



Completion Report

Project Number: 36654
Loan Number: 2133-PAK (SF)
June 2011

Pakistan: Restructuring of the Technical Education and Vocational Training System Project (Balochistan)

Asian Development Bank

CURRENCY EQUIVALENTS

Currency Unit – Pakistan rupee/s (PRe/PRs)

	At Appraisal	At Project Completion
	18 November 2004	20 April 2011
PRe1.00 =	\$0.0168	\$0.0118
\$1.00 =	PRs59.6659	PRs84.5700

ABBREVIATIONS

ADB	–	Asian Development Bank
CBT	–	competency-based training
DAC	–	district advisory committee
DMT	–	Directorate of Manpower Training
DOE	–	Department of Education
DOLM	–	Department of Labor and Manpower
DTE	–	Directorate of Technical Education
GCT	–	Government College of Technology
LIS	–	livelihood improvement scheme
MDP	–	management development program
NGO	–	nongovernment organization
OAI	–	Office of Anticorruption and Integrity, ADB
PBMS	–	performance-based management system
PC-1	–	Planning Commission form 1
PDD	–	Planning and Development Department
PMU	–	project management unit
PSC	–	project steering committee
R&D	–	research and development
RRP	–	report and recommendation of the President
SDR	–	special drawing right
TA	–	technical assistance
TEVT	–	technical education and vocational training
TTC	–	technical training center
TVTC	–	technical and vocational training center

NOTES

- (i) The fiscal year (FY) of the government ends on 30 June. “FY” before a calendar year denotes the year in which the fiscal year ends, e.g., FY2011 ends on 30 June 2011.
- (ii) In this report, “\$” refers to US dollars.

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BASIC DATA

A. Loan Identification

1.	Country	Pakistan
2.	Loan Number	2133
3.	Project Title	Restructuring of the Technical Education and Vocational Training System Project (Balochistan)
4.	Borrower	Islamic Republic of Pakistan
5.	Executing Agency	Planning and Development Department, Provincial Government of Balochistan
6.	Amount of Loan	SDR10,864,000 (\$16 million)
7.	Project Completion Report Number	PCR: PAK 1241

B. Loan Data

1.	Appraisal	
	– Date Started	03 May 2004
	– Date Completed	19 May 2004
2.	Loan Negotiations	
	– Date Started	12 November 2004
	– Date Completed	14 November 2004
3.	Date of Board Approval	14 December 2004
4.	Date of Loan Agreement	22 March 2005
5.	Date of Loan Effectiveness	
	– In Loan Agreement	20 June 2005
	– Actual	23 August 2005
	– Number of Extensions	One
6.	Closing Date	
	– In Loan Agreement	30 April 2011
	– Actual	Yet to be determined ^a
	– Number of Extensions	None
7.	Terms of Loan	
	– Interest Rate	1.0% per year during the grace period and 1.5% per year thereafter
	– Maturity (number of years)	32 years
	– Grace Period (number of years)	8 years

^a The loan financial accounts are still open, but the project was closed on 24 May 2010 at the borrower's request.

8. Disbursements

a. Dates

Initial Disbursement	Final Disbursement	Time Interval
25 November 2005	6 April 2011 ^a	64 months
Effective Date	Original Closing Date	Time Interval
23 August 2005	30 April 2011	69 months

^a This date may change depending on the date the refund of the outstanding imprest advance is received.

b. Amount (SDR)^a

Category	Original Allocation	Last Revised Allocation	Amount Added/ (Canceled)	Net Amount Available	Amount Disbursed	Undisbursed Balance
01A: Civil Works–DOE	1,147,328	10,000	(1,137,328)	10,000	0	10,000
01B: Civil Works–DOLM	423,098	40,000	(383,098)	40,000	0	40,000
02A: Equipment/Furniture–DOE	1,844,607	545,000	(1,299,607)	586,000	538,137	6,863
02B: Equipment/Furniture–DOLM	1,642,140	1,445,000	(197,140)	1,445,000	1,369,724	75,276
03A: Learning Materials/ Resources–DOE	317,923	40,000	(277,923)	40,000	14,591	25,409
03B: Learning Materials/ Resources–DOLM	185,186	40,000	(145,186)	40,000	31,488	8,512
04A: Staff Development–DOE	432,297	360,000	(72,297)	360,000	272,582	87,418
04B: Staff Development–DOLM	562,917	50,000	(512,917)	50,000	19,939	30,061
05A: Research and Development/Studies–DOE	66,213	20,000	(46,213)	20,000	1,366	18,634
05B: Research and Development/Studies–DOLM	73,817	20,000	(53,817)	20,000	328	19,672
06A: Innovative/Incentive Grant Fund–DOE	570,137	25,000	(545,137)	25,000	23,064	1,936
06B: Innovative/Incentive Grant Fund–DOLM	296,049	25,000	(271,049)	25,000	774	24,226
07A: Consulting Services–DOE	365,662	66,000	(299,662)	55,000	65,542	458
07B: Consulting Services–DOLM	14,420	70,000	55,580	40,000	47,767	22,233
08A: Project Administration/ Operation–DOE	482,578		(382,578)		93,846	6,154
08B: Project Administration/ Operation–DOLM	1,071,756	100,000	(984,756)	100,000		
09A: Unallocated–DOE	474,533	0	(474,533)	0	0	0
09B: Unallocated–DOLM	472,339	0	(472,339)	0	0	0
10: Interest and Charges	421,000	421,000	0	421,000	77,408	343,592
99: Imprest Fund–DOLM ^b					70,375	
99A: Imprest Fund–DOE ^b					83,724	
Total	10,864,000	3,364,000	(7,500,000)	3,364,000	2,797,304	720,794

^a Figures provided are as of the 30 May 2011 batch report run date as the loan financial accounts are still open.

^b An outstanding imprest advance of SDR154,099.39 (\$239,748.29) is yet to be refunded by the borrower.

9. Local Costs (Financed)

- Amount (\$)	1,160,606
- Percent of Local Costs	89%
- Percent of Total Cost	28%

C. Project Data

1. Project Cost (\$)

Cost	Appraisal Estimate	Actual
Foreign Exchange Cost	5,400,000	2,886,556
Local Currency Cost	17,500,000	1,302,762
Total	22,900,000	4,189,318

2. Financing Plan (\$)

Cost	Appraisal Estimate	Actual
Implementation Costs		
Borrower-Financed	6,600,000	142,156
Stakeholder-Financed	300,000	0
ADB-Financed	16,000,000	3,927,985
Total	22,900,000 ^a	4,070,141
IDC Costs		
ADB-Financed	600,000	119,177
Total		4,189,318

ADB = Asian Development Bank, IDC = interest during construction.

^a Inclusive of IDC.

3. Cost Breakdown, by Project Component (\$)

Component	Appraisal Estimate	Actual
Institutional development	2,500,000	429,477
Improvement of quality and relevance	7,100,000	3,014,834
Access and equity enhancement	8,100,000	207,722
Project management	1,100,000	418,108
Taxes and duties	1,600,000	0
Physical contingency	500,000	0
Price contingency	1,400,000	0
Interest charge	600,000	119,177
Total	22,900,000	4,189,318

4. Project Schedule^a

Component/Activities	Dates			
	Appraisal Estimate ^a		Actual	
	Start	End	Start	End
1. Institutional Development				
a. Strengthen Organization and Management Capacity of TEVT Agencies	Jul 2005	Dec 2010	Aug 2006	Apr 2008
b. Implement Performance-Based Management System in TEVT Institutions	Apr 2005	Dec 2009	Not implemented	
c. Strengthen Capacity of TEVT Institutions	Apr 2005	Dec 2010	Aug 2006	Apr 2008
2. Improve Quality and Relevance of TEVT Programs				
a. Develop CBT System and Reform Examinations	Jan 2005	Dec 2010	Not implemented	
b. Improve Quality by Upgrading Facilities and Developing Learning Resources	Apr 2006	Dec 2009	Dec 2006	Feb 2008
c. Improve Relevance through Innovative Scheme	Apr 2006	Dec 2010	Not implemented	
3. Access and Equity Enhancement				
a. Introduce Equivalency and Certification System	Apr 2006	Dec 2010	Not implemented	
b. Implement Livelihood Skills Programs	Apr 2006	Dec 2010	Not implemented	
c. Establish 2 Polytechnic Schools and 3 TVTCs	Jul 2006	Dec 2009	Misprocurement declared	

CBT = competency-based training, TEVT = technical education and vocational training, TVTCs = technical and vocational training centers.

^a No procurement plan was included in the report and recommendation of the President.

5. Project Performance Report Ratings

Implementation Period	Ratings	
	Development Objectives	Implementation Progress
31 December 2004–31 May 2008	Satisfactory	Satisfactory
1 June 2008–31 December 2010	Partly satisfactory	Partly satisfactory

D. Data on Asian Development Bank Missions

Name of Mission	Date	Number of Persons	Number of Person-Days	Specialization of Members ^a
Loan fact-finding ^b	16 February–2 March 2004	3	16	a, b, c
Loan appraisal ^b	29 April–21 May 2004		17	a, b, c, d, e,
Loan negotiations	12–14 November 2004	3	9	a, b, d,
Loan inception	27 March–1 April 2006	2	12	f, g
Loan review	17–30 January 2007	2	28	b, g
Loan review ^b	12–18 April 2008	2	14	h, i
Special loan administration ^b	18–22 January 2010	4	20	h, j, k, l,

^a a = senior education specialist, b = senior project implementation specialist, c = technical education and vocational training specialist, d = counsel, e = project economist, f = project implementation specialist, g = project officer, h = project implementation officer, i = assistant project analyst/associate project analyst, j = head, portfolio administration unit, k = resident procurement specialist, l = field security officer

^b The Pakistan Resident Mission provided support to the missions in the field.

I. PROJECT DESCRIPTION

1. The province of Balochistan faced major problems among its population: low educational attainment, high unemployment, and high rates of poverty. Job vacancies were often left unfilled because not enough people have the training to fill them. The technical education and vocational training (TEVT) system was not responsive to the needs of the labor market. The government of Balochistan sought the help of the Asian Development Bank (ADB) in reforming its TEVT system, covering postsecondary technician education at the polytechnic schools, and mid-level technical and vocational training for out-of-school youths and women. ADB approved project preparatory technical assistance¹ in 2002 to develop the project. On 14 December 2004, ADB approved a loan of SDR10,864,000 (\$16 million) for the Restructuring of the TEVT System Project (Balochistan),² to be funded from Asian Development Fund resources.

