

ASIAN DEVELOPMENT BANK

TAR: VAN 33159

**TECHNICAL ASSISTANCE
TO THE
REPUBLIC OF VANUATU
FOR PREPARING THE
SKILLS DEVELOPMENT PROJECT**

May 2000

CURRENCY EQUIVALENTS

(as of 15 March 2000)

Currency Unit	–	vatu (Vt)
Vt1.00	=	\$0.0075
\$1.00	=	Vt133.3900

ABBREVIATIONS

ADB	–	Asian Development Bank
CRP	–	Comprehensive Reform Program
DESD	–	Department of Economic and Social Development
DEYS	–	Department of Education, Youth and Sport
GDP	–	gross domestic product
NGO	–	nongovernment organization
RTC	–	rural training center
TA	–	technical assistance
VNTC	–	Vanuatu National Training Council

NOTES

- (i) The fiscal year (FY) of the Government ends on 31 December.
- (ii) In this report, "\$" refers to US dollars.

I. INTRODUCTION

1. During the Country Programming Mission in March 1999, the Government and the Asian Development Bank (ADB) included a Skills Development Project for possible funding in the ADB lending program for 2001. It was also agreed that ADB would provide grant-funding for a project preparatory technical assistance (TA)¹ in 2000 to assess the demand for and supply of nonformal skills training, examine alternative strategies to enhance its delivery, and prepare a detailed project design.

2. A Fact-Finding Mission² visited Vanuatu during 24-28 January 2000. The Mission consulted widely with representatives from Government agencies, nongovernment organizations (NGOs), church organizations, and aid agencies. An Aide Memoire reflects the Mission's findings and the understanding reached with the Government during the wrap-up meeting on 28 January 2000. The Government reconfirmed its strong interest in and support for the TA, and highlighted its timeliness.

II. BACKGROUND AND RATIONALE

3. Over the past two years the Government has focused on the implementation of the Comprehensive Reform Program (CRP). The CRP has emphasized macroeconomic and governance reforms and professionalization of the public sector. Much has been achieved in those areas, but the economic and political environment is still weak and unstable. In 1999, the Government sector contracted by 5 percent, while the services sector contracted by 1.2 percent and real gross domestic product (GDP) fell by an estimated 2.4 percent. Primary sector output declined by 9.3 percent, with agricultural production adversely affected by a cyclone in early 1999. The tourist industry experienced a decrease in the number of visitor arrivals for various reasons. Serious skills and capacity constraints including a history of politicization of the public service are still severely constraining the performance of the Government ministers and agencies. The vote of no-confidence in November 1999 is one expression of the dissatisfaction with the performance of the Government and its approach to counteract the stagnation of the economy. The new Government aims to accelerate development, particularly at the grassroots level, and to reach the poorer segments of the population.

4. Vanuatu ranks 124th among 174 countries on the Human Development Index. The United Nations considers this rank as medium range; nevertheless, research indicates that the threat of increased poverty is increasing. Education standards are considered the poorest in the Pacific region. Adult literacy is only 64 percent, and infant mortality is high at 41 per 1,000 live births. The estimated population growth rate is 3 percent. Further, about 80 percent of the population live in rural areas, in geographically isolated small communities. This makes it difficult to extend basic social services, particularly education and health, to these communities and for them to meaningfully participate in mainstream development. Their livelihood is still predominantly subsistence-based, but they are faced with an increasing need to meet cash obligations.

5. Vanuatu has a very segmented labor market with a relatively small modern sector and very few employment opportunities. The Government estimates that of some 3,500 young people who leave school each year, only 500 are able to secure paid employment. The remaining 3,000 either have to return to their families in the rural areas and work in subsistence

¹ The TA was first listed in the *ADB Business Opportunities* on 7 February 2000.

² The Mission comprised Andrea Iffland, Mission Leader/Project Economist, POHQ.

agriculture or join the increasing flow of young people to the urban centers in search of paid employment. Economic stagnation and the preference of private companies to employ expatriate professionals worsen the situation and reduce the chances to find a job. The only avenue for most people and particularly school leavers is to be absorbed in the informal/microenterprise sector. However, meaningful participation in this sector as an employee or as a microentrepreneur requires at least some basic vocational and entrepreneurial skills.

