



## Concept Paper

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August 2017

# Proposed Grant and Technical Assistance Kyrgyz Republic: Skilling and Entrepreneurship for Inclusive Growth Sector Development Program

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Asian Development Bank

## CURRENCY EQUIVALENTS

(as of 20 July 2017)

Currency unit	–	Som (KGS)
Som1.00	=	\$0.014443
\$1.00	=	Som69.23

## ABBREVIATIONS

ADB	–	Asian Development Bank
AVE	–	Agency for Vocational Education
COE	–	center of excellence
MOES	–	Ministry of Education and Science
TA	–	technical assistance
TVET	–	technical and vocational education and training

## NOTES

- (i) The fiscal year (FY) of the Government of the Kyrgyz Republic and its agencies ends on 31 December.
- (ii) In this report, “\$” refers to United States dollars.

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## PROGRAM AT A GLANCE

1. Basic Data		Project Number: 50024-002	
Project Name	Skilling and Entrepreneurship for Inclusive Growth Sector Development Program	Department /Division	CWRD/CWSS
Country Borrower	Kyrgyz Republic Government of Kyrgyz Republic	Executing Agency	Ministry of Education and Science
2. Sector	Subsector(s)	ADB Financing (\$ million)	
✓ Education	Education sector development		15.00
	Technical and vocational education and training		15.00
		Total	30.00
3. Strategic Agenda	Subcomponents	Climate Change Information	
Inclusive economic growth (IEG)	Pillar 2: Access to economic opportunities, including jobs, made more inclusive Pillar 3: Extreme deprivation prevented and effects of shocks reduced (Social Protection)	Climate Change impact on the Project	Low
Environmentally sustainable growth (ESG)	Eco-efficiency		
4. Drivers of Change	Components	Gender Equity and Mainstreaming	
Governance and capacity development (GCD)	Institutional development Institutional systems and political economy Organizational development	Effective gender mainstreaming (EGM)	✓
Knowledge solutions (KNS)	Application and use of new knowledge solutions in key operational areas Knowledge sharing activities Pilot-testing innovation and learning		
Partnerships (PAR)	Civil society organizations Implementation Private Sector		
5. Poverty and SDG Targeting		Location Impact	
Geographic Targeting	No	Nation-wide	High
Household Targeting	No		
SDG Targeting	Yes		
SDG Goals	SDG4, SDG8, SDG9		
6. Risk Categorization:	Low		
7. Safeguard Categorization	Environment: C Involuntary Resettlement: C Indigenous Peoples: C		
8. Financing			
Modality and Sources		Amount (\$ million)	
ADB		30.00	
Sovereign SDP - Program grant: Asian Development Fund		12.00	
Sovereign SDP - Project grant: Asian Development Fund		18.00	
Cofinancing		0.00	
None		0.00	
Counterpart		0.00	
None		0.00	
Total		30.00	

## I. THE PROGRAM

### A. Rationale

1. The proposed Skilling and Entrepreneurship for Inclusive Growth Sector Development Program<sup>1</sup> will improve the effectiveness and efficiency of technical and vocational education and training (TVET) in colleges. The program is part of the country partnership strategy, 2013–2017 of the Asian Development Bank (ADB) and will support the Kyrgyz Republic's economic development to achieve inclusive growth, aligned with the country's National Sustainable Development Strategy, 2013–2017.<sup>2</sup>

2. **Labor market needs.** Analysis shows that the shortage of skilled workers is a major constraint to inclusive growth.<sup>3</sup> A better-skilled workforce is needed to increase productivity and accelerate private sector development. Improved skills also help people access better-paid jobs and earn higher incomes. Therefore, the vocationally skilled workforce needs to increase from the current rate of about 20% to reflect the needs of key economic sectors.<sup>4</sup> In addition, 33% of firms in the Kyrgyz Republic named an inadequately educated workforce as a major constraint to business development—well above the regional average of 22%.<sup>5</sup> These are indications that workers do not meet the labor market needs. Moreover, the rate of women's participation in the labor force, now at a low 53%, has to be increased to make economic growth more inclusive.

3. **Systemic imbalance.** The current education system as the supply side to the labor market is characterized by a systemic imbalance. The TVET system enrolls twice as many college students studying a technician skills profile as students in TVET schools (95,000 TVET college students and 38,000 TVET school students respectively).<sup>6</sup> These enrollment rates are not conducive to the country's needs. While TVET college enrollment has increased significantly,<sup>7</sup> the instruction in colleges remains highly theoretical and is not adequately skilling the workforce. Micro, small, and medium-sized enterprises, which are providing the majority of private sector jobs, nowadays seek employees who can combine solid practical skills with an entrepreneurial mindset.<sup>8</sup>

4. **Governance and policy.** In response to the labor market needs, the government has been aligning the mandate of the Ministry of Education and Science (MOES) since 2015, by integrating the Agency of Vocational Education (AVE) into the ministry. In this setup, AVE now governs both levels of TVET to increase its internal (access, cost, relevance, and quality) and external efficiency (meeting the current and future needs of the labor market better).<sup>9</sup> However,

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<sup>1</sup> The program is included in ADB's country operations business plan, 2017–2019 (subject to government approval) as a firm 2018 program and requires project preparatory technical assistance (TA), firm for 2016. TA will be provided from the technical assistance special fund (Appendix 3).

<sup>2</sup> According to the development strategy, the key economic sectors are agri-industrial, energy, mining, transport and communications, tourism and services, and manufacturing and logistics. During ADB's reconnaissance mission, government officials confirmed that human capital development in key economic sectors will also be essential in the next National Sustainable Development Strategy (2018–2022) as well as in the Education Development Strategy (2012–2020).

<sup>3</sup> ADB. 2014. *The Kyrgyz Republic: Strategic Assessment of the Economy*. Manila.

<sup>4</sup> ADB. Forthcoming. *Good Jobs for Inclusive Growth – Background Paper on Employment and Labor Market Policy in the Kyrgyz Republic*. Manila.

