of weights, to the extent possible these should be evenly distributed along the implementation schedule. When activities are concurrent, avoid "double counting."

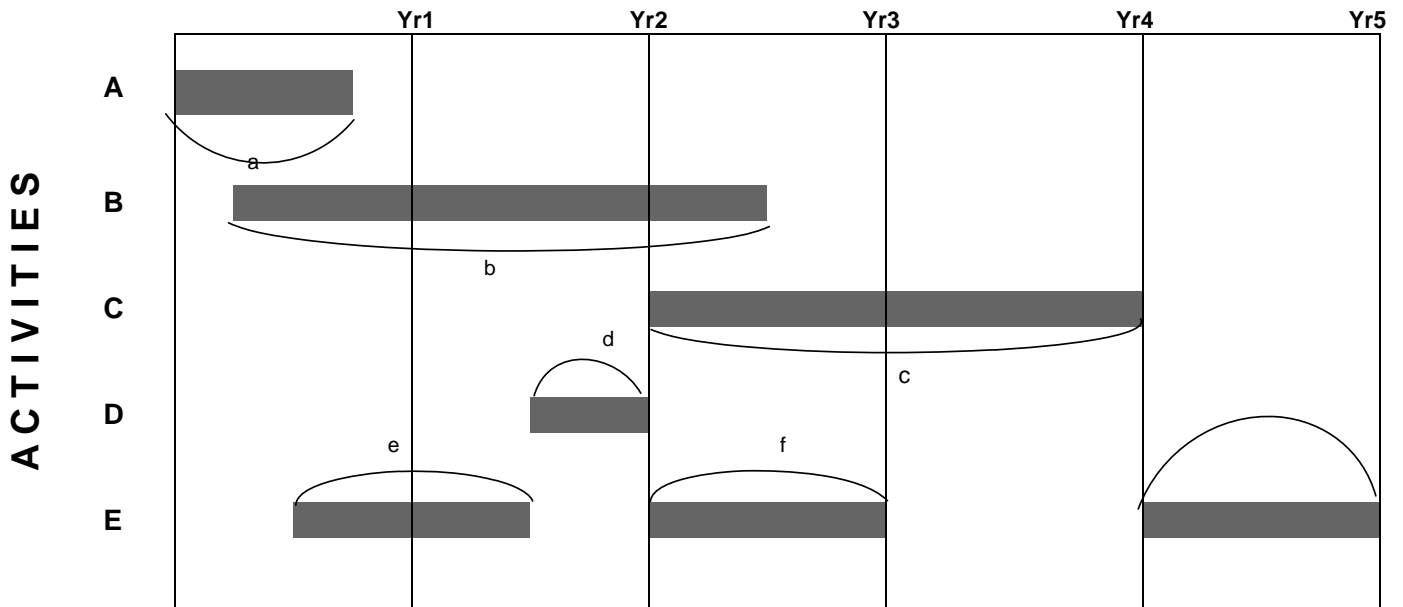
3. Computation of Project Progress

13. Once all activities are identified and corresponding weights assigned, project progress should be calculated using the following steps:

- (i) Determine the actual percentage progress (nonfinancial) of each activity.
- (ii) Multiply these percentages by the assigned weight of each activity to arrive at the weighted progress.
- (iii) Add up the resulting weighted progress of all activities to determine the project progress.

14. Page 76 of this Appendix provides an illustration of this calculation using a generic sample implementation schedule.

Implementation Schedule with Activities and Weights



1. Sum of all weights should equal 100 percent ($a+b+c+d+e+f+g = 100\%$)
2. When calculating the percentage of "project progress," all completed activities should be counted as accomplished, regardless of when they were scheduled to be completed. For example, when calculating the percentage of "project progress" after year 3, if activity D is completed in year 3 rather than in year 2, it should still be included in the computation.
3. Total weight of each activity is as follows: Activity A—a; Activity B—b; Activity C—c; Activity D—d; and Activity E—e + f + g
4. Project progress of a project is the summation of the actual percentage of progress for each activity multiplied by the total weight of each activity.

Sample Implementation Schedule

Activities	Year 1	Year 2	Year 3	Year 4	(a) Assigned Weight	(b) Actual Progress	(a) x (b) Weighted Progress
Establish PIU	█				5%	100%	6%
Establish Accreditation Board, etc.		█			5%	0%	0%
Appoint Staff and Budget	█				4%	75%	3%
Adopt Architecture Plans	█				2%	100%	2%
Shortlist Consulting Firms	█				6%	100%	6%
Prepare Fellowship Program		█			6%	76%	4%
Prepare Civil Works Tendering		█			30%	0%	0%
Civil Works: Classrooms, Dorms, etc.		█	█		6%	0%	0%
Procurement of Furniture and Equipment				█	16%	10%	2%
Field Work of Consultants		█	█		7%	0%	0%
Provide Fellowships				█	6%	0%	0%
Conduct Study Tours			█		6%	0%	0%
Provide Curriculum Standards				█	6%	0%	0%
				Total Weight	100%		
				Imp. Progress			24%

(a) Assigned weight for each activity
 (b) Actual progress of each activity
 (a) x (b) weighted progress for each activity
 Project progress = sum of all weighted progress for each activity