6. The main providers of nonformal vocational training are private, community, or church-owned rural training centers (RTCs). A total of 44 RTCs with an estimated enrollment of 1,100 students, including about 300 females, are currently operating. The programs include a wide range of vocational skills taught in two- to three-year full-time courses. The total annual intake is estimated to be 550 students. Some RTCs run occasional short courses for the local communities. Given these limiting factors, RTCs evidently cannot meet the needs of the overall rural communities, particularly women, who cannot be away from their families for extended periods of time. Various Government departments and NGOs also run short-term training courses on various topics. The courses are supply-driven, mostly unstructured and not coordinated with ongoing activities in the area. Little information is available on the courses offered by the various organizations and the type of training that is actually wanted by the communities.

7. The Government recognizes the need for nonformal vocational training and the important role it plays in equipping the growing number of school leavers with basic skills to meaningfully participate in the nonformal predominantly rural sector of the economy. Concerned about the deficiencies in the provision of appropriate vocational training, the Government responded by spearheading the formation of the Vanuatu National Training Council (VNTC) in 1999. The council, however, is under-resourced to fulfill the tasks it was created for.

III. THE TECHNICAL ASSISTANCE

A. Objective

8. The TA aims to assist the Government in preparing a Skills Development Project for possible ADB financing. The focus of the Project is to enhance the match between the demand for and supply of nonformal vocational skills training, particularly in rural areas, with a focus on women and the youth. The Project will contribute to the overall long-term development objective of employment creation through private sector development.

B. Scope

9. The TA will include (i) a detailed analysis of the nonformal vocational training needs of rural communities, with a focus on women and the youth to enhance their income-generating potential; (ii) a survey of the major training providers in rural areas, assessing their institutional strength and weaknesses, identifying the type and quality of training offered, and identifying features of "best practice" for training impact in Vanuatu; (iii) examination of the demand and supply mismatch and identification of alternative strategies to overcome the identified shortfalls; (iv) a survey of informal sector/microenterprises; (v) the design of a sustainable financing and contracting facility for the Government to outsource additional skills training to private/NGO training providers; (vi) an assessment of the institutional capacity of the VNTC to carry out its functions as the national nonformal training coordinator and determine the need for capacity building; (vii) an assessment of the appropriateness and feasibility of setting up VNTC branches

in the provinces to coordinate training in the respective rural areas; (viii) an assessment of the appropriateness and feasibility of establishing placement services, particularly for the youth; (ix) a participatory planning workshop with all relevant stakeholders, to present the results of (i-viii) and to refine the proposed project design.

C. Cost Estimates and Financing Plan

10. The TA is estimated to cost \$352,000 equivalent. It is proposed that ADB finance \$250,000 equivalent, covering the entire foreign exchange cost of \$158,000 and \$92,000 equivalent of the local currency cost. ADB will finance the TA on a grant basis, from the ADB-funded TA program. The Government will provide counterpart staff, transport, and office and communication facilities amounting to \$102,000 equivalent in local currency, or 29 percent of total project cost. The TA will finance about six person-months of international consulting services and eight person-months of domestic consulting services. The TA will also finance an informal sector/microenterprise survey, one training workshop on institutional assessment and analysis, one training workshop on participatory rural appraisal and training needs analysis, and one participatory project planning workshop with all relevant stakeholders represented. Detailed cost estimates are in Appendix 1. The Government has been advised that approval of the TA does not commit ADB to finance any ensuing project.³

D. Implementation Arrangements

11. The Department of Economic and Social Development (DESD) will be the Executing Agency of the TA. The team of consultants will work under the overall guidance of the principal secretary of DESD in consultation with the board of VNTC. The Department of Education, Youth and Sport (DEYS) will be the Implementing Agency and will provide counterpart staff, office space, and transport and communication facilities through VNTC. The executive secretary of VNTC will work on a day-to-day basis with the team of international and domestic consultants. The training needs analysis will be carried out in close consultation with the Vanuatu National Council of Women, the Council of Chiefs, relevant youth organizations, and the Department of Provincial Affairs. The Statistics Office under the Office of the Prime Minister will carry out the informal sector/microenterprise survey.

