

**REPORT AND RECOMMENDATION
OF THE
PRESIDENT
TO THE
BOARD OF DIRECTORS
ON A
PROPOSED LOAN
TO THE
REPUBLIC OF THE MARSHALL ISLANDS
FOR THE
SKILLS TRAINING AND VOCATIONAL EDUCATION PROJECT**

November 2000

CURRENCY EQUIVALENTS

The unit of currency of the Republic of the Marshall Islands is the US dollar.

ABBREVIATIONS

ADB	–	Asian Development Bank
BME	–	benefit monitoring and evaluation
CMI	–	College of the Marshall Islands
GDP	–	gross domestic product
JTPA	–	Job Training Partnership Act
MIS	–	Management information system
MOE	–	Ministry of Education
NGO	–	nongovernment organization
NTC	–	National Training Council
PDMC	–	Pacific developing member country
PIU	–	project implementation unit
PPMS	–	project performance and monitoring system
PSC	–	project steering committee
RMI	–	Republic of the Marshall Islands
SOE	–	statement of expenditure
SY	–	school year
UNDP	–	United Nations Development Programme
US	–	United States
USP	–	University of South Pacific
WIA	–	Workforce Investment Act
WIB	–	Workforce Investment Board
WTMIC	–	Women's Training, Marketing, and Information Center

NOTES

- (i) The fiscal year (FY) of the Government ends on 30 September. FY before a calendar year denotes the year in which the fiscal year ends.
- (ii) In this report, "\$" refers to US dollars.

CONTENTS

	Page
LOAN AND PROJECT SUMMARY	i
MAP	iv
I. PROPOSAL	1
II. INTRODUCTION	1
III. BACKGROUND	2
A. The Education Sector	3
B. Government Policies and Plans	15
C. External Assistance to the Sector	15
D. Lessons Learned	16
E. ADB's Sector Strategy	17
F. Policy Dialogue	17
IV. THE PROPOSED PROJECT	18
A. Rationale	18
B. Objectives and Scope	19
C. Cost Estimates	24
D. Financing Plan	25
E. Executing Agency	26
F. Implementation Arrangements	26
G. Environmental and Social Measures	30
V. PROJECT JUSTIFICATION	31
A. Economic Analysis	31
B. Social Dimensions	32
C. Project Risks	34
VI. ASSURANCES	35
A. Specific Assurances	35
B. Conditions for Loan Effectiveness	36
C. Loan Disbursement	36
VIII. RECOMMENDATION	37
APPENDIXES	

**REPUBLIC OF THE MARSHALL ISLANDS
LOAN AND PROJECT SUMMARY**

Borrower	Republic of the Marshall Islands (RMI)
Project Description	In line with the Government's economic strategy, the Project will improve skills training in the RMI in order to provide well-trained skilled workers for sustained economic and social development by implementing an integrated and articulated national skills training and certification program.
Classification	Primary: Human Development Secondary: Poverty Alleviation
Environmental Assessment	Category C Environmental implications were reviewed, and no significant adverse environmental impact were identified.
Rationale	The Government's efforts to improve the socioeconomic conditions and the living standards of the people and increase employment and income generating opportunities especially for women and the youth in the outer islands are hampered by the lack of skilled workers and training and income-generating opportunities. The Government plans to address these issues by upgrading the skills training system into a comprehensive, integrated, and efficient national training system with skills standards and certification and income-generating activities for women and school dropouts.
Objectives and Scope	The Project will help implement an integrated and articulated national skills training system. Specifically, it will strengthen the quality of the career awareness program to provide guidance to high school students in career and skills training options, improve relevance and quality of skills training, and increase skills training oriented to short-term employment and self-employment for the unemployed and underemployed in the outer islands, with a special emphasis on women and the youth.
Cost Estimates	The total cost of the Project is estimated at \$9.1 million including contingencies, price escalation, and interest during construction, and comprises \$6.7 million in foreign currency cost and the equivalent of \$2.4 million in local currency cost.
Financing Plan	The Project will be financed by the Asian Development Bank (ADB) and the Government.

				(\$ million)
Source	Foreign Currency	Local Currency	Total	Financing Percentage
ADB	6.700	0.125	6.825	75.0
Government	0.000	2.275	2.275	25.0
Total	6.700	2.400	9.100	100.0

Loan Amount and Terms	ADB will provide a loan of Special Drawing Rights 5.276 million from ADB's Special Funds resources. The loan will be repayable in 32 years with a grace period of 8 years and interest charges of 1.0 percent per annum during the grace period and 1.5 thereafter.
Period of Utilization	Until June 2005
Implementation Arrangements	The Minister of Education or his representative will have overall responsibility for planning, organizing, and implementing the Project and will liaise closely with all other government departments and the private sector. A project steering committee (PSC) will be established to provide high-level policy guidance on project issues. The PSC, which will meet at least once every quarter, will be chaired by the Minister of Education and members will include the senior representatives of the Ministry of Education (MOE), National Training Council (NTC), Workforce Investment Board (WIB), College of the Marshall Islands (CMI), MOE's Directorate of Vocational Education, Ministry of Resources and Development, Ministry of Internal Affairs, and Chamber of Commerce.
Executing Agency	MOE will be the Executing Agency for the Project and the Implementing Agency for all project activities.
Procurement	All procurement of goods and services financed by ADB will be carried out in accordance with ADB's <i>Guidelines for Procurement</i> . Contracts for the purchase of equipment estimated to cost more than \$500,000 and civil works estimated to cost more than \$1.0 million will be carried out using international competitive bidding procedures. International shopping procedures will be followed for purchase of equipment between \$100,000 and \$500,000 and for civil works contracts estimated to cost \$1.0 million or less. Smaller purchases estimated to cost less than \$100,000 will be carried out through direct purchase procedures.
Consulting Services	Approximately 75 person-months of internationally recruited and 90 person-months of domestically recruited consulting services will be provided under the Project. All consultants financed by ADB will be selected and engaged in accordance with ADB's <i>Guidelines on the Use of Consultants</i> , and other arrangements

satisfactory to ADB on the engagement of domestic consultants.

**Estimated Project
Completion Date**

31 December 2004

**Project Benefits and
Beneficiaries**

The main benefits will be better trained skilled workers from an improved, efficient, and better articulating delivery system. Improved training facilities, instructors, curricula, and skill standards will provide the much-needed skills of workers for industry. At the same time, income generating mechanisms will have been provided and incomes enhanced which will have beneficial effects on the health and quality of life of vulnerable groups, especially women. The number of school dropouts will be reduced and their talent potential realized through skills training centers and their return to school programs. The direct beneficiaries of the Project will be the 1,200 high school students, who will be able to make intelligent career choices; 600 trainees, who will receive training in the skills centers, some of whom will find employment locally; 800 women and 600 youth trained under the Project; and 150 school dropouts, particularly from the outer islands, who will enroll in the education enhancement program.



I. PROPOSAL

1. I submit for your approval the following Report and Recommendation on a proposed loan to the Republic of the Marshall Islands (RMI) for the Skills Training and Vocational Education Project.

II. INTRODUCTION

2. The RMI is made up of two chains of islands, the Ratak and Ralik groups. The two chains together comprise 29 coral atolls and 5 islands about 3,700 kilometers from Hawaii. The RMI's total land area of 180 square kilometers, scattered over 2 million square kilometers of the Pacific makes it the smallest of the five American-affiliated Pacific territories in Micronesia. Its estimated population in 1999 was 50,840. About half of the people live in Majuro Atoll, about 20 percent in Kwajalein Atoll, and the rest are scattered throughout the RMI.

3. The RMI has an aid-dependent economy, sustained by large grants from the United States (US). In an effort to promote economic development, greater self-sufficiency, and reduced international dependence, the Government, with Asian Development Bank (ADB) assistance, introduced several reform measures. These measures included the downsizing of the civil service and reduction of subsidies to enterprises. Current measures are to (i) develop the economy, including the strengthening of the role of the private sector to stimulate economic growth; and (ii) increase income-generating opportunities for a large number of the population's vulnerable groups, especially women and the youth in the outer islands.

4. The shortage of well-trained skilled labor has been a major constraint to economic and social development. The average educational level of the labor force is only six years of schooling. ADB had recommended that an educated and well-trained skilled force is a prerequisite to increasing productive capacity and that the Government introduce reforms in the education and training sectors that have received little attention in the past. At the same time, Government efforts to generate more jobs and income-generating opportunities for women and the youth are constrained by the absence of employment and self-employment opportunities as well as lack of employable skills, especially in the outer islands.

5. The Government has initiated several measures to improve the quality of education. At the elementary school level, ADB's ongoing Basic Education Project.¹ has successfully raised the low level of academic proficiency. The Government now plans to introduce corresponding reforms in the skills training sector as part of the country's overall education and training reforms. The Government has developed a comprehensive plan to rationalize the vocational education and skills training system. Under this plan, skills training will be reorganized into a comprehensive and integrated national training and certification system with involvement of the private sector and collaboration among training agencies.

6. The Government has requested ADB's assistance to implement the new vocational education and skills training plan to develop a national vocational education and skills training system.

¹ Loan 1249(SF)-RMI: *Basic Education Project*, for \$ 8.0 million, approved on 9 September 1993.

III. BACKGROUND

7. The 1999 Pacific Human Development Report ranks the RMI eighth (down from fifth in 1994) among the Pacific developing member countries (PDMCs), with a human development index of 0.563. This was calculated from a composite measure of life expectancy at birth of 65 years, adult literacy rate of 74 percent, combined gross enrollment ratio of 72 percent, and real gross domestic product (GDP) per capita of \$1,882.² With a human poverty index of 18.7, the RMI ranks eighth in terms of poverty among the 12 PDMCs. This reflects a composite of people not expected to survive to age 40 (13 percent), illiterate adults (26 percent), underweight children under 5 (17 percent), and people without access to safe water (18 percent) or health services (5 percent). The low ranking status of the RMI reflects the poor quality of education available and the high cost of delivering services to a scattered population. The shortage of skilled people at all levels is a major barrier to economic development. Education attainment is low, with average years of schooling being only 8.5 years. Important factors in relation to this are low quality of elementary education and lack of access to education in the outer islands.

8. Distribution of resources and of incomes lacks regional equity, resulting in a highly dualistic economy. In 1991, average per capita incomes in the capital were around three times higher than those in the outer islands, while per capita incomes in the wealthiest quintile of households was 3.5 times higher than those in the poorest quintile of households. The RMI economy grew less than 1 percent in 1999 after three years of recession caused by a combination of drought and the short-term impacts of Government expenditure cuts associated with the reform process. Real GDP remains low, approximately 25 percent less than in 1995. In per capita terms, current value GDP fell by over 17 percent in the same period.

9. Despite a downward trend, inflation has been relatively high, averaging 5.5 percent per annum in 1995-1999. Although exports fell by 6 percent in 1995-1998, imports also fell by 24 percent in the same period, resulting in a decline in the trade deficit. The fiscal situation remains precarious partly due to reduction in import tax rate and past due obligations. Oil price increases are expected to have an impact, and the new Government is saddled with financial commitments made by the previous government, including purchase of new aircraft. Some relief may be possible from increase in fishing revenue, further public service downsizing, and bilateral funding. Despite the short-term political and personal costs, there has been improvement in governance, particularly since the new Government took office. New legislation has been prepared to simplify the processes associated with private sector investment. The quality of economic management in the coming years will be crucial to ensure sustainable economic growth into the future.

10. Women are disadvantaged in all areas of the economy and society despite the mainly matrilineal society. Female literacy rates are around 13 percent lower than those of men. Few women are in senior positions of leadership in Government and women's and infant health is a key area of concern; in fact infant mortality, total fertility, and teenage fertility rates in the RMI are the highest of all PDMCs, while contraceptive use is among the lowest. The high fertility rate has a follow-on impact on the general health of women.

² UNDP. 1999. Pacific Human Development Report:: *Creating Opportunities*.

A. The Education Sector

1. Elementary Education

11. The structure of education consists of eight years of elementary schooling (grades 1 to 8) followed by four years of high school (grades 9 to 12). Elementary education is mandatory while entry into secondary education is subject to competitive entrance examinations. Public and private schools provide both levels of education.

12. In school year 2000 (SY2000), the RMI had 104 elementary schools and a total enrollment of 11,687. Female students were almost equally represented, accounting for about 48.5 percent (5,669 students) of all elementary students. The elementary schools had 632 teachers. The teacher student ratio was 1:20 in public elementary schools and 1:15 in private elementary schools.

13. Elementary schools are few and far between and are available in only 24 of the 29 atolls, with 10 atolls having only one elementary school each.³ Because the RMI's population is highly dispersed, the schools are small in size, averaging an enrollment of 112 students. Many schools in the outer islands have less than 50 students in grades 1 to 8. Often, one or two teachers teach all the grades in these schools. Because of the long distances involved in walking to school and the difficult geographical and weather conditions in the islands, many children do not attend school. Despite compulsory elementary education, school participation rates are low, with about 3,500 children 6-14 (30 percent) not attending school.

2. Secondary Education

14. At the end of grade 8, students take a national test to gain entry into high schools. Secondary education is available only in four atolls (Kwajalein and Majuro have five and eight high schools, respectively, while Jaluit and Wotje have one each). There are only 3 public schools among the 18 high schools in the country. The total enrollment in public and private schools was 2,498 in SY2000. Female students were well represented at the secondary level, accounting for 49 percent of total enrollment. The high schools had 187 teachers, providing a generous teacher student-ratio of 1:14. High schools are also small in enrollment with an average of about 140 students in grades 9 to 12. Students in the outer islands who gain entry into high schools migrate to Ebeye or Majuro to continue their studies, or cease schooling. Statistical data on education is at Appendix 1.

15. Only about 35-40 percent of students who take the entrance test in grade 8 are admitted into the limited places in high schools. In 1998, of the 1,218 students who took the tests, only 481 (39.5 percent) were admitted into grade 9. Similarly, in 1999, only 488 students (35.3 percent) of the 1,384 who took the test gained admission. The high rate of failures is also the result of the low level of educational achievement at the elementary level where students⁴ basic competencies are poor in many subjects, including English, mathematics, and science. About 1,460 children of the 15-18 age group do not attend school.

³ Under the ADB-assisted Basic Education Project, a middle school for 720 students is being constructed to increase student enrollment.

⁴ ADB-assisted *Basic Education Project* is addressing some of the weaknesses in elementary education.

3. School Dropouts

16. The school dropout rate is high at all levels. Results from ongoing National Standards Bureau monitoring of student enrollment show that there are approximately 30 percent of incoming first graders who dropout before grade eight and approximately 57 percent of incoming ninth graders in high school drop out before graduation. The data suggests that of every 100 students who begin grade 1, about 13 will graduate from high school. The 1999 census recorded that 30.5 percent of students enrolled elementary schools do not attend school. The dropout rate is particularly high at the end of the elementary level when students take the high school entrance test. The number admitted depends on the number of places available, which are allotted to the top-scoring examinees.

4. Postsecondary Education

a. College of the Marshall Islands

17. Postsecondary education is provided in the College of the Marshall Islands (CMI) in Majuro. CMI is an autonomous community college providing two- and three-year programs for students in the Micronesian region. CMI is the designated postsecondary institution for the RMI responsible for the development of human resources in a number of areas. CMI has been fully accredited by the Western Association of Schools and Colleges. CMI's main campus is in Majuro where the college offers associate degree and certificate programs in teacher education, liberal arts, and vocational and occupational education and training. In the fall semester of 1999, there was a total of approximately 650 students attending part-time and full-time courses. In that same year, 58 students graduated with associate degrees. Other programs include the adult education program, which offers youth and adults a second opportunity to complete high school education, or attend postsecondary training to have a better chance for employment. English and mathematics are taught to make trainees functionally literate to help them pass the General Equivalency Diploma. Since SY1993, 1,726 students have participated in these courses and 246 gained the diploma. A total of 91 students gained employment or improved their employment position while another 206 went on to other education and training programs in CMI, colleges in the US, and the Job Corps Program. CMI's profile is in Appendix 2.

18. CMI runs a branch campus in Ebeye where it offers associate degree and certificate programs similar to those in the main campus in Majuro. Courses include nursing, business, accounting, management, computer, education, engineering, and liberal arts. In the spring semester of 2000, CMI had 108 part-time and full-time students, including 52 females and 56 males. The branch campus opened in 1996 and is in an early stage of development. It has graduated 3 students.

19. Over the years, CMI has been expanding its facilities on its two campuses through Government support and its own initiative. In 1998, ADB provided assistance under the Basic Education Project to build a dormitory for about 30 teachers from the outer islands. CMI added a building with offices for the staff. CMI has upgraded its Ebeye campus where it refurbished the six classrooms of an abandoned elementary school building close to the campus. It also purchased and rehabilitated two unoccupied houses to provide accommodation for its staff to attract teachers to the campus in the remote island.

b. University of the South Pacific Branch in Majuro

20. The University of the South Pacific (USP) has a university center in Majuro. USP was established in 1968 by 12 island countries in the Pacific. Marshallese high school students with high grade point averages are admitted to USP's one-year preparatory program for admission into colleges in the Pacific, Australia, and New Zealand. Several promising students have benefited from these programs.

5. Vocational Education in High Schools

21. Vocational education is provided mainly in the RMI's three public schools: Marshall Islands high school (MIHS) in Majuro, Jaluit high school in Jaluit, and Northern Islands high school in Wotje. Vocational education comprises prevocational education in grades 9 and 10 and vocational education electives in grades 11 and 12. Prevocational education is designed to introduce students to the work environment and the various vocational options open to them. Students are expected to learn simple skills, use of tools, and production processes to enable them to grasp vocational concepts in several occupational areas. These include agriculture, food preservation, elementary construction, cooking, sewing, gardening, and fishing. But because of inadequate funding and resources, the programs have not been very effective, and students are not prepared and motivated for vocational electives in grades 11 and 12.

22. Vocational education electives are aimed at equipping students with occupational skills and developing their aesthetic and intellectual skills to enable them to participate in personal, family, community, and national affairs. A wide range of vocational electives is offered. They include agriculture, auto mechanics, basic electricity, bookkeeping, childcare, typing, shorthand, speedwriting, construction, cooking, sewing, drafting, economics, general business, home economics, home garden skills, home maintenance and repair, small appliance repair, and woodworking. The number of students in most vocational elective courses is small although some courses (such as home economics, computer, and agriculture) have higher enrollments. Vocational education is, therefore, not cost effective. A few private schools (e.g., Assumption high school in Majuro, the Queen of Peace high school, and the Seventh Day Adventist high school in Ebeye) offer limited vocational education in home economics, secretarial services, woodwork, sewing, and auto mechanics.

23. In addition to vocational education, high schools also run a school-to-work program that duplicates much of the vocation education programs in grades 9 to 12. It also results in wastage of scarce resources, low quality of vocational education, and significantly reduced teaching time for academic subjects.

6. Skills Training

a. Job Training Partnership Act Programs

24. Skills training in the nonformal sector is funded by the US federal government under the Job Training Partnership Act (JTPA), which was established to provide Marshallese, who face severe labor market constraints, with support and training to increase their opportunities to find employment.

25. JTPA programs, which were run in collaboration with CMI, provided training and services to participants and maintained a close relationship with ongoing development programs. JTPA also provided school alternative programs whereby dropouts were able to improve their

educational competencies and return to mainstream education. JTPA received an annual budget of about \$800,000 and operated a wide range of programs, which were provided in the two CMI training centers in Ebeye and Majuro. The courses included automotive mechanics, air conditioning and refrigeration, building maintenance, carpentry and construction, electricity, secretarial, sewing, and welding. During 1994-1999, about 1,620 youths and adults, including 543 females (33.5 percent), participated in seven JTPA programs: occupational skills training, institutional skills training, cooperative work experience, entrepreneurship and small business operation, preemployment work maturity skills training, school enhancement, and summer youth employment and training. A total of 393 youth and adults including 84 females were placed in employment. Nineteen students including 10 females gained places in high schools. The JTPA programs closed in June 2000 and were replaced by the Work Investment Act (WIA) program.

7. Work Investment Act

26. Specifically, the WIA facilitates training to produce a skilled workforce based on nationally recognized skill standards and strives to maximize the use and management of the country's natural and human resources. WIB's main tasks are to (i) increase self-reliance of Marshallese, (ii) reduce dependence on outside resources and aid through the provision of services and training programs tailored to meet the needs of the individual and public and private sectors, and (iii) foster collaboration among related agencies. When the WIA came into effect, the Government set up the Work Investment Board (WIB) in August 2000 to administer the WIA and meet its requirements.

27. WIB supports summer employment opportunities, work experience, occupational skill training, leadership development opportunities, and guidance and counseling. It supports entrepreneurial activities with "incubator" entrepreneurial projects by providing equipment, rent, transportation, materials, and start-up assistance. This will provide on-the-job training for entrepreneurs in business skills and act as a showcase for educating the masses in entrepreneurial and self-employment opportunities. WIB also supports the alternative school programs, which enable dropouts and delinquent youth to return to school. To foster greater self-reliance, WIB supports local governments interested in developing sustainable agriculture, fishing, and other subsistence activities in the outer islands.