<sup>5</sup> World Bank. 2014. *The Skills Road: Skills for Employability in the Kyrgyz Republic*. Washington, DC.

<sup>6</sup> National Statistical Committee of the Kyrgyz Republic.

<sup>7</sup> Since 2002, the amount of TVET colleges doubled and the amount of students enrolled more than tripled.

<sup>8</sup> ADB. Forthcoming. *Good Jobs for Inclusive Growth – Background Paper on Education and Skills*. Manila.

<sup>9</sup> Prior to 2015, AVE was controlled by the Ministry of Labor and Social Development and responsible only for TVET schools.

the synergies of this merger need to be strengthened, and AVE will need help in redefining its role and engagement with the economy and in building its capacity as the TVET policy-making agency of MOES.

5. **Lessons from previous interventions.** ADB successfully completed one TVET project in 2012, and a second one is ongoing until 2017.<sup>10</sup> ADB's assistance in skills development has mostly focused on building capacities, improving the quality of school-based TVET, and prioritizing skills that lead to immediate employment. In addition to rehabilitating and equipping schools, ADB helped introduce important market-oriented methods and mechanisms, such as (i) formulation of occupational standards through sector skills councils, (ii) competency-based training, and (iii) teachers' in-service training. However, for the instructors to adopt modern teaching techniques that combine theoretical content with practical skills training, longer-term support is needed. Besides shifting the TVET focus from schools to colleges, employers' cooperation as well as entrepreneurial education and practice are essential next steps. Consequently, the proposed program aims at decreasing the gap between economic strategy and labor market needs and the structure and content of TVET.

6. **Program design.** The program combines policy and investment support because the government is firmly committed to TVET reform. The policy component will support the government in developing and implementing an inclusive skills strategy to systemically anchor TVET in key economic sectors. An initial ratio of 40% policy component and 60% investment component is suggested. Key policy reforms may include: (i) introduction of economically more relevant occupations; (ii) institutionalized cooperation between the TVET subsector and key economic sectors; (iii) a stronger regulatory framework and accountability mechanism for financing TVET; and (iv) removal of gender or other barriers to occupations. The policy component will finance adjustment costs related to the introduction of centers of excellence (COEs), work-based learning, and a skills development fund. Two tranche releases are envisaged, the first at grant effectiveness and the second at the beginning of 2020, in accordance with ADB's *Loan Disbursement Handbook* (2017), as amended from time to time). The investment component will improve access and quality of TVET, tackle remaining pedagogic challenges, and improve teaching and learning environments. About 5–10 TVET colleges will be developed into COEs. To increase the attractiveness and flexibility of the TVET system, pathways for TVET students' progression, including those to higher education, will be supported.

7. **Coordination with development partners.** ADB, as the established lead development partner in TVET, will support the government in its holistic approach to reforming the TVET subsector and in bridging important policy gaps. The design of the program will be fully coordinated with the overall support provided by development partners in the subsector (Appendix 2). The program is expected to complement the assistance of other development partners—the European Union's focus on the establishment of a national qualifications framework, accreditation of TVET institutions, career guidance, and tracer studies; and the work of Germany's Gesellschaft für Internationale Zusammenarbeit (GIZ) in establishing a system of independent assessment and accreditation by the industry, and supporting employment centers in their job-matching by improving the labor market information system.

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<sup>10</sup> ADB. 2007 and 2012. *Reports and Recommendations of the President to the Board of Directors: Proposed Loan and Grants to Kyrgyz Republic for the Vocational Education and Skills Development Project and Second Vocational Education and Skills Development Project*. Manila.

## B. Impact, Outcome, and Outputs

8. The impact of the program is aligned with government's strategies to achieve inclusive growth through improved workforce skills and productivity in the country's key economic sectors. The outcome will be a market-responsive, entrepreneurial, and inclusive TVET system. The program has three outputs: (i) strengthened TVET management, governance, and finance in support of key economic sectors; (ii) improved teaching quality and learning environments; and (iii) increased industry cooperation and entrepreneurship.

## C. Investment and Financing Plans

9. The program is estimated to cost \$33 million equivalent (Table 1), of which \$30 million will be financed from ADB's Asian Development Fund.<sup>11</sup> The government will provide counterpart support in the form of taxes and duties, office accommodation, provision of data, remuneration of counterpart staff, and other in-kind contributions. A flexible approach to conditionality in policy-based grants will be followed.

**Table 1: Financing Plan**

Source	Amount (\$ million)	Share of Total (%)
Asian Development Bank	30.0	100.00
<b>Total</b>	<b>30.0</b>	<b>100.00</b>

Note: The government will provide counterpart support in the form of taxes and duties, office accommodation, provision of data, remuneration of counterpart staff, and other in-kind contributions

Source: Asian Development Bank estimates.

## D. Indicative Implementation Arrangements

10. The executing and implementing agency will be determined during program preparatory technical assistance (TA) depending on the proposed program interventions and the extent of ownership between MOES and the Ministry of Economy. The recruitment of the TA implementation consulting firm (quality- and cost-based selection with a quality–cost ratio of 90:10, under performance-based terms of reference, requiring full technical proposals) and the tendering of key civil works and goods packages are planned as advance contracting before Board consideration (Appendix 3).

## II. DUE DILIGENCE REQUIRED

11. It is expected that the TA consultants will undertake the following due diligence:

- (i) **Technical.** Reach consensus among the various key stakeholders on (i) program outputs, (ii) responsibilities and rights of each stakeholder in forming industry partnerships, (iii) TVET curriculum reform to improve entrepreneurship and practical instruction, (iv) in-service training for instructors, (v) methodology of entrepreneurial education, and (vi) key policy conditions.
- (ii) **Economic and financial.** Economic due diligence will review the least-cost options and economic viability. Financial due diligence will cover the preparation of cost estimates, financing plan, the use of imprest funds and statements of expenditure, and the program's financial viability and sustainability.

<sup>11</sup> This will be confirmed during project processing.