DISBURSEMENT PROJECTION BY YEAR

	Base Cost - Negotiation (US\$ '000)					Total
	2008	2009	2010	2011	2012	
I. Investment Costs						
Output 1. Refocus School Management Using a Business Approach						
A. MIS Equipment and Software						
1. Computer Equipment (MIS) - Model Schools /a	1,485.0	-	-	-	-	1,485.0
B. Consultant Services						
Facilitators for SBP Preparation (Firm)	297.0	-	-	-	-	297.0
School Development Planning Specialists	33.0	33.0	-	-	-	66.0
Education Specialist	33.0	-	-	-	-	33.0
Education Technology/Instructional Materials Specialist	33.0	-	-	-	-	33.0
Procurement Specialists	33.0	33.0	-	-	-	66.0
Equipment Specialists	19.8	-	-	-	-	19.8
Civil Works Specialists	184.8	184.8	184.8	184.8	184.8	924.0
Financial Management Specialist	132.0	132.0	-	-	-	264.0
EMIS Specialist	33.0	-	-	-	-	33.0
Quality Assurance Specialist	16.5	-	-	-	-	16.5
Subtotal Consultant Services	815.1	382.8	184.8	184.8	184.8	1,752.3
C. Teacher Training						
Leadership Development Training /b	282.9	282.9	282.9	-	-	848.6
Management and Business Planning Training /c	340.5	340.5	340.5	-	-	1,021.4
Management Information Systems-SMK Staff /d	327.7	327.7	327.7	-	-	983.0
Financial Management Information Systems-SMK Staff /e	225.3	225.3	225.3	-	-	675.8
Subtotal Teacher Training	1,176.3	1,176.3	1,176.3	-	-	3,529.0
Total Output 1	3,476.4	1,559.1	1,361.1	184.8	184.8	6,766.3
Output2: Improve Quality of Teaching and Learning in SMK						
A. Civil Works and Equipment (Block Funds)						
A. SMK Block Grants for Civil Works-Technical Schools (Models)	-	5,042.2	5,042.2	5,042.2	-	15,126.5
B. SMK Block Grants for Civil Works-Agricultural Schools (Models)	-	518.0	518.0	518.0	-	1,554.0
C. SMK Block Grants for Civil Works-Business Management Schools (Models)	-	1,872.0	1,872.0	1,872.0	-	5,616.0
D. SMK Block Grants for Civil Works-Hospitality Schools (Models)	-	1,773.3	1,773.3	1,773.3	-	5,319.8
E. SMK Block Grants for Civil Works-Arts and Crafts (Models)	-	266.8	266.8	266.8	-	800.4
F. SMK Equipment-Technical Schools (Models)	-	7,211.9	7,211.9	7,211.9	-	21,635.6
G. SMK Equipment-Agriculture (Models)	-	725.7	725.7	725.7	-	2,177.1
H. SMK Equipment-Business Management Schools (Models)	-	1,992.0	1,992.0	1,992.0	-	5,976.0
I. SMK Equipment-Hospitality Schools (Models)	-	2,090.0	2,090.0	2,090.0	-	6,270.0
J. SMK Equipment-Arts and Crafts (Models)	-	333.2	333.2	333.2	-	999.6
K. SMK Equipment-Alliance Schools	-	6,600.0	7,200.0	-	-	13,800.0

	Base Cost - Negotiation (US\$ '000)					Total
	2008	2009	2010	2011	2012	
B. Consultant Services						
1. Technical (National)						
Civil Works Specialists /c	66.0	33.0	33.0	-	-	132.0
Training Specialist /d	22.0	22.0	22.0	-	-	66.0
Best Practice Specialist	-	16.5	-	-	-	16.5
Subtotal Technical (National)	88.0	71.5	55.0	-	-	214.5
C. General Subjects and Skills Training						
Facilitator Training (All Types)	50.0	-	-	-	-	50.0
Subject Matter Training (Models)	-	91.1	91.1	91.1	91.1	364.3
Subject Matter Training (Alliances)	-	58.2	58.2	58.2	58.2	232.8
Short term Training /e	115.0	115.0	-	-	-	230.0
Technical Skills (Model)	-	136.6	136.6	136.6	136.6	546.5
Technical Skill (Alliance) /f	-	87.4	87.4	87.4	87.4	349.6
Subtotal eneral Subjects and Skills Training	165.0	488.3	373.3	373.3	373.3	1,773.2
D. Monitoring and Evaluation						
Monitoring and Evaluation	165.0	200.0	200.0	200.0	200.0	965.0
Monitoring and Evaluation (Province)	160.0	160.0	160.0	160.0	160.0	800.0
Subtotal onitoring and Evaluation	325.0	360.0	360.0	360.0	360.0	1,765.0
E. Materials for Trials	-	150.0	100.0	100.0	-	350.0
F. Student Assessment	-	45.0	45.0	45.0	-	135.0
G. Curriculum Improvement	-	90.0	90.0	9.0	900.0	1,089.0
H. Teaching and Learning Material	-	2,000.0	1,500.0	-	-	3,500.0
Total Output 2	578.0	31,629.8	31,548.3	22,712.3	1,633.3	88,101.7
Output3: Strengthen School Industry Linkages						
A. Partnerships with Industry						
1. SBP Funds - Partnerships between SMK and Industry	270.0	270.0	270.0	270.0	270.0	1,350.0
2. SBP Funds - Workshops and Seminars-Support New Courses to Meet Local Industry Needs /b	450.0	450.0	450.0	450.0	450.0	2,250.0
3. SBP Funds - Materials for Partnerships with Industry	180.0	180.0	180.0	180.0	180.0	900.0
Subtotal Partnerships with Industry	900.0	900.0	900.0	900.0	900.0	4,500.0
B. Consultant Services						
1. Technical (National)	-	16.5	-	-	-	16.5
C. Staff Development						
Industry/SMK cooperative	-	160.0	160.0	160.0	-	480.0
Total Output 3	900.0	1,076.5	1,060.0	1,060.0	900.0	4,996.5

Base Cost - Negotiation (US\$ '000)

	2008	2009	2010	2011	2012	Total
Output 4. Enhance Entrepreneurship Focus in SMK						
A. Training						
1. Entrepreneurship Education	299.9	299.9	299.9	299.9	299.9	1,499.5
B. SBP Funds - Business Incubators	450.0	450.0	450.0	-	-	1,350.0
C. SBP Funds - Enhance Production Units	454.5	-	-	-	-	454.5
Total Output 4	1,204.4	749.9	749.9	299.9	299.9	3,304.0
Output 5. Project Management						
A. Consultant Services						
1. Project Management Specialist	60.0	60.0	-	-	-	120.0
2. Project Management Consultants (Pool)	24.0	24.0	24.0	24.0	24.0	120.0
3. Procurement Consultant	15.0	-	-	-	-	15.0
Subtotal Consultant Services	99.0	84.0	24.0	24.0	24.0	255.0
B. Equipment						
1. PMU Equipment, Software and Furniture	110.0	-	110.0	-	-	220.0
2. PCU Equipment	30.0	-	-	-	-	30.0
Subtotal Equipment	140.0	-	110.0	-	-	250.0
C. Training						
1. Training In Country						
Project Management Training	19.7	19.7	19.7	19.7	19.7	98.4
Monitoring & Evaluation for Project Tracking	9.4	9.4	9.4	9.4	9.4	46.8
Monitoring & Evaluation for SBP Implementation	15.0	15.0	15.0	15.0	15.0	75.0
Subtotal Training In Country	44.0	44.0	44.0	44.0	44.0	220.2
D. Project Management-Staff Salaries						
Steering Committee	48.0	48.0	48.0	48.0	48.0	240.0
Technical Committee	21.6	21.6	21.6	21.6	21.6	108.0
PM Staff – Central	30.0	30.0	30.0	30.0	30.0	150.0
PM Staff – PCU	3.5	3.5	3.5	3.5	3.5	17.5
Subtotal Project Management-Staff Salaries	103.1	103.1	103.1	103.1	103.1	515.5
E. Project Management-Operating Costs /e	300.5	300.5	300.5	300.5	300.5	1,502.5
F. Project Supervision-Province and Districts/Cities	427.0	427.0	427.0	427.0	427.0	2,135.0
Total Output 5	1,113.6	958.6	1,008.6	898.6	898.6	4,878.2
Total Baseline Costs	7,272.5	35,974.0	35,728.0	25,155.6	3,916.6	108,046.6

A. Introduction

1. This worksheet was developed as a result of the Bank's efforts to make more accurate the assessment of the liquid funds required to be held by the Bank during each year for making disbursements against ADB-financed Loans. This worksheet is provided to enable the Regional and Resident Offices, and the Project Divisions to develop realistic quarterly projections of their contract awards/commitments and disbursements.