28. WIB operates through one-stop centers, which are responsible for developing programs and identifying suitable training providers to conduct training on behalf of WIB. The one-stop centers provide comprehensive services to trainees, trained workers, employers, and training providers. The centers do not conduct any training themselves but commission training providers to do so. They also assist and advise potential trainees to find suitable training venues, help trained workers find jobs, and assist employers to find suitably trained workers. WIB has set up a one-stop center at Majuro. Another center will be built on the CMI campus in Ebeye, which is the second largest populated area and a significant employment market for trained skilled workers for the contractor who provides human resources to the US Kwajalein Missile Range. Two subcenters are also planned for Jaluit and Wotje. The subcenters will be the focal points for planning all outer islands training. This decentralized approach will allow the flexibility needed to assess and address the unique conditions of the varied social, economic, educational, and training needs of the RMI. WIB staff will head each of the one-stop centers and subcenters, and the director of the one-stop center in Majuro will coordinate the activities of all four centers. Programs available in the RMI are in Appendix 3.

8. Skills Training Centers

29. CMI is the primary skills training provider in the RMI. It conducts skills training for mid-level skills workers in its two centers in Ebeye and Majuro. CMI has experience in conducting training under the JTPA programs and is currently upgrading its training and educational facilities in both campuses to (i) meet the new requirements of the WIA and provide better training programs in order to qualify for assistance under the WIA, and (ii) maintain its status of full accreditation by the Western Association of Schools and Colleges. In 1999, CMI converted an abandoned cafeteria of the MIHS at Rita into a center for training skilled workers.

30. Skills training is also available at the CMI Ebeye campus. The campus is housed in an old and large renovated two-storied military building. There are currently seven classrooms, a computer room, a students' lounge, a bookstore, and four administration offices. The campus runs skills training courses in carpentry, electricity, and secretarial services. The college collaborates with the training staff on the military base in Kwajalein to develop training programs and place students for on-the-job training, and draws part-time teachers from among the staff of the base.

31. CMI has prepared to assume its role as the leading skills training provider in the RMI by renovating the abandoned high school cafeteria at Rita in Majuro into a training center and expanding its modest facilities at its Ebeye Training Center, and designating a senior CMI staff member as the director of skills training. The director will be responsible for the planning, coordination, and delivery of all CMI skills training. CMI has also designated two members of its staff as the managers of the training centers in Jaluit and Wotje. CMI is thus adequately prepared to meet the challenges of the new skills development program.

9. Technician Training

32. Postsecondary programs for training technicians are offered at CMI and its branch campus in Ebeye. The main campus in Majuro runs associate degree and certificate vocational and occupational courses in nursing, business, and occupational trades. Two-year programs in business studies and office administration lead to the Associate of Science Degree. The business studies and office administration course includes management, accounting, and computer science and is designed for those who wish to work in the business sector. The office administration course prepares students for careers in a business office environment and includes training in keyboarding, office procedures, word processing, interpersonal skills, business English, business mathematics, organizational skills, and accounting. The Department of Vocational and Occupational Education provides two-year programs in architectural engineering leading to the Associate of Science Degree and an individualized education program leading to an Associate of Science Degree in automotive technology or building trades.

33. The CMI campus in Ebeye also offers postsecondary programs for training technicians, similar to programs offered in the main campus in Majuro.

10. Teacher and Instructor Training

34. Teachers and instructors for vocational education and skills training programs are recruited in several ways. Some are graduates of CMI, others are recruited through open advertisement, and others are trained in the Guam Community College, which recently moved from Guam to Palau. This college was set up in 1994 to train teachers for nine island countries in the region, including the RMI, under the US-funded Instructor Development Program of the

Pacific Regional Educational Laboratory, with headquarters in Hawaii. The program focuses on vocational curriculum development and instructor training in a broad range of vocational subjects at the secondary school level. The RMI receives about \$120,000 annually under the US federal grant for vocational education and this is used to train about four teachers every year. Teachers attend vocational training and pedagogic courses for eight weeks during summer vacations for four consecutive years to qualify for an associate degree. Seven teachers from public high schools in the RMI have received associate degrees under this program. Private schools do not receive any assistance to train teachers.

11. Skills Training for Women and Youth

35. The Women's Division in the Ministry of Internal Affairs is responsible for promoting equality and gender awareness in the community, coordinating training programs to support improvements in women's lives, monitoring the status of women in the RMI, and acting as the focal point for all support and assistance to women. The Women's Division works closely with the National Council of Women. A major activity of the Women's Division is implementing the Women's National Policy, which aims to improve the health and educational status and welfare of women. Prior to budget cuts under the Public Sector Reform Program, the Women's Division organized several training programs and conducted training and income-generating activities for women's groups throughout the islands. Now, without funds, the Women's Division acts mainly as a clearing house and a meeting place for the National Council of Women and nongovernment organizations (NGOs). Traditional attitudes continue to influence the level and scope of women's participation in economic growth and social development.

36. The health and education profile of the RMI is discouraging and compares with those of much poorer countries. The poor health of the population is due to poor nutrition; approximately 56.5 percent of adults aged 18-50 years are overweight or obese.⁵ One in two adults is likely to develop symptoms of diabetes and similar illnesses. The overall life expectancy in the Marshall Islands is 68 years—66 years for males and 69 years for females—both well below average life expectancies in many neighboring island countries. In recent years, domestic violence due to alcohol abuse and other forms of violence against women have increased.

37. With the budget cut in the Women's Division and elsewhere, the training and income-generating opportunities open to women was reduced. In the outer islands, subsistence agriculture, handicrafts, and coastal fisheries, combined with the traditional extended family system, help to maintain a social safety mechanism to ensure the basic needs of food and shelter. With reduced income levels and fewer job opportunities island communities are now motivated to revive subsistence activities for consumption and sale, and to exploit island resources. But the communities need adequate management, entrepreneurial, and other skills to do this. In the island communities, women facilitate and supplement the subsistence living standards by ensuring that family obligations to the community are met while the household is kept together. Handicraft production has been a perennial activity especially for women, and supplements income from copra and coastal fishing. After the public reform period, the onus is even greater for women to ensure that community and family obligations are met.

12. Administration of Education

38. The responsibility for the overall development and administration of education at all levels, including technical and vocational education, lies with the Ministry of Education (MOE).

⁵ Findings from a survey conducted by John Hopkins University between 1996 and 1997.

MOE is headed by a minister, assisted by the secretary of education who administers and implements Government education policies and oversees the administration of education in the country. The National Board of Education advises the minister on public school curricula, education standards, CMI, and other education matters. MOE is divided into three bureaus, each headed by an undersecretary: (i) the Elementary and Secondary Education Bureau is responsible for the development of school education including, prevocational and vocational education and training, school liaison, and logistic support to schools; (ii) the Curriculum and Instructional Services Bureau is responsible for the design and development of curriculum and instructional materials; and (iii) the Administration and Instructional Support Services is responsible for administration and finance. The three directorates in the Elementary and Secondary Education Bureau are responsible for elementary, secondary, and vocational education. The director of vocational education is responsible for vocational education programs in schools. Currently, he is the only staff person in the department dealing directly with vocational education. The MOE organization chart is in Appendix 4.

13. Financing of Education

39. MOE's annual budget is made of a mix of Compact⁶ funds and specific education grants. Currently, MOE receives funding for education from a number of sources, the main ones being the General Fund, Compact Tied Fund, Special Revenue Fund, and Federal Fund. The General Fund primarily supports several administrative and monitoring divisions of MOE and elementary education. The Compact Tied Fund provides annual grants of \$1.8 million mainly for financing the RMI's three public high schools. The Compact Fund also provides about \$797,000 annually in scholarships to Marshallese to study in US colleges. The Federal Fund is given for specific programs such as assisting handicapped children, preschooling, and training. In 1998, MOE received a total of \$1.48 million from all funds including \$1.33 million for recurrent expenditure. It received \$1.5 million for capital expenditure. About 75 percent of the General Fund is spent on elementary education, only 2 percent on secondary education, and 22 percent on postsecondary education. MOE's budget is provided in Appendix 5.

40. The budget for vocational education and skills training programs comes largely from the General Fund, Compact Tied Fund, and Federal Fund. An exact breakdown of expenditure on vocational education is not available as it is included in the secondary education allotment. Estimates indicate that in FY1999, the Directorate of Vocational Education in MOE received \$120,000 for vocational programs in the three public schools, while the JTPA received \$840,000 for its programs. The National Training Council (NTC) gets its funding from the levy imposed on foreign nationals working in the RMI, which has averaged about \$180,000 annually. NTC also receives aid from international bodies such as the United Nations Development Programme (UNDP) which provided assistance to develop skill standards in a few trade areas. CMI received about \$900,000 in FY1999. For FY2000, the Government had proposed a budget of the same amount for all the allocations.

41. CMI's main revenue is from tuition fees (61 percent in FY1999), which are \$95 per credit for a resident student and \$105 per nonresident student. The rest is from Government subsidy and other income, which in 1999 amounted to \$2,364 per student. Most students receive Federal Pell Grants, the maximum for which is \$3,300 per year. In FY1998, the Department of Vocational and Occupational Trade spent \$89,480. In 1996, CMI established the Endowment Trust Fund toward achieving financial stability of the college. CMI is targeting \$20 million, which will enable it to be self sustaining and less dependent on US federal scholarship programs and

⁶ Compact of Free Association with the US.

fluctuating annual local appropriations. CMI estimates that when the target of \$20 million is reached, it will be able to finance about 80 percent of its current operating expenditure through returns on investments. To date, the Endowment Trust Fund has about \$200,000. CMI is seeking US nonprofit status, which would make contributions to the Endowment Trust Fund tax-exempt for US citizens.

14. Economic and Labor Market Considerations

a. Market Analysis

42. The RMI may be divided into four distinct economic areas: Majuro, the capitol and largest population center; Ebeye, in Kwajalein Atoll, the second largest population center and the site of the missile testing range for the US army; subcenters of Jaluit and Wotje; and the remaining “outer islands,” which are home to approximately one third of the population.

43. An economic goal of the Government is greater self-sufficiency in agriculture. The overall strategic objective for the development of agriculture is to optimize the generation of in-kind and monetary income (i.e., food and cash) from agriculture. Another goal is to develop fisheries marine resources. Majuro has established a fish processing (“loining”) plant, which employs 320 workers. Ebeye has built, with Japanese aid, a fish market that imports fish and sells local produce from three neighboring atolls, Ailinglaplap, Likiep, and Namu, which have built fish holding centers in their atolls. Arno, a neighbor atoll to Majuro, has completed a fish base (facilities for landing, sorting, and storing fish catches). Jaluit is in the process of constructing a fish base and plans are set for the atolls of Mili and Aur to build bases in the near future.

44. Ecotourism, the third priority of the Government, is still largely in the planning stages. Majuro has a resort, and Bikini has a dive resort. Other ecotourism plans are being made for Jaluit, Kwajalein, and Mili atolls. The Ministry of Resources and Development is also investigating the feasibility of pearl farming.⁷ Throughout the RMI, there is a pressing need for more and better-trained teachers.

45. The completion and start up of new retail stores in Majuro seems to indicate an expansion in retail related employment. In addition, transportation and related industries and services will continue to increase, particularly as the population and businesses can only find land further out long the 50 kilometer (km) stretch of the atoll. In the past year, three new car dealerships have opened in the capitol. As the outer islands develop fisheries, more vessels will be needed, and as the RMI’s airline increases its capacity to serve the outer islands, a variety of employees will be needed to support this expansion. Skilled workers will be required in all these areas.

46. In addition, initial surveys from the private sector indicated the need for higher level or mid-to-upper level training to enable Marshallese to replace nonlocal personnel. An associated problem is that while many students do go abroad for higher education, few of them return to the RMI, preferring to remain in the United States. Their places need to be filled too.

47. Ebeye Island is 5 km from the main island for the Kwajalein Missile Range and provides the Marshallese labor force for the island. The Raytheon Company, which is contracted by the US army, employs over 1,000 Marshallese in a variety of positions. No large expansion is

⁷ Interview with Ministry of Resources and Development personnel, February 2000.

expected to take place; however, wide range of entry-level jobs are available, from trades to food service, and need to be filled on an ongoing basis as employees leave their jobs for various reasons. However, although some Marshallese have risen to positions of responsibility after an extended period of time, few are in managerial or technical positions largely due to the lack of qualifications. CMI, in collaboration with the Raytheon training staff, has begun to address this problem with a training program that has successfully placed two graduates in computer technician positions, one graduate in the engineering master planner's office, and several in secretarial positions previously occupied by Americans. Jobs Corps operates a center on Kwajalein, which prepares Marshallese youth for transfer to US Job Corps sites for further training. Many out-of-school youth, however, cannot take advantage of this opportunity due to their extremely low competency in English.

48. Economic development on Ebeye is limited due to the population density of the island. The scarcity of land limits construction of new buildings. However, many services, from air-conditioning repair and maintenance and other maintenance-related jobs need to be developed. There are plans to build a dive resort to capitalize on the various World War II wrecks and other excellent diving opportunities found in the lagoon; however, these plans remain on the drawing board.

49. Jaluit has made good progress toward establishing the infrastructure for further economic development. Its power plant is operating and can of support continued economic expansion, and its wharf is in good condition and capable of docking the larger ships that travel to and from the centers. Communication by satellite phone and facsimile has also been established. A fishery is being established and plans are being made for an ecoresort. Marshalls Energy Company has plans for a power plant in Wotje. Wotje, which has some of the most fertile soil in the RMI, is planning on increasing agriculture output by diversifying its production of food crops.

50. Economic activity on the outer islands is still mainly at the subsistence level although some initiatives have been taken to develop the economy. These initiatives mostly involve food production and fish catch to be exported to the centers of Ebeye and Majuro. A major initiative in the outer islands is development of alternative energy sources. Three of the outer islands are already using solar power to provide electricity. This push for alternative energy sources will necessitate, in turn, the development of supply and distribution centers in the major atolls to support them. The Government is cognizant of the importance of economic development in the outer islands as a means to slow or reverse migration to the urban centers and the resulting economic and social problems that this migration causes. The legislature has passed a bill, which will make Enewetak, the RMI's westernmost atoll, the country's third port of entry. Infrastructure development and training of personnel to operate the port will provide a significant number of job opportunities.

b. Labor Force

51. The size of the working age population (people aged 15 years and older) is about 28,700: 14,600 males and 14,100 females. The economically active population of the total labor force is about 14,700 people—9,679 males (66 percent of all males) and 4,908 females (35 percent of all females). In 1999, private employment comprised 40.6 percent of the total employed population; Government, 30.6 percent; and self-employment, 25.8 percent. The remaining 3 percent were employers, unpaid, and paid workers in family businesses.

52. The total number of employed persons, based on the 1999 census, is 10,141 which is 69.1 percent of the total labor force. The unemployed comprises 30.9 percent of the total labor force. This is more than double the unemployment rate in 1988, which was 12.5 percent. In fact, the total number employed in 1999 is almost the same as 1988. The increase in the unemployment rate is probably the result of the lack of new jobs as well as downsizing of the Government workforce. The unemployment rate for females was 37.3 percent and for males, 27.6 percent.

53. The total lack of employment growth between 1988 and 1999, when vast sums were being spent on stimulating economic growth, suggests that it will be difficult to find even a fraction of the jobs needed to achieve an equilibrium between the 800-1,000 job seekers a year and available job opportunities. With expanded markets for atoll-lagoon marine products, tuna transshipment services, and tourism (all of which are far from certain to occur), the potential for new jobs is in the range of 100-300 a year, except for projects such as the new fish processing ("loining") plant in Majuro, which employs 300 people.

54. Every effort is being made to make the RMI a competitive and attractive place for foreign direct investment, and for profitable expansion of existing enterprises. The Government's efforts to improve the investment climate (assisted by ADB) have resulted in substantially increased employment in the fisheries sector, including the 300 new jobs in the fish processing ("loining") plant. These efforts can lead to real economic growth and an increase in new jobs. However, the growth is unlikely to be sufficient to absorb the increasing number of job seekers. Under the Compact, RMI citizens can live and work in the United States, and some will do so. While strategies to promote private sector-led economic growth, strengthen financial management, and improve governance are put in place, a qualified and skilled workforce is also needed. Eventually, wages in the RMI which are much higher than in many of the RMI's natural competitors, will need to fall, and technical skill and output per person will need to rise if the RMI is to gain any comparative advantage. The Project addresses only one aspect of the overall economic and financial challenge.

55. By occupational groups, the production workers, laborers, and transport equipment operators comprise the largest percentage of the RMI's employed population (24.4 percent), followed by the agricultural workers and fishermen (20.5 percent). By gender, the largest group of employed males are in agriculture and related group (26.2 percent), followed by the second largest group of employed males composed of production workers, transport equipment operators, and construction workers (25.4 percent). By comparison, among female workers, the clerical workers is the largest group, comprising 26.5 percent of employed females, followed by those engaged in production jobs constituting 18.9 percent.

56. By industry group, the largest percentage of both male and female workers belong to the group "community, social, and personal services," with males in this industry accounting for 35.6 percent of all male workers, and the females, 41.8 percent of all female workers. This is to be expected, since this industry group includes service workers, government officials, professionals, and technical and related workers such as medical workers and teachers. The next largest industry group for men is "electricity, gas, and water" (11.9 percent), and that for women is "manufacturing" (21.7 percent). Most women under the "manufacturing" group are engaged in handicrafts.

15. Key Issues

a. Ineffective Vocational Education Programs

57. Vocational education programs particularly lack relevance to the work environment and do not articulate with the nonformal skills training programs. Prevocational programs in grades 9 and 10 are not well organized and are not effective in introducing students to the work environment and to the vocational options open to them. Tools and teaching materials skills are too scarce to enable students to appreciate simple production processes or grasp vocational career concepts.

58. High schools offer a large number of vocational electives in grades 11 and 12 but lack facilities, equipment, operating funds, trained teachers, and organized and efficient programs. Vocational electives are developed without the involvement of industry and the private sector and without training need assessments. There is little consultation with employers to assess skilled needs for human resources. This has resulted in a mismatch between vocational education and the job market. In many cases, the number of students taking electives is less than 10; too few for the programs to be cost-effective. In addition, because equipment and materials are scarce, there is very little opportunity for practical work. At the same time, vocational education in schools detracts from academic competency so that vocational education students' abilities in science, mathematics, and English remain very low. These competencies are becoming increasingly crucial prerequisites for the preparation of skilled workers. With advancing technology, workers are increasingly required to read and understand blueprints and instructions critical for the operation of complex and expensive machines and instruments. Vocational education students are, therefore, not well prepared for the job market. They are also too young to master vocational skills and at the end of their training do not have any employable skills and remain unemployed.

b. Ineffective Skills Training System

59. A major issue facing the skills training system in the RMI is that it is ineffective and inefficient. The interface is poor among training agencies, training providers, training authorities, and the private sector. The existing consultative mechanism for the management and coordination of skills training is ineffective. The National Training Council (NTC), established under the Industries Development Act of 1991 to serve as the overall coordinating body for skills training in the RMI has not been active for lack of funds. Although NTC was mandated to establish skills training standards, test trainees, and issue certificates to trained workers, it has yet to implement these effectively.

60. Because training is not coordinated, programs are duplicated and roles of training agencies overlap. There are no quality control measures for national skill standards, testing design and procedure, accreditation of training programs, or certification of skills. The duplication and lack of articulation and sequencing of training programs among training agencies have reduced economies of scale and increased costs of training. There is an urgent need for the roles and responsibilities of training agencies such as NTC, WIB, CMI, MOE, and other training stakeholders to be delineated unequivocally. The Government and ADB discussed this issue, and the Government was asked to delineate the roles and reach an understanding among stakeholders prior to loan negotiations. The Government has since provided written delineation of roles and responsibilities signed by all four agencies.

61. Skills training programs, carried out in the CMI skills training centers in Ebeye and Majuro, are relatively better designed than vocational electives. They included some practical work and on-the-job skills training. But because of limited and unsuitable training facilities and of insufficient equipment, instructors, training materials, and other resources, training is inefficient both internally and externally. Only about 540 of the 1,620 (or 30 percent) people trained between 1994 and 1999 were employed, but most of them had to be retrained. Only 10 returned to school under the adult school program. The unit cost of training is also very high at about \$4,000.

c. Lack of Skills Training Opportunities in the Outer Islands

62. Hardly any formal or nonformal skills training is available in the outer islands. Skills training programs such as those offered in Ebeye and Majuro are not available in any of the outer islands. Consequently, people in the outer islands lack education and training opportunities. Women and the youth are particularly vulnerable in the RMI, but more so in the outer islands, which have only occasional ad hoc training organized by NGOs. Furthermore, outer islands people can not commute to a central location for training because of distance and family responsibilities.

63. The social impact assessment (Appendix 6) carried out by the Mission in five test sites in two urban centers and two outer islands revealed that the primary training needs of women in the outer island are not being addressed. The needs are in areas such as improvement of food production, health and nutrition, and income generation. A community outreach program is needed for women, especially for mothers unable to attend regular training. The social assessment revealed that the development of a community outreach program and the inclusion of housing units and hostels for students and teachers will help increase enrollment in skills training particularly for women. The assessment also showed that most women and out-of-school youths would enroll to learn skills and would even willingly pay for the training, if they (i) know about the program and its objectives; (ii) believe that the training would significantly increase prospects for employment or to start a small business; (iii) are convinced the type of training is appropriate and would be of immediate use to them after training; and, (iv) are aware that training will be available to those (e.g., mothers) who are unable to leave their families for extended periods and live in the training centers during training.