2. The project aimed to contribute to the provincial government's overall strategic goal of reducing poverty by making the TEVT system more competitive and its graduates more employable, in line with emerging job market needs. Specifically, the project was expected to (i) restructure TEVT institutions and strengthen their institutional capacity, efficiency, and autonomy (component 1); (ii) improve the quality and relevance of TEVT programs (component 2); and (iii) increase access to good-quality TEVT, particularly among the rural poor and women (component 3). (See Appendix 1 – Project Framework). This report briefly describes and assesses the project.

II. EVALUATION OF DESIGN AND IMPLEMENTATION

A. Relevance of Design and Formulation

3. At the time of appraisal in 2004, literacy among those 10 years of age and above in Balochistan was 36% (53% for males and 15% for females), and the net enrollment rate in primary school was about 37%. These rates were the lowest in Pakistan. Dropouts amplified the dearth of appropriate knowledge and skills.³ More people were getting poorer, as noted the report and recommendation of the President (RRP; footnote 3), largely because unskilled youth had limited opportunities to obtain on-the-job training and skills. Other factors were slow economic growth and high labor costs, which limited the capacity of the formal sector to create jobs. A consequent increase in employment in the informal sector further depressed wages and worsened poverty. A labor market survey done in 2003 under an ADB-funded small-scale TA project⁴ identified the lack of industrial skills training and inadequacy of practical content as key weaknesses of TEVT programs in Balochistan, followed by shortage of equipment, insufficiency of learning resources, and poor training of teachers. To prepare capable workers for the international and local markets, the province urgently needed an efficient TEVT system.

¹ ADB. 2002. *Technical Assistance to the Islamic Republic of Pakistan for Restructuring of Technical Education and Vocational Training System Project*. Manila (TA4048-PAK, for \$150,000, approved on 18 December).

² ADB. 2004. *Report and Recommendation of the President to the Board of Directors: Proposed Loan Restructuring of the Technical Education and Vocational Training System Project (Balochistan)*. Manila (Loan 2133-PAK, for SDR10,864,000, approved on 14 December 2004).

³ About 63% of students in grade 1 reached grade 10 after repeating several grades, indicating that many children left school without the right skills and knowledge.

⁴ ADB. 2003. *Small-Scale Technical Assistance to Pakistan for Skills Development Reform*. Manila (TA 4149-PAK, for \$150,000, approved on 17 July 2003).

4. The project reflected the priorities of the Government of Pakistan. The National Education Policy 1998–2010 and the Poverty Reduction Strategy Paper⁵ emphasized the role of TEVT in producing skilled workers and technicians for the economy. The Education Sector Reform Action Plan 2001–2005 looked forward to developing skilled workers to fill jobs that the government would create for them, especially in the use of indigenous natural resources. The Ten-Year Perspective Development Plan 2001–2011 recognized the need for more opportunities for technical, commercial, and vocational education in the country, and gave priority to introducing secondary and postsecondary technical education.

5. ADB's country programming was aligned with government priorities. Its 2002 Country and Strategy Program⁶ was centered on reducing poverty through private sector–led pro-poor economic growth, inclusive social development, and better governance. The strategy highlighted the need to carry out comprehensive social development strategies, devolve human development services, and reform education. ADB also emphasized the need to move away from federal umbrella projects toward more focused provincial projects. Building on the achievements of its former umbrella project, the Technical Education Project,⁷ and the lessons learned from the project, and in keeping with its new approach of supporting the provinces directly, ADB designed two separate but identical projects for restructuring the TEVT system—one for Khyber-Pakhtunkhwa⁸ (formerly North-West Frontier Province) and another for Balochistan province. The project team talked to government agencies and other stakeholders during project design to get their views, needs, and feedback. A consultation workshop was held for private sector representatives, nongovernment organizations (NGOs), teachers, students, and communities. The findings of the 2003 labor market survey (footnote 5) on the demand for and supply of skilled workers and technicians were included in the project design.

6. However, while the project strategy for restructuring the TEVT system in Balochistan was adequate, a number of the proposed reforms were either extraneous or ill conceived. The weak capacity of the TEVT institutions was underestimated in the design, which included some highly complex interventions, such as the development of modular competency-based training (CBT) and the implementation of a performance-based management system (PBMS). CBT presents many challenges even to developed countries like Australia and Germany that attempt to use it in their TEVT systems;⁹ to expect this resource-intensive approach to succeed in an underdeveloped area like Balochistan was therefore unrealistic. Similarly, introducing PBMS in TEVT institutions required fundamental changes in the financial regulations of government to allow the operation of a performance-based funding mechanism. The financial and structural framework of the provincial government made such changes impossible. For this and other reasons (paras. 12 and 37), the PBMS could not be implemented before the loan closing. The project design was based on assumptions that did not fit the local historical and cultural context. The project erred in assuming, for example, that the Balochistan government would grant autonomy and funds to TEVT institutions to implement various innovative interventions, despite

⁵ Ministry of Finance, Government of Pakistan. 2003. *Accelerating Economic Growth and Reducing Poverty: The Road Ahead*. Islamabad.

⁶ ADB. 2002. *Country Strategy and Program: Pakistan, 2002–2004*. Manila.

⁷ ADB. 1995. *Report and Recommendation of the President to the Board of Directors on a Proposed Loan to the Islamic Republic of Pakistan for the Technical Education Project*. Manila (Loan 1373-PAK for SDR38,473,000, approved on 19 September 1995).

⁸ ADB. 2004. *Report and Recommendation of the President to the Board of Directors on the Proposed Loan Restructuring of the Technical Education and Vocational Training System Project (North-West Frontier Province)*. Manila (Loan 2135-PAK, for SDR7,339,000, approved on 14 December 2004).

⁹ S. Hellwig. 2006. *Competency-Based Training: Different Perceptions in Australia and Germany*. Available: <http://www.eric.ed.gov/PDFS/EJ797608.pdf>

the lack of historical precedent and any sign that the government was willing to do so. The project as designed was therefore only partially relevant at appraisal.

7. The project design called for the construction of facilities that duplicated those funded by other donors¹⁰ or facilities that already existed.¹¹ The project financed the acquisition of imported hi-tech equipment, which remained idle for lack of staff trained to operate the equipment. Such lapses demonstrated a fundamental disconnect between expectations and implementation realities. Thus at completion, the project was only partly relevant.

B. Project Outputs

8. The project had three components: (i) development of institutions, (ii) improvement of TEVT quality and relevance, and (iii) enhancement of access and equity. These components are discussed below.

1. Institutional Development

9. This component was designed to assist the Balochistan government in restructuring and strengthening the capacity of key agencies responsible for policy development and the management of the TEVT system, in line with the government's key policies for TEVT reform.

a. Strengthening the Organization and Management of Technical Education and Vocational Training Facilities

10. **Strengthening the Directorate of Technical Education and the Directorate of Manpower Training.** The project envisaged the establishment of a new Directorate of Technical Education (DTE) under the Department of Education (DOE) within 9 months after loan effectiveness, and the strengthening of the organizational and management capacity of the Directorate of Manpower Training (DMT) under the Department of Labor and Manpower (DOLM). A research and development (R&D) cell established under a former ADB-funded project (see footnote 7), was to be transferred to the DTE. The R&D cell was meant to strengthen the links between TEVT management and the labor market. The DOE did not establish the DTE during the project, and simply allowed the R&D cell to work under the DOE's project management unit (PMU). Weak in capacity and lacking resources, the R&D cell produced only rudimentary reports and left out actual tasks like establishing a full-fledged computerized management information system, labor market information system, and project performance monitoring and evaluation system. The DMT was provided with some information technology equipment, but this did not bring about any substantial change in its organizational behavior. Its supervision of the technical and vocational training centers (TVTCs) under its control was superficial and perfunctory, as observed by an April 2008 loan review mission.

¹⁰ The loan agreement stipulated the construction of a polytechnic institute for boys in Gwadar. However, during the project's inception mission the Balochistan government requested a change in the site of the institute from Gwadar to Sibi since the People's Republic of China was going to build a polytechnic institute for boys in Gwadar. ADB acceded to the government's request.

¹¹ In Sibi, across the road from where the polytechnic institute was being constructed, there already existed a vocational center, which was reportedly underused for want of faculty, students, funds, etc. The actual need for a polytechnic institute in Sibi, a small town with a huge, underused vocational center, should have been assessed before the construction of the institute was approved.

11. **Institutionalizing the quality assurance and accreditation system.** The project was to support the institutionalization of a quality assurance and accreditation system under the Board of Intermediate and Secondary Education for the Diploma in Associate Engineering program, and the trade testing board under DMT for the technical and vocational training programs. This activity was not implemented, as an investigation by ADB's Office of Anticorruption and Integrity (OAI) prevented the recruitment of the consulting firm that the PMU-DOE had shortlisted to develop the system. The firm was eventually sanctioned for 10 years. Consequently, this subcomponent was unsuccessful..

b. Implementing a Performance-Based Management System for Technical Education and Vocational Training Facilities

12. The PBMS was to be based on 5-year institutional development plans prepared by the TEVT institutions to justify their budgetary allocations. The project performance monitoring and evaluation system to be developed during the project would monitor progress under the plans. However, for want of TA consultants (para. 11), the PBMS could not be developed and plans to build one were dropped. The outcome of this activity is therefore rated unsuccessful.

c. Strengthening the Capacity for Technical and Vocational Training

13. **Strengthening the capacity of technical education and vocational training institutions.** This activity was meant to develop the capacity of the TEVT institutions to plan, manage, and evaluate their own operations and performance. Through training, their principals and key staff would acquire key competencies that would enable them to develop 5-year institutional development plans for their institutions, with clear objectives, targets, staffing requirements, capacity-building needs, and resource allocation. The PMU-DOE organized various training programs for staff capacity building under a management development program (MDP) contract awarded to a firm at a cost equivalent to \$333,340. The quality of the training provided by the consulting firm was reported to be generally low.¹² While introducing innovative lexicon and concepts, the training lacked depth and a suitable perspective for medium- and long-term institutional development planning. None of the institutions developed a 5-year plan together with a resource mobilization and utilization plan to ensure the sustainability of the new investments. During the April 2008 loan review mission and the January 2010 special project administration mission, mission members visited quite a few institutions and found the staff professionally weak and generally demoralized because of poor living and work conditions. The PMU-DOLM, instead of recruiting a training firm, chose to send the heads of technical training centers (TTCs) to the Pakistan Institute of Management in Karachi for short MDP training (Appendix 2). The activities in this subcomponent had great potential to bring about fundamental changes in the overall functioning of the institutions, but the institutional capacity of polytechnic schools and TVTCs could not be built as appraised, given the low quality of the training. The outcome of the activity was therefore only partly achieved.