B. Completing the Worksheet

2. Each Regional and Resident Mission and each Project Division administering projects is requested to observe the following instructions in completing the worksheet:

- (i) PROJECT: Official name of the project.
- (ii) LOAN/GRANT NO.: ADB assigned Loan Number; SEGMENT NO.: ADB assigned Loan Segment Number, if any; FUNDS: OCR, SF, etc.; COUNTRY: Abbreviated ADB acronym of the Borrowing Country.
- (iii) PROJECTION MADE IN: Month and Year in which projections are prepared.
- (iv) "LINE" COLUMN: To be numbered in sequence for easy identification purposes.
- (v) "CATEGORY" COLUMN: Indicate the Category of Expenditure in accordance with the Allocation of Loan Proceeds as defined in the Loan Documents.
- (vi) "CONTRACT/COMMITMENT ITEM" COLUMN: Indicate the Contract/Commitment Item that corresponds to each Category. Indicate in detail each contract or bid package (or more detailed breakdowns if found useful) awarded prior to the preparation of this worksheet, or which will be awarded/committed during the projection year, under each Category of Allocation of Loan Proceeds.
- (vii) "MONTH CONTRACT AWARDED/COMMITTED OR TO BE AWARDED/COMMITTED - CONTRACT VALUE/COMMITMENT" COLUMN: Indicate either the actual (QA) or projected (QP) month of award of contract/commitment and the actual/ estimated value of each contract/commitment **eligible for Bank financing** listed in the "Contract/Commitment Item" Column. In the upper portion of the blank space write (QA) and the date on which the contract/commitment was awarded/committed. When the Project Division anticipates that a contract/commitment will be awarded/committed in future quarters of the **projection year**; indicate (QP) and the month in the blank space under the quarter in which the contract/commitment is scheduled to be awarded/committed. In the lower portion (double box), indicate the value of contract/commitment already awarded/committed (QA) or to be awarded/committed (QP) for each contract/commitment listed. Where the exact contract value/commitment is an estimate, you may supply (as an attachment) a list of the particular items included in the contract/commitment with cost estimate for each item., In the case where a contract/commitment has been awarded/committed in previous years, but full or partial delivery is expected during the **projection year**, list Executing Agency's and/or ADB assigned Contract Number/Commitment and title in the "Contract/ Commitment Item" Column, as well as the contract award/ commitment date, the contract/commitment value in the "Contracts Awarded on Previous Year(s)" Column and the contract/commitment value (QP) available for Disbursement. Where the Executing Agency anticipates procurement through International Shopping (IS) procedure, list the procurement in the appropriate "Category" and "Contract/Commitment Items Columns as IS. In such a case, the Executing Agency should furnish a list of all items to be procured

through IS with the estimated cost of each item as an attachment. While it may be difficult to determine or project an accurate date of award of contracts/commitments for IS items, it is **essential to work out a realistic time schedule for the award of such contracts (BASED ON CONTRACT SIGNING DATE) commitment as well as the estimated schedule and amounts of disbursements relevant to such contracts/commitments.**

- (viii) "DISBURSEMENT AMOUNT RELATED TO THE CONTRACT/ COMMITMENT" COLUMN: Indicate the disbursement amount projected (OP) to take place for each contract/commitment listed in the "Contract/Commitment Item" Column during the applicable quarters of the **projection year**. The commercial portion of existing contracts/commitments should be referred to define the commercial payment terms of each contract. Where the Executing Agency is projecting to award contracts or to approve commitments during the **projection year**, for which payment terms or delivery time are unknown, make assumptions in the projections (OP) of disbursements in each quarter of the **projection year**. **Interest During Construction (IDC), if any, should also be included in the Disbursement Projections.**
- (ix) "TOTAL" COLUMNS: Summarize the entire yearly projected contract awards value/commitments and disbursement amount under each Contract/Commitment Item. Total all the projections of contract awards/commitments and disbursements for each Contract/Commitment Item for the four quarters of the projection year. Total for the projection year is the summation of Quarterly Actuals (QA) plus Quarterly Projected (QP). Yearly: (YP) = (QA) + (QP).
- (x) "TOTAL OF THIS PAGE_OF_PAGES" LINE: It is devised to help in carrying on the totals horizontally and vertically computed from one page to the following page; the totals will be reported in the "Total from Previous Page ___ of _____Pages" line of the subsequent page.

C. Notes

3. The Regional and Resident Missions and the Sector Divisions may distribute this form, which is printed and distributed in September of each year, to Executing Agencies and request them to provide the information in yearly and quarterly breakdowns of projections **IN TIME TO MAKE IT POSSIBLE TO REACH SERD/SESS AT THE ADB HEADQUARTERS NOT LATER THAN THE 10TH OF JANUARY OF THE PROJECTION YEAR.**

4. When this form QP-01120_ is used to project Commitments (in lieu of Contract Awards) for credit lines of DFI Loans and of Non-DFI Loan Credit Segments, please use the "Contract Awards/ Commitments" columns and cross the box on the top right hand corner in the front of this form.

PROJECT COMPLETION REPORT

Suggested Topics for Project Completion Reports to be Prepared by Borrowers

I. PROJECT DESCRIPTION

- A. Objectives
- B. Components
- C. Implementation methods
- D. Description and justification of changes in components (or subproject appraisal criteria) or implementation methods

II. PROJECT IMPLEMENTATION

- A. Compare original and actual implementation schedules. Indicate delays, length and causes of delays, and remedial action taken.
- B. Compare cost estimates made during appraisal and actual costs (foreign and local). Local currency costs incurred, appropriate exchange rates for their conversion into US dollars, and the foreign exchange costs financed by cofinanciers must be compiled correctly with reference to audited project accounts. Indicate factors that contributed to any significant overruns or underruns.
- C. State problems or difficulties in recruiting consultants, with reference to ADB procedures. Assess the consultant's work and the working relationship between the executing agency (EA) and the consultant. Use of a design and monitoring framework is strongly recommended.
- D. State problems or difficulties encountered in procuring goods and services (including civil works) with reference to ADB procedures. Assess the supplier's or contractor's performance under the contract.
- E. Give the extent of compliance of the borrower and EA with loan covenants, with reasons for noncompliance or delays in compliance and the remedial actions taken.
- F. State reasons for any delays in loan utilization. Evaluate the appropriateness of the disbursement methods used. Justify the reallocation of loan proceeds.
- G. State problems or difficulties with subproject appraisal. Evaluate the EA's performance and capacity to appraise subprojects.