64. Parents now believe that education and skills training would help their children and themselves to secure better employment. Thus, the attitude that there are no options for young people after dropping out of school is changing. Church-based women and youth organizations, which exist in most communities in the urban centers and in the outer islands, provide occasional skills training for women and youth. With some training and support, these organizations can play an important role in popularizing the Project and the importance of skills training.⁸

65. The assessment identified the need for a women's training, marketing, and information center (WTMIC) specifically for Majuro, to improve and market women's handicrafts. Women particularly lack access to information on health, nutrition, and parenting. Consequently, they remain ill-informed, poorly motivated, and lack initiative to combat health and nutrition deficiency-related illnesses. Local resources remain unexploited while opportunities to improve incomes and standards of health and basic amenities of life are lost.

⁸ Canada Fund estimated that there are around 600 such organizations in the RMI.

B. Government Policies and Plans

66. The Government's policies on skills development are to develop a national training system to help increase the self-reliance of the Marshallese people and lessen their dependence on external assistance. This is to be achieved mainly through the development of a skills training system that will maximize the efficient use and management of the country's resources and increasing income-generating opportunities for vulnerable groups. The Government's skills training priorities in the next five years are (i) eliminating duplication of training effort and fostering collaboration among agencies and clients, (ii) developing an informal training mechanism to reach out to vulnerable groups in the outer islands, (iii) increasing the participation of the private sector in skills training, (iv) providing worker preparation and employment placement processes, (v) training staff on a continuing basis, (vi) establishing a labor market system, (vii) educating and training youth and women in particular to become productive citizens and leaders of the RMI, and (viii) changing the present contract-driven workforce system to a customer-driven system.

67. The Government's strategies for improving skills training are to (i) develop an integrated, coordinated, and efficient skill training system that meets the need for well-trained skilled workers for national economic and social development; (ii) reform vocational education programs in high schools to remove duplication of programs and make students more aware of training options and be more trainable with a strong foundation in basic academic skills; and (iii) strengthen skills training programs to make them relevant, cost effective, and efficient.

68. To address the weaknesses of vocational education and skills training in the country, the Government recently developed a national skills training plan. The plan calls for the rationalization and reorganization of skills training under a comprehensive and integrated national skills training system with clearly defined responsibilities for training institutions, the private sector, and other stakeholders. Skills training will be coordinated and improved on a national basis to ensure efficient planning, quality training, and appropriate delivery. High schools and skills training centers will complement each other's efforts with the schools educating, guiding, and preparing students for eventual training in the skills training centers. High schools will cease to provide vocational education in grades 11 and 12. Instead they will offer, from grades 9 to 12, career awareness programs designed to introduce students to the work environment and to the vocational options open to them. The career awareness program will not provide any skills training but will provide career information and counseling to help students make informed career choices in vocational and occupational areas. The career orientation program will include the best elements from the current prevocational education program and the school-to-work program to avoid duplication of efforts and resources. With the discontinuance of vocational education in grades 11 and 12, high schools will have more resources, time, and staff to devote to the improvement of basic academic skills. The anticipated enhancement of the proficiency of academic skills of students at all levels will make them more trainable in skill areas and better qualified to enter postsecondary education without the need for remedial education.

C. External Assistance to the Sector

69. External assistance to education has been mainly in the form of US federal grants. In recent years, from a high of \$4.5 million in 1988, the US education budget support fell to \$1.9 million in 1992. Since then, with education expenditure rising, the Government has assumed greater responsibility for education expenditure but its funding has not sufficed to compensate

for the reduction in US grants. As a result, total funding for education has fallen. Assistance to the sector from other external agencies has been small. Assistance to the technical and vocation training sector has been provided mainly from the US budgetary support to education, mainly from the federal funds. The Japanese government funded the new building for the MIHS at Rita and the equipment for the vocation training programs.

70. ADB's first loan to the education sector, of \$8.0 million for the ongoing Basic Education Project (footnote 1), is to raise the quality and relevancy of basic education. The project has begun to address the weaknesses in elementary education. Under this project, several major strides were made to improve the quality of education and to lay the foundation for continued and sustained improvement. The Basic Education Project has provided the country with a well-developed and sequenced curriculum, a prerequisite for sound education, together with well articulated teacher's guide books. The three-year teacher training program under the Basic Education Project, which replaced the two-year program in CMI, was designed to improve knowledge and pedagogy. The project is helping to raise the quality of teacher training. CMI has also been able to renew its accreditation status with the accreditation body in the US.

71. Another milestone is the certification process initiated by the Teacher Training Committee set up under the project to track the large numbers of unqualified teachers and enforce teacher certification requirements as stipulated in the Education Act (1992). The national student evaluation tests, which were developed and field-tested under the Basic Education Project for grades 4, 6, and 8 will be implemented this year. This will further help to raise educational standards nationwide. The staff development program has succeeded in training teachers and administrators in pedagogic and managerial skills. With curriculum reforms, improvements in student evaluation and teacher training, and improved competencies of staff well under way, the impact of the Basic Education Project is likely to be felt in the coming years. MOE has also enlisted the assistance of the Pacific Region Education Laboratory and the University of Hawaii for the continued monitoring and revision of the curriculum to sustain its relevance.

D. Lessons Learned

72. Only one loan, the Basic Education Project, has been provided to the education sector. A valuable lesson learned is the importance of decentralization in a country where islands have vast reaches of ocean separating them. Under the proposed Project, components and training activities are spread over four strategic islands with staff to manage and oversee the activities. Another lesson learned is that there is a dearth of qualified counterpart staff in the RMI and international consultants are needed in several areas. Under the proposed Project, an international consultant with experience in project management will be engaged to be the project manager. A consultant will be engaged to work as a project accountant. Consultants need to be carefully selected as some do not want to work for extended periods in the outer islands or have the understanding and flexibility to modify strategies to suit local needs. The Basic Education Project also showed that the implementation of civil works requires a strong and experienced resident engineer familiar with local contract practices, and that delays are often caused by infrequent shipping schedules and inexperienced contractors. Under the proposed Project, an experienced engineer familiar with local conditions and customs will be engaged to ensure that the Project is implemented speedily. Frequent changes in administrators and other staff of MOE also cause changes in priorities and delays in obtaining Government approval for implementation of project components. Close monitoring by the project implementation unit (PIU) and ADB is therefore important.

73. Another useful lesson learned from the Basic Education Project is the paucity of data and the difficulty in obtaining it, for planning, monitoring, and evaluating primary education and (especially) school dropouts, participation rates, proficiency levels, and teacher distribution. Under the proposed Project, a management information system (MIS) and a labor market information system will be set up to collect data for better planning, monitoring, and evaluation of skill training. Government counterpart funding has also been slow in forthcoming. Accordingly, the size and the implementation schedule of the Project has been adjusted to fit the Government's budgetary and personnel constraints; specific assurances have been obtained to ensure the timely release of counterpart funds.

74. The change in curriculum, improved articulation, standardized testing, improved books and teaching aids, and teacher training, introduced under the Basic Education Project, are improving the quality of education in the elementary level. As a result of teacher training, the quality of elementary school education delivery has improved. Although the impact on student performance and dropout rate will take more time to confirm, the number of elementary school graduates eligible for and seeking high school admission has increased in the last two years. The actual enrollment has remained static due to lack of available seats in high school. These developments have been factored into the design of the Project.

E. ADB's Sector Strategy

75. The main focus of ADB's operational strategy in the RMI is to help the country achieve greater economic self-reliance. ADB considers that the key measure to carry out this strategy is the development of human resources to support the development of the private sector and reduce the RMI's dependence on foreign labor to fill professional, managerial, and skilled worker positions. Fundamental to the training of sound personnel in these areas is the availability of trainable personnel with a good basic education and a sound skills training system to support human resources needs. The low level of educational attainment of the labor force is a major impediment to the development of skilled human resources. The ongoing ADB-assisted Basic Education Project is addressing several weaknesses in the provision of basic education and is expected to provide a strong foundation for the training of professional, managerial, and higher skills positions.

76. Additionally, ADB's operational strategy will focus on poverty reduction by increasing the income generating capability of Marshallese women with a view to having more than one income earner per household. Appropriate dispersal of skills training facilities across the archipelago will increase access to educational benefits in the outer islands.

F. Policy Dialogue

77. During a policy dialogue among the Government, skills training and vocational education agencies, and ADB, several matters of concern were discussed, including the overlap of responsibilities and functions of training agencies. The agencies agreed to cooperate with one another to ensure the speedy and successful implementation of the Project. Under the chairmanship of the Minister of Education, the meeting clearly delineated the major role and responsibilities of skills training and related agencies to avoid duplication of efforts. It was agreed that the role of MOE would be overall coordination, planning, and delivery of the RMI's education strategy; implementation of the strategy for vocational education and skills training; prevocational education planning and delivery; and market-based curriculum development. The Government has subsequently confirmed that the Industries Development Act 1991 will need to

be amended to allow the MOE to have overall responsibility for planning and coordinating skills training and vocational education in RMI. Necessary action to amend the law is being taken.

78. WIB will be responsible for sourcing funds from US grants for training services, contracting service providers, paying service providers, establishing criteria for award of contracts, and managing one-stop centers. Training service providers will be responsible for providing training, feedback, and reports to MOE, WIB, STW, NTC, and other related agencies. NTC's role will be to establish standards and prepare the tests at various levels of training; conduct skills testing and issue certificates of skills proficiency; carry out research, market studies, and assessment of skills and vocational needs; assess performance of service providers; and collect, collate all reports from training agencies for submission to MOE. MOE agreed to obtain a written commitment from NTC, WIB, CMI, and MOE on their respective roles under the Project.

79. The reform of the inefficient vocational education programs in high schools, with the duplication of vocational education by STW programs and a large number of courses with few participants has also been the subject of discussion. The Government has developed a comprehensive policy on vocational education and skills training to address this issue. As a result, high school vocational education program is being replaced with a career awareness program. The issue of strengthening the understaffed Directorate of Vocational Education (DVE) in MOE to assume the added responsibilities envisaged was also taken up with the Government, and MOE agreed to increase DVE's staff. The question of sustainability of the Project and the provision of counterpart funds was also discussed and the Government has assured ADB that it will provide the required recurrent expenditure funding, beginning in FY2002 and continuing in subsequent years, with additional amounts clearly appropriated to the education budget for vocational education and skills training.

IV. THE PROPOSED PROJECT

A. Rationale

80. The Government's efforts to improve the socioeconomic conditions and living standards of the people through economic reforms and measures are constrained by the lack of skilled human resources. Efforts to increase employment and income generating opportunities, especially for women and the youth, are hampered by the lack of training and income-generating opportunities especially in the outer islands. The large number of school dropouts who lack employment skills flood the unemployment market each year, with attendant social problems. The Government plans to provide equitable training opportunities to this unskilled group so that its members can contribute to the RMI's economic and social development.

81. To do this, the education and vocational training must be made relevant and efficient by upgrading facilities and equipment, making the curriculum and programs appropriate to the potential employers needs, and training teachers. Students must be provided the basic literacy and numeracy skills they need to master the complex and sophisticated skills of modern-day trade and technical occupations and to gain admission to the postsecondary level.

82. The Government, to address the problems facing vocational education and skills training, has developed a new vocational education and education and skills training policy and plan. Under this plan, skills training will be reorganized into a comprehensive and integrated national certification system. To control the quality of training, skills standards and tests will be developed and certification introduced. The system will facilitate the vertical and horizontal

mobility of dropouts and skilled workers who will be able to improve their education and return to the mainstream of education or advance to higher skill training levels. The objectives and responsibilities of training agencies, the private sector, and other stakeholders will be clearly defined to avoid overlap and duplication of effort and ensure greater collaboration among training agencies. High schools will provide career orientation and leave the primary responsibility for providing skills training and the promotion of employment opportunities for women and out-of-school youth to the nonformal education subsector.

83. The Project is designed to accommodate the recommendations of the ADB-funded study, *Strategic Plan for the Ministry of Education*⁹, and the Government's vocational education and skills training policy and plan. Attention was also given to the changes introduced by the new Government policy on vocational education and skills training: limiting the vocational role of the high schools to career orientation education, concentrating skills training in nonformal training institutions, and expanding skills training opportunities to women and youth. The original project objective and scope were modified accordingly.

84. The Project aims to help the Government implement the national skills training system within the context of its national economic development plan, education strategic plan, and the vocational education and skills training plan. The Project is also in line with ADB's operational strategy to help the RMI achieve greater economic self-reliance through the development of trainable personnel with a strong foundation in basic education and sound skills. Additionally, the Project follows ADB's operational strategy on poverty reduction by increasing the income generating capability of Marshallese women. Appropriate dispersal of skills training facilities across the archipelago will provide increased coverage and access to educational benefits for vulnerable groups in the outer islands. The Project also takes into account the findings of an ADB social assessment study (para. 131) and provides for increasing training opportunities for women and the youth.

85. Attention has been given to cost savings in the design of the Project by taking advantage of existing facilities and personnel as much as possible. As NTC has moved into a new rented location, no civil works are provided. Similarly, emphasis is on upgrading existing facilities in the skills training centers in Ebeye and Majuro and new civil works are kept to the minimum. Some of the equipment from the discontinued vocational education programs will be used for the career orientation program and others will be sent to the skills training centers. Excess teachers from vocational education programs will be retrained if qualified to teach career orientation programs in high schools or the approved position reassigned to skills centers for recruitment. CMI staff appointed under a US-funded extension program will be trained and seconded as managers to the training centers in Jaluit and Wotje. Hostels and staff housing in Jaluit and Wotje will be used for training women and the youth from other outer islands and for high school students from remote outer islands. Sufficient attention has also been given to the training needs of vulnerable people especially women. Training centers for women and the youth are being provided in four islands, and a women's training, and marketing and information center (WTMIC) in Majuro.

B. Objectives and Scope

86. The overall objective of the Project is to help the Government implement an integrated and articulated national skills training system. Specific objectives are to strengthen the quality of the career orientation program to guide high school students appropriately in their career and

⁹ TA 2599-RMI: *Civil Service Reform Implementation*, for \$100,000, approved on 2 July 1996.

skills training options; improve the relevance and quality of skills training; and increase short-term employment and self-employment oriented skills training for the unemployed and underemployed in the outer islands, with a special emphasis on women and the youth. Details of the Project's goals and objectives and related inputs and outputs are provided in the Logical Framework (Appendix 7).

87. The Project comprises four components: (i) developing a career awareness program; (ii) improving skills training; (iii) enhancing skills training opportunities for women and youth; and (iv) institutional strengthening.

1. Part A: Developing a Career Awareness Program

88. The component aims at developing a career orientation program in high schools to replace the current vocational education program and includes career orientation and counseling programs and training and counseling support.

89. **Career Orientation Program.** Consultants will develop a new program to provide students an understanding of the wide range of occupational skills and other career opportunities. The program will reflect the needs of the private sector and the community and will articulate with programs available in the skills training centers. It will provide career awareness among students, introduce them to the work environment and to careers and vocational options specifically open to them, and help them, make informed career choices in vocational and occupational areas.

90. **Counseling Programs.** Career orientation will be complemented with counseling programs to provide adequate and up-to-date information on job and training opportunities to students. Students will also be introduced to simple skills, tools, and production processes to enable them to grasp vocational concepts, especially in relation to local knowledge, skills, and customs. This will be supplemented by visits to industry, farms, and business enterprises and talks by representatives of industry and business concerns. This will give them an idea of the type of skills training options open to them when they leave school and whether they have an aptitude for such training. Career orientation programs will be closely aligned to the training options available in the skills training centers e.g., agriculture, food preservation, cooking, sewing, gardening, fishing, construction, repair of small engines, commerce.

91. **Training and Counseling Support.** A training room for conducting career orientation programs and a counseling room will be constructed in each of the three public high schools. Training kits in a number of training areas, teaching materials, equipment, reference materials, and guidebooks for teachers will also be provided. Teachers of career orientation programs will be given in-country and regional training to upgrade their technical and pedagogic competencies.

2. Part B: Improving Skills Training

92. The component aims at developing an integrated skills training system and includes one-stop centers, skills training programs, curriculum development, and skills training centers.

93. **One-Stop Centers.** The Project will support WIB to construct one-stop centers in Majuro and Ebeye and subcenters in Jaluit and Wotje. Equipment and furniture will be provided to enable these centers to act as clearing and training referral centers and offer services such as (i) direct job referral to qualified applicants; and (ii) referral to training, counseling, academic

improvement, or other employment readiness programs. The centers will maintain a job data bank of available employment opportunities including eligibility requirements, and develop a list of service providers whose offerings include vocational training, job-specific training, academic or technical training, and job readiness training.

94. **Skills Training Programs.** The Project will support and upgrade skills training programs being run by CMI in Ebeye and Majuro under WIB and funded by the US government. Generally, three types of skills training courses will be provided in the centers: basic academic education and elementary skills for school dropouts aged 14-16 years; skills and education enrichment development courses for school dropouts aged 16-18 years, to help them to reenter high school; and technical courses for high school graduates. Certificates will be given at the end of each level: the Certificate of Basic Proficiency, Certificate of Intermediate Proficiency, and the Certificate of Advanced Proficiency. Students will be able to upgrade their education and training skills at each level and will earn credits for upward or horizontal movement.

95. Students who dropped out of high school at the eighth grade will have a second chance to reenter the tenth grade by upgrading their academic proficiency. The three levels of certification will be validated nationally and recognized by industry. The skills centers will also run courses for retraining or upgrading skills of employees whose skills are insufficient for or not relevant to the needs of industry. Special ad hoc courses will also be run in interested firms to encourage them to participate in the new skills training program. Better trained, more productive employees will be the incentive for firms. Existing courses will be reviewed and strengthened and new ones introduced to meet market demand. Training in the centers will be accompanied by on-the-job training in an industrial or commercial establishment through a collaborative arrangement beneficial to the firm and the trainee. It will provide firms the opportunity to observe potential future employees. Courses will be 3-12 months depending on the type of course and the entrants' qualifications and training. The centers will also conduct training programs that are specially tailored to the needs of industry and the outer islands and that are not available in Jaluit and Wotje.

96. **Curricula Development.** Curricula for skills training courses will be developed with the help of consultants to be engaged under the Project. The curricula will be competency-based and will enable students to move at their own pace and to achieve certification at varying speeds. The Project will also help establish skill standards and training modules for the major occupations and develop modularized training packages, based on relevant industry needs and the need to increase the employability and mobility of Marshallese in the region and especially the US, to which Marshallese have free access. To widen the scope of employability and mobility in the region and the US, training curriculum and standards will conform to the US Department of Labor requirements. To maintain uniformity in the quality of training, the accreditation of training programs in neighboring countries and in the US will be maintained through a review and adoption of a recognized training program of the US.

97. **Skills Training Centers.** As the main skills training providers in the RMI, the two CMI skills training centers in Majuro and Ebeye will be rehabilitated and upgraded to provide quality training for youth, adults, school dropouts, and others. The Project will provide these centers with classrooms, workshops, furniture, and equipment. In addition, consultants will be provided to develop curricula and training materials for new courses. Instructors of these centers will receive overseas and in-country training.

98. Youth who have dropped out of schools and those who are unemployed will have access to training and education in the centers which will provide them with opportunities to

return to school, improve their employability, and generate income. Course offerings will focus on their special needs in education and training. Young people interested in skills training not available in Jaluit and Wotje will be sent to Ebeye or Majuro. A consultant will be engaged to develop courses and strategies to encourage dropouts to return to school or acquire employable or self-employable skills, and to build the self-esteem and national pride in young people.

3. Part C: Special Training Programs for Women and the Youth

99. This component aims to improve income-generating opportunities of women and the youth, especially in the outer islands and includes community outreach programs; training for women and the youth; and a WTMIC.

100. **Community Outreach Programs.** Based on the missions' investigation, community outreach will be undertaken for women and dropouts in isolated and inaccessible outer islands to maximize the Project's poverty reduction impact. Development of gender-oriented courses will encourage female enrollment (para. 144) and training on sex education, reproductive health, and contraception will help limit teenage pregnancies, improve women's economic prospects, and limit family size. Access to quality training and improved facilities will provide better career and entrepreneurial development opportunities for women, particularly for young mothers. Moreover, skills training will benefit women and their families, as the women will be able to increase food production and improve nutrition in their homes. Women's participation, through the numerous groups actively working in the communities, will be encouraged through the provision of training and resources to effect meaningful changes to their lives and those of their family members to benefit women in the outer islands, and special courses will be organized, mainly in agriculture (farming, poultry rearing, and pig rearing); fisheries (aquaculture); family-related skills (childcare, sewing, cooking, gardening, nutrition, traditional medicine, reproductive health, management of households, and small business finance); income generation (handicraft, small business management, and marketing); traditional skills (canoe building); values formation (parenting and teaching skills, and gender training); and leadership training.

101. Special emphasis will be given to the encouragement and promotion of handicraft activities, and development of entrepreneurial, marketing, management, and small business skills for self-employment. Small business development will be incorporated to increase self-employment prospects. Skills training courses proven successful when the Women's Division was active (e.g., sewing machine repair skills, dressmaking, and tailoring), will be conducted. Basic tools and materials (e.g., sewing kits and machines) will be provided to participants after training to ensure that skills learned are available for personal or commercial use. Island fairs and exhibitions will be organized to disseminate and collect information from communities on island business or cottage industry opportunities that could be developed. Workshops will be held on managing handicraft courses, tapping overseas markets for local products, and preparing catalogues for distribution to potential buyers. A consultant will be engaged to develop a strategic plan and programs for the training of women.