14. **Establishing district advisory committees and strengthening the capacity of institute and center management committees.** The project was to support the creation of district advisory committees (DACs) in districts with polytechnic schools and TVTCs. The DACs, made up of representatives of industries, educational institutions, and the communities, were to

¹² During the field visits conducted under the April 2008 loan review mission and the January 2010 special project administration mission, the TEVT staff who had received training gave negative feedback on its quality, declaring the content irrelevant and the methodology poorly designed. The firm recruited for the training was primarily a construction company.

promote closer collaboration between local industries and TEVT institutions in mobilizing resources and support from the private sector. In addition, institute management committees and center management committees were to be formed in the various TEVT institutions to help link the institutions with local industries. These committees were to be provided with modest seed money, capacity-strengthening programs for their members, and procedural manuals for reference. A notification issued by the Balochistan government on 4 June 2007 instructed the DOE and the DOLM to constitute a DAC in each district with polytechnic schools and TVTCs. The DACs were constituted, but they remained largely nonfunctional. The institute management committees and center management committees were generally dormant, as neither the TEVT institutions themselves nor industry believed in their utility. Therefore, the expected outcome of this activity was not achieved.

15. **Implementing a management development program.** As mentioned in para. 13, no serious effort was made under the project to implement the MDP. This subcomponent was therefore unsuccessful in achieving its outcome.

2. Improvement of the Quality and Relevance of Technical Education and Vocational Training

16. This component was meant to improve the quality and relevance of TEVT programs in four polytechnic schools (half of them new) and 14 TVTCs (three of them new). The component was to cover three key areas: (i) developing a CBT system and reforming examinations; (ii) improving the quality of TEVT by upgrading facilities and developing learning resources; and (iii) improving the relevance of TEVT through innovative schemes.

a. Developing a Competency-Based Training System and Reforming Examinations

17. **Developing a competency-based training system.** The CBT system could not be developed for lack of TA consultants (para. 11). The component was therefore unsuccessful.

18. **Reforming examinations.** At appraisal, the annual examinations were inflexible and did not encourage students to acquire the skills required by industries. The project was to increase the autonomy and responsibility of the TEVT institutions to conduct CBT-format skills tests. The implementation of the intended reforms depended on the recruitment of an examination reform expert, but this could not take place because of the sanctioning of the shortlisted firm (para. 11). With the early closure of the project, the recruitment was not pursued further, making the outcome of this activity unsuccessful.

b. Upgrading Facilities and Developing Learning Resources

19. **Upgrading the Diploma in Associate Engineering program at polytechnic schools.** As envisaged, the PMU-DOE provided equipment (Appendix 3) to the Polytechnic Institute for Boys in Quetta (later renamed the Government College of Technology [GCT]) to upgrade four of its seven technology disciplines (civil, electrical, mechanical, and electronics engineering). Against the appraised allocation of \$2.72 million for the procurement of equipment, furniture, and vehicles, the PMU-DOE spent \$0.82 million (30%). Since no CBT system was developed and introduced in any institution, the equipment was generally procured for the existing course content and training format, which did not help in restructuring the system. No additional workshops, laboratories, equipment, teachers, or funds for the acquisition and development of

instructional materials in the CBT format were provided. The equipment supplied to the resource-starved and poorly equipped institutions helped to improve the learning environment, but only slightly, as the institutions lacked staff trained to use the equipment (para. 7). The procurement of equipment was generally completed in 2007, but many individual items were found in unopened boxes during ADB's January 2010 mission. The mission found inventory management poor. The GCT suffered damage to property and equipment in the civil unrest and arson that followed the assassination of Nawab Akbar Bugti, former governor of the province. The Balochistan government generally replaced the equipment provided under the project that was lost or damaged. The outcome as appraised was only partly successful.

20. Supporting the implementation of a Bachelor of Technology (Electronics) program at the Government College of Technology. At appraisal, the Government Polytechnic Institute for Boys in Quetta was awarded the status of a college and renamed the GCT. It offered a baccalaureate program in technology, but before the program could start, the building block constructed with the funds provided by the Ministry of Science and Technology and the equipment procured for the program under the project were damaged in the aftermath of Nawab Bugti's assassination. Issues that had to do with the affiliation of the program with an engineering university for awarding degrees, the recruitment of qualified faculty, and the finalization of the curriculum also kept the program from being implemented.

21. Upgrading technical training centers and vocational training centers. The PMU-DOLM provided equipment (Appendix 4) to TTC Quetta (three new and ten existing trades) and the vocational training center in Gwadar (six new trades, namely, industrial electronics, metal fabrication, telecommunication, computer technology, fisherman). Against the appraised allocation of \$2.42 million for the procurement of equipment, furniture, and vehicles, the PMU-DOLM spent \$2.12 million (88%). The equipment delivered to the two institutions, which included computer numerical control (CNC) machines and robots, was more than what they could use, especially given their lack of qualified teaching staff. Large quantities were found in unopened boxes, even 3 years after their purchase. The project's inventory management was unsatisfactory and storage was poor. The storage godowns were dilapidated and not maintained. In the end, the appraised plan to develop TTC Quetta into a model center for the province did not materialize, since the institution's management failed to prepare a 5-year institutional development plan, which was a prerequisite for gaining access to project funds. The amount spent on procurement yielded negligible returns. The equipment procured generally did not fit the mandate of the beneficiary institutions, as the trades they taught were simple and did not call for sophisticated technology such as CNC robotics. Nonetheless, the equipment provided infused new vigor into the ailing institutions and gave their students needed exposure. The overall outcome of this intervention was only partly successful.

22. Developing learning resource centers at polytechnic schools and technical and vocational training centers. The project provided textbooks and other learning materials to libraries in the TEVT institutions. But the appraised plan of developing learning resource centers in support of CBT in all TEVT institutions in the province was not implemented. The PMU-DOE spent \$21,478 of its appraised allocation of \$468,221 (5%), and PMU-DOLM spent \$46,974 of its allocation of \$272,733 (17%).

c. Improving the Relevance of Technical Education and Vocational Training through Innovative Schemes

23. A number of innovations in TEVT training were envisaged in the project design: (i) the introduction of mandatory training in entrepreneurship for all TEVT students, combined with better access to credit for graduates; (ii) the promotion of on-the-job training to foster cooperation with local industry; (iii) the establishment of a career guidance and a job placement center at all TEVT institutions; and (iv) the establishment of a production-cum-service center in partnership with the private sector, accepting orders for production and providing services to internal and external clients. Despite its well-intentioned premise, the project design failed to factor in the lack of a vibrant private sector in Balochistan that could serve as external client for the production-cum-service centers. Also, in the absence of TA consultants (para. 11), the project could not implement any innovative scheme.

3. Access and Equity Enhancement

a. Introducing an Equivalency and Certification System

24. An equivalency and certification system was to be introduced to help workers obtain technical qualifications through external examinations. The system was to be designed by an international consultant, which could not be recruited until project's closure. As a result, the activity was not implemented and the outcome was not achieved.

b. Implementing a Nonformal Livelihood Skills Improvement Program

25. The project envisaged the training of about 20,000 out-of-school youth and adults (at least 50% of them women) to provide them with employable skills. The livelihood training was to be done largely through NGOs, identified competitively. Interested polytechnic schools and TVTCs could also compete for the funds and choose to partner with NGOs. The project provided \$1.275 million to finance activities under the livelihood improvement scheme (LIS). Key features of the LIS mechanism were discussed during the January 2007 review mission. The procedures and criteria for applying for funds under the scheme were also agreed on. Both PMUs were to develop a detailed LIS mechanism and submit it to ADB and Planning and Development Department (PDD, the executing agency) for approval. The PMU-DOLM submitted a rudimentary working paper for the proposed LIS, which ADB disapproved as it gave no details of the mechanism along agreed lines. Consequently, this activity was not implemented and the subcomponent had an unsuccessful outcome.

c. Establishing Two New Polytechnic Schools and Three Technical Training Centers

26. To promote equitable access to TEVT and encourage industrial development in the province, the project was to establish two polytechnic schools—one in Gwadar for men (it was later transferred to a new site in Sibi [footnote 7]) and the other in Khuzdar for women—and three TTCs for women in Hub, Loralai, and Turbat. The project also provided for the construction of a hostel for polytechnic teachers (women) in Quetta, a DTE in Quetta, and production units and learning resource centers in TEVT institutions where needed. The PMU-DOE was allocated \$1.69 million in the loan agreement and PMU-DOLM \$0.62 million, for

a total of \$2.31 million, to cover the scope of their civil works. In the RRP, the total allocation for civil works for both PMUs was \$3.6 million.

27. Contrary to the appraised scope and costs of civil works, the PMU-DOE awarded contracts for the following: (i) a polytechnic institute for women in Khuzdar, equivalent to \$2.67 million; (ii) a polytechnic institute for men in Sibi, \$2.67 million; and (iii) teachers' accommodation at the polytechnic institute for women in Quetta, \$0.32 million. A contract equivalent to \$0.24 million was also awarded outside the project scope for the construction of a technical branch in the Board of Intermediate and Secondary Education. These contracts totaled \$5.9 million, 250% higher than the appraised allocation of \$1.69 million. All works were awarded following government procedures and without ADB's approval, in violation of the loan agreement. On account of the significant increase in the original scope and resultant cost overruns, and violations of the loan agreement, all civil works awarded by PMU-DOE were declared by ADB to have been misprocured.

28. The PMU-DOLM also overdesigned its civil works and revised its costs as follows: (i) establishment of TVTC Hub, equivalent to \$0.84 million; (ii) establishment of TVTC Loralai, \$0.89 million; (iii) establishment of TVTC Turbat, \$0.87 million; (iv) upgrading of TVTC Quetta, \$0.16 million; (v) construction and refurbishment of learning resource centers, \$0.14 million; and (vi) construction of production units, \$0.23 million. The new total of \$3.13 million was 404% higher than the appraised allocation of \$0.62 million. Because the cost increase was too high, none of the works could be awarded. The Balochistan government requested ADB to reallocate the loan proceeds, but ADB turned down the request as the proposed cost overruns would completely distort the project design and benefits. The civil works of DOLM were therefore not awarded, making the subcomponent unsuccessful.

C. Project Costs

29. At appraisal, the total cost of the project was estimated at \$22.9 million equivalent—\$5.4 million (24%) in foreign exchange cost and \$17.5 million equivalent (76%) in local currency cost. ADB approved a loan of SDR10,864,000 (\$16 million) from its Special Funds resources to finance the entire foreign exchange cost (including service charges) and \$10.6 million in local currency cost (61% of the local currency cost). The ADB loan was divided into two parts through reallocation on 5 February 2007: one part (SDR5,911,824.24) was for DOE and the other (SDR4,952,175.76) for DOLM. The ADB loan represented 70% of the estimated project cost. The government was to cover 29% of the project cost (\$6.6 million), and the remaining 1% (\$0.3 million) was to come from other stakeholders. Details of the appraised and actual financing are in Appendix 5 and the Basic Data section.