12. The team of individual consultants will have specialization in the fields of (i) nonformal vocational education, (ii) participatory rural assessment/training needs analysis, (iii) community development, and (iv) participatory project planning. The consultants' terms of reference are in Appendix 2. The TA will be implemented over a period of about six months (June-November 2000) with the assignments of the international consultants to be carried out in two phases: at the beginning and at the end of the implementation period. During the first phase, the consultants will provide specific inputs, conduct training of counterparts, and establish a detailed list of tasks to be undertaken. The second phase will focus on the analysis and synthesis of the findings, and the detailing of the project design. Each consultant will submit (i) an interim progress report upon completion of the first phase of the TA, and (ii) a draft final report in accordance with the terms of reference two weeks after the completion of the second phase of the TA. The expected TA completion date is January 2001. Individual consultants will be selected and engaged by ADB in accordance with ADB's *Guidelines on the Use of Consultants* and other arrangements satisfactory to ADB for the engagement of domestic consultants.

³ The loan for the proposed Skills Development Project is currently estimated at \$2 million.

IV. THE PRESIDENT'S DECISION

13. The President, acting under the authority delegated by the Board, has approved the provision of technical assistance to the Government of Vanuatu in an amount not exceeding the equivalent of \$250,000 for the purpose of preparing the Skills Development Project, and hereby reports such action to the Board. This technical assistance will be financed initially as a grant, but will be subject to the reimbursement arrangements set forth in the Board papers on *Technical Assistance Operations* (Doc. R51-77, dated 20 May 1977) and *Streamlining of Technical Assistance Operations* (Doc. R44-88, dated 21 March 1988) in the event that the technical assistance results in investment financing from external aid sources other than ADB.

COST ESTIMATES AND FINANCING PLAN
(\$'000)

Item	Foreign Exchange	Local Currency	Total Cost
A. ADB Financing^a			
1. Consultants			
a. Remuneration			
i. International Consultants	83	0	83
ii. Domestic Consultants	0	40	40
b. Per Diem			
i. International Consultants	24	0	24
ii. Domestic Consultants	0	10	10
c. Travel			
i. International Consultants	20	2	22
ii. Domestic Consultants	0	3	3
2. Workshops and Training	5	10	15
3. Surveys	5	15	20
4. Contingencies	21	12	33
Subtotal (A)	158	92	250
B. Government Financing			
1. Office Accommodation and Transport	0	30	30
2. Remuneration and Per Diem of Counterpart Staff	0	49	49
3. Others	0	10	10
4. Contingency	0	13	13
Subtotal (B)	0	102	102
Total	158	194	352

^a Funded from ADB's Technical Assistance Special Fund.
Source: Staff estimates

OUTLINE TERMS OF REFERENCE

A. Introduction

1. A team of internationally recruited consultants, assisted by two domestic consultants in the field of community development and vocational training, will carry out the technical assistance (TA). The overall objective of the TA is to formulate the proposed Skills Development Project in detail. Each consultant will prepare specific parts of the Project. The team will work under the overall guidance of the principal secretary of the Department of Economic and Social Development (DESD) and in consultation with the Vanuatu National Training Council (VNTC). The executive secretary of VNTC will work on a day-to-day basis with the team of the international and domestic consultants. The training needs analysis will be carried out in collaboration with the Vanuatu National Council of Women, the Council of Chiefs, relevant youth organizations, and the Department of Provincial Affairs.

B. International Consultants

1. Nonformal Vocational Training Specialist/Team Leader (3 person-months)

2. The consultant will be responsible for the overall planning and implementation of the TA and the design of the proposed Skills Development Project. This responsibility will be carried out in close collaboration with the members and the executive secretary of VNTC, senior staff of relevant government and nongovernment training providers, private sector representatives, and other relevant Government officials. The consultant will act as the team leader and will ensure close collaboration among the other consultants.