III. INITIAL OPERATIONS

- A. Describe initial operations of the project and transitional problems encountered from project completion to initial operations.
- B. Describe measures taken to ensure continued smooth operation of the project relative to management, staffing, funding, and maintenance of project facilities.
- C. Analyze the prospects of the project benefits being realized.

IV. EVALUATION OF THE ASIAN DEVELOPMENT BANK'S PERFORMANCE

- A. Assess ADB's performance in supervising project implementation. Include comments on the adequacy of the consultants' terms of reference and appropriateness of specifications in tender documents. Evaluate the effectiveness and timeliness of assistance extended by ADB to solve implementation problems.
- B. Comment on problems encountered with ADB's procedures. Note the measures taken to resolve these problems and suggest changes in procedures and requirements.

SAMPLE AUDIT LETTER

No : Jakarta,
 Lamp : 1 Bundel
 Perihal : Permohonan Auditor Independen
 The
 DTVE, MONE

Kepada Yth.

Deputi Pengawasan Instansi Pemerintah Bidang Perekonomian
 Badan Pengawasan Keuangan dan Pembangunan (BPKP)

JAKARTA

Dengan hormat, kami sampaikan bahwa Direktorat Pembinaan Sekolah Menengah Kejuruan, Ditjen Pendidikan Manajemen Dasar Menengah, Departemen Pendidikan Nasional akan melaksanakan Proyek Pengembangan Sekolah Menengah Kejuruan (Indonesia Vocational Education Strengthening). Proyek tersebut akan dibiayai dari dana pinjaman luar negeri Bank Pembangunan Asia dan dana dari Pemerintah Indonesia

Sehubungan dengan hal di atas, kami mohon agar Badan Pengawasan Keuangan dan Pembangunan (BPKP) berkenan menjadi auditor independen terhadap pelaksanaan program tersebut. Implementasi Proyek tersebut diperkirakan akan berlangsung 5 (lima) tahun (2009-2013). Kegiatan proyek akan dilaksanakan di tingkat pusat, namun sebagian terbesar akan dilaksanakan di tingkat kabupaten berupa block grant untuk madrasah di 34 kabupaten terpilih guna menuntaskan Wajib Belajar Pendidikan Dasar sembilan tahun yang berbasis masyarakat.

Awal implementasi Proyek akan dimulai pada TA 2009, dengan demikian audit pertama untuk program ini adalah untuk TA yang akan berakhir pada tanggal 31 Desember 2009, dan laporan hasil audit tersebut dapat diterima Bank Pembangunan Asia (ADB) selambat-lambatnya tanggal 30 Juni 2010

Di samping laporan Audit Tahunan, kami juga mengharapkan BPKP dapat melakukan Interim Audit (6 bulan) khusus untuk pelaksanaan audit di tingkat kabupaten. Untuk keperluan kegiatan, bersama ini kami sampaikan dokumen Terms of Reference untuk kegiatan Audit Tahunan dan Audit interim.

Demikian kami sampaikan, atas perhatian dan kerjasamanya kami ucapkan terima kasih

Wassalam,
 Direktur Jenderal

Suyanto

Tembusan:

Kepada Yth. - Sekretaris Jenderal
 Direktur Pembinaan Sekolah Menengah Kejuruan
 ADB – IRM Jakarta
 Tim Teknis INVEST

LOAN COVENANTS: Loan Agreement, Schedule 5 (Execution, Operation and Financial Matters)

Project Executing Agency

1. As the Project Executing Agency DGMPSE shall be responsible for the overall implementation of the Project. DTVE shall be the Implementing Agency and shall provide implementation support to DGMPSE.

Project Steering Committee (PSC)

2. A PSC shall be established to provide guidance to the PMU on general policy directions, inter-sectoral coordination and strategic directions. The PSC shall be chaired by the Deputy of Human Resources and Cultural Affairs of BAPPENAS. The membership consists of representatives from MONE, BAPPENAS, MOF, MOM, the Ministry of Industry and the Chamber of Commerce.

Project Technical Committee

3. The PTC shall support the PSC to oversee Project implementation and shall consist of representatives from MONE, BAPPENAS, MOF, MOM, Ministry of Industry and the Chamber of Commerce. The PTC shall be chaired by the Director of Education and Religious Affairs of BAPPENAS.

Project Management Unit

4. The Director of DTVE has been appointed as the Project Director and is responsible for overseeing the overall project implementation and providing guidance to the PMU. The PMU is headed by a Project Manager and is responsible for (i) day-to-day Project implementation, (ii) planning and budgeting, (iii) procurement, (iv) disbursement, (v) monitoring and supervision, (vi) overseeing Project implementation at school level, and (vii) submitting reports to the Borrower and ADB. The PMU shall have at least 25 staff, including technical, financial, monitoring and administrative staff, to be appointed from DTVE. The PMU shall have a technical working group that consists of full time DTVE staff that will work closely with the consultants on each Project Part.

5. An advisory expert panel (Expert Panel) shall be established by the Project Director to conduct the initial evaluations of SBPs and the annual evaluations of Model VSs and Alliance VSs performance. The Expert Panel shall consist of a core group of about 5 experts who are education and industry representatives, with an ad hoc pool of experts in specific vocational fields to be invited whenever deemed necessary. The members of the core group will be hired as consultants. The Expert Panel shall be chaired by one of the technical experts.

School Committee

6. The SC in each of the Model Schools shall be responsible for implementing the approved SBP. Each SC shall be headed by a Chairperson with the School Principal acting as the Secretary to the SC, who shall report to the PMU and shall be assisted by an implementation team, which shall consist of the members of the SC and school teachers.

Counterpart Funds

7. The Borrower shall provide counterpart funds for the Project implementation in a timely manner. DGMPSE shall make timely submission of annual budgetary appropriation request to MOF and MOF shall ensure prompt disbursement of appropriated funds during each year of Project implementation to DGMPSE.