30. At loan closing, only \$4.2 million equivalent, 18% of the original project cost of \$22.9 million, had been used. Of the \$4.2 million, \$2.9 million (69%) was in foreign exchange and \$1.3 million equivalent (31%) in local currency. ADB financed the entire foreign exchange cost and 89% of the local currency cost. Of the total actual cost of \$4,189,318, ADB financed \$4,047,162 (97%) and the Balochistan government contributed \$142,156 (3%). The two PMUs together spent about \$2.9 million (54%) of the foreign exchange, and 7% (\$1.3 million) of the local currency, available to them under the project. The majority of the foreign exchange was paid to local suppliers of equipment for TEVT institutions. There were cost underruns for all budget lines because of the slow progress of implementation and the early closure of the project. Details of the appraised and actual costs are in Appendix 6.

D. Disbursements

31. Disbursements from the loan account, including the remaining unliquidated imprest advance of SDR154,099.39 (\$239,748.29), totaled SDR2,797,304.19 – 25% of the original loan amount of SDR10,864,000. At the request of the Government of Pakistan, a partial cancellation of SDR7,500,000 took place on 24 May 2010, leaving a loan balance of SDR3,364,000. The undisbursed balance of SDR720,794 is yet to be canceled pending the refund of the outstanding imprest account balance of \$129,581.07 by the PMU-DOE and \$110,167.22 by the PMU-DOLM. Once the refunds are received, the undisbursed balance of SDR720,794 will be canceled, leaving a net loan amount of SDR2,643,206 (equivalent to \$4,047,162 as of 30 April 2011). An imprest advance facility of \$300,000 was provided to each PMU. The first disbursement (\$300,000) from the loan account was made to the PMU-DOLM on 25 November 2005 for its imprest advance account (the PMU-DOE was advanced imprest funds on 16 December 2005) and the final disbursement on 6 April 2011. Although the imprest account was optimally used by both PMUs, the turnover ratio was very low—0.45 for PMU-DOE and 0.65 for PMU-DOLM—because of the long intervals between replenishments. Disbursement targets could not be achieved throughout project implementation. The projected and actual contract awards and disbursements are shown in Appendix 7. On 24 May 2010, the Government of Pakistan requested ADB to advance the loan closing date from 30 April 2011 to 24 May 2010 on account of the slow progress and unsatisfactory performance of the project. The project was closed on 24 May 2010.

32. The physical progress of only 26% during the project shows poor contract award and disbursement performance. The wide gap between the time elapsed and the physical progress achieved was due to the following factors: (i) delays in start-up; (ii) complexity of project design; (iii) unrealistic or overambitious nature of interventions; (iv) unfamiliarity of the PDD, as well as the DOE and the DOLM (the implementing agencies) with ADB guidelines and procedures; (v) weak capacity and lack of coordination between the PDD, the DOE, the DOLM, and PMUs; (vi) discrepancies between ADB's project document (RRP) and the government's project document (PC-1)¹³; (vii) unrealistic cost estimates for the civil works; (viii) overdesign of civil works structures; and, last but not the least, (ix) frequent changes in project teams at ADB and resultant delays in approval.

E. Project Schedule

33. The project was originally scheduled to start in the second quarter of 2005 and end in October 2010, and the loan was to close on 30 April 2011. Instead it started in the third quarter of 2005, following the approval of the project PC-1 by the government on 4 August 2005 and loan effectiveness on 23 August 2005. To implement the project, Schedule 6 (Appendix 10 refers) of the loan agreement provided a set of time-bound actions that the Balochistan government had to complete within a specified period after loan effectiveness. For example, paragraph 8(a) required the Balochistan government to complete eight reform actions within 12 months; paragraph 8(b–d) required completion of three actions within 9 months; and paragraph 8(e) required one action to be completed within 11 months. However, only one action relating to the merger of the existing R&D cell into the PMU-DOE was partly implemented. Almost all other reform-oriented time-bound actions that would restructure the TEVT system in the province were not implemented. Important milestones were missed for the following main reasons: (i) weak capacity of the PDD, the DOE, and the DOLM to understand the project design;

¹³ Parallel to ADB's project document, the RRP, the Government of Pakistan prepares its own project document, Planning Commission form 1 (PC-1).

(ii) inability of the DOE and the DOLM to recruit consultants on time; and (iii) inability of the PMUs to fully comprehend the sequencing of the time-bound actions and relate them to the restructuring of the system; PMUs did not benefit from the project administration manual. Procurement began only in the third quarter of 2006, after a delay of 1 year, and equipment and furniture were delivered in late 2007. This meant that the procurement benefited students only in the fourth year after loan effectiveness. The inception mission had explained the critical time path of activities for the overall project and for each project component, yet implementation remained incoherent and unstructured. In view of the slow and unsatisfactory progress, the Balochistan government requested ADB to move the loan closing date forward, from 30 April 2011 to 24 May 2010, and ADB agreed. An updated implementation schedule is in Appendix 8.

F. Implementation Arrangements

34. The PDD was the executing agency, and the DOE and the DOLM were the implementing agencies. As appraised, the project had a project steering committee (PSC) to coordinate policy reforms, address implementation bottlenecks, and provide overall guidance. It was headed by the additional chief secretary of the PDD and included the secretaries of the DOE, the DOLM, and the Department of Finance, as well as the chief economist, the chief of foreign aid, and representatives of the chamber of commerce and the districts of Gwadar and Khuzdar. The PSC was required under the loan agreement to meet every quarter to review project implementation; however, it met only once a year on average. The top-heavy bureaucratic structure for project implementation, conceived at design, was ineffective, given its emphasis on output rather than on outcomes. Attendance at PSC meetings was generally scanty—private sector and district government representatives were usually absent—and agendas focused more on problems and issues than on policy reforms and innovative initiatives. Had the project used this high-powered forum to pursue reforms, such as establishing the DTE in the DOE, technical education might have improved. The intended reforms were incompatible with Balochistan's resource-based, factor-driven development paradigm. According to the Global Competitiveness Report of 2001–2002,¹⁴ the requirement for education and training in an area where the industrial base is too small does not go beyond basic education, low-level skills, disciplined work habits, etc. The project aspired for much more than the basics.

35. In accordance with the loan agreement, two separate PMUs were established in August 2005: one for DOE and the other for DOLM. The Balochistan government approved a total staff of 25 for the PMU-DOE, and 24 for the PMU-DOLM. Both PMUs were adequately staffed and equipped (Appendix 9), but they lacked the capacity and skill mix required to implement the complex project design. As originally designed, the two PMUs had joint category allocations from the loan proceeds, which were subsequently split into two parts, one for the DOE and the other for the DOLM, through a reallocation on 5 February 2007 (para. 29). In the appraised implementation arrangement, this was not foreseen to be a problem. The PMUs concerned themselves more with easily implementable activities like equipment procurement than with restructuring through policy reform. The January 2010 special project administration mission, in its aide-mémoire, noted the low capacity of the implementing agencies as follows:

During project implementation, adherence to ADB procurement policies and procedures by both IAs [implementing agencies] was found to be lacking. In some cases, notably procurement of civil works, ADB procedures were seriously violated resulting in ADB

¹⁴ Schwab Klaus, Michael Porter, Jeffrey Sachs, eds. 2002. *The Global Competitiveness Report, 2001–2002*. Geneva: The World Economic Forum.

declaring misprocurement on four contracts. In other cases, there have been ambiguities and irregularities observed in the bid documentation leading to delays in the processing or suspension of withdrawal applications.

G. Conditions and Covenants

36. Given the slow physical progress (26% until the early closure of the project), many of the loan covenants were yet to become fully operational by the loan closing. Of the 15 covenants, 2 were fully met, 6 were partially met, 6 were not complied with, and 1 was not yet due. The PDD, the DOE, and the DOLM were not sensitized by ADB to the implications of noncompliance with loan covenants. If they found compliance difficult, they preferred not to comply than to request ADB to waive the covenant or modify it. For instance, para. 1 of Schedule 6 of the loan agreement required the PSC to meet at least quarterly, but the PDD, finding the prescribed frequency unnecessary, met only once a year. In another case, the PDD was required under para. 8b of Schedule 6 of the loan agreement to establish the DTE, and provide it with the necessary staff and budget, within 9 months of the effective date; the PDD did not comply before the project closed. Loan covenants were overambitious and unrealistic, and generally incongruent with social, cultural, political, and economic conditions in the province. Appendix 10 summarizes the status of compliance with the loan covenants.

H. Consultant Recruitment and Procurement

37. The project envisaged a total of 77 person months of consulting services (18 international and 59 national). In addition, a higher-education institution or management institute was to be contracted to develop the MDP, the PBMS, and the CBT system for the TEVT institutions. The PMU-DOE began recruiting consultants in March 2006 by inviting expressions of interest. The recruitment process had reached the second stage of submission in February 2008, according to the quality- and cost-based selection method, when it had to stop because of a serious concern that a key consulting firm may be a proxy to circumvent ADB's sanction policy.¹⁵ The OAI completed its investigation in September 2008 and sanctioned the firm.¹⁶ Meanwhile, the PDD did not initiate the hiring of any other firm. Consultants were therefore not recruited before the loan's early closure in May 2010.

38. For the MDP, instead of hiring the services of a higher-education institution or management institute, the PMU-DOE recruited an engineering firm at a cost equivalent to \$333,340. Outside the appraised scope, the two PMUs separately recruited consulting firms to design and supervise their civil works (Appendix 11). The PMU-DOLM signed a contract equivalent to PRs4.914 million with a Quetta-based firm; PMU-DOE contracted a consulting firm for PRs7.1 million. The overambitious designs prepared by the contracted firms for the civil works resulted in excessive cost overruns. Moreover, the hiring of consulting firms for civil works was unusual, given the fact that the Balochistan government had assigned the execution of the DOE's civil works to the Communication Works Department (CWD) and DOLM's civil works to the Workers Welfare Board (WWB), and both the CWD and the WWB had full-fledged design

¹⁵ ADB's OAI received an allegation about the managing director of the firm that the PDD intended to recruit, based on his association with an ADB sanctioned firm.

¹⁶ On 30 September 2008, ADB informed the Balochistan government that the selected firm was affiliated with a firm that ADB's Integrity Oversight Committee (IOC) had barred, together with all of its affiliates, from ADB consulting work for at least 10 years from 31 May 2006, and that the sanction imposed also applied to the affiliate. Effective 13 May 2009, IOC extended the sanction for the barred firm and its affiliates indefinitely. A list of sanctioned firms is published on ADB's website.

and supervision departments of their own. The PMUs could not provide a plausible explanation for the recruitment of civil work consultants.