3. The specific duties and responsibilities of the team leader are to:

- (i) determine the scope of and prepare a detailed outline for the proposed Skills Development Project and assess the feasibility of the project package for investment;
- (ii) develop a detailed project logical framework, including goal, purpose, outputs, activities and inputs, performance indicators/targets, monitoring mechanisms, and assumptions and risks, in cooperation with the members of the TA team and assist in refining it during the stakeholder project planning workshop;
- (iii) prepare detailed cost estimates subdivided into foreign and local cost;
- (iv) define project implementation arrangements, outline the relationship between relevant institutions, and indicate the responsibility of each;
- (v) produce a tentative procurement plan for goods and services (procurement packages);
- (vi) evaluate the financial and economic viability of the Project;
- (vii) conduct a social impact and benefits assessment of the Project in accordance with Asian Development Bank (ADB) guidelines;
- (viii) carry out an environmental impact assessment of the Project in accordance with ADB guidelines.

4. The specific duties and responsibilities with regard to nonformal vocational training are to:

- (i) review existing data related to policies, including labor and wage policies, and systems and delivery modalities of nonformal vocational training, particularly

(Reference in text: page 3, para.12)

- those impacting on vocational training in the rural areas;
- (ii) provide inputs to the design of the training to analyze the needs of the rural population, participate in monitoring data collection, and assist the participatory rural assessment specialist with the analysis and interpretation of the assembled information;
- (iii) establish criteria for the identification of rural nonformal vocational training providers, design survey instruments to assess the institutional strengths and weaknesses, monitor the data collection, interpret assembled data, and identify the features of “best practice” with regard to training impact;
- (iv) design and conduct a training workshop for counterpart staff to carry out the institutional assessment of the rural nonformal vocational training providers;
- (v) design an ongoing monitoring system to perpetuate the achievements of data collection on all aspects of nonformal vocational training needs and delivery;
- (vi) identify the demand-and-supply mismatch and propose alternative strategies to overcome the shortfalls;
- (vii) propose strategies to enhance external efficiencies in this subsector, and identify cost-effective methods for extending the outreach of existing nonformal vocational training, without investing in fixed assets such as training centers; and assess the effectiveness and efficiency of such alternative delivery modalities;
- (viii) design an appropriate sustainable funding mechanism and a contracting facility for Government to outsource additional skills training to private/non-government training providers in rural areas;
- (ix) assess the institutional capacity of VNTC to carry out its function as a national nonformal training coordinator, examine the appropriateness and feasibility of setting up provincial branches of VNTC to coordinate the supply of and demand for training, and determine the need for and extent of capacity building;
- (x) assess the appropriateness and feasibility of establishing placement services particularly for the youth;
- (xi) submit (a) an interim progress report upon completion of the first phase of the TA, and (b) a final report two weeks after the completion of the second phase; and
- (xii) facilitate a project planning workshop with all stakeholders to discuss findings and refine the proposed project design.

5. The consultant must have (i) a degree in education, with specific reference to nonformal vocational training; (ii) a higher degree in some aspect of delivering nonformal education to rural areas; (iii) a minimum of 15 years experience in policy formulation, planning, and delivering nonformal education and training, particularly in developing countries; (iv) proven ability to evaluate the financial and economic viability of projects in the field of nonformal vocational education and (v) experience of working in and guiding of teams, with emphasis on good communication skills.

2. Participatory Rural Assessment/Training Needs Analysis Specialist (2 person-months)

6. The consultant will be responsible for the design and implementation of a detailed nonformal vocational training needs analysis and the processing of the data gathered. Particular attention will be given to women and the youth and the skills required to enhance their income-generating potential. The training needs analysis will be carried out in collaboration with the Vanuatu National Council of Women, the Council of Chiefs, relevant youth organizations, and the Department of Provincial Affairs. The specific duties and responsibilities are as follows:

- (i) in association with the nonformal vocational training specialist/team leader, select appropriate participatory rural assessment instruments for conducting a training needs analysis of rural people, particularly women and youth;
- (ii) select the sampling techniques to be used and determine the areas/communities to be sampled in cooperation with the Statistics Office of the Office of the Prime Minister and other relevant bodies;
- (iii) design and conduct a training workshop on participatory rural appraisal and training needs analysis for counterpart staff;
- (iv) carry out the training needs analysis in selected rural communities with counterpart staff, and supervise/monitor the continuation of the overall process;
- (v) brief the domestic consultant on the process of managing/monitoring the data collection process;
- (vi) collate and analyze data gathered and prepare a draft report for discussion with the project team and other relevant officials;
- (vii) present the findings at the stakeholder project planning workshop;
- (viii) prepare recommendations for an ongoing monitoring system capable of updating the data gathering system on training needs and install a system as appropriate;
- (ix) prepare (a) an interim progress report upon completion of the first phase of the TA, and (b) a final report of findings and recommendations upon completion of the second phase of the TA; and
- (x) liaise with all relevant funding agencies and relevant associated missions.