Funds Flow

8. The Borrower shall ensure the smooth transfer of loan proceeds and counterpart funds from central level to the Model VS, in accordance with the flow of funds mechanism agreed between the Borrower and ADB.

9. The Borrower shall ensure that each of the SCs shall establish a separate account at a local branch of a bank acceptable to ADB, for the purpose of the SBP Funds. The Borrower shall further ensure that the SBP Funds shall be used exclusively for the activities approved under the Model VS SBP.

Model Schools

10. The Borrower shall select about 90 VS as Model VSs which shall be entitled for school grant assistance under the Project in accordance with the eligibility criteria agreed between the Borrower and ADB. The selection process for the 90 Model VSs shall follow a 2-stage process:

- (a) First, 120 VSs shall be selected out of 212 international standard VSs based on an assessment of available data and the SBPs prepared and submitted by each of the VSs;
- (b) Second, 90 VSs out of the 120 VSs shall be selected based on their SBPs. The 90 SBPs that best demonstrate how the VSs can contribute to the Borrower's objectives shall receive the school grant assistance; and

11. The criteria to be used for selecting the Model VSs shall ensure that there is (i) a broad district geographic representation, (ii) a balance among different types of schools and programs, (iii) female enrolment share of 40%, and (iv) potential for expansion and strong local government commitment.

Project Monitoring Information System

12. Within 12 months after the Effective Date, the Project Executing Agency shall prepare a comprehensive, gender-disaggregated Project Management Information System designed for different levels of management, including central DGPMSE, the Provincial Education Officer, and Model VS. The Project Executing Agency shall develop a users' manual and shall conduct workshops for provincial, district, and Model VS and Alliance VS staff.

Anticorruption Measures

13. Within 9 months after the Effective Date, the Borrower shall cause DGMPSE to create a Project website to disclose information about various matters on the Project, including procurement related to the Project. With regard to procurement, the website shall include information on, among others, the list of participating bidders, name of the winning bidder, basic details on bidding procedures adopted, amount of contract awarded, and the list of goods/services procured.

14. Within 9 months after the Effective Date, the Borrower shall cause DGMPSE to establish within the PMU a complaints and action task force (Task Force) to receive and resolve complaints/grievances or act upon reports from stakeholders on misuse of funds or other irregularities. The Task Force shall (a) review and address grievances of stakeholders of the Project, in relation to either the Project, any of the service providers, or any person responsible for carrying out any aspect of the Project; and (b) set the threshold criteria and procedures for handling such grievances, for proactively and constructively responding to them, and for providing the stakeholders with notice of such mechanism.

Environment

15. Although no significant environmental impacts have been identified, the siting, design, construction and operation of school facility rehabilitation work undertaken under the Project shall be implemented in line with the Borrower's environmental laws and regulations and ADB's *Environment Policy* (2002).

Resettlement

16. The Borrower and DGMPSE shall ensure that no block grant is approved if the rehabilitation or construction of new school facilities will involve involuntary resettlement according to ADB's *Policy on Involuntary Resettlement* (1995). To be eligible for block grants each of the Participating Schools is required to confirm that no land acquisition or resettlement is required under the Project. Construction of new classrooms shall be added to existing schools on unoccupied land already owned by such Participating School.

Construction Quality

17. The Borrower shall cause DGMPSE to ensure that the construction of multi-storey buildings complies with the Borrower's construction safety standards and is confirmed by a qualified engineer. The Participating Schools shall not be allowed to construct a new storey above existing classrooms without first obtaining confirmation from a qualified engineer that the existing classrooms and foundation is strong enough for the additional upper level.

Gender

18. To ensure that women benefit equally from the Project, the Borrower and DTVE shall ensure that the Project shall be carried in accordance with ADB's *Policy on Gender and Development* (1998) and the *Gender Analysis and Strategy*, as agreed between the Borrower and ADB.

SUMMARY GENDER STRATEGY

1. The Project supports the Government's efforts to strengthen technical and vocational education to increase competitiveness and employment opportunities for vocational senior secondary school (VS) graduates. A gender analysis and strategy (Supplementary Appendix I) highlights the specific needs and interests of female and male VS students and teachers. It is in accordance with the Asian Development Bank *Policy on Gender and Development* (1998), Ministry of National Education gender mainstreaming efforts, and *Indonesia: Country Gender Assessment*.¹

Project Output	Actions Proposed
General	
<p>The 90 model VSs to be included in the Project will have an overall female enrollment share of at least 37%. The alliance schools to be included in the Project will have an overall female enrollment share of at least 37%. Each school business plan (SBP) will be gender inclusive. SBPs will include a gender action plan and sex-disaggregated performance indicators based on the overall gender strategy for the Project. Each gender plan will include specific actions to promote (i) increased female enrollment; (ii) construction of separate sanitation facilities for males and females; (iii) equal access for female and male students to work placements, apprenticeships, and production units or school-run businesses; and (iv) equal access to female and male teachers for upgrading teaching skills.</p>	
Output 1: Refocused School Management Using a Business Approach	
1.1. School managers trained in demand-oriented school business planning	<p>Provide male and female school managers with equal access to training opportunities. Involve women from school management/committees in SBP preparations (Target: at least 40% of members on school committees are females).</p>
1.2. Business approach to school management developed	<p>Include a module and/or session on gender-awareness in the integrated program of management training and incorporate gender-specific considerations. Ensure separate management training firm employs women in the delivery of the program to managers (target: at least a 1:3 female–male ratio for the training group).</p>
1.3. School management systems established and administration improved	<p>Develop and include sex-disaggregated efficiency and effectiveness indicators in the EMIS. For planning and monitoring, include reporting on specific sex-disaggregated indicators. Ensure relevant male and female staff have equal access to training opportunities.</p>
1.4. Internal communication systems improved and networks established	<p>As part of the project website, post the gender strategy, summary progress reports, and specific model and alliance school reports; individual schools with their own websites may do the same.</p>
Output 2: Improved Quality of Teaching and Learning	
2.1. Facilities to increase efficiency improved, enrollment expanded, and hours of operation extended	<p>Reflect specific gender needs with respect to facilities and equipment in SBPs. Provide safety equipment (e.g., gloves and goggles) for male and female students. Achieve a 50% gender balance for the 6-month VS scholarships awarded by MONE to junior secondary students, according to the number of male and female applicants. Improve existing VS facilities to encourage greater female participation and retention (e.g., improve separate sanitation, washing, and changing facilities for males and females). Monitor impact of improved facilities and equipment on male and female students and staff.</p>
2.2. Teaching of academic and technical subjects improved	<p>Design in-service training programs in core academic subjects to attract female and male teachers, especially for subjects where female participation is low. Increase access for female staff to training opportunities on multimedia approaches and use of computer-aided instruction. Develop a system for professional certification of VS teachers that is gender inclusive and has sex-disaggregated information.</p>
2.3. New learning methodologies suitable to large institutions developed	<p>Develop and monitor new teaching methodologies (e.g., group or self-paced learning).^a Develop new teaching methods for increasing female and male student participation. Incorporate gender-specific aspects into activities related to the development of new teaching materials (e.g., research studies, review of DTVE guidelines and school standards).</p>
2.4. New instructional	<p>Ensure female and male staff have equal access to training on new instructional software.</p>

¹ ADB. 2006. *Indonesia: Country Gender Assessment*. Manila.