I. Performance of Consultants, Contractors, and Suppliers

39. The consultants' performance was generally *unsatisfactory*. The MDP consultants had weak credentials for the management job, as their main area of operations was construction related. The quality of the training they organized was generally low. The performance of the contractors and suppliers was also *unsatisfactory*. The overambitious and unrealistic designs prepared by the firms recruited for the design of civil works led to unreasonably large cost overruns—250% higher than the appraised costs for DOE and 404% higher in the case of DOLM—which reflected poorly on the professional competency of the firms. The suppliers contracted for the procurement of equipment generally met the specifications, but their deliveries were late and the post-sale training they offered was poor.

J. Performance of the Borrower and the Executing Agency

40. The performance of the Government of Pakistan and the PDD was only *partly satisfactory*. Eight months elapsed between Board approval and loan effectiveness. There were many discrepancies between the RRP and the PC-1 documents, which caused problems during project implementation. The much higher cost estimates for civil works in the PC-1 compared with those in the RRP resulted in steep cost overruns and subsequent misprocurement. ADB overestimated the capacity of the PDD, the DOE, and the DOLM to prepare the project document and implement the project. The borrower (the Pakistan government) had a limited role in monitoring project performance and providing guidance during implementation. The PDD, through the PSC, helped the project in addressing implementation bottlenecks; however, its overall ownership remained weak. ADB shared with the PDD several reports of misuse of project vehicles and other assets, but the PDD did not properly investigate these allegations. Both PMUs lacked the capacity and skill mix required to implement the complex project. During project implementation, both the DOE and the DOLM were found to be lacking in adherence to ADB procurement policies and procedures (Procurement Guidelines [2010, as amended from time to time]). In some cases, notably the procurement of civil works, serious violations of ADB procedures in four contracts led ADB to declare misprocurement. In other cases, ambiguities and irregularities in bid documentation delayed the processing of withdrawal applications. The PMUs performed well in record keeping, but they neither prepared a project completion report nor provided data to ADB for this report.

K. Performance of the Asian Development Bank

41. The performance of ADB was only *partly satisfactory*. While both ADB and the Government of Pakistan agreed on the needs of the project, confusion about the implementation arrangements persisted. In 2007, the government proposed a restructuring of the project, together with the Khyber Pakhtunkhwa TEVT project, as part of the effort to consolidate ADB's Pakistan portfolio. The proposal called for the implementation of the restructured project to be assigned to the National Vocational and Technical Education Commission (NAVTEC). Progress on both TEVT projects was slow. ADB did let both projects slip initially to an "at risk" rating and finally to early closure. Given the complexity of the project design and the weak capacity of the PDD, the DOE, and the DOLM, ADB appears to have made no serious effort to work with the project staff in dealing with implementation problems. There was a change in ADB sector divisions and high turnover of project officers administering

the project. Although project implementation was stymied from the start, ADB's internal project performance monitoring system did not trigger any danger signs until late 2007. ADB and the Balochistan government were to conduct two joint semiannual reviews (including at least one full review) of the project every year. ADB missions were, however, fielded only once a year from 2006; no mission was fielded in 2009. The heightened security risk in 2009 after the February kidnapping of a United Nations (UN) staff and UN security recommendations prompted ADB to restrict missions to Balochistan. For the same reason, ADB did not field a project completion review mission. This report is based on desk review.

III. EVALUATION OF PERFORMANCE

A. Relevance

42. The project design was *partly relevant*. Support for the TEVT subsector was in line with ADB's country strategy and Pakistan's poverty reduction strategy. Compared with Punjab and Sindh, the provinces of Balochistan and Khyber Pakhtunkhwa were lagging behind and needed project support to further develop their TEVT system. The design of the project, however, did not fully meet the expectations of the provincial government. As a result, there were discrepancies between ADB's project document and the government's PC-1—the government allocated more resources for civil works and fewer for sector reform. ADB and the government expected different outcomes from the project. While the government was more interested in strengthening its TEVT network by improving infrastructure and equipment, the ADB project team was more concerned with policy reforms, curriculum, and management of TEVT institutions. Sensing the divergence of views, the loan review mission of April 2008 recommended a tripartite meeting between the federal government, the provincial government, and ADB to discuss the future of the project and to look into alternatives for restructuring the TEVT system in the province. Following the tripartite discussions, the Balochistan government began to restructure the project, but then, sensing disagreement with ADB on the modified design, it decided to terminate the loan agreement and implement the project according to the new design, with its own resources.

B. Effectiveness in Achieving Outcome

43. The project was *ineffective*. The project outcome—(i) restructuring the TEVT institutions and strengthening their institutional capacity, efficiency, and autonomy; (ii) improving the quality and relevance of TEVT programs; and (iii) increasing access to better-quality TEVT programs, particularly among rural poor and women—was not achieved. Except for making (marginal) progress in the procurement of equipment and furniture, the project did not substantially change the TEVT system in the province.

44. Key interventions targeted at the restructuring of the TEVT system remained unimplemented, leaving the existing structures completely unchanged. The R&D cell in the PMU-DOE received some support through training, but it remained weak because it lacked skilled staff and a sufficient budget to perform its role. The support provided to TEVT institutions in the form of equipment and furniture had only a tenuous link with the project output and no direct bearing on the outcome. The MDP, designed to strengthen the management capacities of TEVT institutions, did not provide enough knowledge and skills to enable the staff to develop 5-year institutional development plans and prepare a resource mobilization and utilization plan to ensure the sustainability of new investments.

C. Efficiency in Achieving Outcome and Output

45. The project was *inefficient*. The investments made under the project are unlikely to result in any reduction in dropout rates in TEVT institutions, any improvement in the examination passing rate, or any enhancement in access to TEVT among poor and female students. Key sector reforms, such as establishing the DTE, introducing the CBT system and PBMS in TEVT institutions, and building links between industry and students, were not implemented. It is unlikely that improved equipment will have any significant contribution in achieving the project's outcome or outputs.

D. Preliminary Assessment of Sustainability

46. The project is *unlikely to be sustainable*. Given the perennial problem of resource constraints in the province of Balochistan, weak capacity of teaching staff, and negligible budget allocations for the repair and maintenance of equipment and facilities of TEVT institutions, it is unlikely that the limited investments made under the project will be sustained for a long period. The experience of various TEVT projects implemented suggests that equipment in the TEVT institutions, once damaged, is usually junked for want of repair funds or technical expertise.

E. Impact

47. The project had no adverse environmental, social, or other impact. Most of the project facilities were at existing locations, and the civil works at the new sites did not cause degradation to the environment. Civil works, although declared a misprocurement on account of overdesign and cost overruns, were preceded by a detailed environmental impact examination of the construction sites and their surroundings. The project attempted to give women better access to skills training opportunities by supporting the construction of a polytechnic institute for girls at Khuzdar, but this institute could not be completed because of the project's early closure.

IV. OVERALL ASSESSMENT AND RECOMMENDATIONS

A. Overall Assessment

48. Overall, the project is rated *unsuccessful* (Appendix 12). It failed to achieve the outcome and the majority of the outputs. The main reasons for not achieving the outcome were: (i) the complex and only partially relevant design of the project; (ii) the discrepancy in definitions of the project scope between the Balochistan government and ADB; (iii) frequent changes in project administration at ADB; (iv) the lack of ownership by the PDD and the lack of guidance by the PSC; (v) the weak capacity of the DOE and the DOLM; (vi) the failure to recruit consultants to design and introduce reforms; (vii) slow implementation progress; (viii) the sketchy implementation of project activities; (ix) weak links between input and output; and (x) the early closure of the project.

B. Lessons

1. Design

49. A well-thought-out conceptual design is a key to the success of any project. In this case, the project design had commendable objectives, but it overestimated the commitment and capacity of the executing and implementing agencies, and relied too heavily on consultants.

50. Before a complex and innovative TEVT project is designed, particularly in a relatively less developed region like Balochistan, it is necessary to have extensive consultations with stakeholders directly involved with the TEVT system to develop realistic objectives and activities.

51. In provincial projects, it is important to clarify the sector reforms that can be authorized at the provincial level. A number of the proposed reforms, such as the CBT and on-the-job training, required changes in the curriculum, which fell under federal purview.

52. Inadequate review by ADB of the PC-1 and inconsistencies between the PC-1 and the RRP slow down project implementation. To ensure a thorough review of the PC-1 by ADB, the project officer should be required to prepare a comparative statement identifying both the similarities and differences between the PC-1 and the RRP and loan agreement, and the PDD should be advised on corrective measures before the loan is declared effective.

2. Implementation

53. Weak capacity of project staff results in procedural lapses, possible violations of the loan agreement, and slow implementation. Moreover, stringent internal audit controls and close monitoring of expenditures bring more transparency in financial transactions.

54. Frequent changes in project administration at ADB caused confusion and had a negative effect on project implementation. During the project, administration moved from the South Asia Department to the Central and West Asia Department, and from the Social Sector Division, via the Governance and Finance Division, to the Pakistan Resident Mission.

55. Given the weak capacity of the executing and implementing agencies, consultants should have been recruited before loan effectiveness. Had the consulting services been available, the project would most likely have achieved at least some of its objectives.

C. Recommendations

56. Before a complex and innovative project is prepared, particularly in an underdeveloped area like Balochistan with difficult socioeconomic conditions and generally weak implementation capacity, implementation risks should be analyzed objectively and in detail, and the necessary mitigation measures should be built into the project design.

57. In an underdeveloped area like Balochistan, an initiation to technology should be a component of general education. An understanding of the technological nature of modern culture and an appreciation of work values requiring practical skills should thereby be acquired.