7. The consultant must have (i) a degree in social science, adult education, or a related field with emphasis on community development; (ii) additional qualifications in participatory rural planning and appraisal; (iii) substantial work experience in and with rural communities, and a strong knowledge of gender and youth development issues in at least 10 years work experience in developing countries and proven ability in the design, implementation, and interpretation of training needs analysis.

3. Participatory Project Planning Specialist (0.25 person-month)

8. The consultant will be responsible for the planning and implementation of a five-day stakeholder workshop on nonformal vocational training. The specific duties and responsibilities are to:

- (i) design, in collaboration with the project team, a workshop program incorporating (a) appropriate features of a goal-oriented planning process covering goal, purpose, outputs, activities, inputs, performance indicators/targets, monitoring mechanisms, and assumptions and risks; and (b) techniques assuring a high level of participation;
- (ii) moderate the stakeholder workshop, ensuring that daily feedback given on the proceedings is incorporated in the following days of the workshop; and
- (iii) document workshop proceedings, including a logical framework.

9. The consultant must have (i) extensive experience in participatory planning, (ii) qualifications in moderation and facilitation techniques, (iii) and extensive experience with and knowledge of “goal-oriented project planning” (GOPP/ZOPP). Professional experience in nonformal vocational training is an added advantage.

C. Domestic Consultants

1. Community Development Specialist (4 person-months)

10. The consultant will support the participatory rural assessment/training needs analysis specialist in implementing the training needs analysis. The training needs analysis will be carried out in collaboration with the Vanuatu National Council of Women, the Council of Chiefs, relevant youth organizations, and the Department of Provincial Affairs. The specific duties and responsibilities are to:

- (i) assist the participatory rural assessment specialist in the design of the training needs analysis;
- (ii) assist in organizing and implementing the training workshop on participatory rural appraisal and training needs analysis for counterpart staff;
- (iii) assist in implementing the training needs analysis and in managing/monitoring data collection in the absence of the specialist;
- (iv) assist in processing and analyzing the collected information;
- (v) assist in organizing the stakeholder project planning workshop;
- (vi) prepare a final report of proceedings, findings, and recommendations;
- (vii) undertake other duties and responsibilities as may be reasonably requested by ADB, the team leader, and the participatory rural assessment specialist.

11. The consultants must have (i) a degree in social science, or a related field with an emphasis on community development; (ii) substantial work experience in and with rural communities; and (iii) a strong knowledge of participatory planning methodologies, gender, and youth development issues.

2. Vocational Training Specialist (4 person-months)

12. The consultant will support the nonformal vocational training specialist/team leader in implementing the survey on rural nonformal vocational training providers. The specific duties and responsibilities are to:

- (i) assist the team leader in designing the survey and the institutional profile of the rural nonformal vocational training providers;
- (ii) assist in designing and conducting a training workshop for counterpart staff to carry out the institutional assessment of rural nonformal vocational training providers;
- (iii) assist in implementing the survey of the training providers, and in managing/monitoring data collection in the absence of the team leader;
- (iv) assist in processing and analyzing the collected information;
- (v) document the findings in accordance with the agreed-upon profile outlines;
- (vi) assist the team leader and the participatory project planning specialist in organizing the stakeholder project planning workshop;
- (vii) liaise with relevant Government officials and assume responsibility for direct monitoring and continuity of all ongoing project activities during the absence of the international consultants;
- (viii) prepare a final report of proceedings, findings, and recommendations;
- (ix) undertake other duties and responsibilities as may be reasonably requested by ADB or the team leader.

13. The consultant must have: (i) a degree in education or related field with extended experience in vocational education; (ii); extended Vanuatu experience at a senior level with a cross section of vocational training providers (church institutions/organizations, NGOs, and women's groups); and (iii) knowledge of institutional assessment and analysis.