Project Output	Actions Proposed
materials and software provided	Purchase new instructional materials that are gender-sensitive and free of gender bias, especially in more male-dominated technical subjects. Review the approved list of materials for VSs and include a criterion that evaluates materials for gender bias and gender stereotyping.
Output 3: Strengthened School–Industry Linkages Strengthened	
3.1. Partnerships between schools and industry supported	Explore partnerships with technical and service industries (e.g., mechanics and tourism) to achieve a gender balance in the development of partnerships. Support VSs to develop and market “added value” to industries. Encourage equal recruitment of female and male students in all subjects, including those that are traditionally sex-aggregated.
3.2. New courses to meet local industry needs supported	Include a gender perspective in school-based research studies, course development, and evaluations, especially when investigating the needs and priorities of schools and local industry, and exploring new opportunities for men and women
3.3. Trial international standards and benchmarks in cooperation with industry	Provide equal opportunities to both female and male students to obtain international certification through information, dissemination of application and procedures, and individual student quotas at VSs. Extend opportunities into new fields to enable participation by female and male students for international benchmarking. Incorporate a gender perspective into MONE's assessment of the trials by disaggregating information and the number of students in each expanded field by sex.
Output 4: Enhanced Entrepreneurship Focus	
4.1. Students assisted students to start their own businesses	Creation of incubators or similar initiatives will be open to all female, all male, or mixed female and male groups of interested students. Mentoring staff member or community expert will encourage both male and female students through gender-sensitive and inclusive methods (e.g., support public speaking by both female and male students or equal opportunities to apprenticeship opportunities)
4.2. Entrepreneurship education strengthened	Use the ILO game and training materials ^a in model schools. Use the game to build self-confidence among female students in technical and non-technical subjects. Game players will be female only, male only, and both. Increase a balance of trainers (female and male) that use the materials and deliver the courses.
4.3. Production units (e.g., shops, travel agency, etc.) enhanced	Involve both male and female students in surveying the local markets and assessing regional demand for goods and services. Among the core members of a production unit, aim to balance the number of female and male students involved in management responsibilities.
<p>Project Implementation Arrangements</p> <p>The PMU (15 DTVE staff) will include a representative from the gender working groups within DTVE who will be responsible for overseeing gender activities for the Project.</p> <p>The advisory expert panel that assesses the completed SBPs will include technical and service industry representatives.</p> <p>A member of the School Committee or the implementation team in each VS will oversee gender activities.</p> <p>The terms of reference for SBP preparation and implementation will include a social and gender specialist to (i) deliver gender awareness training to facilitators and model school staff, and (ii) work with DTVE in the implementation of gender-specific actions pertaining to SBPs and project implementation.</p> <p>The terms of reference for the writer/editor for the “What Works in VS” publication will collect information about successful initiatives from different types of schools and include a gender balance in its final publication (text, photos, and illustrations).</p> <p>The terms of reference for the monitoring and evaluation firm will mainstream gender actions into its M&E activities (e.g., disaggregate by sex performance indicators and progress information in reports, develop an M&E system that can accommodate sex-disaggregated data, conduct baseline surveys with both male and female recipients, and train both male and female staff)</p>	

DTVE = Directorate of Technical and Vocational Education, EMIS = education management information system, ILO = International Labour Organization, MONE = Ministry of National Education, M&E = monitoring and evaluation, PSC = project steering committee, SBP = school business plan, VS = vocational senior secondary school.

^a Lessons may be learned from the development and implementation of UNESCO/Jakarta *Scientific, Technical and Vocational Education for Marginalized Girls and Young Women: A Guideline to Facilitate Expansion and Effectiveness of the STVE Programme* (2007). In addition, ILO-supported Dikmenjur to develop two sets of materials: (i) *Know about Business: Entrepreneurship Education in Schools* (VS, levels 1 and 2); and (ii) *Start and Improve Your Business* (VS, level 3). Both have been adapted to the Indonesian context and include photos to counter gender-stereotypes.

Source: Asian Development Bank estimates.

TECHNICAL ASSISTANCE TO ENHANCE CONTINUING SKILLS DEVELOPMENT

1. The Project will have an attached technical assistance (TA) designed to introduce and trial policy changes for the vocational education system. The changes are to create opportunities for vocational senior secondary school (VS) graduates and other members of the community to return to the VS system to obtain skills upgrading, recertification, and other training services that will help them in their careers.

A. The Challenge

2. For many young Indonesians, VSs are an opportunity for junior secondary graduates to develop technical and vocational skills. Subsequent opportunities for skills upgrading and enhancement are limited, except for the small proportion of VS graduates who proceed to higher education. This situation is not in the interests of workers, nor of the Indonesian economy. At worst, it can lead to a situation where industry is unable to recruit experienced workers with up-to-date technical skills. This leads to blockages in career ladders in certain industries. An efficient labor market is one where upward mobility of existing workers creates vacancies for beginning workers. Skills upgrading is the means to achieve this. The greater availability of skills upgrading courses linked to certification will be of particular importance for Indonesian workers who seek skilled positions overseas. The candidates are experienced workers who need opportunities to update their skills, including foreign language skills, and ensure their skills certificates are up-to-date.

3. The introduction of upgrading courses will have significant benefits for VSs by increasing the efficient utilization of facilities and equipment, generating revenue to improve sustainability, and promoting closer linkages to industry through the efforts of VSs to adjust to worker retraining needs. Such courses are demand-driven, and VSs need to learn to respond quickly to the needs of industry and individual retraining needs. Some VSs already have a few programs to upgrade and enhance the skills of workers through career centers, but these are ad hoc and not part of a well-established system. To establish a solid basis for the confident expansion of such courses, the TA will undertake a carefully researched examination of options for schools and a set of trials that are to be well researched and monitored. From the findings of the research studies, the study tour, and trials, the Ministry of National Education (MONE) will be able to develop a policy framework and establish performance indicators to institutionalize such programs across the VS system—including adding data on these courses to the MONE education management information system (EMIS). The organizational and administrative structures needed within each VS to support career centers will also be examined. These arrangements are fully consistent with the long-term objectives for the vocational education system.