58. The project performance audit report should be prepared as and when the security situation in Balochistan allows.

PROJECT FRAMEWORK

Design Summary	Performance Indicators and Targets	Comments
<p>Goal</p> <p>Contribute to the government's overall strategic goal of poverty reduction by enhancing the competitiveness of technical education and vocational training (TEVT) and the employability of TEVT graduates in line with emerging market needs</p>	<p>For Project Institutions (2005–2010)</p> <ul style="list-style-type: none"> • Pass percentage in exams improved by 25% • Employment rate of TEVT graduates improved by 25% • Average earnings of TEVT graduates improved by 20% • About 5% of TEVT graduates able to gain access to credit for self-employment 	<p>All key interventions and components related to reforming and restructuring the TEVT system were not implemented; hence, no substantial progress was made toward obtaining any of the impact indicators.</p>
<p>Objective and Purpose</p> <p>To improve the quality and relevance of TEVT programs through more equitable access to better-quality programs, with focus on females and the rural poor, and the enhanced institutional efficiency of key TEVT institutions</p>	<p>Institutional Efficiency (2005–2010)</p> <ul style="list-style-type: none"> • Dropout rates in TEVT institutions reduced by 25% • Policy reforms allow greater autonomy and improved management • Research and development (R&D) cell integrated with the Directorate of Technical Education and Manpower Training (DTE&MT) and strengthened, with labor market information system (LMIS) and management information system (MIS) to improve information and analyses on key TEVT issues • Over 25% of TEVT institutions able to establish links with the industry <p>Quality and Relevance</p> <ul style="list-style-type: none"> • Pass percentage in examinations improved by 25% • Facilities and instructional materials upgraded selectively • New technologies and trades introduced to meet emerging market needs • Qualifications, experience, and skills of 25%–50% TEVT teachers improved 	<ul style="list-style-type: none"> • No substantial progress was made toward improving the examination passing rate, reducing dropout rates, or introducing policy reforms for greater autonomy. • R&D cell was made part of PMU-DOE. Given its weak capacity, no significant work was done. • No links were established with industry. • No substantial progress was made in improving the examination passing rate. • Equipment, furniture, and books were provided to selected TEVT institutions. • TVTCs were provided with equipment to introduce new trades in TTC Quetta and VTC Gwadar. • No substantial training was provided to improve teachers' teaching skills.

Design Summary	Performance Indicators and Targets	Comments
	<ul style="list-style-type: none"> • Education standards and evaluation system improved through competency-based training (CBT) and quality assurance <p>Access and Equity</p> <ul style="list-style-type: none"> • Access to TEVT increased among poor and female students (mechanisms and targets to be developed) • Equivalency and certification system introduced • About 20,000 youths and adults provided with livelihood training • Entrepreneurship training, on-job-training, and counseling services introduced in all TEVT institutes 	<ul style="list-style-type: none"> • CBT was not implemented for want of technical assistance. • No new TVTCs and polytechnic schools for girls were constructed. • The equivalency and certification system was not introduced for lack of TA. • No detailed mechanism for livelihood improvement was developed. • None of these activities was implemented for lack of TA.
<p>Project Output</p> <p>1. Enhanced institutional efficiency of TEVT institutions</p> <p>a. TEVT organization strengthened</p> <p>b. TEVT planning and financial management strengthened</p> <p>c. Management program for TEVT strengthened and made more relevant</p>	<ul style="list-style-type: none"> • Directorate of Technical Education (DTE) established with clear terms of reference, core staff, and appropriate facilities • Board of Intermediate and Secondary Education strengthened through computerization of examination system, improved question setting and evaluation, and training of examiners • Research and development strengthened • TEVT planning and management improved through enhanced EMIS, LMIS, PPMES, and refined TORs of key institutions and management committees • TEVT financing improved through competitive funding and resource mobilization • Management training modules reviewed and strengthened through targeted input and partnership with relevant institutions and experts 	<ul style="list-style-type: none"> • DTE was not established. • No examination reforms were implemented for lack of TA. • No progress was made. • No progress was made. • Management development program was implemented, but training quality was reportedly low.

Design Summary	Performance Indicators and Targets	Comments
2. Improved quality and relevance of TEVT programs a. Teacher competence improved b. Facilities upgraded in selected existing polytechnics, and technical and vocational training centers (TVTCs) c. Employment opportunities enhanced	<ul style="list-style-type: none"> • About 750 TEVT teachers receive training, including exposure to industry • Quality of physical facilities, equipment, instructional materials upgraded in line with emerging needs • Student employability enhanced through improved counseling, on-the-job training • Access to credit enhanced through entrepreneurship training and credit facilitation support 	<ul style="list-style-type: none"> • Teachers were trained under MDP modules. • Equipment and books were provided to TTC Quetta and VTC Gwadar, and GCT Quetta. • Improved counseling, on-the-job training, and job placement did not take place during project implementation. • Credit facilitation support was not set up during project implementation.
3. Enhanced access and equity a. Intake capacity in polytechnics is expanded b. Access to technical training centers, vocational training centers, non-formal livelihood programs	<ul style="list-style-type: none"> • Two new polytechnics established in two viable districts to benefit 2,000 students (girls and boys) per year • Existing polytechnics to add 3 new technologies to benefit 600 students (girls and boys) and a baccalaureate in technology to benefit 200 students • About 20,000 youths and adults benefit from livelihood training 	<ul style="list-style-type: none"> • Contracts at exorbitant costs were awarded for the construction of a polytechnic for boys in Sibi and a polytechnic for girls in Khuzdar in violation of LA; hence, misprocurement was declared. • BTech at GCT Quetta was not introduced for want of faculty, affiliation with a university, etc. • Livelihood schemes were not implemented for want of a detailed mechanism.
Project Activities/Input Enhanced institutional efficiency <ul style="list-style-type: none"> • Provision of targeted training to staff, civil works, equipment, and educational materials to establish DTE • Technical assistance and training to improve TEVT examination, and research and development • Management training for policy makers, planners, administrators, principals of TEVT institutions on TEVT policy, financing, resource mobilization, equity, monitoring, and quality control to enhance management capacity 	<ul style="list-style-type: none"> • PMU staff and consultants recruited on time and able to achieve the targets • DTE established and fully operational, with appropriate training for key staff 	<ul style="list-style-type: none"> • PMU staff were recruited on time, but capacity and skill mix were lacking. • DTE was not established. • MDP training was implemented, but its quality was reported low.
Improvement of quality and relevance <ul style="list-style-type: none"> • Provision of training to about 300 teachers • Upgrading of facilities in line with 	<ul style="list-style-type: none"> • Number of teachers trained, facilities constructed or upgraded, and learning resources provided 	<ul style="list-style-type: none"> • Teachers were trained under MDP modules, but the training did not improve their teaching skills. Also, equipment was provided to GCT and TTC

Design Summary	Performance Indicators and Targets	Comments
curriculum needs <ul style="list-style-type: none"> • Provision of relevant and adequate instructional materials • Entrepreneurship training for polytechnic students and other eligible trainees • Technical assistance and training to improve counseling services, on-the-job training, and industrial linkage 	<ul style="list-style-type: none"> • TEVT institutions develop institutional development plans during the first and last years 	Quetta and VTC Gwadar. <ul style="list-style-type: none"> • Institutional development plans were not developed as envisaged.
Enhancement of access and equity <ul style="list-style-type: none"> • Provision of civil works, equipment, and furniture for new and existing TEVT institutions to expand coverage • Targeted intake at and support for TEVT institutions 	<ul style="list-style-type: none"> • Framework for NGO and private sector involvement is available during the first year. • New and improved facilities, equipment, and furniture available under the project, and number of students enrolled in various programs 	<ul style="list-style-type: none"> • Not implemented • Civil works contracts for two polytechnics were awarded in violation of LA, and were declared by ADB to have been misprocured. Equipment and furniture were provided to GCT and TTC Quetta and VTC Gwadar.

ADB = Asian Development Bank, B.Tech = Bachelor of Technology, CBT = competency-based training, DOE = Department of Education, DMT = Directorate of Manpower Training, DOLM = Department of Labor and Manpower, DTE = Directorate of Technical Education, DTEMT = Directorate of Technical Education and Manpower Training, GCT = Government College of Technology, LA = loan agreement, LMIS = labor market information system, MDP = management development program, MIS = management information system, NGO = nongovernment organization, TEVT = technical education and vocational training, TTC = technical training center, TVTC = technical and vocational training center, PMU = project management unit, R&D = research and development, TA = technical assistance, VTC = vocational training center.

Source: Project files.

BENEFICIARIES OF MANAGEMENT DEVELOPMENT PROGRAM TRAINING

I. DEPARTMENT OF EDUCATION

Data not available

II. DEPARTMENT OF LABOR AND MANPOWER

The following personnel attended training at the Pakistan Institute of Management, Karachi:

Name and Designation	Institution
Mohammad Iftikhar Hussain Chief Apprenticeship Trainer	Directorate of Manpower Training, Quetta
Irfan-ud-Din In-charge	Technical Training Center/Hi-Tech Training Center
Tasneem Akhtar Principal	Women Technical Training Center, Quetta
Taj Mohammad Principal	Technical Training Center, Khuzdar
Shaheen Yousaf Principal	Technical Training Center, Gwadar
Abdul Ghafoor, Principal	Technical Training Center, Sibi
Manzoor Ahmed Magsi Principal	Technical Training Center, Dera Murad Jamali
Shah Dina Magsi Principal	Technical Training Center, Sui
Mohammad Ashfaq Principal	Technical Training Center, Hub
Mohammad Asghar Ali Principal	Technical Training Center, Turbat
Mohammad Iqbal Principal	Technical Training Center, Loralai
Ali Hyder Deputy Director	Women Training and Employment Cell, Quetta
Maqbool Ahmed Monitoring and Evaluation Officer	Project Management Unit, Department of Labor and Manpower, Quetta

Source: Executing agency's progress report

**EQUIPMENT PROVIDED TO THE GOVERNMENT COLLEGE OF TECHNOLOGY
IN QUETTA BY THE DEPARTMENT OF EDUCATION**

Item	Amount (\$)
Mechanical technology equipment	28,421.20
Civil technology equipment	87,856.90
Electrical technology equipment	174,558.71
Electronic technology equipment	272,495.78
Total	563,332.59

Source: Progress report submitted by the executing agency (Planning and Development Department)

**EQUIPMENT PROVIDED TO TECHNICAL AND VOCATIONAL TRAINING CENTERS
IN QUETTA AND GWADAR
BY THE DEPARTMENT OF LABOR AND MANPOWER**

Item	Amount (\$)
Beneficiary Institution: Technical Training Center, Quetta	
Radio, TV, auto machinist, plumber	119,407.34
Refrigeration, air-conditioning, audio-visual reproduction, welding, auto electrical trade, computer trade, woodworking trade	39,204.20
Computerized numerical control (CNC) trade	233,001.84
Industrial electronics, mechatronics	412,048.83
Machinery, equipment	167,893.13
Metal fabrication	28,492.70
Total	1,000,048.04
Beneficiary Institution: Vocational Training Center, Gwadar	
Industrial electronics, mechatronics	412,048.82
Telecommunication	180,157.13
Refrigeration and air-conditioning trade	33,401.55
Specialized machineries for particular industries	230,667.00
Machinery, equipment	167,893.12
Total	1,024,167.62

Source: ADB loan financial information system

APPRAISED VERSUS ACTUAL FINANCING

Cost	Appraised (\$)	Actual (\$)
Implementation Costs		
Borrower-Financed	6,600,000	142,156
Stakeholder-Financed	300,000	0
ADB-Financed	16,000,000	3,927,985
Total	22,900,000 ^a	4,070,141
IDC Costs		
ADB-Financed	600,000	119,177
Total		4,189,318

ADB = Asian Development Bank, IDC = interest during construction.