102. Implementation of the community outreach programs will begin with a pilot program of selected islands. Following an evaluation of the pilot program, the implementation strategy will be reviewed and revised if necessary. Jaluit and Wotje islands will be used as the pilot areas for the first year of the Project before moving into more remote islands. Itinerant trainers and community members will conduct needs assessments and training activities in selected areas. Trainers familiar with local customs and situations will be engaged to encourage participation among women and the youth. The selection of other pilot areas will be based on the level of community organization, interest, and preparedness. This participatory approach is designed to

maximize project impact and sustainability. Project implementation progress will be monitored by quarterly and annual assessments from feedback from high schools, skills training centers, and the special centers for women and the youth in Wotje and Jaluit. Teachers, instructors, and community members in Ebeye, Jaluit, Majuro, and Wotje will be engaged to reach out to outer and remote islands where they will conduct the community outreach programs, short training courses, and demonstrations for women and the youth in these and neighboring islands.

103. Training Units for Women and the Youth. The Project will support the construction of special training units in Jaluit and Wotje to conduct training, demonstrations, discussions, and seminars to develop self-employment and small-scale business opportunities in each one-stop center and subcenter to provide training and organize related programs. In addition, a hostel for male students and another for female students together with staff housing units will be constructed in Jaluit and Wotje to house and train women and youth and instructors from other islands. A proactive public information campaign via the radio, found to be the most effective way of disseminating information in outer islands and urban centers, will be mounted to create awareness of course offerings, roles of one-stop subcenters and training centers, and availability of community outreach programs. Equipment such as sewing machines, refrigerators, ovens, visual aids, cameras, video recorders, computers, and radios will be provided to support training programs. About 400 women and youths will be trained yearly in the four training units.

104. The training units will be run by CMI, which will appoint extension teachers as managers of these training units in Jaluit and Wotje. The manager will (i) be responsible for assessing training requirements; organizing training; and selecting instructors, trainers, and demonstrators from the community, CMI, and other relevant institutions; (ii) develop a strategic plan for training women and the youth; (iii) manage, monitor, and evaluate the programs; and (iv) organize the outreach program with the extension teacher. Training will be provided following an assessment of employment and self-employment opportunities in the outer islands and will be aligned to local, traditional, and rural resources. Consultant services will be provided to help the manager develop the strategic training plan and programs.

105. Women's Training, Marketing, and Information Center. In Majuro, WTMIC will be constructed to help NGOs (including church organizations) provide training to women and exhibit their handicrafts for sale. The WTMIC will provide a permanent site for training and for display and sale of articles produced by women. This will also provide opportunities for women to learn small business skills and eliminate the services of middlemen in marketing their wares. The WTMIC will be a meeting place where women can interact, share experiences, and work together to resolve common problems. The WTMIC will also provide information exchange and coordination with regional information centers. The WTMIC will be managed by the Women's Division in the Ministry of Internal Affairs.

4. Part D: Institutional Capacity Building:

106. This component will strengthen institutional capacity to plan, regulate, and manage an efficient skills training system, and includes monitoring systems, staff development, and research and studies.

107. Monitoring Systems. To strengthen the planning, monitoring, and evaluation capabilities of training agencies, appropriate mechanisms will be set up and existing ones strengthened. A computer-based monitoring and information system will be set up and a benefit monitoring system will be developed and institutionalized and performance indicators specified.

Appropriate software will be developed, tested, and installed by a consultant who will also prepare manuals on MIS and conduct training programs. A labor market research system will be established for research and studies on selected issue-oriented topics such as tracer studies, labor market trends, employment and self-employment opportunities in the outer islands, and human resources needs. Information and data gathered will be used to determine programs and training to be provided. NTC will also collect data for analysis, processing, and preparation of reports for the Government and ADB.

108. **Staff Development.** The Project will support the training, upgrading, and retraining of skills training and vocational training planners and administrators and others from training agencies, CMI, MOE, NTC, and WIB. The staff skills will be upgraded through local, regional, and international training in managerial, entrepreneurial, technical, and other skills.

109. **Research and Studies.** Research and studies will include (i) a tracer study of graduates of training agencies, (ii) outer island skills training needs, (iii) student aptitudes and motivation, (iv) employment and self-employment generation, and (v) traditional and rural skills. The Project will also initiate public awareness campaigns to promote skills training and to market the trainees to the employers.

C. Cost Estimates

110. The total cost of the Project, including taxes and duties and interest during the project life, is estimated at \$9.1 million equivalent, including \$6.7 million in foreign exchange and \$2.4 million equivalent in local currency costs. The cost estimates are summarized in Table 1. Detailed cost estimates are given in Appendix 8.

Table 1: Cost Estimates
(\$million)

Project Activity		Foreign Cost	Local Currency	Total Cost
A.	Base Costs			
1.	Civil Works	2.050	0.650	2.700
2.	Furniture and Equipment	1.528	0.162	1.690
3.	Consultant Services	1.524	0.464	1.988
4.	Staff Development	0.508	0.200	0.708
5.	Research and Support Activities	0.240	0.360	0.600
6.	Project Implementation	0.095	0.262	0.357
	Subtotal	5.945	2.098	8.043
B.	Contingencies			
1.	Physical Contingency (5%) ^a	0.150	0.084	0.234
2.	Price Contingency (7.5%) ^b	0.400	0.218	0.618
	Subtotal	0.550	0.302	0.852
	Total (A+B)	6.495	2.400	8.895
C.	Interest Charges	0.205	0.000	0.205
	Total Project Cost	6.700	2.400	9.100

^a 5 percent physical contingency on civil works and furniture and equipment only.

^b 7.5 percent price contingency based on weighted average of 2.5 percent per annum for three years.

Source: Staff estimates.

D. Financing Plan

Table 2: Financing Plan
(\$million)

Source	Foreign Currency	Local Currency	Total	Financing Percentage
ADB	6.700	0.125	6.825	75.0
Government	0.000	2.275	2.275	25.0
Total	6.700	2.400	9.100	100.0

111. The Government requested ADB for a \$6.825 million loan, corresponding to 75 percent of the project cost, from ADB's Special Funds resources to finance the entire foreign exchange cost of \$6.700 million and \$0.125 million of the local costs. The Government will provide \$2.275 million as counterpart funding to finance the major portion of the local cost of \$2.400 million equivalent. Table 2 summarizes the financing plan. This Government's share will be spread over the four-year implementation period of the loan and has been so designed to provide a lower rate of disbursement during the first two years in view of the Government's current funding constraints. Due to changes in project design requested by the Government, the total cost of the Project is higher than estimated at the time of the fact-finding mission. The revised project design significantly supports the development objective of poverty alleviation among the poorest people in the outer islands. Further, as an outcome of the social assessment, specific outreach programs, and the WTMIC have been added.

112. The RMI has been having an economic downturn for the past four years. The downturn is partly induced by the reform program initiated in 1995 under ADB's Public Sector Reform Program loan. Contraction in the RMI's public sector dominated economy was anticipated as result of drastic reforms, which include a significant reduction in Government expenditures and downsizing of civil service. Consequently, the Government will continue to face serious fiscal problems until the economy is able to consolidate the gains from the reform measures currently in place. The FY2001 budget bill presented to the Parliament for approval shows a deficit of \$4.2 million. This is primarily due to a shortfall in tax revenues, which is due to the lowering of the tax rate and is aggravated by the substantial past due obligation in the health sector that has remained unpaid since the previous Government. The recent fuel price increase is also expected to adversely affect the FY2001 budget deficit through increased subsidies for outer island utilities and other expenditures driven by fuel prices. The fiscal situation is expected to improve once the Government's debt obligation is settled in FY2002. Due to these special circumstances the cost sharing has been modified to 75:25. The modification is in accordance with the provision for flexibility in the ceiling for ADB financing, under ADB's graduation policy.¹⁰ The World Bank usually finances up to 80 percent of similar projects in the Pacific region.

113. The proposed ADB loan will have a payment period of 32 years, including a grace period of 8 years, with a 1.0 percent interest charge during the grace period and 1.5 percent thereafter.

114. Incremental recurrent costs as a result of the Project will not be significant as the additional teachers and staff needed by institutions will come from the staff currently teaching vocational education programs in high schools. Additional staff will be funded from US federal land grants, extension teachers at CMI, and reassignment of approved but unfilled teaching and

¹⁰ R204-98: *Graduation Policy for the Bank's DMCs*, 23 November.

administrative posts in schools. NTC has moved to new spacious offices sufficient to carry out its many responsibilities using its own operating funds. Accordingly, the yearly incremental recurrent cost is estimated to be \$205,000 starting from FY2002 (Table 3). The Government confirmed that this level of increase can be supported from FY2002 and will be specifically provided for in the annual budget.

Table 3: Recurrent Cost
(\$)

Item	Cost
Administrators, Teachers, and Instructors	58,000
Communications	15,000
Rental of Premises	25,000
Public Utilities	20,000
Maintenance of Facilities	22,000
Travel in the RMI	30,000
Consumables	35,000
Total	205,000

Source: Staff estimates.

E. Executing Agency

115. The Executing Agency for the Project will be MOE, which will also be the Implementing Agency for all project activities. The Minister of Education or his representative will have overall responsibility for planning, organizing, and implementing of the Project and will liaise closely with all other Government departments and the private sector. MOE will be responsible for the overall coordination and implementation of the Project and in accordance with established Government procedures, will be the official contact point for ADB. A project steering committee (PSC) will be established to provide policy guidance on project issues; be responsible for the overall implementation of the Project; and oversee project planning, organization, implementation, and monitoring. The PSC, which will meet at least once every quarter, will be chaired by the Minister of Education and members will include senior representatives of MOE, NTC, WIB, CMI, Directorate of Vocational Education of MOE, Ministry of Agriculture, Ministry of the Internal Affairs, Chamber of Commerce, and the private sector. A representative from the Women's Division of the Ministry of Internal Affairs will be a PSC member and the focal point for support and assistance to women. The PSC will be assisted by the PIU manager.

F. Implementation Arrangements

1. Project Implementation Unit

116. The PIU, to be located in MOE, will be responsible for the day-to-day administration and implementation of the Project and liaison with ADB. The PIU will procure goods and services needed for the implementation of all the components, subcomponents, and activities of the Project. PIU will be headed by a full-time project manager who will report to the Secretary of Education. The project manager will be appointed in consultation with ADB. The PIU will be staffed by a full-time accountant and a secretary and supported by an engineer to provide engineering services as and when required. The PIU will meet the members of NTC, WIB, and service providers from time to time to resolve any project implementation issues and other

related matters. Local counterpart staff will support the project implementation monitoring in the outer islands. The project management organization chart is in Appendix 9.

2. Schedule

117. The Project will be implemented over a period of four years with commencement expected in the first quarter of 2001 and completion in 2004 (Appendix 10).

3. Procurement of Goods and Services

118. The Mission held extensive discussions with Government officials and MOE staff to brief them on ADB's procurement procedures. All procurement of goods and services financed by ADB will be carried out in accordance with ADB's *Guidelines for Procurement*. Contracts for the purchase of equipment estimated to cost more than \$500,000 and civil works estimated to cost more than \$1.0 million will be carried out using international competitive bidding procedures. International shopping procedures will be followed for purchase of equipment between \$100,000 and \$500,000. Civil works contracts estimated to cost \$1.0 million or less will be awarded in accordance with local competitive bidding procedures which have been examined and found to be consistent with ADB guidelines. For contracts to be awarded on the basis of local competitive bidding, the bidding documents will specify eligibility criteria for bidders. Smaller purchases estimated to cost less than \$100,000 will be carried out through direct purchase procedures. Appendix 11 lists the procurement packages.

119. The main Project inputs will be as follows:

- (i) Civil works will be provided to construct or upgrade classrooms, workshops, one-stop centers, training centers, a WTMIC, hostels, and staff housing units.
- (ii) Training equipment and furniture will be provided for one-stop centers, training centers, high schools, and WTMIC. Reference and instructional materials for training will also be provided.
- (iii) Consultant services will be provided in a number of areas (para. 120).
- (iv) The staff development program will comprise in-country training for 50 teachers, instructors, and administrators and 10 overseas/regional fellowships to improve the competencies of staff, increase the quality and effectiveness of training, and enhance occupational and training skills and technical knowledge. Excess teachers from vocational education programs will be retrained to teach career orientation programs in high schools or as instructors in skills centers. Excess CMI staff will also be trained as managers of the training centers in Jaluit and Wotje.
- (v) Research projects and studies will be carried out on dropouts, graduates of training agencies, outer island skills training needs, student aptitudes and motivation, employment and self-employment generation, and traditional and rural skills.

4. Consulting Services

120. Approximately 75 person-months of internationally recruited and 90 person-months of domestically recruited consulting services will be provided in areas including curriculum development, materials design, development of skills standards, testing and certification, research, career guidance and counseling, and project implementation. The project implementation support for the first three years, including project, financial, and accounting management, will be provided as well as support for architectural and civil engineering design and supervision. The Project will provide consultant services for setting up the PIU. An internationally recruited project manager will be responsible for the day-to-day implementation of the Project. A counterpart manager will be trained to take over in year four of the Project. In addition, an engineer will be provided to oversee and manage civil works and an accountant to maintain project accounts. All consultants to be financed by ADB will be engaged in accordance with ADB's *Guidelines on the Use of Consultants* and other arrangements satisfactory to ADB on the engagement of domestic consultants. All consultants will provide essential service and operational support and build capacity in the local institutions and conduct training and staff support. Appendix 12 presents the outline terms of reference of the consultants.

5. Resettlement and Land Issues

121. No resettlement issues are involved in implementing the Project. The Government advised ADB that at most locations involving civil works the land rights have already been secured by the Government. However, the location for the WTMIC in Majuro is yet to be selected, and land use rights will need to be obtained. The Government has assured ADB that no resettlement will be involved. If a significant change occurs in the land use, an appropriate land acquisition plan will be provided to ADB prior to implementation of the component.

6. Disbursements and Imprest Account

122. To facilitate project implementation and ensure timely release of funds, an imprest account will be established for the Project. The amount to be deposited will be based on anticipated expenditures to be incurred for a 3-6 month period. The imprest fund will be established, operated, and maintained in accordance with ADB's *Loan Disbursement Handbook*. ADB's statement of expenditure (SOE) procedures may be used for reimbursement of expenditures and for liquidation or replenishment of each expenditure paid out of the imprest account that does not exceed the equivalent of \$50,000. After the initial deposit, the account will be simultaneously liquidated and replenished on a regular basis to ensure that sufficient funds are always available.

123. All applications for withdrawal and disbursement of loan funds will be submitted to ADB through the Ministry of Finance. The Government will establish a separate imprest account for counterpart funds and deposit at least \$75,000 to ensure availability of counterpart funding at the commencement of the Project. The proceeds of the loan will be disbursed in line with ADB's *Loan Disbursement Handbook*.

7. Reporting Requirements

124. The PIU will develop and implement an action plan agreed to between ADB and the Government for carrying out project activities in accordance with the timetable agreed therein. The PIU, in consultation with ADB, will review the action plan and revise it as necessary. Based on the action plan, the PIU will prepare and submit to ADB quarterly progress reports, in an

acceptable format. Reports will be submitted to ADB not later than 30 days after the end of the period covered by the report and will indicate, among other things, (i) progress made against established targets, including quality aspects; (ii) delays and problems encountered and actions taken or proposed to resolve problems; (iii) compliance with loan covenants; and (iv) proposed programs of activities to be undertaken and progress expected during the next three months. The focus will normally be on routine project monitoring and on output indicators from the project MIS. In addition, the Government will prepare a project completion report no later than three months following the Project's physical completion. The PIU will submit to ADB copies of all reports produced by the project consultants.

8. Accounting and Auditing

125. The Government will establish and maintain consistent records and accounts adequate to identify goods and services financed from the proceeds of the loan. The PIU will (i) maintain separate accounts for the Project; (ii) ensure that accounts and related financial statements are audited annually in accordance with sound auditing principles by auditors acceptable to ADB; and (iii) submit to ADB, not later than 9 months after the close of each fiscal year, certified copies of the audited accounts and the report of the auditor. A provision of \$50,000 has been made in the Project, to be funded under the loan, for preparing the Project's annual audited reports. These funds can be used to contract out auditing work and for Project-related costs of the Auditor General's Office. The annual audit will include the audit of the imprest account and SOE and a separate audit opinion on the use of the imprest account and SOE should be included in the annual audit report.

9. Project Performance Monitoring

126. Because of the importance of the Project, ADB will devote special attention to guiding, monitoring, and evaluating project performance. ADB will review project implementation through quarterly reports and regular review missions. The PIU will establish a project performance and monitoring system (PPMS), further detailing the qualitative and quantitative indicators specified in the framework in order to measure, assess, and monitor project outputs and impact in terms of skills training efficiency improvements, enhanced quality of career orientation programs, increased employment opportunities for women and the youth, lowered dropout rates, increased reentrants to grade 10, enhanced academic proficiency of CMI entrants, improved institutional capabilities, and improved equity. Project monitoring procedures will be refined and agreed with ADB. The PPMS will be an integral part of MOE's MIS to ensure continued monitoring and evaluation of project performance after completion. To measure project performance during project implementation and operation, the PPMS will use a set of objectively verifiable indicators specified in the project framework. Baseline or benchmark values will be determined at the beginning of the implementation period. Qualitative and quantitative information on the objectively verifiable indicators will be collected periodically, e.g., annually for most efficiency and equity indicators, and segregated by gender. Project outputs and development impacts will be evaluated annually and monitored frequently by the PIU.

127. In developing and implementing the PPMS, special focus will be given to the needs of women and the youth. Using the equity-related performance indicators given in the project framework as a basis, the PPMS will identify a specific subset of indicators to assess the Project's impact on equity by gender and by location of islands. Particular focus will be given to poverty alleviation and income generation.

10. Midterm Review

128. A comprehensive midterm review of the Project will be undertaken by the Government and ADB at about the end of the second year of project implementation. Using the PPMS and other measures, the review will assess the progress and achievements of the Project against its objectives, identify problems being encountered, and recommend remedial action if needed.

11. Advance Action and Retroactive Financing

129. ADB has approved the Government's request for advance action for the recruitment of consultants and the procurement of goods and services relating to the early establishment of the PIU. ADB has approved \$100,000 for retroactive financing of expenditures for establishment of the PIU and related implementation support incurred after loan approval and prior to loan effectiveness. Advance procurement and consultant recruitment action will be undertaken in accordance with ADB's *Guidelines on the Use of Consultants* and other arrangements satisfactory to ADB on the engagement of domestic consultants and *Guidelines for Procurement*. The Government was informed that ADB's concurrence with advance action and retroactive financing does not commit ADB to finance the Project or any part of it.

G. Environmental and Social Measures

1. Environment

130. Environmental implications of the project were reviewed and no adverse impacts were identified. The Project will ensure that the siting, design, construction, rehabilitation and operations of the training units to be established under the Project will follow the Government's environmental requirements, ADB's *Environmental Guidelines for Selected Infrastructure Development Projects*, and other relevant guidelines. Environmental monitoring of the Project will be reported through the progress reports to be submitted to ADB. In the course of curriculum development, the importance of environment management and protection will be emphasized so that trainees understand the impact of industrial growth on the long-term prospect of the country's environment.

2. Social Measures

131. Based on the primary analysis carried out for the social impact assessment, the following recommendations were incorporated into the project design.

- (i) a community outreach program to focus on women and dropouts particularly in isolated and inaccessible outer islands, to increase coverage and maximize poverty reduction impact;
- (ii) courses on income generating skills, food production, gender, reproductive health, and nutrition, to be designed after consultation with NGOs and beneficiary groups;
- (iii) participation of church-based organizations and NGOs, to be encouraged during implementation and evaluation, to effectively deliver the Project, maximize its resources, and increase project sustainability;

- (iv) the WTMIC in Majuro (para. 105), to increase training for women's groups and promote handicraft production;
- (v) an intensive public information and education campaign targeting women, dropouts, vocational training students, and skilled workers, to encourage increased enrollment at the training centers and in the outreach programs; and
- (vi) a gender specialist, to ensure that women's needs are properly reflected in the design of training courses and on the mode of delivery.

V. PROJECT JUSTIFICATION

A. Economic Analysis

1. Economic Benefits

132. Increased employment and self employment opportunities will contribute to improved earnings and reduction in poverty. With increased awareness of the benefits of skills and entrepreneurial training through fairs, exhibitions, and publicity awareness campaigns, local community members will be motivated to experiment with, for example, farming, animal husbandry, fish management, and processing, to augment their incomes. The construction of dormitories for students in Ebeye, Jaluit, and Wotje skill centers will help attract students from remote islands. Increased economic activity will be promoted by the establishment of one-stop centers in the outer islands.

2. Project Benefits

133. Better-trained skilled workers from an improved and articulated delivery system with upgraded training facilities, instructors, curriculum, skill standards, and certification will provide skilled workers for industry and the private sector. At the same time, income generating mechanisms will be provided and incomes of vulnerable groups especially women, will be enhanced and will have beneficial effects on health and quality of life. The number of school dropouts will be reduced and their wasted potential harnessed through skills training centers and education enhancement programs.