B. Impact and Output

4. The expected impact is that Indonesian workers will have better access to opportunities for skills upgrading, allowing them to move up career ladders, reenter the workforce, or find skilled positions overseas. The expected outcome is that skills upgrading courses are provided to graduates and other adults on a demand-driven basis through career centers. The outputs would be a research study on the career center concept and alternative approaches, school trials of alternative career center arrangements, incorporation of course statistics into the MONE EMIS, and a policy paper and manual on the provision of skills upgrading courses in VSs.

5. **Methodology.** The TA activities will comprise (i) a desk study review of examples of international best practice in vocational skills upgrading; (ii) a review of skills upgrading activities

in model VSs and development of a database; (iii) an intensive review of best international practice in two other countries to gather ideas for implementing skills upgrading courses; (iv) an investigation of the feasibility of international links to develop joint cooperation for international certification, linkages, and mutual recognition; (v) implementation of a series of practical trials in 10 VSs; and (vi) preparation of a final report, based on the results of the trials, with recommendations for a sustainable skills upgrading program in VSs.

6. **Activities.** The first phase of the TA will consist of the desk review of international best practice in skills upgrading and development of a presentation about international practice. In the second phase, the international consultant will meet with the task force, help identify 10 VSs and other professional upgrading institutions, and together with the task force hold discussions with industry representatives to gauge needs and priorities. The task force will then hold a national workshop on the findings of the study. School principals and others with practical experience in skills upgrading, together with industry representatives, will be asked to share their views and experience. The third phase of the TA will plan an approach to gather international best practice and pursue international linkages, involving a task force visit to two or three countries (20 days in total) identified by the international consultant. The objectives of the visits are to experience international best practice; and to investigate the feasibility of international linkages for international certification, linkages, and mutual recognition.

7. The final phase will comprise a series of practical trials for 10 VSs selected from among public and private schools that already offer a range of skills upgrading courses and are interested in improving. Issues of cost recovery and demand will be addressed during these pilots. The trials will be costed and a proposal submitted to the Asian Development Bank (ADB) for approval before implementation. The task force and TA coordinator will monitor the pilots and submit quarterly reports to ADB. At the conclusion of the trials, the task force will prepare a final report with recommendations for a sustainable skills upgrading program in VSs. The recommendations will cover the nature and extent of possible courses and the administrative and financial structures required within the VS system to support career centers.

C. Cost and Financing

8. The total cost of the TA will be \$665,000 equivalent. ADB will provide \$500,000 on a grant basis from ADB's TA funding program. The Government will contribute \$165,000.

D. Implementation Arrangements

9. MONE will be the Executing Agency; the Directorate of Technical and Vocational Education (DTVE) will be responsible for overall TA implementation. The TA will be undertaken over 2 years. A small task force will be created to oversee the TA, comprising (i) three VS principals, chosen because of their expertise and commitment to continuing skills training and because their schools will be among the sites chosen for pilot activities; (ii) the TA coordinator and one other senior officer of DTVE, who will guide this process from a research viewpoint and contribute national policy direction; and (iii) an international consultant who will have expertise in vocational training relating to career upgrading, retraining, and institutional management. The international consultant will be assisted by a national consultant whose responsibilities will include data gathering and establishment of a management information system (MIS) to collect data on the skills upgrading activities of the VS system.

Table A17.1: Cost Estimates and Financing Plan (\$)

Item	Total Cost
A. Asian Development Bank Financing	
1. Consultants' Remuneration and Per Diem	
a. International Consultants	102,000
b. National Consultants	36,000
c. International Travel and Local Travel	36,000
d. Reports and Communication	6,000
2. Study Visits ^a	66,000
3. National Workshops ^b	100,000
4. Grant for Pilot Vocational Senior Secondary Schools	114,000
5. Miscellaneous Administration and Support Costs ^c	15,000
6. Contingencies (5%)	25,000
Subtotal (A)	500,000
B. Government of Indonesia Financing	
1. Office Accommodation	83,000
2. Office Operations and Communications	33,000
3. Workshops, Seminars, and Meetings	49,000
Subtotal (B)	165,000
Total	665,000

^a 20 days international study visit, including the international consultant.

^b 3-day seminar, 100 participants; two from each province.

^c Including materials, office supplies, and others.

Source: Asian Development Bank estimates.

10. DTVE will appoint a senior staff member as TA coordinator for all matters pertaining to the TA. Three counterpart staff from DTVE will be appointed to work closely with the consultants to help ensure that the TA activities fit within the overall Project, and set the timetable for individual activities accordingly.

11. ADB will engage a qualified consulting firm or educational institution to implement the TA. The firm will be selected using quality- and cost-based selection of the international consultant in association with national consultants. The firm will provide one international expert for 6 person-months, intermittent—a vocational training and upgrading specialist; and one national consultant for 8 person-months, intermittent—a skills analysis and statistics specialist. The consulting firm will be engaged by ADB in accordance with its *Guidelines on the Use of Consultants* (2007, as amended from time to time). The consulting firm will also be responsible for organizing the study tours and national seminar, and payment of funds to schools.

12. Both consultants will report to the TA coordinator. Although the project manager will not be a designated member of the task force, he or she will work closely with the task force and ensure that it is facilitated to undertake its work efficiently. The project director will meet regularly with the task force to monitor policy directions being pursued and financial and logistic arrangements. The project director will approve the itinerary and membership of the study tour.

13. The consulting firm will prepare (i) a TA inception report after commencement of the international consultant's first visit to Indonesia and include the research paper identifying options for upgrading courses, a summary of initial findings, suggestions for any changes needed to the

methodology and program, and a TA implementation plan; (ii) a midterm report summarizing the finding of the study tours and progress to date in the school trials; and (iii) a final report summarizing the outcomes of the school trials, identifying future directions for the sustainable development of VS upgrading programs, and identifying successes and weaknesses of the overall TA objectives and approach.