^a Inclusive of IDC.

Source: ADB loan financial information system

APPRAISED VERSUS ACTUAL COSTS

Component	Appraisal Estimate (\$)	Actual (\$)
Institutional development	2,500,000	429,477
Improvement of quality and relevance	7,100,000	3,014,834
Access and equity enhancement	8,100,000	207,722
Project management	1,100,000	418,108
Taxes and duties	1,600,000	0
Physical contingency	500,000	0
Price contingency	1,400,000	0
Interest charge	600,000	119,177
Total	22,900,000	4,189,318

Source: ADB loan financial information system

CONTRACT AWARDS AND DISBURSEMENTS
(\$ million)

Year	Quarter	Contract Awards		Disbursements	
		Projected	Actual	Projected	Actual
2005	I	0.000	0.000	0.000	0.000
	II	0.000	0.000	0.000	0.000
	III	0.300	0.000	0.300	0.000
	IV	0.050	0.000	0.100	0.600
Total		0.350	0.000	0.400	0.600
2006	I	0.350	0.000	0.035	0.000
	II	0.000	0.448	0.060	0.003
	III	0.650	1.660	0.085	0.211
	IV	1.000	0.394	0.120	0.015
Total		2.000	2.502	0.300	0.229
2007	I	1.300	1.823	0.200	0.210
	II	0.500	0.000	0.500	0.279
	III	0.500	0.000	0.500	1.119
	IV	1.200	0.000	0.500	0.121
Total		3.500	1.823	1.700	1.729
2008	I	0.500	0.000	0.400	1.247
	II	0.500	0.053	0.650	0.320
	III	0.200	0.000	0.800	0.000
	IV	0.300	0.000	0.900	0.019
Total		1.500	0.053	2.750	1.586
2009	I	0.000	0.000	0.250	0.000
	II	0.000	0.190	0.000	0.020
	III	0.000	0.000	0.000	0.000
	IV	0.000	0.000	0.000	0.021
Total		0.000	0.190	0.250	0.041
2010	I	0.000	0.000	0.000	0.000
	II	0.000	0.585	0.000	0.102
	III	0.000	0.000	0.000	0.000
	IV	0.000	0.000	0.000	0.000
Total		0.000	0.585	0.000	0.102
2011	I	0.000	0.000	0.000	0.000
	II	0.000	0.000	0.000	0.000
	III	0.000	0.000	0.000	0.000
	IV	0.000	0.000	0.000	0.000
Total		0.000	0.000	0.000	0.000
Grand Total		7.350	5.153	5.400	4.287

Source: ADB loan financial information system

PROJECT IMPLEMENTATION SCHEDULE (Planned versus Actual)

	2005				2006				2007				2008				2009				2010				2011			
	Year I				Year II				Year III				Year IV				Year V				Year VI				Year VII			
Component/Activities	Q2	Q3	Q4		Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
1. Institutional Development																												
a. Strengthen Organization and Management																												
Capacity of TEVT Agencies																												
i. Strengthen Research and Development Cell																												
ii. Institutionalize Quality Assurance and Accreditation system																												
iii. Establish district advisory committee (DAC)																												
b. Implement Performance-Based Management System in TEVT Institutions																												
i. Strengthen institute management committees (IMCs) and center management committees (CMCs)																												
ii. Implement the management development program (MDP)																												
c. Strengthen Capacity of TEVT Institutions																												
2. Improve Quality and Relevance of Technical Education and Vocational Training Programs																												
a. Competency-Based Training System Development and Examination Reform																												
i. CBT System Development																												
ii. Examination Reform																												
b. Quality Improvement through Facilities Upgrading and Learning Resource Development																												
i. Construct new facilities for girls																												
ii. Upgrade Equipment in 31 TVTCs																												
iii. Upgrade 3 Polytechnics to Centers of Excellence																												
iv. Introduce Mining Technology																												
v. Upgrade computer laboratories																												
vi. Establish learning resource centers																												
c. Improve Relevance through Innovative Schemes																												
i. Entrepreneurship Training																												
ii. On the Job Training Scheme																												
iii. Career Guidance and Job Placement Centers																												
iv. Production-cum-Service Centers																												
3. Access and Equity Enhancement																												
a. Introduce Equivalency and Certification Certification System																												
b. Implement Livelihood Skills Programs																												
c. Establish 2 Polytechnics and 3 TVTCs																												

CBT = competency-based training, CMC = center management committee, DMC = district management committee, IMC = institute management committee, MDP = management development program, TEVT = technical education and vocational training, TVTC = technical and vocational training center.

Source: Project Files

Target 
Actual  DOE
DOLM

VEHICLES AND EQUIPMENT PROCURED FOR PROJECT MANAGEMENT UNITS

VEHICLES

I. PROJECT MANAGEMENT UNIT, DEPARTMENT OF EDUCATION

Item	Quantity	Supplier
Land Rover Jeeps	3	Sigma Motors
Toyota Hilux Double Cabin	2	Zarghoon Motors

II. PROJECT MANAGEMENT UNIT, DEPARTMENT OF LABOR AND MANPOWER

Item	Quantity	Amount (PRs)	Supplier
Toyota Hilux Double Cabin	1	2,518,600	Zarghoon Motors
Daihatsu Cuore	1	1,317,000	Zarghoon Motors
Pickup	1	471,000	Zarghoon Motors
Suzuki Van	1	378,000	Zarghoon Motors

EQUIPMENT

I. DEPARTMENT OF EDUCATION

Data not available

II. DEPARTMENT OF LABOR AND MANPOWER

Item	Quantity	Cost (PRs)
Computer (Pentium-4)	6	197,000
Printer (HP-1320)	4	36,402
LCD monitor, 17" (Dell)	1	19,665
Printer (HP-Office Jet Pro K-550)	1	28,200
Scanner (HP-2400)	2	10,104
Fax machine	1	12,800
Fax machine (Sharp Fax, Copier, Printer, Scanner AM-400)	1	42,543
Photostat Machine (Konica Minolta)	1	268,000
Ring-binding machine	1	12,900
Stapler, commercial type	1	1,000
Plastic coating machine	1	1,650
Officer table	6	83,900
Center table	1	1,920
Revolving chair	2	5,400
Revolving chair	1	4,740
Office table for staff	8	31,720
Wooden Cabinet	4	23,600
Computer table	6	23,700
Computer chair	2	31,800

Item	Quantity	Cost (PRs)
Office chair	70	105,560
Electric water cooler	1	24,000
Uninterruptible power supply	1	11,625
Uninterruptible power supply Systec 3 kVA (backup time 2–3 hours)	1	46,000
Battery 115-11 (uninterruptible power supply [UPS])	3	24,795
Stabilizer	4	26,320
Corona heater	5	17,750
Gas room heater	2	12,850
Sofa set	1	20,000
Sofa set (five-seater, wooden)	1	36,685
File cabinet	8	43,200
Table for visitor	2	20,000
File rack	8	16,000
Steel cabinet	6	32,400
Generator (2,500 watts)	1	19,950
Bicycle	1	3,700
Total		1,297,879

Source: Progress report of executing agency (Planning and Development Department)

STATUS OF COMPLIANCE WITH LOAN COVENANTS

Covenant	Reference in Loan Agreement	Status of Compliance
<p>Project Executing Agency. The PDD shall be the Project Executing Agency. The Project Steering Committee established prior to the Effective Date, shall include the Additional Chief Secretary, the Chief Economist, the Chief Foreign Aid, and the representatives from DOE, DOLM, DOF, Chamber of Commerce, and the Districts of Gwadar and Khuzdar. The Additional Chief Secretary shall chair the meetings of the Project Steering Committee. The Project Steering Committee shall meet, at least, on a quarterly basis to review project implementation. It shall be responsible for coordinating policy reforms, addressing bottlenecks and providing overall guidance.</p>	Schedule 6, para. 1	<p>Not complied with. Since loan effectiveness, only 6 PSC meetings were held—one meeting a year instead of quarterly meetings. PSC meetings focused mainly on problems and issues and played a limited role in policy reforms.</p>
<p>Project Implementing Agencies. The DOE and the DOLM shall be the Project Implementing Agencies. Separate PMUs shall be set up by the DOE and the DOLM, each with a Project Director, recruited competitively, with qualifications, experience and expertise acceptable to ADB, and supported by an accounts and disbursement officer, a procurement officer, a monitoring and evaluation officer and other staff as appropriate, with qualifications, experience and expertise acceptable to ADB.</p>	Schedule 6, para. 2	<p>Partly complied with. The implementing agencies lacked the capacity and skill mix required for project implementation.</p>
<p>To ensure continuity, efficiency and smooth implementation of the Project, the Borrower shall cause Balochistan to ensure that each Project Director shall be recruited for, at least, a team of 3 years. In case of an absolute necessity to replace a Project Director, inter alia, due to unsatisfactory performance, Balochistan shall recruit a new Project Director, on a competitive basis, with qualifications, experience and expertise acceptable to ADB.</p>	Schedule 6, para. 3	<p>Complied with.</p>
<p>District Advisory Committees. Each district affected by the Project shall establish a DAC and shall assign the DAC to supervise and implement district level activities, as appropriate. Each DAC shall seek inputs as necessary from either consultants or experts from concerned government offices to implement district level activities. The PMUs shall provide support to DACs.</p>	Schedule 6, para. 4	<p>Not complied with. The GoB notified DACs on 4 June 2007. However, no DAC was functional.</p>
<p>Accounting, Auditing and Reporting. The PMU-DOE and the PMU-DOLM shall prepare quarterly reports on Project implementation in line with ADB's Project Performance Report and submit them to ADB within 30 days of the end of each quarter. Within 3 months of physical completion, the PMU-DOE and the PMU-DOLM shall submit a Project Completion Report to ADB. The PMU-DOE and PMU-DOLM shall (i) maintain separate records and accounts for all</p>	Schedule 6, para. 5	<p>Partly complied with. Quarterly progress reports were generally substandard, not in accordance with requirements, and often late. Audited financial statements for FY2007 were not submitted to ADB.</p>

Covenant	Reference in Loan Agreement	Status of Compliance
expenditures financed out of the proceeds of the Loan; (ii) ensure accounts and financial statements are audited annually, in accordance with sound accounting principles by auditors acceptable to ADB; and (iii) furnish to ADB, not later than 9 months after the close of each fiscal year, certified copies of audited accounts and financial statements, and the report of the auditor.		
Project Performance Monitoring and Evaluation System. The Project shall help the DTE and DMT to establish a comprehensive PPMES by developing baseline information on all TEVT institutions, and developing MIS and LMIS linked to a set of key monitoring indicators indicated in the Project Framework. The PPMES shall monitor progress made on key indicators over the project period, and also support all TEVT institutions to monitor their performance against the indicators presented in their IDPs. The performance indicators shall cover internal and external efficiency as well as quality and institutional indicators such as number of teacher positions filled, quality of teachers, availability of instructional materials, and institutional capacity, etc. The PPMES shall allow comparison between the status at the time of project start-up and outputs at midterm and end of the Project. TEVT annual planning and budgeting shall be linked to information available from the PPMES. The PPMES shall establish mechanisms to introduce mandatory reporting and sharing of information with public. To ensure effective and transparent utilization of resources, the Borrower shall cause Balochistan to require the TEVT institutions to provide financial information relating to the TEVT institutions to DACs each year.	Schedule 6, para. 6	Not complied with. The DTE was not established, and given the capacity constraints of DMT, PPMES was not implemented in DMT.
Project Review. Balochistan and ADB shall jointly conduct two semi-annual reviews (at least one full review) of the Project every year. A mid-term review of implementation arrangements, with a focus on a few key issues, shall be carried out by Balochistan and ADB during the 3rd year of the Project implementation.	Schedule 6, para. 7	Partly complied with. Project reviews were not conducted semiannually; only 4 reviews were conducted during entire project life.