- (iii) **Governance.** This involves a financial management assessment, procurement risk assessment, and institutional and procedural constraint review. It includes proposing respective mitigation measures.
- (iv) **Poverty and social.** This will cover the potential direct and indirect impacts on inclusive growth, both nationally and subnationally. The program is categorized as effective gender mainstreaming, particularly with regard to removing legal barriers for women to presumably male occupations and to collecting sex- disaggregated data.
- (v) **Safeguards.** The program will not involve indigenous peoples or involuntary resettlement. Infrastructure components will only involve rehabilitation and equipment of existing educational institutions and are therefore category C.

### III. PROCESSING PLAN

#### A. Risk Categorization

12. The program is categorized as *low risk* for the following reasons: (i) the financing does not exceed \$200 million; (ii) it builds on previous successful education projects; (iii) ADB has extensive and sound experience in the economic and education sectors in the Kyrgyz Republic, including TVET; and (iv) none of the safeguard categories is indicated as A.

#### B. Resource Requirements

13. Program preparatory TA will cost \$750,000, for which a consulting firm will be hired (quality- and cost-based selection at a 90:10 ratio, requiring full technical proposals), based on output-based terms of reference (Appendix 3). Some resource persons and individual consultants are expected to be hired, if needed.

#### C. Processing Schedule

**Table 2: Proposed Processing Schedule**

<b>Milestones</b>	<b>Expected Completion Date</b>
Staff review meeting	August 2017
Negotiations	September 2017
Board consideration	November 2017

Source: Asian Development Bank.

### IV. KEY ISSUES

14. It will be essential that the skilling components are primarily economy driven and systemically anchored in the key economic sectors. The institutional capacities of MOES and the Ministry of Economy will be carefully assessed during the TA to determine capacity-building needs, plan the proposed interventions, and ensure the COEs' financial sustainability.

## PRELIMINARY DESIGN AND MONITORING FRAMEWORK

Impact the Program is Aligned with:			
Inclusive growth through improved workforce skills and productivity in the country's key economic sectors <sup>a</sup>			
Results Chain	Performance Indicators with Targets and Baselines <sup>b</sup>	Data Sources and Reporting	Risks
<b>Outcome</b> A market-responsive, entrepreneurial, and inclusive TVET system	a. 30% increase in employment of graduates in relevant occupations from supported colleges (including 5% self-employment) within 6 months after training completion by 2023, of which 40% are women and 65% come from non-major cities (2017 baseline to be established)  b. Internal attractiveness of the TVET system increased by 2022 (10% increase of student enrollment in complex occupations, of which 40% female; 2017 baseline to be established)  c. External attractiveness of the TVET system increased by 2022 (5% decrease in employers' dissatisfaction rate, baseline 33%)	a. AVE tracer studies under program implementation and third-party validation  b. AVE enrollment statistics  c. Surveys of employers	Possibility of changing government priorities to the disadvantage of TVET subsector; slowdown of economy
<b>Outputs</b> 1. Strengthened TVET management, governance, and finance in support of key economic sectors	1a. Inclusive national skills strategy 2020–2030 with action plan and road map approved by 2020 and implemented, and yearly monitored  1b. Official mandate and management structure of AVE for governance and policy making for all TVET institutions and for industry cooperation developed and approved by MOES by 2018  1c. Improved regulatory framework to support income generation for public training providers and accountability mechanism approved by MOES by 2018  1d. By 2018, national methodology for occupational standards, curricula, and CBT approved  1e. By 2020, 75% of occupational standards and curricula follow national methodology and 60% of TVET instructors are CBT certified (50% women, baseline to be established)  1f. By 2022, 30,000 students trained (40% female, 2017 baseline to be established)  1g. Classifier of occupations revised by 2018 (15 complex occupations introduced and classifier updated)	1a-f. AVE strategy, guidelines, handbook, government gazette, training plans, charter, organigram of AVE, decree, regulations, sublegal acts, enrollment statistics  1g. Approved classifier by Ministry of Labor	Low ownership and involvement of industry and MOECON in skills reform  MOES and AVE may not consider nationwide harmonization of TVET teaching methodology a high reform priority

Results Chain	Performance Indicators with Targets and Baselines <sup>b</sup>	Data Sources and Reporting	Risks
	<p>1h. 80% of occupation profiles have pathways and 15 professional degree programs piloted by 2020</p> <p>1i. At least 30% increase in employment of women in exclusively male occupations by 2020 (2017 baseline to be established)</p> <p>1j. Per capita finance mechanism rolled out system-wide by 2022 in 75% of TVET colleges (2017 baseline to be established)</p> <p>1k. EMIS introduced in all accredited colleges by 2018 (including sex-disaggregated data collection)</p>	<p>1h. college curricula, degrees issued by MOES</p> <p>1i. National statistics committee</p> <p>1j. MOES throughput formula</p> <p>1k. EMIS records of AVE</p>	
2. Improved teaching quality and learning environments	<p>2a. 5–10 colleges and about 3 industry training centers upgraded to serve as COEs by 2020 (60% in non-major cities)</p> <p>2b. 1 teacher training center equipped and didactically improved by 2020</p> <p>2c. WBL concept piloted in 15 occupations by 2020 (yearly 300 students per occupation enrolled, of which 40% female, at least 15% more hours for skilling in school-based parts, 2017 baseline to be established)</p> <p>2d. Occupational standards, curricula, and training materials for the 15 complex occupations approved by 2020 (by 2022, yearly 300 students per occupation enrolled, 40% female, 2017 baseline to be established)</p> <p>2e. 15 in-service teacher training curricula piloted by 2020 (200 teachers certified, 40% male)</p>	<p>2a-b. Program procurement records of works and goods</p> <p>2c-e. MOES approval documents, standards, curricula, training materials,</p>	<p>Low support of TVET colleges for industry training centers</p> <p>COE approach receives little support by TVET system or industry</p>
3. Increased industry cooperation and entrepreneurship	<p>3a. At least 3 SSCs became self-sustainable and 7 SSCs strengthened as counterparts to AVE by 2018</p> <p>3b. COEs have at least 15 formal industry partnerships in key sectors in the fields of WBL and in-service teacher training by 2020 (2017 baseline to be established)</p> <p>3c. At least 75 training firms and 1 service center established in supported colleges by 2020</p>	<p>3a-c. SSC mandate and cooperation agreements, MOUs, business plans, transaction records</p>	<p>Only minimal incentives to the industry for involvement in SSCs and to improve financial sustainability of COEs</p> <p>Low initiative of TVET colleges for entrepreneurial activity</p>