134. The integrated and certification system of training will allow for greater articulation within the training sector and afford trainees opportunities for horizontal and vertical mobility within the training system. The dropout problem and attendant social ills will be reduced. The benefits of a rationalized and integrated national system will be reflected in improved quality and relevance of training and the qualitative expansion of the skilled worker pool. The private sector will have a wider choice of qualified workers with consequent gain in productivity.

135. Coordinated and integrated training will increase trainee enrolment and the sharing of facilities and other resources among training agencies will result in more cost effective delivery. The efficiency of management too will improve. With NTC taking the pivotal advisory and regulatory role, an articulated curriculum will emerge. This together with better-trained teachers and managers, upgraded workshops, equipment, standardized tests, certification, and curricula relevant to labor market needs will significantly improve the quality of training. The employability and mobility of trained workers in the region and to the US will be enhanced with the close alignment of the curriculum with that of the US. The introduction of the career awareness

program in high schools will motivate and inculcate appropriate attitudes in students seeking skills training.

3. Affordability and Sustainability

136. Sustainability of skills training courses is not expected to pose a major problem if the Compact funds are renewed. In the unlikely event that Compact is not renewed, MOE has, from the general fund, budgeted for an increased expenditure for all items, including vocational education and skills training, starting from FY2000. NTC's revenue from the levy on foreign workers is likely to be maintained until skilled workers under the Project are trained. The Government is also currently negotiating with UNDP for additional funds. Vocational programs are not being expanded, and will be reformed, streamlined, and reduced. The present recurrent costs provided by MOE should be adequate. CMI is the main focus in the skill delivery system, and is concentrating on rationalization and consolidation of inefficient and costly programs. CMI's revenues from tuition fees are likely to increase with the projected increase in enrollment. CMI's Endowment Trust Fund will provide a buffer and some measures of self-sufficiency in the near future. WIA is expected to receive about \$840,000 for its programs in the current and subsequent years. This will be adequate in view of the expected decline in unit costs of training as a result of the internal efficiency measures to be introduced under the Project. Even without Compact funding, the Government is committed to ensuring adequate funding for vocational education and skills training.

137. CMI's annual recurrent costs, not covered by WIA, are estimated at \$508,800 while Pell grants for tuition fees are expected to total about \$421,344. The shortfall of about \$90,000 will be met by donations and from the Endowment Fund and carry-over funds. These expected amounts will be adequate to maintain current programs. The incremental cost as result of implementing the Project is estimated at \$205,000. The Government considers that it can afford this cost and has assured ADB that adequate provision will be made in the annual budget .

B. Social Dimensions

1. Poverty Dimensions

138. In the RMI, disadvantaged groups are present in the urban centers and the outer islands. Although the Government has yet to establish a poverty line or indicators for poverty, the RMI's disadvantaged groups clearly include isolated islander households without trust fund earnings, remittances, or other sources of income; people who cannot afford to pay for their children's public schooling and medical needs, and who continue to depend solely on limited Government-supported schools and hospitals; and migrant families (i.e., migrant within the RMI) who are landless, with no member of the household employed. Migrant households are common because of the huge displacements resulting from nuclear and missile testing (Kwajalein) and the Second World War. This has led to dispossession, landlessness, and feelings of powerlessness, which perpetuate poverty. The migrants include people from Bikini, Enewetak, Rongelap, Utirik, and around Kwajalein atolls.

139. The 1999 population census shows total unemployment at 30.9 percent with an unemployment rate of females (37.3 percent) significantly higher than that of males (27.6 percent). According to recent UNDP statistics, unemployment of urban youth is estimated at 50 percent.¹¹ In conjunction with such high rates of unemployment is the large disparity in income

¹¹ *Pacific Human Development Report*, 1999, UNDP.

levels between islands. The mean annual household income varies greatly with atolls, with income in Kwajalein approaching \$14,000 due to the US military establishment, Enewetak over \$10,000 due to nuclear payments, the main urban center of Majuro, at \$8,000; while in the rest of the atolls it is under \$2,000. To alleviate poverty, the Project will have to address the needs of the unemployed, the lower income outer island atolls, and significantly disadvantaged women.

140. The ADB intervention must be considered in the context of resource constraints as well as the RMI's remoteness, isolation, and lack of comparative advantage or economies of scale.

2. Social Dimensions and Impact on Poverty

141. The findings of the social assessment study carried out by the Mission have been built into the Project (para. 131).

142. The Project will provide skills and training opportunities for about 800 urban and outer island unemployed women and 600 youths from low-income families. The direct benefits to the families of the 1,400 trainees will improve the lives of about 11,000 people (approximately 20 percent of the current population). The outer islands, which are isolated from the capital, will have increased participation in income generating activities through (i) improved skills in agriculture and fishing technologies for subsistence, and (ii) knowledge about activity in local and national produce markets. Employers will have an improved supply of local skilled workers, effectively reducing the need to recruit overseas workers. The outer islands economies will benefit from the infusion of new skills and trained people, leading to job creation from entrepreneurial ventures. Families will directly benefit from the newly acquired skills in household management, resulting in improved nutrition.

143. The Project also promote self-reliance and empowerment among beneficiaries. For trainees who become employable, this will mean increased financial independence and freedom from chronic dependency on families. With the right skills and confidence gained from the training and work experience, especially in the Majuro WTMIC, trainees will be more prepared to find paid employment or start their own microenterprises.

3. Gender and Development

144. Development of gender-oriented courses will encourage female enrollment leading to employment in areas where female participation has been traditionally low. Also, access to quality training and improved facilities under the Project will open opportunities for career and entrepreneurial development for women. Skills training will benefit women and their families in the form of increased food production and improved nutrition. The Project will encourage active participation of existing community-based organizations and NGOs, particularly those that serve women, to ensure effective and sustained implementation of the outreach program for the outer islands.

145. The social assessment (appendix 6) revealed that women especially in the outer islands are unable to attend regular classes at a central location. Accordingly, a separate community outreach program was included in the project design. Through the program, extension staff will organize training at the community level at locations closer to the clients. This will significantly increase coverage of the training and easier access to the program for women in the outer islands.

4. Beneficiaries

146. The direct beneficiaries of the Project, given the RMI's small population, will be relatively significant. The 1,200 high school students in public schools and 1,380 in private schools in grades 9-12 will benefit from the career awareness program.

147. The next group of immediate beneficiaries will be the 464 participants who will receive training, retraining or upgrading training in the skills centers in Ebeye and Majuro over the project period. Some of them will find employment locally, taking over from foreign workers.

148. A third group of beneficiaries will be mainly from low-income and other disadvantaged groups. These people primarily include women (all ages), and young unemployed and underemployed males in the urban centers and in the outer islands with limited opportunities for formal employment and no access to land or other sources of income. At least 500 women will benefit from the educational, skills, and entrepreneurial training and outreach programs annually under the Project. They will include women who have left or have not yet entered the labor force, and those who have spent their adult lives engaged solely in subsistence farming or fishing. To ensure equitable access for women, not less than half of all course offerings will be targeted at women, although courses are expected to be available to both genders.

149. Elimination of vocational education from the high schools will allow more time for basic education and strengthens the Government's objective to improve the academic content and competency at the secondary level. As designed, the Project incorporates this strategy and is expected to produce significant improvement in the competency of students at the secondary and tertiary levels. Cost savings from eliminating vocational education at the secondary level will be used to improve delivery of training service. A wider cross-section of the scattered population will be covered more efficiently.

150. The project design also incorporates a flexible mechanism to allow secondary school dropouts to reenter the academic stream through the certification process. The curriculum for skills training will be developed so as to augment the academic aspect of learning throughout nonformal skills training. This is also required because of the increasing need for the higher academic proficiency required in several of the fields of skills training.

151. Another group of beneficiaries will be the youth, including dropouts, particularly those from the outer islands. At least 100 are expected to enroll in the education enhancement program and at least 20 will reenter grade 10 in high school. Another 150 will have access to skills training in the training centers.

C. Project Risks

152. A number of risks that may adversely affect the project implementation and the achievement of project objectives have been identified.

153. **Availability of Counterpart Funds.** With the impending review of Compact funding, the Government is likely to face constraints in mobilizing the increased additional education expenditure anticipated. However, the Government has assured ADB that the needed funds will be provided (para. 158 [v]).

154. **Availability of Teachers.** Well-trained teachers and instructors for the new vocation and skills curricula will not be readily available. The Project will address this problem through the

staff development program whereby sufficient numbers of teachers and administrators will be trained overseas and in the country. The Project is also supporting the establishment in CMI of an instructor training program to train instructors in selected skills areas. In addition, in-service training for vocational teachers and instructors will be conducted under the Project.

155. Inadequate Experience in Project Implementation. MOE staff have experience in implementing only one externally-assisted project: ADB's Basic Education Project (footnote 1). Therefore, the project manager of the Basic Education Project may be engaged to manage the Project after completion of his present assignment in November 2000. Arrangements have been made with MOE to retain some of the counterpart staff, trained under the Basic Education Project, to manage the Project. Special training will be given to PIU staff in project implementation. Recently, MOE has transferred an expert administrator from CMI to MOE. This is expected to strengthen MOE's ability to implement the diverse components of the Project effectively.

156. Employment of Graduates. The employment of trained workers may be a constraint unless the job market improves, as is anticipated with several measures planned by the Government. Under the Project, several strategies are expected to increase self-employment. Fishing and agriculture courses planned in the skills centers in Jaluit and Wotje will help generate interest in self-employment in these areas. Large amounts of vegetables, pigs, and poultry are imported, and much of this could be produced in the RMI. In-shore fishing and the use of coastal resources also present self-employment and income generating opportunities.

157. Loss of Trained Marshallese. With Marshallese having free access to the US, Marshallese trained under the Project could leave the RMI. This risk could be contained if adequate employment opportunities are created in the RMI and the economic situation improves. Migration is not a total loss as most Marshallese remit money home. Eventually, some return to the RMI, bringing valuable training skills acquired abroad.

VI. ASSURANCES

A. Specific Assurances

158. The Government has given the following assurances in addition to the standard assurances, which will be incorporated in the loan covenants.

- (i) The Government will provide adequate staff for NTC and the Department of Vocational Education of MOE, to enable them to efficiently carry out their mandates.
- (ii) The Government will ensure that school-to-work programs and funds received under the WIA shall be made available to NTC to carry out preliminary research and needs assessment work in order to assist the curriculum consultant to be provided under Part A of the Project develop appropriate course outlines.
- (iii) The Government will make available to skills training institutions the teachers made redundant by the closure of the high school vocational education programs. Extension teachers from CMI will also be seconded to all the skills training centers.

- (iv) The Government will ensure that the implementation of the Project and the resulting benefits are monitored and evaluated on an annual basis. Within three months of loan effectiveness, the Government will have the PIU establish a PPMS based on specified performance indicators.
- (v) The Government will ensure that the counterpart funding required for timely and effective project implementation will be separately provided in the annual budget for each fiscal year.
- (vi) The Government will ensure that, by the end of project implementation a minimum of 150 people will have been trained in employment oriented skills, of which at least 33 percent will be women of all age groups and 40 percent are male youths between 14 and 45 years.
- (vii) The Government will ensure (a) equal access of all training providers to (i) training materials and related resources, and (ii) all curriculum development undertaken under the Project; and (b) career orientation curricula will be available to all private schools.
- (viii) The Government has committed to provide the required recurrent expenditure funding in each fiscal year beginning FY2002. The additional amount will be clearly appropriated to the education budget for vocational education and skills training.
- (ix) The Government will acquire all land and other property rights required for the project before the civil works contracts are awarded under the Project.

B. Conditions of Loan Effectiveness

159. Prior to loan effectiveness, the government has agreed to

- (i) establish a project steering committee,
- (ii) have MOE establish the PIU with staff and resources satisfactory to ADB, and
- (iii) amend the Industries Development Act 1991 to allow MOE to have overall responsibility for planning and coordinating skills training and vocational education in the RMI.

C. Loan Disbursement

160. The Government has agreed to accomplish the following

- (i) prior to the loan being disbursed, the Government will deposit at least \$75,000 in an imprest account to ensure availability of counterpart funding at the start of the Project; and
- (ii) prior to any disbursement for the construction of the Majuro WTMIC, the Government will ensure that the land required for the WTMIC is made available in accordance with arrangements satisfactory to ADB.

VIII. RECOMMENDATION

161. I am satisfied that the proposed loan would comply with the Articles of Agreement of ADB and recommend that the Board approve the loan in various currencies equivalent to Special Drawing Rights 5,276,000 to the Republic of the Marshall Islands for the Skills Training and Vocational Education Project, with a term of 32 years, including a grace period of 8 years with an interest charge at the rate of 1 percent per annum during the grace period and 1.5 percent per annum thereafter, and such other terms and conditions as are substantially in accordance with those set forth in the draft Loan Agreement presented to the Board.

TADAO CHINO
President

6 November 2000

APPENDIXES

Number	Title	Page	Cited on (page, para.)
1	Statistical Data on Education	38	3, 14
2	College of Marshall Islands (CMI) Profile	42	4, 17
3	Skills Training in RMI	43	6, 28
4	Ministry of Education (MOE) Organization Chart	45	9, 38
5	Ministry of Education (MOE) Budget	46	9, 39
6	Social Impact Assessment	47	14, 63
7	Logical Framework	53	20, 86
8	Cost Estimates	59	24, 110
9	Implementation Schedule	63	26, 116
10	Project Management Organization Chart	65	27, 117
11	Procurement Packages	66	27, 118
12	Outline Terms of Reference of Consultants	67	28, 120

STATISTICAL DATA ON EDUCATION

Table A1.1: Enrollment in Elementary and Secondary Education, 1999-2000

Grade	Public			Private			Public & Private		
	Boys	Girls	Total	Boys	Girls	Total	Boys	Girls	Total
Elementary									
Preschool	12	16	28	150	165	315	162	181	343
1	532	477	1,009	187	185	372	719	662	1,381
2	527	460	987	171	173	344	698	633	1,331
3	586	474	1,060	165	160	325	751	634	1,385
4	559	505	1,064	158	181	339	717	686	1,403
5	617	534	1,151	162	162	327	779	699	1,478
6	600	578	1,178	179	165	344	779	743	1,522
7	573	569	1,140	166	160	326	739	729	1,466
8	505	570	1,075	152	122	274	657	692	1,349
Subtotal	4,521	4,190	8,711	1,497	1,479	2,976	6,018	5,669	11,687
Secondary									
9	185	143	328	249	253	502	434	396	830
10	168	160	328	161	200	361	329	360	689
11	133	143	276	161	135	296	295	278	572
12	103	83	186	111	110	221	214	193	407
Subtotal	589	529	1,118	682	698	1,380	1,271	1,227	2,498
Total	5,110	4,719	9,829	2,195	2,177	4,356	7,289	6,896	14,185

Source: Ministry of Education.

Table A1.2: Enrollment in Elementary and Secondary Education, 1998-1999

Grade	Private			Public			Public and Private		
	Boys	Girls	Total	Boys	Girls	Total	Boys	Girls	Total
Elementary									
Preschool	136	132	268	22	18	40	156	150	306
1	192	205	397	505	503	1,008	697	738	1,435
2	131	178	309	610	470	1,080	741	648	1,389
3	197	200	397	576	563	1,139	773	763	1,536
4	179	189	368	629	502	1,131	808	691	1,499
5	191	189	380	640	594	1,234	831	783	1,614
6	193	171	364	603	609	1,212	796	780	1,576
7	185	144	329	545	582	1,127	710	726	1,436
8	163	143	306	631	645	1,276	794	788	1,582
Subtotal	1,567	1,551	3,118	4,761	4,486	9,247	6,306	6,067	12,373
Secondary									
9	283	277	560	200	203	403	483	480	963
10	210	165	375	140	187	327	350	352	702
11	160	125	285	109	110	219	269	235	504
12	119	149	262	121	115	236	240	258	498
Subtotal	772	716	1,482	570	615	1,185	1,342	1,325	2,667
Total	2,339	2,267	4,600	5,331	5,101	10,432	7,648	7,392	15,240

Source: Ministry of Education.

Table A1.3: Distribution of Elementary and Secondary Schools by Atolls, SY1999

Elementary Schools								Secondary Schools							
No.	Atoll	Elem Sch	Male	Female	Total Enroll.	Teachers	Teacher Student Ratio	Sec School	Male	Female	Total Enroll.	Teachers	Teacher Student Ratio	Total Elem & Sec Enrolled	Population 1998
1	Ailinglaplap	9	324	257	581	25	23	1	27	26	53	4	13	634	1,715
2	Ailuk	2	39	37	76	4	19							76	488
3	Arno	8	289	237	526	23	23							526	1,656
4	Aur	2	73	69	142	8	18							142	438
5	Ebon	3	132	114	246	12	21							246	10
6	Enewetak	1	127	111	238	9	26							238	741
7	Jabat	1	22	16	38	3	13							38	715
8	Jaliuit	8	211	217	428	22	19							428	112
9	Kili	2	94	84	178	12	15							178	1,709
10	Kwajalein	3	670	636	1,306	41	32	5	319	248	567	40	14	1,873	802
11	Lae	1	64	55	119	6	20							119	9,311
12	Lib	1	25	23	48	2	24							48	319
13	Likiep	3	87	106	193	9	21							193	115
14	Majuro	8	1,742	1,792	3,534	113	31	9	783	851	1,634	95	35	5,168	482
15	Maloelap	5	126	103	229	13	18							229	19,664
16	Mejit	1	79	70	149	6	25							149	796
17	Mili	5	126	124	250	12	21							250	445
18	Namdrik	1	119	107	226	28	8							226	854
19	Namu	4	136	122	258	20	13							258	814
20	Ronglap	1	59	47	106	27	4							106	801
21	Ujae	1	92	63	155	4	39							155	
22	Utrik	1	50	50	100	4	25							100	448
23	Wotje	3	96	82	178	8	22	1	71	81	152	4	38	330	409
24	Wotho	1	19	15	34	4	9							34	848
Total		75	4,801	4,537	9,338	415	20	16	1,200	1,206	2,406	143	25	11,744	43,692

Source: Ministry of Education.

Table A1.4: High School Entrance Tests, 1993-1999

Year	Took Test (No)	Passed (No)	Passed (percent)	Failed (No)	Failed (percent)
1993	1,031	414	40.2	617	59.8
1994	1,173	432	36.8	741	63.2
1995	1,312	426	32.5	886	67.5
1996	1,239	405	32.7	834	67.3
1997	1,290	406	31.5	884	68.5
1998	1,218	481	39.5	737	60.5
1999	1,384	490	35.5	892	64.5

Source: Ministry of Education.

COLLEGE OF THE MARSHALL ISLANDS PROFILE

1. Technician Programs in College of the Marshall Islands (1997-1998). Courses offered are as follows:

- (i) College of the Marshall Islands (Majuro): associate degrees, architectural engineering, automotive technology, building trades, business studies, computer science, ocean business management, aquaculture, tropical marine ecosystems, and internship in marine science; and
- (ii) College of the Marshall Islands (Kwajalein): nursing, business, accounting, management, computer, education, engineering, and liberal arts.

2. Table A2.1 shows enrollment and Table A2.2 shows graduates in 1999.

Table A2.1: Enrollment, Fall Semester 1999

Program	Fall 1999	Graduates (Associate Degree) 1998/99
Elementary Education	32	22
Nursing	26	10
Liberal Arts	48	10
Accounting	16	3
Computer Science	58	11
Management	4	
Office Administration	2	3
Architectural Engineering	7	1
Total		60

Source: Ministry of Education.

Table A2.2: Graduates, 1999

	Male	Female	Total
College Degree	28	18	46
Developmental	18	27	45
Total No. of Students	46	45	91

Source: Ministry of Education.