E. Design and Monitoring Framework

Table A17.2: Design and Monitoring Framework

Design Summary	Performance Targets/Indicators	Data Sources/ Reporting Mechanisms	Assumptions and Risks
<p>Impact Indonesian workers will have better access to opportunities for skills upgrading, allowing them to move up career ladders, reenter the workforce, or find skilled positions overseas.</p>	<ul style="list-style-type: none"> • 1,000 workers retrained through VSs per year by 2015 	<ul style="list-style-type: none"> • Reports from DTVE 	<p>Assumption Job market supports demand for retraining and upgrading of skills</p>
<p>Outcome Skills upgrading courses provided to graduates and other workers on a demand-driven basis through career centers in 10 VSs, in collaboration with industry</p>	<ul style="list-style-type: none"> • 10 model VSs conduct trials of retraining and upgrading courses for former graduates and other workers 	<ul style="list-style-type: none"> • Reports from pilot schools 	<p>Assumption Agreement reached within MONE as to implementation objectives of career centers</p> <p>Risk Career center enrollment demand will not be sufficient to meet pilot objectives</p>
<p>Outputs 1. Research into career center concepts and alternatives completed</p>	<ul style="list-style-type: none"> • DTVE publications and results of seminars 	<ul style="list-style-type: none"> • Completed reports 	<p>Assumption New approaches to school management and teaching in the career centers will be accepted</p>
<p>2. Trials of alternative career center arrangements in 10 VSs</p>	<ul style="list-style-type: none"> • Number and type of courses offered 	<ul style="list-style-type: none"> • Reports from DTVE 	<p>Risk School leadership will be conservative and not look for new approaches to career centers</p>
<p>3. EMIS to capture data on skills upgrading activities of VS trials</p>	<ul style="list-style-type: none"> • Draft EMIS within 1 year of TA start; final EMIS by end of TA 	<ul style="list-style-type: none"> • Statistics published by DTVE 	<p>Assumption MONE will reach agreement with the National Statistics Agency to include data</p>
<p>4. Policy framework providing for upgrading courses in VS completed</p>	<ul style="list-style-type: none"> • Policy framework covering system for skills upgrading including financing arrangements issued by end-2010 • Guidelines for introduction of upgrading courses issued by end-2010 	<ul style="list-style-type: none"> • Policy and guideline documents 	

Core Activities and Milestones	Inputs
<p>1. Research into career center concepts and alternatives completed</p> <p>1.1 Initial research and position papers prepared 3 months after TA start</p> <p>1.2 National seminar conducted within 6 months after TA commencement</p> <p>1.3 Study tour undertaken and results reported 8 months after TA start</p> <p>1.4 Policy paper on opportunities to mainstream career centers by end of TA</p> <p>2. Alternative career center arrangement trials in 10 VSs</p> <p>2.1 Select 10 VSs with potential to trial upgrading programs in 2008</p> <p>2.2 3 principals and 2 DTVE staff undertake research and a study tour in 2009</p> <p>2.3 Report on best practices for skills upgrading and certification by end-2009</p> <p>2.4 10 VSs trial alternative career center courses in 2010–2011</p> <p>2.5 Analyze and report on trials</p> <p>2.6 DTVE issues a policy paper on sustainable initiatives in 2012</p> <p>2.3 DTVE prepares manual to institutionalize career centers in other VSs</p> <p>3. Preparation and trial of EMIS to capture data on skills upgrading activities of VSs</p> <p>3.1 Draft EMIS prepared and discussed with stakeholders</p> <p>3.2. Trials of EMIS completed in the 10 VSs (see 2.1)</p> <p>3.3 Final EMIS prepared on the basis of the trials by the conclusion of the TA</p>	<p>ADB</p> <ul style="list-style-type: none"> • Consultant services: \$180,000 • Study visits: \$66,000 • National workshops: \$100,000 • Grant for pilot VSs: \$114,000. • Miscellaneous: \$15,000 <p>Government</p> <ul style="list-style-type: none"> • Office accommodation: \$83,000 • Office operations: \$28,000 • Communications: \$5,000 • Workshops, seminars, and meetings: \$49,000

DTVE = Directorate of Technical and Vocational Education, EMIS = education management information system, MONE = Ministry of National Education, VS = vocational senior secondary school.

F. Terms of Reference for Consultants

14. **Vocational Training and Career Upgrading Specialist** (international, 6 person-months, intermittent, 30 days in home office). This consultant will be a member of the task force established by DTVE and be responsible for drafting the task force reports. The consultant will (i) advise the task force on the opportunities for VSs to provide ongoing career development for workers who need technical skills upgrading; (ii) advise on international experience with alternative strategies and institutional arrangements for skills upgrading for graduates and workers, and identify viable options; (iii) prepare a paper on these options for a national seminar; (iv) plan the study tour and assist DTVE in making the necessary contact arrangements for visiting international institutions and advise on contacts that would maximize benefits of the study tour; (v) study and trial initiatives that will contribute to development of sustainable programs of skills upgrading; (vi) ensure that the strategies identified are linked closely to local industry and increase the efficiency of VSs; (vii) plan and monitor the trials and provide ongoing advice to the task force; (viii) help the national consultant devise and trial an MIS that will capture the inputs and outputs of career centers; (ix) prepare a final report summarizing the results of the trials and providing concrete directions for the development of skills upgrading courses in VSs, and present it at a national seminar; and (x) prepare a draft policy paper for MONE on sustainable approaches for skills upgrading in VSs, identifying specific factors that promote sustainability.

15. **Skills Analysis and Statistics Specialist** (national consultant, 8 person-months, intermittent). The consultant will help the task force, taking particular responsibility for development of an MIS; and assist in arranging the national seminar and collecting information relevant to its reports. Specifically, the consultant will (i) develop an MIS to capture the activities of the 10 career centers; (ii) conduct MIS trials in the 10 VSs selected; (iii) on the basis of the trials, revise the MIS and prepare a final report on the MIS with the necessary data elements fully documented, and promote incorporation in the MONE EMIS; (iv) provide research assistance and data gathering related to the need for skills upgrading, possibly including focus group discussions with industry and workers; (v) map the main providers of skills upgrading (for subprofessional skills only), including the role of private providers of training; (vi) assist the international consultant in visiting school and data gathering; and (viii) assist the task force in drafting its reports.

LIST OF ADB REFERENCE MATERIALS

A. Project Related

1. Report and Recommendation of the President to the Board
2. Loan Agreement
3. Supplementary Appendixes

B. Consultants. May be downloaded from the following website: <http://www.adb.org/Opportunities/Consulting/Documents.asp>

4. Guidelines on the Use of Consultants by ADB and Its Borrowers

C. Procurement. May be downloaded from the following website: <http://www.adb.org/Opportunities/Procurement/prequalification-bid-documents.asp>

5. Guidelines on Procurement under ADB Loans
6. Guide on Bid Evaluation

D. Disbursement

7. Disbursement Letter Issued by Controller's Department
8. Loan Disbursement Handbook

E. General. May be downloaded from the following website: <http://www.adb.org/integrity/default.asp>

9. Anticorruption Policy