<b>Key Activities with Milestones</b>
<b>1. Strengthened TVET management, governance, and finance in support of key economic sectors</b> 1.1 Request for proposals advertised for consulting firm (Q4 2017) 1.2 Sector assessments in 7 key economic sectors conducted; stakeholder consultations held; strategy, action plan, and road map developed (2018, 2019, 2020) 1.3 Regulatory framework and accountability mechanism developed by expert-led interministerial working group, 4 yearly workshops for each college, 2 yearly peer-learning events (2018, 2020) 1.4 Professional degree at college level in COEs established and quality assured, 1 expert working group for curricula and learning material development, 9 yearly teacher training sessions per college until 2020, 3 yearly retraining workshops until 2022 1.5 Per capita finance formula further developed in 4 workshops per college (2018, 2022) <b>2. Improved teaching quality and learning environments</b> 2.1 Procurement packages for COEs (including ICT equipment for simulated enterprises) and teacher training center tendered (Q4 2017) and completed (2020, 2022) 2.2 Technical and didactical in-service teacher training curricula developed by expert working group, 2 yearly training sessions per teacher conducted, and 1 internship per teacher provided every 3 years (2018) 2.3 For the development of each occupational standard, curricula, and training material, 6 workshops conducted (2018, 2019, 2020) <b>3. Increased industry cooperation and entrepreneurship</b> 3.1 SSC capacities built through established twinning program with other relevant SSCs (2019–2022) 3.2 WBL concept developed in 10 industry workshops and piloted, including elements of dual apprenticeships and biannual revision workshops (2019, 2020, 2022) 3.3 Curricula for entrepreneurial education and simulated enterprises piloted and approved; teachers trained in 10 initial modules, 2 yearly peer-learning workshops, and 2 study tours (2018, 2020) 3.4 Industry for education campaign developed, branded, and conducted (2018–2022)
<b>Inputs</b>
ADB: grant of \$30 million (Asian Development Fund)
<b>Assumptions for Partner Financing</b>
Not applicable

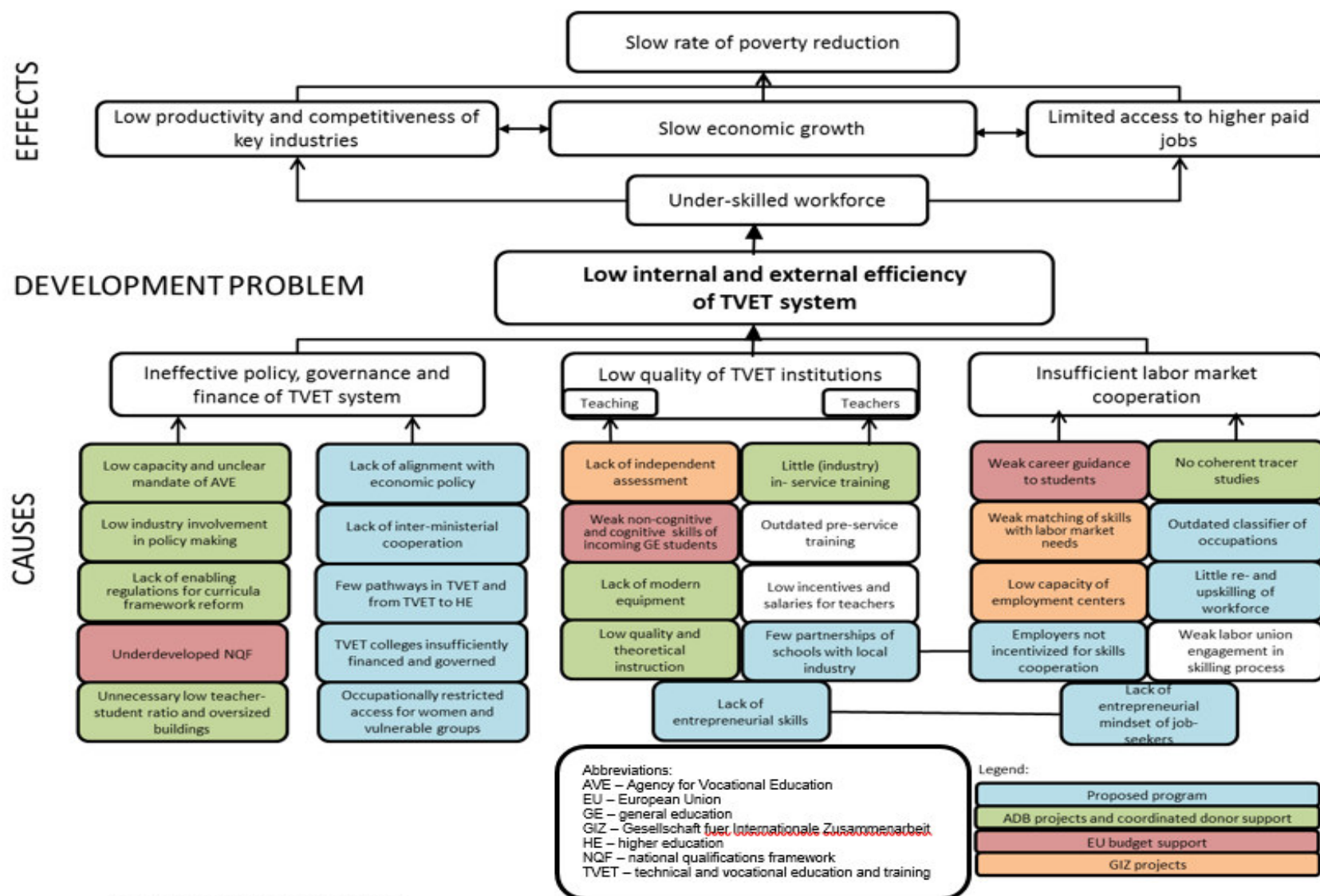
ADB = Asian Development Bank; AVE = Agency for Vocational Education, CBT = competency-based training, COE = center of excellence, EMIS = education management information system, ICT = information and communication technology, MOECON = Ministry of Economy, MOES = Ministry of Education and Science, MOU = memorandum of understanding, Q = quarter, SSC = sector skills council, TVET = technical and vocational education and training, WBL = work-based learning.