SKILLS TRAINING IN RMI

A. Skills Training

1. Until recently, skills training was provided under the Job Training Partnership Act (JTPA) program which was funded by the United States federal government. The JTPA was established, among other things, to improve the effectiveness of the JTPA whereby Marshallese who face severe constraints to finding employment receive support and training to increase their opportunities to find employment, provide training and services to participants, and maintain close relationship with ongoing development programs. The program was administered by Private Industry Council of the Republic of the Marshall Islands. The PIC has 15 members, of whom 8 are from the private sector nominated by the chamber of commerce. JTPA received a budget of about \$800,000 a year and operates a wide range of programs, including post secondary vocational training

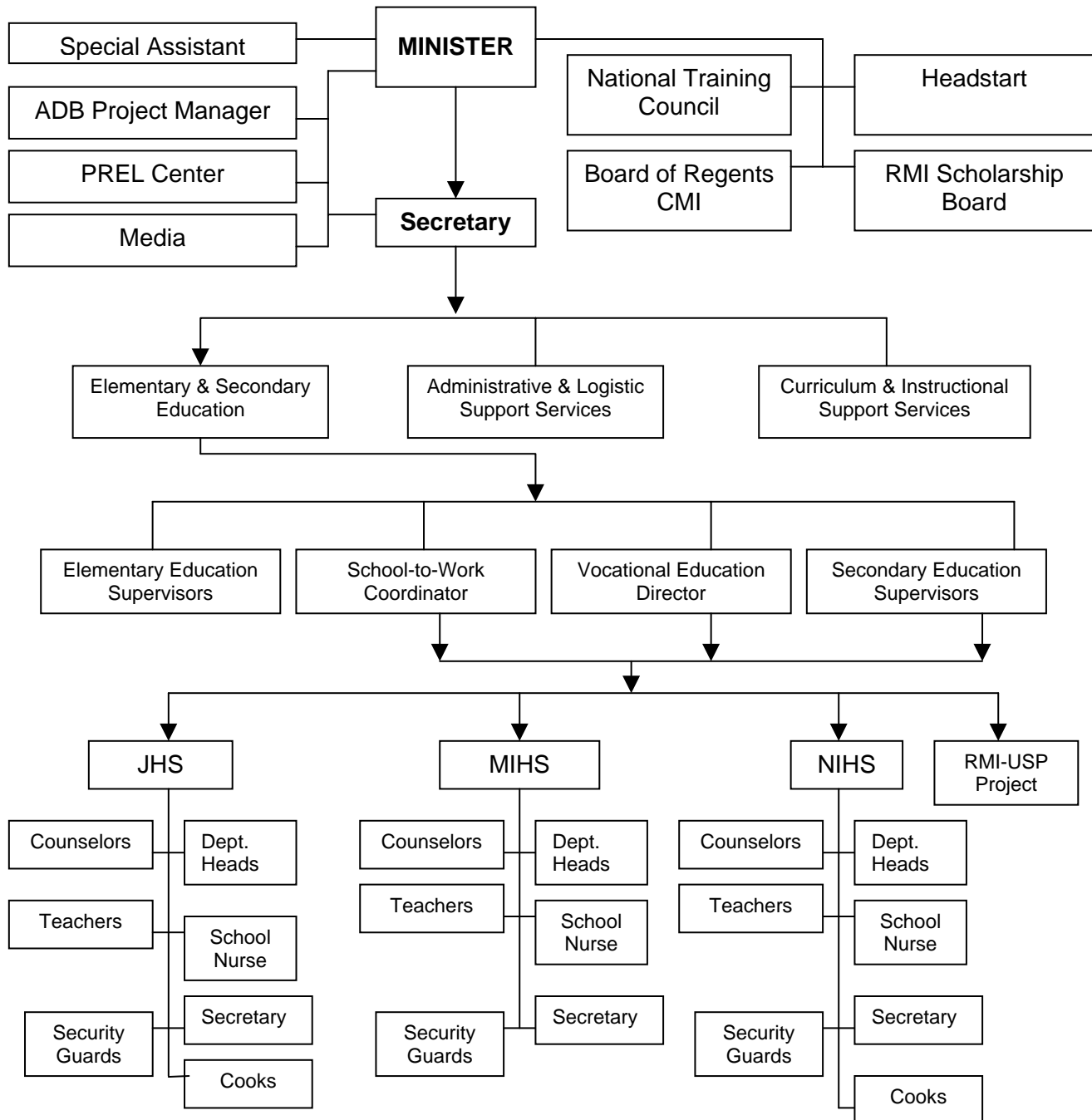
2. JTPA had an open enrollment policy, which provides educational and vocational opportunities to youths and adults 14-55. Under the JTPA, vocational training programs that provided skills for employment or self employment were conducted in response to community needs. The programs included the training of school dropouts, out-of-school youth, and superannuated civil service workers following the recent downsizing of the civil service. Some programs involved supervised on-the-job experience with employers as well as practical training in a working environment. Most JTPA programs will be continued under the Workforce Investment Act (WIA). JTPA's wide variety of programs include the following.

- (i) Preemployment and work maturity skills training is a career awareness program.
- (ii) Occupational skills training is an entry-level and semi-occupational skills training program in automotive mechanic, air-conditioning and refrigeration, building maintenance, carpentry, construction, electricity, secretarial, small engine, welding, and sewing skills.
- (iii) Institutional skills training is a more advanced skill training program in areas of automotive mechanics, air-conditioning and refrigeration, building maintenance, carpentry, construction, electricity, secretarial skills, small engine repair, welding and sewing.
- (iv) Entrepreneurship and small business operation provides training in the effective formation and establishment of a small business.
- (v) On-the-job training is a long-term hands-on training in partnership with an employer to train participants in actual work situations, and which involves agreement that suitable trainees may be retained as employees.
- (vi) Cooperative work experience is an 18 week classroom training or other enrichment or learning program that is facilitated through cooperation between the employer and the training agency, with the employer paying the participants.
- (vii) The summer youth employment and training program is an eight-week program that is not meant to be an employment track and aims at enhancing basic education skills of economically disadvantaged youth; encouraging school completion or enrollment through supplementary or alternative school programs;

and providing students exposure to the world of work. The program lasts for about six weeks with up to 32 hours per week. The first week is devoted to training orientation, mathematics, and English and the students spend the next five weeks with employers. Students are paid \$2 an hour or \$480 for 240 hours. The course is very popular and there are many applicants. In 1997, 285 participated of whom 13 completed the program and 10 were placed. This seems to be an expensive way of introducing students to the world of work, especially as scarce resources can be put to better use. The money could be used to strengthen the prevocational programs, which are more efficient at exposing a large number of students to working situations.

- (viii) The school enhancement program focuses on disadvantaged youths between the ages of 14 and 16, and those who fail to enter high school.
- (ix) Off-campus training is provided to both public and private sectors, e.g., the air pilot training for Air Marshall Islands, Raytheon World control in Kwajalein, law enforcement skills upgrading, teacher training skills upgrading, and canoe building skills training.
- (x) The entrepreneurship and small business operation helps individual high school students, unemployed youth, and adults with employable skills to assess their self-employment potential and develop small businesses. Skills training in the outer islands in agriculture, pearl oyster culture, and other local skills also receive support.

**MINISTRY OF EDUCATION
ORGANIZATION CHART
(Elementary and Secondary Education)**



ADB = Asian Development Bank; CMI = College of the Marshall Islands; JHS = Jaluit High School; MIHS = Marshall Islands High School; NIHS = Northern Islands High School; PREL = Pacific Regional Educational Laboratory; RMI = Republic of the Marshall Islands; RMI/USP = Republic of the Marshall Islands/United States program.

MOE BUDGET
(\\$)

Description	FY1998	FY1999	Proposed For FY2000
A. General Fund			
College of the Marshall Islands	353,525	900,000	900,000
Administration	395,427	473,791	521,036
Print Shop	0	0	44,031
National Gazette	0	0	16,449
ADB Matching Fund	380,978	433,514	300,052
Elementary Ed.-Majuro	65,345	653,345	843,667
Elementary Ed.-Kwajalein	451,970	451,970	564,126
Elementary Ed.-Outer Islands	3,513,620	1,752,810	1,997,501
Secondary/Voc. Ed.- Administrator	55,488	49,420	115,931
NIHS-Secondary Ed.	33,436	33,436	59,029
National Standards Bureau	62,844	70,664	73,306
Support Services-Media	22,058	21,658	37,066
RMI/USP Project	300,000	275,000	200,000
Aid to Private School	333,000	330,000	366,000
MOE Close Up Foundation	0	60,000	60,000
Scholarship Country Grant	0	81,810	82,170
B. Compact Tied Fund			
Scholarship 216B	797,400	797,400	797,400
SIB Administration 221B	299,245	299,245	333,308
School Subsidies	239,700	239,700	239,700
MIHS Secondary Ed.	765,777	765,777	797,806
JHS Secondary Ed.	282,543	286,513	322,212
JHS Food Services	166,278	177,464	186,603
NIHS Secondary Ed.	0	0	116,671

ADB = Asian Development Bank; JHS = Jaluit High School; MIHS = Marshall Islands High School; MOE = Ministry of Education; NIHS = Northern Islands High School; RMI/USP = Republic of the Marshall Islands/University of South Pacific; SIB = School Improvement Bureau.
Source: Ministry of Education.

SOCIAL IMPACT ASSESSMENT

A. Introduction

1. A social and poverty assessment was undertaken based on the *Handbook for Incorporation of Social Dimensions in Projects* of the Asian Development Bank (ADB). The objective was to identify the needs of disadvantaged groups, particularly women, so that these groups would specifically participate in and benefit from the Skills Training and Vocational Education Project. Consultations, interviews, and community workshops were conducted in two urban centers and two outer islands. Workshops were held for members and leaders of women and youth organizations, other nongovernment organizations (NGOs) and church leaders on Arno, Ebeye, Jaluit, and Majuro islands to gather primary data on social and poverty issues, social acceptability of the proposed project, skills requirements, and community perceptions on training needs particularly in the outer islands. Local and national government officials were consulted to determine needs, issues, and priorities in relation to the Project. Participatory workshop design was developed and conducted.

B. Initial Social and Poverty Assessment

1. Client Groups

2. Like many atoll countries, the Republic of the Marshall Islands (RMI) is small (population 50,840), with meager resources and a rapidly growing population. The country is heavily dependent on outside assistance to provide social services and to sustain its people. Educational attainment is generally low. Per capita income is about \$770 (1999). Demographically, the RMI is a young country with 43 percent of its population under 15 years old and an average household size of 8.9, both features indicative of a high rate of natural increase. Due to emigration, the annual growth rate has been drastically reduced to 1.5 percent, a deep plunge from 10 years ago (4.2 percent) with the RMI having one of the highest population growth rates in the world. Unemployment has more than doubled in the last 10 years with almost one third of its labor force currently unemployed, the majority of which are women. Although elementary education is mandatory, one of four of its adult population is illiterate. The RMI ranks 121st out of 175 countries on the human development index (HDI) of the United Nations Development Programme (UNDP).

3. The health and education profile of the RMI is alarming and compares with those of much poorer countries. The poor health of the population owes much to poor nutrition. For example, the incidence of overweight and obesity (precursors to diabetes and other chronic illnesses) is approximately 56.5 percent in adults aged 18-50 years¹ — essentially one out of two adults has developed or is likely to develop symptoms of diabetes and similar illnesses. According to a medical doctor interviewed in the Majuro government hospital, 8-10 patients, aged 40 years and above, undergo amputations in the hospital daily due to diabetes-related complications.

4. The overall life expectancy in the RMI is 68 years — 66 years for males and 69 years for females, both well below average life expectancies in developed countries (80+ years) and in many neighboring island countries. The RMI's leading health risks in the past 10 years have gradually changed from being predominantly communicable to chronic (e.g., diabetes and hypertension). This trend can be attributed to an unbalanced and low quality nutritional intake.

¹ Findings from a survey conducted by Johns Hopkins University between 1996 and 1997.

5. The literacy rate in the RMI is only 74 percent and the school dropout rate is high in all grades. According to a study conducted by the Ministry of Education,² only about 13 out of 100 students who start grade 1 finish high school. Although elementary education is compulsory, an estimated 30 percent of children between ages 6-14 do not attend school.

6. The working-age population (people aged 15-64) is estimated at 27,000 (55 percent), of which those in the labor force comprise 14,000 (54 percent). The balance of the working-age population has either never entered the labor force or has left it, instead relying mainly on remittances or subsistence farming and fishing. Most of unemployed people live in rural areas, and comprise a majority of the rural poor. Efforts to bring this large number of people into the active labor force will improve incomes and assist the development of rural areas.

7. Most households (73 percent) rely on income derived from wages and salaries followed by business operations and professions (29 percent). Another major income source is retirement, survivor, and disability pensions (20 percent). Remittances from abroad account for an insignificant 2 percent of total income. About 19 percent of households also earn income from dividends, rental royalties, and trusts (6 percent); and income from tips, commissions, bonuses, allowances, and others (13 percent).³

2. Client Needs

8. Dropout rates at all grades are very high due to several factors: (i) the limited number of high schools available in the country, (ii) the poor quality of education, (iii) the limited number of qualified teachers, and (iv) a widespread lack of interest towards education. According to UNDP, dropout rates in the RMI are higher than in other Pacific countries.⁴

9. The present skills training and delivery uses outdated curricula, poorly trained instructors, and old and inadequate equipment, and lacks facilities, training goals and standards, coordination and cooperation between and among market and training providers, and certification. These factors often lead to a general malaise of hopelessness and apathy, particularly among women and youth. A large number of working-age people in these circumstances become resigned to staying in the outer islands in a subsistence existence or moving to the urban centers in the hope of finding employment.

3. Client Demand

10. Training needs of the target beneficiaries, particularly women and youth,⁵ are: (i) skills to improve food production (farming, poultry and hog raising, and fisheries); (ii) family-related skills (child care, sewing, cooking, gardening, nutrition, traditional medicine, reproductive health, and household and small business management); (iii) traditional skills (canoe building); (iv) values formation (parenting and teaching skills, and gender training); and (v) leadership training. Limited training is currently provided by nongovernment organizations (NGOs) such as Youth to Youth in Health and church organizations. Areas covered include reproductive health, nutrition, and income generation with focus on handicraft production and canoe making.

² Ministry of Education. 1999-2000 Enrollment Report.

³ 1999 Census of Population and Housing, Republic of the Marshall Islands.

⁴ Pacific Human Development Report, 1999: Creating Opportunities. UNDP.

⁵ Based on the results of community workshops held in the Arno Ebeye, Jaluit, and Majuro, by the ADB Mission from 23 August–6 September 2000.

11. Under use of existing training programs is caused by several factors, including inappropriate courses that do not meet clients' needs, inadequate facilities, poorly trained and limited number of teachers, and lack of parental motivation. In practice, training and education are seen of lower priority than food, medical expenses, and clothing. Since most households in urban centers and most outer islands are highly dependent on imports for consumption, most disposable income goes to food and clothing. Medical expenses are relatively high in household budgets, due to the prevalence of nutrition-related illnesses. Schooling is ranked after all three priority needs had been met. Most households would benefit from training in budgeting and family planning.

12. Women and youth organizations' expressed willingness to pay for training fees (in cash or in kind) provided that they get quality input from the Project. Since the US Compact funds started coming in about 14 years ago, a number of parents grew to expect that the Government would provide for all education needs of their children. This is one of several reasons, that parents cited in interviews, for not allocating money for education, although many expressed interest in educating their children.

13. Beneficiaries' demand for training is expected to increase as people become aware of the Project, its quality, appropriateness, and accessibility. The ability to pay for tuition fees can be increased by using agricultural produce, for example, to pay for tuition and other expenses rather than hard-to-come-by cash, particularly in the outer islands.

14. A similar practice has been successfully used by the Roman Catholic church since the 1970s. The church's Busy Hands project provides for an avenue where cash-strapped parents from the outer islands can send their handicrafts to the church for sale and the proceeds go to pay for their children's education fees.

15. Although a number of parents still believe that formal or vocational education is of secondary priority, there is an increasing desire among families, even among the poorer population, for training to increase their income. With the faster development of cash economy throughout the rural RMI compared to other Pacific countries, finding employment and income generating opportunities are strong incentives for people to access the training and other support programs provided under the Project.

4. Absorptive Capacity

16. Conduct of intensive public information and education campaigns, the development of a community outreach program, and the inclusion of housing units and hostels for students and teachers will contribute to increasing enrollment in skills and vocational training programs, particularly for women. In response to household survey made in early 2000, most women and out-of-school youths would enroll to learn skills and pay for the training, if they (i) knew about the program and its objectives; (ii) believe that the training would significantly increase prospects for employment or enable them to start a small business in their community; (iii) were convinced that the type of training is appropriate and would be of immediate use; and (iv) were aware that training will be available to beneficiaries, particularly those (e.g., mothers) who are unable to leave their families for extended periods and live in the training centers during training.

17. Women and youth organizations in the RMI are mainly church-based and are in most communities in the urban centers and in the outer islands. Their involvement and interest in education and skills training vary. During consultations with selected church organizations that

are also training providers (the Roman Catholic church, Pentecostal church, and Salvation Army), indicate that these groups started similar, though small and seasonal, training for women and youth in the past. With some training and support, the numerous women's and youth organizations throughout the RMI⁶ can take an important role in popularizing the Project and the importance of skills training. Thus, motivating them to take an active role in the different stages of the Project, mobilizing needed resources, and sustaining the Project after its implementation.

5. Gender Issues

Table A6: Status of Women

Women as	Number
% of Population	48.8
% of Labor Force	27
% of People in Paid Employment	22
Members of Parliament	1 out of 33
% of People in Administrative and Managerial Positions	7
% of People in Professional and Technical Jobs	32
Female Adult Literacy Rate	69
% of Women not Expected to Survive up to 40	12.4
% of Teenage Fertility Rate	15.1 ⁷

Source: UNDP. 1999. Pacific Human Development Report: *Creating Opportunities*.

18. Marshallese society is ambilineal with rights and inheritance traced through the maternal and paternal lines. While, the matrilineal influence clearly dominates, thus according women high social status, control over inheritance and resources is normally exercised by a woman's brother or uncle on her behalf, thus potentially undermining her actual authority. Clan rights, which include land entitlements and traditional authority, are passed down through matrilineal line.

19. This setup is reflected especially in education. For example, enrollment in skills training and vocational education is usually low for females since most courses, except for selected offerings (cooking and sewing) are mainly tailored to the needs of males. Traditionally, although enjoying high social status, Marshallese women stay at home to give birth and take care of the children. Although Marshallese women are entering the job market in increasing numbers, becoming involved in politics, or starting their own businesses, much more public information and education is needed on the role of women, especially in the outer islands. Greater opportunities for meaningful participation by women in the socioeconomic spheres of Marshallese society are needed.

20. Also, the incidence of teenage pregnancies is increasing. Women leaders consulted cited this issue as a major barrier to young women continuing their education (formal or informal). Although traditionally, when a pregnant daughter does not get married, parents are expected to rear the child to allow the young mother to continue studying, this is not happening in most cases.

⁶ Canada Fund, according to a study conducted of NGOs and community-based organizations in 1998, estimated that there are around 600 such organizations in RMI.

⁷ Highest in 15 countries covered by the 1999 Pacific Human Development Report: *Creating Opportunities*. UNDP.

21. Based on these factors, development of gender-oriented courses will encourage female enrollment. Also, conduct of training with stress on sex education, reproductive health, and contraception will be prioritized, thereby, limiting teenage pregnancies, improving women's economic prospects, and limiting family size. Also, access to quality training and improved facilities will provide better career and entrepreneurial development opportunities for women, particularly for young mothers. Moreover, skills training will benefit women and their families in the form of increased food production and improved nutrition in their homes. Lastly, women's participation, through their numerous groups actively working in the communities, will be encouraged through the provision of training and resources to effect meaningful changes not only to their lives but also to their families.

6. Potential Adverse Impacts

22. No adverse impacts are anticipated. Women and youth have been identified as continuing to need additional support to improve current self-help initiatives.

C. Summary of Findings/Recommendations

23. The main findings include

- (i) the proposed skills and vocational training project is perceived as a timely and needed intervention by the different stakeholders including NGOs, community-based organizations, church organizations, local government officials, and community leaders and members;
- (ii) priority training needs by community leaders and members consulted, particularly in the outer islands, are for income generation, food security, reproductive health, nutrition, and value formation;
- (iii) lack of information on and limited access to available skills training by women and youth groups, aside from those selectively provided by church groups and NGOs;
- (iv) NGOs and church organizations are implementing selective and limited skills training to respond to community needs in the urban centers and the outer islands;
- (v) training centers are lacking, particularly in the outer islands;
- (vi) communities/groups consulted are willing to pay (in cash or in kind) for quality training that would facilitate creation of employment or establishment of an enterprise; and
- (vii) a significant amount of human resources are untapped and unmotivated (e.g., school dropouts and women).

24. Based on the above findings, the following recommendations were incorporated into the project design:

- (i) Prioritize and target communities and focus on women and dropouts particularly in isolated and inaccessible outer islands to maximize the Project's poverty reduction impact. To make this possible, a community outreach program is incorporated in the Project.
- (ii) Course offerings will focus on income generating skills and on food production, gender, reproductive health, and nutrition. Interventions to focus on developing beneficiaries and NGOs need to be conducted before course development.

- (iii) NGOs and community-based organizations will be encouraged to participate in the Project, particularly those affiliated with church organizations in the RMI. Their involvement will be encouraged during project preparation, implementation, and evaluation in order to effectively deliver the Project, maximize its resources, and increase its sustainability.
- (iv) The Majuro women's groups recommendation for the establishing a training and marketing center for women will be supported under the Project. This is to increase the training capacity of these groups to promote handicraft production (with emphasis on quality) and facilitate enterprise development initiated by women.
- (v) An intensive public information and education campaign will be developed before and carried out during project implementation. Women, dropouts, vocational training students, and skilled workers will be targeted by the campaign in order to encourage increased enrollment in the course in the training centers and the outreach programs.
- (vi) A gender specialist is included during project implementation to ensure that women's needs are properly reflected in the design and delivery of training courses.
- (vii) Consultations and dialogues with community leaders and members will continue. These groups commended ADB for initiating this participatory approach and expressed their willingness to be involved in this Project throughout the implementation period and in other future initiatives by ADB.