Covenant	Reference in Loan Agreement	Status of Compliance
<p>Time-bound actions. The Borrower shall cause Balochistan to undertake the following time-bound actions:</p> <p>(a) To implement new initiatives and programs to improve the quality, relevance, and efficiency of the TEVT programs and institutions in accordance with the national policies on TEVT sub-sector, Balochistan shall issue within twelve (12) months of the Effective Date the following binding directive(s):</p> <p>(i) TEVT institutions shall (a) adopt the CBT system developed under the Project for selective subproject courses in all trade and technologies; (b) require teachers for these subjects and courses to conduct practical examinations following the CBT principles and format; (c) develop, implement and/or strengthen on-the-job training programs as an integral part of the curriculum for all technologies and trades; (d) encourage teachers to obtain industrial experience with pay as part of the ongoing in-service training programs; and (e) gradually assume more autonomy in the management and utilization of resources including retention of revenues to support their activities according to the PBMS to be introduced under the Project.</p> <p>(ii) BISE and shall develop, implement, institutionalize and/or strengthen the (a) equivalency and certification system to provide more opportunities and greater access to TEVT for the out-of-school youths and adults and (b) accreditation and quality assurance system to improve the quality of TEVT institutions.</p>	Schedule 6, para. 8a	Not complied with. CBT modules were not adopted by any of the TEVT institutions for lack of technical assistance. No equivalency and certification system was developed or implemented.
Balochistan shall establish DTE within nine (9) months of the Effective Date with necessary staff and budget.	Schedule 6, para. 8b	Not complied with. The DTE was not established.
Balochistan shall ensure that the existing R&D cell shall become part of the PMU-DOE. Balochistan shall further ensure that within nine (9) months of the Effective Date: (a) the R&D cell shall integrate with the DTE; and (b) Balochistan shall become responsible for its expenses.	Schedule 6, para. 8c	Partly complied with. R&D cell made part of PMU-DOE; but since no DTE was established, integration of R&D cell into DTE could not take place.
Unless agreed otherwise, Balochistan shall ensure that within nine (9) months of the Effective Date, each TEVT institution shall develop and submit for review and approval of the PMU-DOE and the PMU-DOLM, an IDP which clearly identifies objectives, targets, staffing requirements, capacity building needs, and budgetary requirements to qualify for civil works, equipment, and other support from the Project.	Schedule 6, para. 8d	Not complied with.
Balochistan shall ensure that within eleven (11) months of the Effective Date, the newly established DTE to enhance competitiveness of the polytechnics and the existing DMT to enhance competitiveness of technical training centers and vocational training	Schedule 6, para. 8e	Not complied with.

Covenant	Reference in Loan Agreement	Status of Compliance
centers shall prepare for Balochistan's approval a 5-year plan encompassing (i) TEVT rationalization, (ii) teacher career development, and (iii) gradual autonomy to TEVT institutions. Balochistan shall ensure that the implementation of such plan shall begin within one (1) months after the approval thereof.		
Balochistan shall ensure that basic MIS and LMIS including all baseline information shall be set up by the PMU-DOE and the PMU-DOLM within twelve (12) months of the Effective Date with plans for further development during the Project period.	Schedule 6, para. 8f	Not complied with.
General Assurances. (a) The Borrower shall cause Balochistan to adhere to the following assurances: (a) To ensure effective and timely implementation of the Project, Balochistan shall ensure that upon completion of the TEP, essential experienced staff of the TEP project implementation unit shall be transferred to the PMU-DOE. (b) Balochistan shall sanction recruitment of necessary teaching and non-teaching staff for: (i) any new polytechnics and training centers before procurement of equipment for and construction of such polytechnics and training centers; and (ii) any new programs contemplated under the Project before commencement of such programs. Balochistan shall start recruitment of such staff immediately after the (i) establishment of new polytechnics and training centers; and (ii) commencement of new programs.	Schedule 6, para. 9a Schedule 6, para. 9b	Partly complied with. TEP staff was transferred to PMU-DOE. Equipment was procured but teaching and non-teaching staff were not recruited.
Counterpart Funds. The Borrower shall cause Balochistan to allocate and make available, in a timely manner, requisite counterpart funds from its budget for each fiscal year for the smooth implementation of the Project.	Schedule 6, para. 10	Complied with.
The Borrower shall ensure that Balochistan shall maintain the additional recurrent costs of approximately \$600,000 equivalent required annually after the completion of the Project 31 Oct. 2010 to sustain the investments made under the Project.	Schedule 6, para. 11	Not due. Loan was closed about a year in advance, uncompleted.
General Considerations. The Borrower shall cause Balochistan to ensure women's participation in Project Implementation in accordance with the Gender Strategy set out in Appendix 15 of ADB's RRP for the Project. Based on the Gender Strategy, a gender action plan to improve gender imbalances in the TEVT sub-sector shall be prepared jointly by the PMU-DOE and the PMU-DOLM and approved and implemented by the DTE and the DMT within 12 months of the Effective Date. The Borrower shall further cause Balochistan to ensure that at least 50% of the livelihood training programs shall include women.	Schedule 6, para. 12	Not complied with.

Covenant	Reference in Loan Agreement	Status of Compliance
Land Acquisition and Resettlement. The Borrower shall cause Balochistan to ensure that all required land for the Project is Balochistan's land free from any encumbrances, structures, human settlements or cultivation. The Borrower shall ensure that the Project shall not entail any land acquisition or resettlement and no persons shall be adversely affected in terms of ADB's Policy on Involuntary Resettlement and ADB's Policy on Indigenous People.	Schedule 6, para. 13	Partly complied with. Executive district officers (revenue) took possession of the land for the construction of 3 women's technical training centers at Turbat, Hub, and Loralai, along with GPIW, Khuzdar, BISE, and GPIW Quetta. The final approval from the Board of Revenue, GoB was awaited.
Environment. The Borrower shall cause Balochistan to ensure that adequate environmental protection and safety measures shall be included in the design of the Project facilities and that the Project facilities shall be constructed, operated and maintained in accordance with ADB's Environmental Policy. The Borrower shall further cause Balochistan to ensure implementation of the mitigation and monitoring measures as set out in the IEE carried out for the Project	Schedule 6, para. 14	Partly complied with.
Public-Private Partnerships. The Borrower shall cause Balochistan to support and encourage public-private partnership in the sharing and utilization of resources of TEVT institutions such as management of production cum service centers, delivery of non-formal livelihood training programs, operation of second shift in TEVT institutions, and establishment of the DACs and provision of seed money to the DACs, IMCs, and CMCs	Schedule 6, para. 15	Not complied with.

ADB = Asian Development Bank, BISE = Board of Intermediate and Secondary Education, CBT = Competency-based training, CMC = center management committee, DAC = district advisory committee, DOE = Department of Education, DOF = Department of Finance, DMT = Directorate of Manpower Training, DOLM = Department of Labor and Manpower, DTE = Directorate of Technical Education, GPIW = Government Polytechnic Institute for Women, GoB = Government of Balochistan, IDP = institutional development plan, IEE = initial environment examination, IMC = institute management committee, LMIS = labor market information system, MIS = Management Information System, TEP = Technical Education Project, TEVT = Technical Education and Vocational Training, PBMS = performance based management system, PDD = Planning and Development Department, PMU = project management unit, PPMES = project performance monitoring and evaluation system, PSC = project steering committee, R&D = research and development, RRP = report and recommendation of the President.

Source: Project files and project completion review data

SUMMARY OF CONSULTING SERVICES

I. DEPARTMENT OF EDUCATION

Name of Consulting Firm	Services Provided	Contract Amount	Period of Engagement
National Engineering Corporation	Management development program	PRs20,215,416	May 2006–Apr 2008
Unique Associates	Civil works engineering consultant	\$99,451.95	Jan 2007–Apr 2008

II. DEPARTMENT OF LABOR AND MANPOWER

Name of Consulting Firm	Services Provided	Contract Amount	Period of Engagement
Cameos Consultants	Civil works engineering consultant	\$72,626.58	June 2007–Apr 2008

Sources: Progress reports of executing agency (Planning and Development Department), and ADB loan financial information system

OVERALL ASSESSMENT OF PROJECT PERFORMANCE

Criterion	Weight (%)	Definition under ADB Guidelines	Rating Description	Rating Value	Rating
Relevance	20	Support for the TEVT subsector responded to the needs of the country and was in line with ADB's country strategy. The design of the project, however, did not fully meet the expectations of the government of Balochistan. The difference in views between the government and ADB was not resolved during the implementation of the project.	Partly relevant	1	0.2
Effectiveness	30	The outcome of the project, of strengthening the institutional capacity of TEVT institutions, improving the quality of TEVT, and increasing access to TEVT, was not reached by the end of the project. Progress was made in a few output areas on which the GoB focused. The output was mostly unsuccessfully achieved either because it was not supported by the GoB or because it came at the latter end of the project and could not be implemented because of the project's early closing.	Ineffective	0	0
Efficiency	30	The investments made under the project did not result in any reduction in dropout rates in TEVT institutions or any improvement in examination passing rates, and led to only limited improvement in access to the TEVT system among poor and female students.	Inefficient	0	0
Sustainability	20	As the first subprogram of a major program, it provides an opportunity for course correction in subsequent subprograms.	Unlikely	0	0
Overall Assessment	Unsuccessful Overall weighted average is less than 0.8.				0.2

ADB = Asian Development Bank, GoB= Government of Balochistan, TEVT = technical education and vocational training.