<sup>a</sup> National Sustainable Development Strategy (2013–2017) and Education Development Strategy (2012–2020).

<sup>b</sup> Details in the design and monitoring framework will be confirmed during implementation of program preparatory technical assistance.

Source: Asian Development Bank.

## PROBLEM TREE



Source: Asian Development Bank

## PROGRAM PREPARATORY TECHNICAL ASSISTANCE

### A. Justification

1. Program preparatory technical assistance (TA) is necessary to (i) review the technical, economic, and financial viability of the program and ascertain the program rationale, scope, cost, schedule, implementation arrangements, risks and mitigation measures; (ii) ensure compliance with the Safeguard Policy Statement (2009) of the Asian Development Bank (ADB) and identify mitigation measures and institutional strengthening; and (iii) assist the program's executing and implementing agencies in advance contracting for the ensuing program. The TA will help develop an investment program suitable for ADB financing in terms of technical, financial, economic, institutional, and safeguard dimensions. The sector development program Skilling and Entrepreneurship for Inclusive Growth will have a policy and an investment component. To achieve a market-responsive, entrepreneurial, and inclusive technical and vocational education and training (TVET) system, key outputs will be: (i) stronger TVET management, governance, and finance in support of key economic sectors; (ii) better teaching quality and learning environments; and (iii) more industry cooperation and entrepreneurship.

### B. Major Outputs and Activities

**Table A3.1: Summary of Major Outputs and Activities**

Major Activities	Major Outputs	Expected Completion Date
<b>I. Inception</b>		
A. Mobilize consultants	• Contract with firm	December 2016
B. Prepare detailed work program	• Work program	January 2017
C. Hold initial stakeholder consultation and inception workshop	• Inception report	February 2017
D. Undertake rapid assessment of sectors / gaps	• Assessment reports	March 2017
E. Conduct poverty, social, and gender assessment	• Poverty, social and gender assessment report	March 2017
<b>II. Midterm</b>		
A. In-depth dialogue with executing agency and stakeholders to determine scope	• Program scope	April 2017
B. Determine detailed program outputs	• Interim report	May 2017
C. Assess institutional constraints to delivery of program outputs	• Report	May 2017
D. Develop institutional capacity building program	• Capacity building program	May 2017
<b>III. Final</b>		
A. Prepare cost estimates and financing plan	• Cost estimates and financing plan	June 2017
B. Assess economic and financial viability and sustainability	• Assessment reports	June 2017
C. Finalize SPRSS, GAP, etc.	• Final report	July 2017
D. Develop detailed implementation arrangements	• Program implementation plan	July 2017
E. Follow-up inputs and refinements	• Revisions to reports, costs, etc.	Until December 2017
F. Advertise requests for proposals for consultancy firm	• Request for proposals	December 2017
G. Issue invitation to bid for goods and works	• Bidding documents	December 2017

GAP = gender action plan, SPRSS = summary poverty reduction and social strategy.

Source: Asian Development Bank.

### C. Cost Estimate and Proposed Financing Arrangement

2. The TA is estimated to cost \$750,000 equivalent, which will be financed on a grant basis by ADB's Technical Assistance Special Fund (TASF-V). All disbursements under the TA will be made in accordance with the *Technical Assistance Disbursement Handbook* (2010, as amended from time to time). The government will provide counterpart support in the form of counterpart staff, provision of office space and furniture, secretarial assistance, and other in-kind contributions. The detailed cost estimate is in Table A3.2. The targeted period for implementation of the TA is January–December 2017, while the final report is to be submitted after 7 months of consultant mobilization; the remaining time is to be used to further support the executing agency in procurement and other activities.

**Table A3.2: Cost Estimates and Financing Plan**

Item	Total Cost
<b>Asian Development Bank<sup>a</sup></b>	
1. Consultants	
a. Remuneration and per diem	444.0
b. International and local travel	62.0
c. Reports and communications	15.0
2. Equipment (computer, printer, router, projector) <sup>b</sup>	10.0
3. Workshops, training, seminars, and conferences	40.0
4. Surveys	10.0
5. Facilitators and resource persons	56.0
6. Miscellaneous administration and support costs <sup>c</sup>	8.0
7. Contingencies	105.0
<b>Total</b>	<b>750.0</b>

<sup>a</sup> Financed by the Asian Development Bank's Technical Assistance Special Fund (TASF-V).

<sup>b</sup> Equipment to be procured will be transferred to the executing agency after TA completion.

<sup>c</sup> Includes office supplies, secretarial and technical interpreting services.

Source: Asian Development Bank estimates.

### D. Consulting Services

3. Consultants will be engaged through a firm under performance-based terms of reference. ADB will select and engage consultants in accordance with its Guidelines on the Use of Consultants (2013, as amended from time to time). The quality- and cost-based selection procedure, requiring full technical proposals, will be used to hire a consulting firm. The quality–cost ratio will be 90:10. The consultants may procure equipment through shopping in accordance with ADB's Procurement Guidelines (2015, as amended from time to time). Upon completion of the TA, equipment procured under it will be transferred to the executing agency. Inputs by the consultant firm may be augmented by a number of resource persons as needed, to be recruited by ADB in accordance with its Procurement Guidelines. All documents and reports will be in English and Russian language and made available in electronic format to ADB and the executing agency.