LOGICAL FRAMEWORK

Narrative Summary	Indicators and Targets	Monitoring Mechanisms	Key Assumptions
<p>Goal Improved economic self-reliance</p> <p>Purpose 1. Increased income-generating opportunities especially for women and the youth in the outer islands</p> <p>2. Increased employment especially for women and the youth in the outer islands</p>		<ul style="list-style-type: none"> • Project documents, project implementation unit (PIU) reports, Asian Development Bank (ADB) reviews • Project documents, PIU reports, ADB reviews • Sample survey of women and the youth to be done at end of Project by training unit managers of those trained • PIU reports, ADB review Missions • Joint sample survey of women and youth to be done at end of Project by training unit managers of those trained 	<p>Economic growth is maintained Compact fund is available Birthrate is maintained Rate of emigration is stabilized High standard of supervision of PIU and review missions maintained</p> <p>Government development plans in outer islands are implemented Incremental recurrent expenditures are funded by Government and external agencies.</p> <p>Training centers are fully operational, economic opportunities in outer islands are increased, Annual dropout and emigration is stable</p>
<p>Outputs 1. Career awareness program developed</p> <p>2. National skills training and delivery system developed</p>	<ul style="list-style-type: none"> • New curricula for career orientation program implemented by end of quarter 2 of year 2 • Special program for outer island high schools implemented by end of quarter 2 of year 2 • One-stop centers and subcenters upgraded and fully operational by end quarter 2 , year 2 	<ul style="list-style-type: none"> • PIU reports, consultants reports, school reports • PIU reports, consultants reports, School reports, Directorate of Voc. Ed. reports • PIU reports, reports of Workforce Investment Board (WIB) and heads of one-stop centers and subcenters 	<p>Consultants are recruited, teachers trained, curriculum developed, and teaching materials provided in time</p> <p>Training agencies cooperate with one another</p>

Narrative Summary	Indicators and Targets	Monitoring Mechanisms	Key Assumptions
<p>3. Skills training opportunities for women and the youth enhanced</p> <p>4. Institutional strengthening: capacity to plan, regulate and manage national skills training system improved</p>	<ul style="list-style-type: none"> • Skills training centers rehabilitated, upgraded, and fully operational by quarter 4, year 2. • CMI skills training programs upgraded by end quarter 4, year 2 • Self-paced competency-based skills training curricula developed by end quarter 3, year 2 	<ul style="list-style-type: none"> • Reports of engineering consultant, PIU, managers of skills training centers • PIU progress reports; reports of managers of skills training centers and training units, and director of skills training, College of the Marshall Islands (CMI) • PIU progress reports; reports of managers of skills training centers and training units, and director of skills training, CMI 	<p>Civil works, consultant recruitment, curriculum, and staff development are completed on schedule</p> <p>Curriculum consultants recruited early; instructors are available for training; National Training Council (NTC), Ministry of Education (MOE), and industry cooperation is good</p>
	<ul style="list-style-type: none"> • At least 300 women trained in business skills, etc., by end of Project • At least 300 youth trained in business skills, etc., by end of Project 	<ul style="list-style-type: none"> • Reports of PIU, managers of training units, consultants • PIU Progress reports • reports of managers of skills training centers and training units 	<p>Efforts to motivate female dropouts to take up skills enhancement courses are successful</p> <p>Publicity campaigns, motivation of dropouts are successful; nongovernment organization (NGO) participation is strong.</p>
	<ul style="list-style-type: none"> • Monitoring and information system operational in NTC by end quarter 1, year 2 • Labor market research system installed and operating in NTC by end, quarter 1, year 2. 	<ul style="list-style-type: none"> • Reports of NTC, PIU, managers of training units and consultants reports • NTC reports, PIU progress reports, reports of managers, consultants' reports 	<p>Training agencies' roles well defined by Government and training stakeholders work as a team</p>
	<ul style="list-style-type: none"> • Skill standards and training modules developed and used for at least the major occupations by end, 	<ul style="list-style-type: none"> • Reports of NTC, PIU, managers of training units, and consultants 	<p>NTC leadership is maintained; teachers and instructors are available for training</p>

Narrative Summary	Indicators and Targets	Monitoring Mechanisms	Key Assumptions
	<p>quarter 3, year 2</p> <ul style="list-style-type: none"> • Education management information system (MIS) installed and budget monitoring system (BMS) indicators and benchmarks established by end quarter 1, year 2 • In-country and regional training of staff completed by end, quarter 1, year 2 • Career guidance and vocational counselling services in place by end, Quarter 1, year 2. 	<ul style="list-style-type: none"> • PIU reports; ADB review reports • PIU progress reports; midterm review • PIU reports; consultants reports; school reports; Directorate of Vocational Education, MOE. 	<p>Consultants recruited on time</p>
<p>Activities for Outputs</p> <p>1. Career orientation program</p> <ul style="list-style-type: none"> • Develop counselling program • Visits to industry, farms, and business enterprises; and talks with members • Construct training and counselling rooms in each of three public high schools • Provide training kits, teaching materials, equipment, 	<p>Start: quarter 1, year 1. End: End of Project Responsible: PIU, consultants, Directorate of Vocational Education, MOE high schools</p> <p>Start: quarter 2 , year 1. End: quarter 1 , year 2. Responsible: consultant, high schools, PIU</p> <p>Start: quarter 1 , year 2. End: end of Project Responsible: PIU, high schools</p> <p>Start: quarter 2 , year 1. End: quarter 1, year 2. Responsible: PIU, engineering consultant</p> <p>Start: quarter 2, year 1. End: Quarter 3, year 1 Responsible: PIU,</p>	<ul style="list-style-type: none"> • PIU reports, consultants' reports, school reports, Directorate of Vocational Education, MOE • PIU reports, consultants reports, school reports, Director of Vocational Education • PIU reports, consultants reports, school reports, Director of vocational education, MOE. • PIU reports, engineering consultants reports; school reports, Directorate of Vocational Education, • PIU reports, school reports, Directorate of Vocational Education, 	<p>Consultants appointed in time; construction of civil works is not delayed; equipment and training materials are delivered; teachers are available</p> <p>Industry willing to . participate in school programs;</p> <p>Competent local civil works contractors are engaged; Cargo Ships can transport construction materials to outer islands in time.</p> <p>Teaching materials are developed, & specifications drawn up</p>

Narrative Summary	Indicators and Targets	Monitoring Mechanisms	Key Assumptions
<p>reference materials, and guidebooks</p> <ul style="list-style-type: none"> Conduct in-country and regional training of teachers 	<p>consultant</p> <p>Start: quarter 4, year 1 End: Quarter 1, year 2 Responsible: PIU, consultant</p>	<p>MOE</p> <ul style="list-style-type: none"> PIU reports, consultants reports 	<p>on time</p> <p>Adequate numbers of teachers are available for training; new orientation curriculum is ready</p>
<p>2. National skills training</p> <ul style="list-style-type: none"> Construct, rehabilitate, and/or upgrade one-stop centers and subcenters Construct, rehabilitate and/or upgrade skills training centers and subcenters Upgrade CMI skills training programs Develop self-paced competency-based skills training curricula Conduct training programs 	<p>Start: quarter 1, year 1. End: end of Project; Responsible: PIU, managers of Training centers, CMI</p> <p>Start: End: Responsible: PIU</p> <p>Start: quarter 3, year 1. End: Quarter 2, year 2. Responsible: PIU, engineering consultant</p> <p>Start: quarter 2, year 1. End: quarter 3, year 2. Responsible: PIU, managers of training centers, consultants, CMI</p> <p>Start: quarter 2, year 1 End: quarter 3, year 2 Responsible: PIU, Managers of training centers, Consultants</p> <p>Start: quarter 4, year 1 End: quarter 4, year 1 Responsible: PIU, consultants</p>	<ul style="list-style-type: none"> PIU reports, ADB review missions, consultants' reports PIU reports, engineering consultants' reports; PIU reports, engineering consultants reports PIU reports, consultants reports, manager, skills training centers, Directorate of Skills Training, CMI PIU reports, consultants' reports, Directorate of skills training, CMI PIU reports, consultants reports, directorate of skills training, CMI 	<p>Consultants appointed in time, industry cooperation and involvement in curriculum development is available; construction of civil works is not delayed</p> <p>Sound engineering consultant engaged, efficient local civil works contractors are engaged, Supervision of civil works is closely monitored by ADB</p> <p>Industry support is available, NTC-CMI-industry cooperation assured</p> <p>Adequate numbers of instructors are available for training</p>
<p>3. Skills training opportunities for women and youth</p>	<p>Start: quarter 1, year 1. End: end of Project; Responsible: PIU, managers of training units and centers, CMI, NGOs</p>	<ul style="list-style-type: none"> PIU and consultants reports, Ministry of Interior 	<p>Cooperation among NGOs, communities, and women and youth is sustained; strategic study and plan successfully carried out</p>

Narrative Summary	Indicators and Targets	Monitoring Mechanisms	Key Assumptions
<ul style="list-style-type: none"> Develop special courses for women 	<p>Start: quarter 3, year 1. End: quarter 1, year 2; Responsible: PIU, consultants, training units, Ministry of Interior.</p>	<ul style="list-style-type: none"> Reports of PIU, consultants, managers of skills training units 	<p>Response from women in outer islands is good and sustained; Appointment of consultants, head of one-stop subcenters, Managers for training.</p>
<ul style="list-style-type: none"> Develop special courses for Youth Outreach programs 	<p>Start: quarter 3, year 1. End: quarter 1, year 2; Responsible: PIU, managers of Training units, consultants</p>	<ul style="list-style-type: none"> Reports of PIU, consultants, managers of skills training units 	<p>Response from youth in outer islands is good; Appointment of managers is timely; community support is good; support from NGOs is strong</p>
<ul style="list-style-type: none"> Develop skill and entrepreneurial outreach programs for vulnerable groups 	<p>Start: quarter 1, year 2. End: end of Project. Responsible: PIU, Consultants, Managers, Ministry of Interior</p>	<ul style="list-style-type: none"> Reports of PIU, consultants, managers of skills training units 	<p>Needs study shows needs, interest in skills training is sustained; awareness program is effective;</p>
<ul style="list-style-type: none"> Conduct employment, self-employment, and business skills training for, women and for school dropouts 	<p>Start: quarter 1, year 2. End: end of Project. Responsible: PIU, managers of training units, consultants.</p>	<ul style="list-style-type: none"> Reports of PIU, consultants, managers of skills training units, ministry of interior 	<p>Consultants are familiar with problems, NGO and Ministry of Interior participation and commitment is sustained.</p>
<ul style="list-style-type: none"> Organize and conduct island fairs and exhibitions 	<p>Start: quarter 4, year 1. End: quarter 4, year 1 Responsible: PIU, consultants, managers, Ministry of Interior</p>	<ul style="list-style-type: none"> Reports of PIU, consultants, managers of skills training units, ministry of interior 	<p>Extensive participation of NGOs and community leaders, assistance from itinerant instructors, and Ministry of Interior;</p>
<ul style="list-style-type: none"> Develop special training aligned to local and native resources 	<p>Start: quarter 1, year 2. End: end of Project Responsible: PIU, consultants, managers, Ministry of Interior</p>	<ul style="list-style-type: none"> Reports of PIU, consultants, managers of skills training units, Ministry of Interior 	<p>Study of local resources and needs assessment is productive, support of leaders and chiefs is forthcoming</p>
<ul style="list-style-type: none"> Construct hostels 	<p>Start: quarter 2, year 1. End: quarter 1, year 2. Responsible: PIU, engineering consultant</p>	<ul style="list-style-type: none"> PIU reports, engineering consultants' reports; school reports, Directorate of Vocational Education, MOE 	<p>Cargo Ships can transport construction materials to outer islands in time</p>
<ul style="list-style-type: none"> Construct training rooms for women, housing for staff, 	<p>Start: quarter 2, year 1. End: quarter 1, year 2. Responsible: PIU,</p>	<ul style="list-style-type: none"> Reports of PIU, consultants, managers of skills training units, 	<p>Proper project management undertaken</p>

Narrative Summary	Indicators and Targets	Monitoring Mechanisms	Key Assumptions
<p>training centers for women</p> <ul style="list-style-type: none"> Conduct public information campaign <p>4. Institutional strengthening: capacity to plan, regulate, and manage national skills training system improved.</p> <ul style="list-style-type: none"> Establish monitoring and information system Install labor market research system Upgrade staff management and technical skills through local, regional, and international training Conduct research and studies 	<p>Managers, engineering consultant</p> <p>Start: quarter 4, year 1. End: quarter 4, year 1. Responsible: PIU, Managers, consultant,</p> <p>Start: quarter 1, year 1. End: end of Project. Responsible: PIU, NTC, engineering consultant</p> <p>Start: quarter 4, year 1. End: quarter 4, year 1. Responsible: PIU, NTC consultants</p> <p>Start: quarter 4, year 1. End: quarter 4, year 1. Responsible: PIU, NTC, consultants</p> <p>Start: quarter 3, year 1. End: quarter 4, year 1. Responsible: PIU, NTC, consultants</p> <p>Start: quarter 3, year 1. End: quarter 3, year 1. Responsible: PIU, NTC, consultants</p>	<p>Ministry of Interior</p> <ul style="list-style-type: none"> Reports of PIU, consultants, managers of skills training units, Ministry of Interior Reports of PIU, consultants, NTC Reports of PIU, consultants, NTC Reports of PIU, consultants, NTC Reports of PIU Reports of PIU, consultants, NTC 	<p>Co-operation of training agencies, NTC, and industry is available</p> <p>PIU, NTC, MIC, and training centers are able to coordinate activities and cooperate readily.</p> <p>Benchmark data is collected systematically; staff are trained in time in MIS</p> <p>Labor market data available; industry and private sector co-operation is forthcoming;</p> <p>Adequate numbers of teachers are available for training</p> <p>Consultants engaged in time; training agencies and private sector cooperation is available.</p>
<p>Inputs</p> <ol style="list-style-type: none"> Civil works Furniture and equipment Consultants Staff development Research and support activities Project implementation 	<p>Resources</p> <p>\$2.700 million \$1.690 million \$1.988 million \$0.708 million \$0.600 million \$0.357 million</p>	<ul style="list-style-type: none"> Disbursement reports ADB mission review reports 	<p>Input Level</p> <p>Availability of counterpart funds, timely changes made when conditions warrant</p>

COST ESTIMATES

Table A8.1: Expenditure Accounts by Component-Contingencies Included
(\$ '000)

Project Activity	Part A ^a	Part B ^b	Part C ^c	Part D ^d	Part E ^e	Total	ADB Share	Gov't Share	Foreign Currency	Local Currency
A. Capital Costs	540									
1. Civil Works										
a. New Constructions	225	1,680	520	0	0	2,425	1,940	485		
b. Renovation	275	0	0	0	0	275	220	55		
Subtotal	500	1,680	520	0	0	2,700	2,160	540	2,050	650
2. Furniture and Equipment										
a. Furniture	45	390	105	0	0	540	378	162		
b. Office Equipment, Computers and Software	15	30	10	20	25	100	100	0		
c. Vehicles	0	0	0	20	20	40	40	0		
d. Reference and Library Materials	20	70	25	25	10	150	150	0		
e. Training Equipment (inclusive of AV aids)	80	600	100	80	0	860	860	0		
Subtotal	160	1,090	240	145	55	1,690	1,528	162	1,528	162
3. Consulting Services										
a. International Consultants										
i. Curriculum Development Specialists		270				270	270	0	270	
ii. Skill Standards Development Specialist			108			108	108	0	108	
iii. Testing and Certification Specialist				30		30	30	0	30	
iv. Specialist in Income-Generating Opportunities for Women			59			59	59	0	59	
v. Gender Specialist			30			30	30	0	30	
vi. Outreach, Community Program			60			60	60	0	60	
vii. Career Orientation Program Development, Counseling Specialist	72					72	72	0	72	
viii. Youth Training Specialist				72		72	72	0	72	
ix. Labor Market Research Specialist				60		60	60	0	60	
x. PPMS / EMIS Specialist				140		140	140	0	140	

Project Activity	Part A ^a	Part B ^b	Part C ^c	Part D ^d	Part E ^e	Total	ADB Share	Gov't Share	Foreign Currency	Local Currency
b. Domestic Consultants										
i. Outreach, Community Program			144			144	-	144		144
ii. Career Orientation Specialist	84					84	-	84		84
iii. Counseling Specialist	84					84	-	84		84
c. Project Implementation Support										
International Consultants										
i. Project Manager					295	295	295	-	295	-
ii. Project Accountant					192	192	192	-	192	-
iii. Procurement Specialist					40	40	40	-	40	-
iv. Engineering Design Consultant					96	96	96	-	96	-
Domestic Consultants										
v. Local Project Manager (yr 4)					56	56	-	56	-	56
vi. Construction Supervision Specialist					96	96	-	96	-	96
Subtotal	240	270	401	302	775	1,988	1,524	464	1,524	464
4. Staff Development										
i. Overseas / Regional Fellowships				480		480	480	-		
ii. In-country Training Fellowships				148		148	-	148		
iii. Study Visits				80		80	28	52		
Subtotal				708		708	508	200	508	200
5. Research and Support Activities										
i. Surveys	15	15	25	45		100	40	60		
ii. Community Outreach Program			320			320	140	180		
iii. Workshops and Seminars	15		80	5		100	40	60		
iv. Public Awareness Campaign	30		50			80	20	60		
Subtotal	60	15	475	50		600	240	360	240	360
Subtotal Capital Cost	960	3,055	1,636	1,205	830	7,686	5,960	1,726	5,850	1,836

Project Activity	Part A ^a	Part B ^b	Part C ^c	Part D ^d	Part E ^e	Total	ADB Share	Gov't Share	Foreign Currency	Local Currency
B. Implementation Costs										
1. Salaries and Administrators, Teachers	5	38	18	4	4	69	-	69	-	69
2. Communications	2	4	4	4	40	54	25	29	-	54
3. In-Country Travel	15	15	18	16	25	89	-	89	-	89
4. Printing and Administration Supplies	5	8	6	5	6	30	20	10	-	30
5. Office Space Rental	5	5	5	3	3	21	-	21	-	21
6. Maintenance of Facilities	8	7	5	2	2	24	-	24	-	24
7. Public Utilities	5	5	4	3	3	20	-	20	-	20
8. Project Audit	-	-	-	-	50	50	50	-	50	-
Subtotal	45	82	60	37	133	357	95	262	95	262
Subtotal Baseline Cost	1,005	3,137	1,696	1,242	963	8,043	6,055	1,988	5,945	2,098
C. Contingencies										
1. Physical Contingencies ¹	35	150	41	6	2	234	146	89		
2. Price Contingencies ²	77	240	131	96	74	618	420	199		
Subtotal	113	390	172	102	76	852	565	287	550	302
D. Interests During Construction					205	205	205	-	205	-
Total Project Cost	1,118	3,527	1,868	1,344	1,244	9,100	6,825	2,275	6,700	2,400

AV = audio visual; MIS = management information system; PPMS - project performance and monitoring system.

¹ 5.4% physical contingency on civil works and furniture and equipment only.

² 7.6% price contingency on weighted average of 2.5% per annum for three years.

^a Strengthening the quality of career awareness program.

^b Improving skills training.

^c Enhancing skills training opportunities for women and youth.

^d Institutional strengthening.

^e Project implementation support.

Source: Staff estimates.

Table A8.2: Disbursement Schedule by Activity
(for Fiscal Years 2001 to 2004, in \$'000)

Activity		2001	2002	2003	2004	Total
A. Capital Costs						
1. Civil Works	ADB	500	690	970		2,160
	RMI	55	70	360	55	540
2. Furniture & Equipment	ADB	460	590	400	78	1,528
		35	50	65	12	162
3. Consulting Services	ADB	450	540	400	134	1,524
	RMI	65	80	220	99	464
4. Staff Development	ADB	100	278	130		508
	RMI	50	70	70	10	200
4. Research Studies, Surveys, Workshops/Seminars, Awareness Campaign	ADB	60	100	70	10	240
	RMI	60	90	110	100	360
B. Implementation Costs						
	ADB	30	30	30	5	95
	RMI	35	40	100	87	262
Base Project Costs (ADB)		1,600	2,228	2,000	227	6,055
Base Project Costs (RMI)		300	400	925	363	1,988
Total Baseline Cost		1,900	2,628	2,925	590	8,043

ADB = Asian Development Bank; RMI = Republic of the Marshall Islands.

Source: Staff estimates.