4. **Scope of services and major outputs.** The firm will report to ADB through the team leader and perform the following: (i) assess sector and subsector (education and TVET, current and future labor market needs in priority sectors, draft methodology for employer satisfaction survey, and tracer studies); (ii) draft a social and gender-inclusive skills strategy (inclusive of draft action plan and road map); (iii) facilitate the dialogue on the need to align the official mandate and management structure of the TVET agency; (iv) review legislation and regulations to establish where gender-based or other barriers to occupations exists and plan measures to remove them; (v) assess the legal framework relating to deeper institutional autonomy; analyze management practices in public and private TVET colleges; assess the extent to which public institutions are prepared and willing to exercise deeper autonomy; identify advantages and disadvantages of

deeper autonomy in TVET institutions with regards to educational entrepreneurship; (vi) draft a national methodology for occupational standards, curricula based on learning outcomes, and competency-based assessments; (vii) revise the national classifier of occupations with regard to deletion of outdated and gender-discriminating occupations and introduction of contemporary and complex occupations; (viii) propose and implement a plan to introduce pathways within and beyond TVET (especially with regard to establishing a higher education degree at college level); (ix) conduct training needs analysis of TVET teachers and instructors; (x) conduct in-depth analysis of TVET colleges in terms of teaching quality, quality assurance, labor market orientation, finance, and governance; and provide recommendations how to improve them; (xi) develop a methodology for the selection of colleges as centers of excellence and of priority occupations, and for technical support of selection processes; (xii) draft a work-based learning concept that includes elements of dual apprenticeships (in-depth analysis of education and labor laws and drafting of sublegal acts where necessary); (xiii) develop a concept and implementation plan to catalyze industry cooperation in TVET through sector skills councils or similar bodies; (xiv) design and cost industry–education partnerships for each key economic sector; (xv) propose improvement of entrepreneurial education in current syllabi and curricula, especially introduction of enterprise-based practical training; and (xvi) conduct extensive stakeholder consultations on the above-mentioned outputs, including workshops, round tables, focus group discussions, and surveys, as necessary.

5. **Further outputs.** (i) Problem and solution tree analysis; (ii) design and monitoring framework; (iii) policy matrix (including policy actions and triggers); (iv) institutional review and procurement capacity assessment; (v) procurement plan (capacity assessment, S-curve for contract awards and disbursements, cost estimates, master bidding documents); (vi) program feasibility assessment; (vii) safeguard system assessment (according to ADB safeguard policy statement); (viii) technical review and preparation of technical specifications of envisaged rehabilitation and equipment; (ix) support of the executing agency in preparing required bidding documents for works, goods, and services; (x) financial analysis and financial management assessment; (xi) economic analysis (xii) poverty and social analysis; (xiii) gender action plan; (xiv) request for proposals for consulting services, and issuance of invitation to bid for procurement of goods and works.

6. **Key expertise required.** Proposing entities will determine the number and nature of experts they will require so as to achieve the objectives of the contract, in accordance with their proposed approach and methodology. However, ADB requires a minimum of four key experts:

7. **TVET policy expert and team leader** (international, minimum 6 person-month). The expert will combine team leader functions with those of an expert in the design of TVET projects and programs with ability to define and assess benchmarking data. The expert should meet the following minimum qualifications: (i) experience of at least 15 years in TVET project or program design and implementation in the fields of skills, economic policy, and labor market cooperation; (ii) demonstrated ability to supervise a team of experts—preference will be given to candidates having held prominent positions in international consultancies—and ability to deal with issues as they arise and deliver contract outputs on time; (iii) ability to work with multiple stakeholders, including government, private sector, and donor agencies; (iv) excellent English language skills to produce high-quality reports and to hold high-level consultations and presentations—knowledge of Russian being an asset.

8. **TVET–industry partnership expert** (international, minimum 3 person-month). The expert has regional experience and preferably meets the following criteria: (i) minimum 15 years of experience in designing, overseeing, and implementing TVET projects with explicit labor market

cooperation. Preference will be given to candidates with previous experience in work-based-learning and/or dual education projects or programs, and who have held a similar position in internationally recognized bodies; (ii) ability to work with multiple stakeholders, including civil society, government, community organizations, private sector, and donor agencies; (iii) excellent English language skills and possibly knowledge of Russian.

9. **TVET finance expert** (international, minimum 2 person-month). The expert has regional experience and preferably meets the following criteria: (i) at least 10 years of experience in TVET-related financial management assessment; (ii) track record of improving the financial sustainability of TVET institutions (especially centers of excellence) in development cooperation through cost recovery; (iii) experience in assessing and planning the financial sustainability of project or program components according to ADB's guidelines for financial management and analysis of projects (<http://www.adb.org/projects/operations/financial-management-resources>); (iv) experience in analyzing historical and projected government budgets for TVET as well as extra-budgetary income generation and the development of respective guidelines; (v) proven ability to work with multiple stakeholders, including civil society, government, community organizations, private sector, and donor agencies; (vi) excellent English language skills and possibly knowledge of Russian.

10. **TVET procurement expert** (international, minimum 3 person-month). The expert has regional experience and preferably meets the following criteria: (i) minimum 5 years' experience in preparing and implementing procurement plans under foreign-funded projects in the region; experience in ADB projects and in education being an asset; (ii) extensive experience in preparing master bidding documents and sample bidding documents for civil works, services, and equipment; (iii) experience in conducting procurement capacity assessment, and in capacity building of executing and implementing agencies; (iv) sound knowledge of S-curve calculation of disbursement and contract award projections (including implementation plans, schedule, and estimated budget for procurement); (v) excellent English language skills and possibly knowledge of Russian.

11. In addition to the above key experts, the proposing entities should also include in their technical proposal, in the personnel work plan, and in their financial proposal all non-key experts required under their proposed approach and methodology. The proposing entity must also determine and indicate the number of person-months for which each key or non-key expert will be required. All experts engaged under the contract, whether key or non-key, must be citizens of one of the ADB eligible countries.

12. **Preparation of proposal.** Proposing entities are requested to prepare a detailed description of how they propose to deliver on the outputs of the contract in the section of their proposal called "Approach and Methodology". Only one curriculum vitae (CV) must be submitted for each key and non-key expert in the proposal. Only the CVs of key experts will be scored as part of the technical evaluation of proposals. The CVs of non-key experts will not be scored, but ADB will review and individually approve or reject each CV for each non-key expert position in the proposal.

## INITIAL POVERTY AND SOCIAL ANALYSIS

Country:	The Kyrgyz Republic	Project Title:	Skilling and Entrepreneurship for Inclusive Growth Sector Development Program
Lending/Financing Modality:	Sector development program	Department/ Division:	Central and West Asia Department Social Sector Division

### I. POVERTY IMPACT AND SOCIAL DIMENSIONS

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

The economy of the Kyrgyz Republic has failed to provide sufficient higher value added and higher wage jobs, while the education system has failed to produce a sufficient number of graduates whose skills match the demand of the labor market. The international community now recognizes that reducing unemployment while increasing the quality of employment is a requirement for sustainable poverty reduction. The program will support the government's effort to align the economic and education sectors' development with the Sustainable Development Goals (SDGs) for poverty reduction. The SDGs most relevant to technical and vocational education and training (TVET), skills, and employment are SDG4 (quality education), SDG8 (decent work and economic growth), and SDG9 (industry, innovation, and infrastructure), which include targets to ensure access to TVET, and increase the skills for employment, decent job creation, and entrepreneurship.

Program preparatory technical assistance (TA) is intended to design a program that produces TVET graduates with skills that increasingly match the demand for highly skilled workers by the current and future job markets. This will reduce unemployment among skilled youth and transform them into working non-poor.

The sector development program is consistent with the country partnership strategy 2013–2017 of the Asian Development Bank (ADB) for the Kyrgyz Republic, which supports ADB assistance in the education sector<sup>a</sup>. The program supports the Kyrgyz Republic's reform vision for the education sector as enunciated in the National Sustainable Development Strategy<sup>b</sup>—"revision of school education content, new generation standards and textbooks, and conditions for ICT [information and communication technology] development". The program will help improve the quality of education and will support the Education Development Strategy<sup>c</sup> in the following policy measures: (i) optimize and modernize the TVET infrastructure; (ii) improve the quality and relevance of training according to the needs of the labor market; (iii) improve management and financing of educational institutions, and introduce programs of monitoring, reporting and evaluation; (iv) improve access to the TVET system; (v) provide conditions for strengthening the role of social partners in TVET; (vi) support social partners' activity in the TVET system at institutional level; and (vii) enable operation of the TVET system as a flexible and open structure for workforce development responsive to the needs of economy, business, and society as a whole.

#### B. Poverty Targeting:

☒ General Intervention ☐ Individual or Household (TI-H) ☐ Geographic (TI-G) ☐ Non-Income MDGs (TI-M1, M2, etc.)

While this program is proposed as a general intervention, it will also contribute to SDGs 4, 8, and 9 (section A). The TA will design a program whose outcome is to enhance the quality and relevance of the TVET system and produce graduates with skills relevant to the labor market. A better skills match will increase employability (including self-employment) of graduates in jobs that require higher skills and are paying higher wages. Interventions will be geographically distributed to ensure that less well-off areas will be covered.

#### C. Poverty and Social Analysis

1. In the Kyrgyz Republic, rural poverty is 39.6%, compared with 35.4% in urban areas, although urban poverty is higher in Jalalabad Province and the city of Osh. The program will strengthen the TVET system with an emphasis on vulnerable areas and their local economies so as to increase access, relevance, and quality of TVET. Special needs TVET will be provided to allow for certification in partial occupations.

The program will combine economic policy with human capital development when skills development will be directly linked to defined priority sectors of the economy. Graduates will enter the labor market more easily since they have been trained on the job and in training firms, while training providers themselves have become more entrepreneurial or are part of enterprises themselves and are engaging in small-scale production or provision of services. The TVET system (including the Ministry of Education and Science and the Ministry of Economy) will have stronger capacity.

### II. GENDER AND DEVELOPMENT

1. What are the key gender issues in the sector/subsector that are likely to be relevant to this program?

(i) Women are excluded by law from certain professions.

(ii) Education systems are characterized by gender imparities (school management is predominantly male, general education teachers are mostly female, and practical instructors are also often subject to gender bias). (iii) "Female" and "male" occupation stereotypes prevail. (iv) Women have low occupational mobility, while men's is high.
2. Does the proposed program have the potential to make a contribution to the promotion of gender equity and/or empowerment of women by providing women's access to and use of opportunities, services, resources, assets, and participation in decision making? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No    The program has significant scope to contribute to gender, inclusion, and social protection by improving access to education services. A gender action plan will be prepared during TA.
3. Could the proposed program have an adverse impact on women and/or girls or widen gender inequality? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
4. Indicate the intended gender mainstreaming category: <input type="checkbox"/> GEN (gender equity) <input checked="" type="checkbox"/> EGM (effective gender mainstreaming) <input type="checkbox"/> SGE (some gender elements) <input type="checkbox"/> NGE (no gender elements)