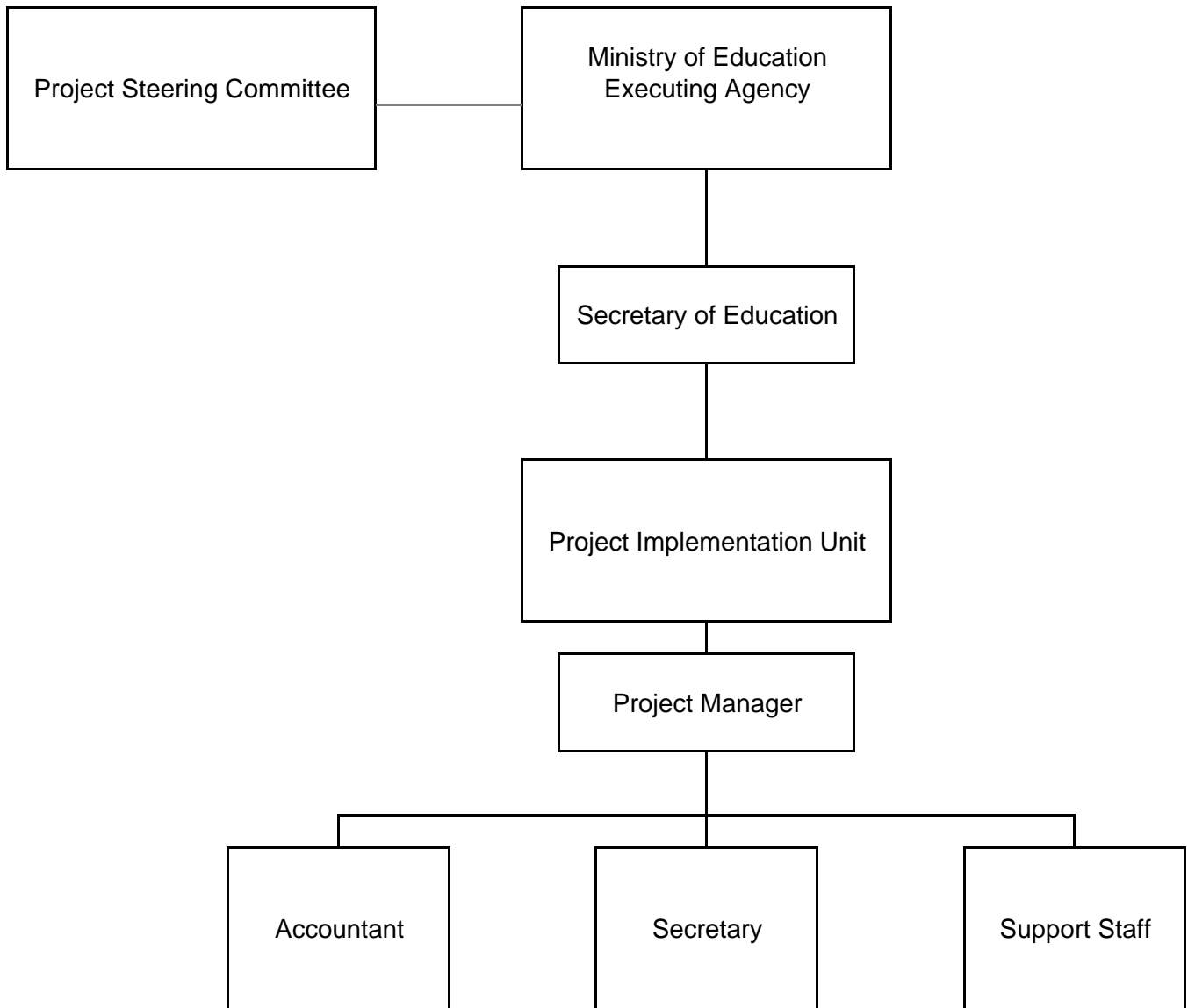
Table A8.3: Financing Plan
(\$ million)

Source	Foreign Currency	Local Currency	Total	Financing Percentage
Asian Development Bank	6.700	0.125	6.825	75
Government	0.000	2.275	2.275	25
Total	6.700	2.400	9.100	100

IMPLEMENTATION SCHEDULE

Task Name	Duration (days)	2001				2002				2003				2004			
		Qtr 1	Qtr 2	Qtr 3	Qtr 4	Qtr 1	Qtr 2	Qtr 3	Qtr 4	Qtr 1	Qtr 2	Qtr 3	Qtr 4	Qtr 1	Qtr 2	Qtr 3	Qtr 4
Start of Skills Training Project																	
A. Quality Career Orientation Program	1033																
Recruit All Project Staff	40																
Consolidation of Workforce Dev't. Activities	11																
Realign Existing Prevocational Programs	15																
Develop New Career Orientation Programs	10																
Implement Career Awareness Campaign	30																
Construct Training and Counseling Rooms	155																
Construct Hostels for Men and Women	200																
Survey on Training and Needs Assessment	25																
Develop New Curricula	60																
Recruit Training Staff	25																
Technical/Pedagogical Training of Instructors and Teachers of Career Orientation	25																
Provide Career Guidance to School Leavers	781																
Run Career Orientation Program	783																
B. Improving Skills Training	982																
Build One-Stop Centers (Majuro, Ebeye)	200																
Build Subcenters in Jaluit and Wotje	220																
Overseas Training of Administrators	15																
Upgrade/Train Master Trainers	23																
Surveys and Research Studies	40																
Establish Contacts with Employers	15																
Design/Install Job Database	25																
Develop/Adapt Skills Training materials	30																
Technical/Pedagogical Training of Instructors	25																
Procure Training Materials/Equipment	100																
Install New Equipment	25																
Upgrade Existing Training Facilities	60																
Implement New Skills Program	613																
Provide Information on Available Jobs	613																

Task Name	Duration (days)	2001				2002				2003				2004			
		Qtr 1	Qtr 2	Qtr 3	Qtr 4	Qtr 1	Qtr 2	Qtr 3	Qtr 4	Qtr 1	Qtr 2	Qtr 3	Qtr 4	Qtr 1	Qtr 2	Qtr 3	Qtr 4
C. Skills Training for Women and Youth	990																
Awareness Campaign for Community Outreach Programs	40																
Survey and Research Studies	100																
Establish Community Skills Councils	60																
Design/Adapt Skills Training Materials	90																
Train Master Trainers and Instructors	25																
Implement Skills Training for Women and Youth	775																
D. Institutional Strengthening	991																
Develop Legal and Policy Framework	15																
Refine/Implement Skills Development Policy	15																
Overseas Training of Managerial Staff	25																
Develop Training Standards	25																
Implement Research Studies	50																
Design/Install Labor Database	45																
Establish Accreditation Procedures	40																
Establish Coordination Mechanism	30																
Develop/implement Project Performance Management System and Training-MIS	60																
Certify Trade Tests	25																
Evaluate Formal and Informal Training	772																
E. Establishment of PIU	1040																
Recruit PIU Staff	20																
Equip PIU Office	44																
Recruit Consultants	45																
Design and Supervise Civil Works Program	269																
Renovate Existing Training Centers	120																
Procure Equipment and Furniture	120																
Performance Monitoring and Evaluation	195																
Mid-term Review of Project	19																
Summative Evaluation of Project	28																

PROJECT MANAGEMENT CHART

Legend: ___ Advisory Role

___ Reporting Role

PROCUREMENT PACKAGES

\$

Mode of Procurement	Civil Works ICB/IS/LCB	Furniture IS/DP	Equipment IS/DP
1. Majuro			
a. Career Orientation Facility	75,000	15,000	30,000
b. Renovation of Old Cafeteria for Training Facility and Printshop	275,000	55,000	190,000
c. Training Unit with 6 Classrooms (550 sq.m.)	500,000	100,000	100,000
d. Women's Training and Marketing Center (one display room, one storage room, one training room, two restrooms; 150 sq.m.)	100,000	20,000	65,000
Subtotal	950,000	190,000	385,000
2. Ebeye			
a. Training Unit with 4 Classrooms (350 sq.m.)	300,000	60,000	170,000
b. Two Staff Housing (90 sq.m. each)	150,000	30,000	0
c. One-Stop Center (one office, one training room, and two restrooms; 120 sq.m.)	75,000	15,000	20,000
Subtotal	525,000	105,000	190,000
3. Jaluit			
a. Career Orientation Facility	75,000	15,000	30,000
b. Training Unit with Two Classrooms (150 sq.m.)	150,000	30,000	40,000
c. Dormitory for 10 Women and 10 Men (120 sq.m.)	225,000	45,000	0
d. One-Stop Center (one office and two restrooms)	100,000	20,000	20,000
Subtotal	550,000	110,000	90,000
4. Wotje			
a. Career Orientation Facility	75,000	15,000	30,000
b. Training Unit with 2 Classrooms	150,000	30,000	40,000
c. Two Staff Housing (90 sq.m. each)	180,000	36,000	0
d. Dormitory for Women and Men	195,000	39,000	0
e. One-Stop Center (one office and two restrooms; 120 sq.m.)	75,000	15,000	30,000
Subtotal	675,000	135,000	100,000
Total	2,700,000	540,000	765,000

DP=direct purchase; ICB=international competitive bidding; IS= international shopping; LCB=local competitive bidding.

OUTLINE TERMS OF REFERENCE OF INTERNATIONAL CONSULTANTS

A. Curriculum Development Specialists (2-3 consultants for a total of 18 person-months)

1. The specialists will assist in the following:
 - (i) Review the current curriculum for the courses at all levels and organize a schedule and curriculum committees to develop modular sequenced curricula. The curricula will allow articulation among the programs to ensure mobility of trainees from vocational training programs to the skills training program of the Workforce Investment Act and vice versa through developing equivalencies and credit programs.
 - (ii) Review the current curricula for the prevocational and vocational education electives in high schools to develop curricula to allow articulation among various programs.
 - (iii) Design and develop courses in different trades based on demand and needs of the private sector.
 - (iv) Plan the implementation of each course following training needs assessments and analysis of industry skills demand and supply.
 - (v) Design a monitoring and evaluation scheme for each course.
 - (vi) Prepare an appropriate equipment list for each course based on the curriculum requirements.
 - (vii) Develop lists of instructional materials.
 - (viii) Provide technical advice to the National Training Council (NTC), high schools, and training institutions on vocational curriculum.
 - (ix) Assess the success of project implementation at various stages.
 - (x) Collaborate with other consultants in the Project.

B. Skill Standards Development Specialist (9 person-months)

2. The specialist will assist in the following:
 - (i) In consultation with the other consultants, NTC, and training agencies, develop skills and training standards, trade tests, and certification for all training courses at basic, intermediate, and advanced levels.
 - (ii) Train counterparts and other staff to develop skills and training standards, trade tests, and certification.
 - (iii) Evolve a nationally acceptable format for skills and training standards.

- (iv) Coordinate with other consultants and training agencies and NTC on skills and training standards, trade tests, and certification for training courses.
- (v) Prepare guidelines in a manual for the formulation and implementation of the skills and training standards, trade tests, and certification.
- (vi) Develop a manual on trade standards, skills tests and certification, quality assurances, and accreditation.
- (vii) Train key staff to implement trade standards, skills tests, and accreditation procedures.
- (viii) Carry out any other related duties required by NTC and the Ministry of Education (MOE).

C. Testing and Certification Specialist (2 person-months)

3. The specialist will assist in the following:

- (i) Review and analyze the operation of the national skills standards testing and certification system, and recommend improvements to it.
- (ii) In consultation with the other consultants, develop a testing and certification system for the evaluation of skills performance and the issuance of proficiency certificates at the various levels.
- (iii) Develop a testing mechanism, instruments, and other requirements for assessing the theoretical and practical work of trainees.
- (iv) Draw up testing and evaluation techniques in workshops and laboratories.
- (v) Develop a program to expand the locations for and frequency of the national skills standards testing and certification system examination, to accommodate applicants for existing disciplines and expansion to cover more skill sets.
- (vi) Help implement and expand the program.
- (vii) Conduct workshops and training programs for staff from the central, regional, and provincial offices on strategies and procedures for implementing the system.
- (viii) Develop a program framework, structure, and administrative and operating procedures for an equivalency system that will enable (a) students/trainees to acquire and transfer credits, skills, and experience through various means including nonformal programs, to qualify for certification; and (b) graduates to enroll in other relevant programs in institutions of higher education.
- (ix) Prepare strategies and procedures for using and integrating distance education programs to form part of the equivalency system.
- (x) Help NTC implement the equivalency system in pilot institutions/areas.

D. Gender Specialist (2 person-months)

4. The duties of the specialist will include the following:

- (i) Identify strategies on how to encourage women enrollment in skills, and propose mechanisms on how nongovernment organizations (NGOs) and community-based organizations (CBOs) can participate in project implementation.
- (ii) Help prepare a training implementation plan for the outer islands, conduct strategic and operational planning, and develop monitoring and evaluation (M&E) indicators for the Project.
- (iii) Develop a networking and resource mobilization plan. Carry out a detailed training needs assessment involving target beneficiaries and NGOs before course development.
- (iv) Prepare job descriptions for managers in training centers and units in Ebeye, Jaluit, Majuro, and Wotje and the women's training, marketing, and information center in Majuro.
- (v) Set up administration systems and policies for the development of training for women.
- (vi) Prioritize and target communities, with a focus on women and dropouts particularly in isolated and inaccessible outer islands, to maximize the Project's poverty reduction impact. Develop a community outreach program to achieve this.
- (vii) Develop course offerings to focus on income generation skills on food production, gender, reproductive health, and nutrition. Also, develop courses on business management skills including pricing, marketing, and quality control.
- (viii) Develop steps to encourage NGO and CBO participation, particularly those affiliated with church organizations in the Republic of the Marshall Islands. Their participation is to be encouraged especially during project preparation, implementation, and evaluation in order to effectively deliver the Project, maximize the use of its resources, and increase project sustainability.
- (ix) Study ways to make the women's training, marketing, and information center fulfill its objectives and increase the training capacity of groups in promoting handicrafts production, with emphasis on quality and facilitating enterprise development initiated by women. Strengthen training; handicraft making, marketing, and information capabilities; simple product development; product costing and pricing; and market research and sales organization and management.
- (x) Develop and implement an intensive public information and education campaign before and during project implementation, targeting women, school dropouts, high school students, and skilled workers in order to encourage increased

enrollment in the course offerings both in the training centers and in the outreach programs.

- (xi) Promote public awareness and participation of women and the youth in course development. Conduct training. Help train and facilitate strategic planning, identify output indicators, and implement monitor and evaluate mechanisms.
- (xii) Draw up mechanisms to support consultations and dialogues with NGOs and community leaders and members starting from the project preparation stage, to involve them in the Project.

E. Outreach and Community Program Consultant (4 person-months)

5. The consultant will assist with the following:

- (i) Collect data and survey the training and entrepreneurial needs of the outer islands based on the Government's economic development plans and community aspirations and island potential to increase income generation activities.
- (ii) Study the needs of vulnerable groups, school dropouts, women, and marginalized sections of communities to develop local talent and expertise to train others in locally needed skills.
- (iii) Organize fairs, exhibitions, and meetings to tap information and knowledge of local skills, cottage industries, and businesses in order to develop training programs as needed.
- (iv) Advise the curriculum development specialist on the development of vocational programs and related curricula in high schools in Jaluit and Wotje, to meet the special needs of the outer islands.
- (v) Assist in the development of one-stop centers and identify their role in the context of the Workforce Investment Act (WIA) and local needs.
- (vi) Assess the needs of women and men and prepare special entrepreneurial training programs and curricula for small business and marketing skills, to increase the earning potential of participants.
- (vii) Similarly, study the needs of school dropouts and prepare programs for their skills training or return to school programs.
- (viii) Develop special courses, following an assessment of employment potential, and align training toward traditional and rural resources.
- (ix) Develop strategies to use production units for training and production development.
- (x) Draw up strategies to develop and use local talent and community support in training, marketing, and business organization.
- (xi) Submit monthly reports to the project implementation unit (PIU).

F. Career Orientation Program Development Specialist (3 person-months) and Career Counseling Specialist (2 person-months)

6. The specialists will work together as their duties will be complementary. Together they will review the current curriculum for the vocational programs, career awareness and counseling program in high schools and other related curriculum to develop curricula for a career awareness and orientation program to be introduced into the high schools from grades 9 to 12 together with counseling of students into various work options and situations upon leaving school to allow articulation among from high schools to the skills training track; carry out all other duties together as far as possible working as a team.

7. In addition, the career orientation program development specialist will do the following:

- (i) Design and develop courses in career and counseling options for students in skill and other occupations based on demand and needs of the private sector.
- (ii) Plan the implementation of career awareness programs following the training needs assessment, industry skills demand, and supply analysis.
- (iii) Design, develop, and implement a system of employment opportunities for students about to leave school, especially for women
- (iv) Design an M&E scheme for each course.
- (v) Prepare appropriate equipment lists for each course, based on the curricula requirements.
- (vi) Develop lists of instructional materials, etc.
- (vii) Provide technical advice to high schools on career orientation curriculum.
- (viii) Conduct workshops for MOE, high school, and other staff in career awareness, counseling in job opportunities, and course options.
- (ix) Assess the success of the implementation at various stages.
- (x) Collaborate with other consultants in the Project.

G. Youth Training Specialist (5 person-months)

8. The specialist will assist in the following:

- (i) Collect data on youth dropout, social issues and problems, and unemployment, especially in the outer islands.
- (ii) Collect data and survey the training and entrepreneurial needs of the youth especially in the outer islands, based on the Government's economic development plans and community aspirations and the island potential, with a view to increase income generation activities.

- (iii) Study the needs of youth, school dropouts, and marginalized sections of communities to develop local talent and expertise to train others in locally needed skills.
- (iv) Identify strategies on how to encourage youth enrollment in skills, develop courses suitable for youths, propose mechanisms for how NGOs and CBOs can participate in helping the youth, and identify training needs of the youth in general and in the outer islands in particular.
- (v) Identify coordinative and networking mechanisms between and among NGOs and CBOs, particularly among women and youth groups, and develop M&E indicators on community participation.
- (vi) Prepare a four-year project strategic and implementation plan and annual operational planning.
- (vii) Advise the curriculum development specialist on the development of programs and related curricula for the youth to reenter high schools and skills training to meet special needs of outer islands.
- (viii) Prepare a networking and resource mobilization plan.
- (ix) Prepare job descriptions and facilitate hiring of trainers, demonstrators, and others for the youth especially in the other islands.
- (x) Organize fairs, exhibitions, and meetings to tap information and knowledge of local skills, cottage industry, and business to develop training programs needed for the youth.

H. Project Managers (1 international for 30 person-months and 1 domestic for 18 person-months)

9. The duties of the international project manager (for the first part of Project duration) and the domestic project manager (for the second part of project implementation) are as follows:

- (i) Manage the Project under the guidance of MOE and with the assistance of the MOE secretary.
- (ii) Advise and assist MOE, Workforce Investment Board, College of the Marshall Islands (CMI), and the PIU on educational and training development and all aspects of management and implementation of the Project. Assist in operation and refinement of the project management systems. Design and implement a benefit monitoring and evaluation (BME) system, consistent with the needs of the Project, the Government, and ADB, and integrated with an improved and expanded MOE management information system (MIS). Develop expertise in counterpart staff.
- (iii) Review systems, procedures, and regulations of the Government and ADB with respect to implementation of ADB-funded loan projects.

- (iv) Assist MOE to develop a policy and plans for rationalization and a training policy framework, and to consolidate the vocational education delivery network, consistent with the 10-Year education master plan, skills training, and the Project.
- (v) Advise and assist MOE, Workforce Investment Board, PIU, and CMI staff in all aspects of project management and control and in the use of project management systems and procedures in compliance with Government and ADB requirements.
- (vi) Design and implement a BME system for the Project. Develop and validate verifiable indicators to be used to measure quantitative and qualitative improvements due to the Project. Among other things, consider internal and external efficiency, curriculum, textbooks, teacher training, monitoring and evaluation, management and procedural practices, and teaching facilities.
- (vii) Design measures needed for systematic and regular data collection and analysis to support the BME system. Computerize BME data management to the extent possible and integrate it into the general monitoring and recording systems of Project management, and MOE's management information system (MIS).
- (viii) Review and assess MOE's MIS. Revise and redesign the MIS as necessary to enable MOE to continue to monitor and improve educational efficiency. Ensure that the collection and evaluation of data on educational indicators for the BME system and project data is integrated into the MIS.
- (ix) Provide guidance and training to MOE and PIU staff on the use of the BME system and the MIS.
- (x) Prepare monthly reports on work undertaken, help prepare quarterly progress reports, and submit a full report for each phase, highlighting achievements and difficulties, and providing recommendations aimed at facilitating further development and refinement of the MIS and BME system, continuing implementation of the Project, and further development of basic education.

I. Engineering Design Consultant (12 person-months)

10. The consultant will do the following:

- (i) Assist the international and domestic project manager to implement the Project effectively with respect to civil works components and develop expertise in counterpart staff.
- (ii) In consultation with the project manager and the architectural engineering firm engaged for the Project, and taking into account ADB's and the Government's requirements for execution of civil works, prepare a detailed program and implementation schedule of activities required to complete the civil works to be undertaken through the Project.

- (iii) In collaboration with MOE and PIU staff, prepare educational and other briefs for civil works under the project and, on behalf of MOE and CMI, liaise with the architect to ensure compliance with the briefs.
- (iv) Liaise with the architect on behalf of MOE and PIU on the prequalification of contractors as well as the tendering and selection process. Prepare correspondence with ADB on matters concerned with the process of prequalification of contractors, the calling of tenders, the evaluation of bids, and selection and ADB approval of contractors to undertake civil works.
- (v) Liaise with the architect on matters concerned with assessment of progress of civil works, adequacy and quality of work, and progress payments. Prepare PIU correspondence with ADB on these matters.
- (vi) One month before completion of the assignment, prepare a detailed program and schedule of civil works activities through to their completion. Instruct and advise the procurement officer of the PIU on all activities and procedures required of him in this respect.
- (vii) Prepare monthly reports, detailing activities undertaken and highlighting problem areas and remedial measures. Include in the monthly reports, the detailed program and schedule of civil works, revised as necessary to be consistent with current and anticipated future progress.
- (viii) Submit a final report on work undertaken, highlighting achievements and difficulties, and providing recommendations aimed at facilitating the execution of the remainder of the civil works program.