<b>III. PARTICIPATION AND EMPOWERMENT</b>
1. Who are the main stakeholders, including beneficiaries and negatively affected people? How will they participate in the program design? Key stakeholders are the Ministry of Education and Science, Ministry of Economy, Ministry of Labor and Social Protection, public and private employers, schools, students, parents, and teachers. The TA will conduct an analysis of stakeholder interests, perceptions, capacities, and resources as an important initial step in designing the program. This will involve multiple methods such as countrywide consultation series. The initial stakeholder identification will be followed by an analysis of positive and negative program impacts on the main stakeholders. For example, distance learning as a form of skilling in TVET colleges is likely to benefit from the program thanks to improved quality assurance mechanisms. The program design will include strategies to mitigate any adverse impact on key stakeholders. A stakeholder participation plan and communication strategy will be developed and implemented.
2. How can the project contribute (in a systemic way) to engaging and empowering stakeholders and beneficiaries, particularly the poor, vulnerable, and excluded groups? What issues in the project design require participation of the poor and excluded? Consultations will be conducted with poor, vulnerable, and excluded groups through workshops, focus group discussions, and workshops, especially regarding entrepreneurial and technical skills needed. Based on a needs assessment, training sessions will be designed and implemented as appropriate. A participation plan will be prepared along with a stakeholder communication strategy to help clients and beneficiaries of the education system get involved in the program design and implementation. A special focus will be on including the industry in and getting their ownership of the program. This will help finalize its design, which will include implementation of mitigation plans. The participation plan will also help develop a mechanism for continued stakeholder involvement as a dynamic tool to be updated over the course of program implementation. The capacity of stakeholders to participate in program implementation in a meaningful manner will be assessed.
3. What are the key, active, and relevant civil society organizations in the program area? What is the level of civil society organization participation in the program design? <input checked="" type="checkbox"/> Information generation and sharing (H) <input checked="" type="checkbox"/> Consultation (M) <input checked="" type="checkbox"/> Collaboration (M) <input checked="" type="checkbox"/> Partnership (L)
4. Are there issues during program design for which participation of the poor and excluded is important? What are they and how shall they be addressed? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No No aspect of the program design will require distinctive participation of the poor and excluded. However, all relevant stakeholders—students, parents, teachers, school directors, and civil society organizations—will be actively consulted in urban and rural areas to ensure holistic program design.
<b>IV. SOCIAL SAFEGUARDS</b>
<b>A. Involuntary Resettlement Category</b> <input type="checkbox"/> A <input type="checkbox"/> B <input checked="" type="checkbox"/> C <input type="checkbox"/> FI
1. Does the program have the potential to involve involuntary land acquisition resulting in physical and economic displacement? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
2. What action plan is required to address involuntary resettlement as part of the PPTA or due diligence process? <input type="checkbox"/> Resettlement plan <input type="checkbox"/> Resettlement framework <input type="checkbox"/> Social impact matrix <input type="checkbox"/> Environmental and social management system arrangement <input checked="" type="checkbox"/> None
<b>B. Indigenous Peoples Category</b> <input type="checkbox"/> A <input type="checkbox"/> B <input checked="" type="checkbox"/> C <input type="checkbox"/> FI
1. Does the proposed program have the potential to directly or indirectly affect the dignity, human rights, livelihood systems, or culture of indigenous peoples? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
2. Does it affect the territories or natural and cultural resources indigenous peoples own, use, occupy, or claim, as their ancestral domain? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No

3. Will the program require broad community support of affected indigenous communities? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
4. What action plan is required to address risks to indigenous peoples as part of the PPTA or due diligence process? <input type="checkbox"/> Indigenous peoples plan <input type="checkbox"/> Indigenous peoples planning framework <input type="checkbox"/> Social Impact matrix <input type="checkbox"/> Environmental and social management system arrangement <input checked="" type="checkbox"/> None
<b>V. OTHER SOCIAL ISSUES AND RISKS</b>
1. What other social issues and risks should be considered in the project design? <input type="checkbox"/> Creating decent jobs and employment <input type="checkbox"/> Adhering to core labor standards <input type="checkbox"/> Labor retrenchment <input type="checkbox"/> Spread of communicable diseases, including HIV/AIDS <input type="checkbox"/> Increase in human trafficking <input checked="" type="checkbox"/> Affordability <input type="checkbox"/> Increase in unplanned migration <input type="checkbox"/> Increase in vulnerability to natural disasters <input type="checkbox"/> Creating political instability <input type="checkbox"/> Creating internal social conflicts <input type="checkbox"/> Others, please specify _____
2. How are these additional social issues and risks going to be addressed in the program design? Improving the quality of education does not necessarily require higher tuition costs for the poorer students. Deepened financial autonomy should improve budget allocation. Increased operational efficiency, including some expansion in enrollment and greater use of private training facilities and the training centers run by the Ministry of Education and Science, can reduce operating costs and the need for capital investment. As the program will encourage a shift to hands-on training, operating costs will increase. Employment of highly qualified instructors will also increase the wage bill. The net effect on cost is uncertain. The TA will assess the affordability and cost-sharing possibilities of technical education improvements. The schools will be assisted to develop mechanisms for generating additional funds, such as small-scale production and provision of services, fundraising drives, solicitation of scholarships from potential employers, cooperation with local government, and any other measure that can contribute to improving the quality of skilling.
<b>VI. PROGRAM PREPARATORY TECHNICAL ASSISTANCE OR DUE DILIGENCE RESOURCE REQUIREMENT</b>
1. Do the terms of reference for the TA (or other due diligence) contain key information needed to be gathered during TA or due diligence process to better analyze (i) poverty and social impact; (ii) gender impact, (iii) participation dimensions; (iv) social safeguards; and (v) other social risks. Are the relevant specialists identified? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
2. What resources (e.g., consultants, survey budget, and workshop) are allocated for conducting poverty, social and/ or gender analysis, and participation plan during the TA or due diligence? The TA will recruit international and national consultants under performance-based terms of reference to cover poverty, social development, and gender issues in the program design. Budget has been allocated for surveys, consultants' local travel for undertaking consultation and training workshops, and hiring of resource persons to conduct training needs analysis and deliver required training programs.

PPTA = project or program preparatory technical assistance.

<sup>a</sup> ADB. 2013. Country Partnership Strategy. Kyrgyz Republic. 2013–2017. Manila.

<sup>b</sup> Government of the Kyrgyz Republic. 2013. National Sustainable Development Strategy.

<sup>c</sup> Government of the Kyrgyz Republic. 2012. Education Development Strategy. 2012–2020.

Source: Asian Development Bank.