

AIDE MEMOIRE OF THE ASIAN DEVELOPMENT BANK OF

LOAN 3166/67- CAM: TECHNICAL AND VOCATIONAL EDUCATION AND TRAINING SECTOR DEVELOPMENT PROGRAM (TVETSDP) AND ADDITIONAL FINANCING (AFD Loan 8305)


Loans Review Mission, 22 February - 2 March 2017

I. INTRODUCTION

1. The Asian Development Bank (ADB) fielded a loan review mission (the Mission)¹ of Loans 3166/3167-CAM: Technical and Vocational Education and Training Sector Development Program (the Program/TVETSDP), including the additional financing, from 22 February to 2 March 2017. The Mission (i) reviewed the status of the policy reform actions under the program loan (Loan 3166-CAM) and progress of the investment loan (Loan 3167) activities; (ii) reviewed the Project management, financial, and procurement performances, including the implementation challenges and provided the necessary support and advice; (iii) reviewed the safeguard compliance, loan covenants and gender aspects; and (iv) helped the Project Coordination Unit (PCU) to update the key project documents including the contract awards and disbursements (CAD) projections. Ministry of Labour and Vocational Training (MLVT) is the EA, and the Directorate General of Technical and Vocational Education and Training (DGTNET), established under the MLVT, is the IA.

2. The Mission started with a kick-off meeting and concluded with a wrap-up meeting chaired H.E. Dr. Pich Sophoan, Secretary of State, MLVT, and Project Director TVETSDP, on 22 February and 2 March 2017, respectively. This Aide Memoire (AM) records the Mission's discussions and agreements reached with the EA/IA and officials of Ministry of Economy and Finance (MEF). This AM is subject to the approval of higher authorities of the Government of Cambodia (the Government) and the ADB. The following appendices are attached: Appendix 1: List of peoples met by the Mission; Appendix 2: Mission Program; Appendix 3: The Project Design and Monitoring Framework; Appendix 4: Status of the compliance of the loan covenants; Appendix 5: Procurement Tracking Form; Appendix 6: Status of Gender Action Plan Progress Report (GAPPR); and Appendix 7: Indigenous People Plan (IPP).

II. PROGRAM PROFILE

3. TVETSDP was approved by ADB on 26 September 2014, in special drawing rights (SDR) 19,428,000 (\$30.0 million) which consists of: SDR4,533,000 (\$7.0 million) for the policy-based loan and SDR14,895,000 (\$23.0 million) for the project loan. Loan Agreements were signed on 27 October 2014, and the loan effectiveness was on 9 January 2015. The first tranche of \$3 million was released upon the effectiveness. The TVETSDP-Additional Financing from the Agence Française de Développement (AFD) was approved by ADB on 29 February 2016 in the amount of \$15.0 million equivalent to the Government, and the loan effectiveness 

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was on 25 July 2016. The Loan closing date was extended from 30 June 2020 to 31 December 2021 to coincide with the Loan closing date of the TVETSDP-Additional Financing. The amendment to loan agreement was countersigned by the Government on 10 August 2016.

4. The impact of the TVETSDP, including the additional financing, (the Project) is increased employability of TVET-certified workers and the outcome of the program is an accessible, demand-driven TVET system responsive to continuing and emerging labor market demands. The project is expected to achieve the outcome through four outputs: (i) Output 1: Increased access to technical and vocational education and training programs, (ii) Output 2: Improved quality and relevance of technical and vocational education and training system, (iii) Output 3: Increased involvement of employers and vocational education and training delivery, and (iv) Output 4: Strengthened governance and management of the TVET system.


III. PROGRAM STATUS AND MISSION FINDINGS

A. Status of the Actions Required by Loan Agreements

5. Most time-bound actions required by the project loan agreement have been implemented except (i) the DGTVE's recurrent budget, which includes provision for (a) start-up cost associated with delivery of training courses for certificate training program (certificate 1-3) and operations and maintenance costs for women's dormitories, (b) centers of excellence (CoEs), and (c) assessment management centers, have not been complied with due to delays in the start-up of training activities, the establishment of the CoEs and assessment centers, and the construction of women's dormitories; and (ii) the Project Steering Committee (PSC) meeting has not been held since its first general meeting in June 2015. The Mission noted there is an urgent need to address the delays, and suggested the EA to ensure the sharing of start-up and operations and maintenance costs in the DGTVE's recurrent budget from 2018, and arrange the PSC meeting on regular basis.

B. Progress of the Policy Reform Actions

6. **Status of Policy Reform Actions for the 2nd Tranche under Policy-based Loan (PBL).** The policy-based loan (Loan 3166) has two tranches. The first tranche of SDR2,266,500 (\$3.0 million) was released on 13 April 2015 after the EA fully complied with all five policy actions. The release of the second tranche, which is equal amount to the first but depending on SDR to US Dollar conversion at the disbursement time, is conditioned full compliance of five policy actions by end 2017. A summary of progress for each policy action for the second tranche release is provided below:

- (i) **Policy Action T2.1.** Prarakas (Minister Order) to approve the vocational skills certificate (VSC) at Level 1 of the Cambodia's Qualifications Framework (CQF) has been finalized. The guidelines for implementing and monitoring the CQF, inclusive of the VSC qualification criteria and standards, are being reviewed. The Prakas and guidelines are expected to be approved by the EA in March 2017.
- (ii) **Policy Actions T2.2 and T2.3.** Policies and procedures for recognition and certification of prior learning and current competencies (RPLCC), inclusive of outlining procedures for conducting competency assessment to facilitate RPLCC, were completed and are ready for approval by the National Training Board (NTB) in July-August 2017. 

(iii) **Policy Action T2.4.** The draft national TVET policy was discussed with relevant stakeholders at both national and sub-national levels in December 2016 and January 2017. It is expected to be approved by an Inter-Ministerial Committee in May and the Government in July-August 2017.

(iv) **Policy Action T2.5.** The draft policy on internship program and the internship program guidelines and implementation manual have been completed. The policy is expected to approve by the NTB in July-August 2017.

7. The Mission considered that the policy reform actions are on track, and the Program is expected to achieve all conditions for the 2nd tranche release as scheduled. The Mission reiterated that since four out of 5 policy actions are subject to the approval of higher authorities of the Government (3 policy actions by the NTB and 1 policy action by the Prime Minister), the EA shall closely monitor both the progress and quality of the policy actions.

C. Progress of the Project Activities

8. **Output 1: Increased access to TVET Programs.** Progress of each sub-output is provided below:

9. **Sub output 1.1: Introducing of the VSC at CQF level 1.** The Prakas to approve the VSC and the guidelines on qualifications requirements for VSC, which is an alternative pathway into the formal TVET system, have not been approved yet. The IA has established 5 technical working groups (TWGs), one for each sector: construction, auto-mechanics, ICT/business, electrical works, and manufacturing, to develop the generic competency-based training (CBT) package for VSC including: (i) competency standards, (ii) curriculum; (iii) learning materials; and (iv) assessment tools. As of February 2017, the TWGs have: (i) completed the first draft of competency standards for auto mechanics, construction, ICT/business, and electrical works; and (ii) started to develop the first draft competency standards for manufacturing. The IA is committed to complete the development of the full CBT package for the 5 sectors by Q3 2017. The Mission reiterated the urgent need to complete the packages for piloting the VSC training program which is already behind the implementation schedule. The Mission requested the EA/IA to submit to ADB a clear schedule and cost estimate for completion the required VSC package by March 10, 2017.

10. **Sub output 1.2: Development and implementation RPLCC.** The policies and procedures for RPLCC, inclusive of outlining procedures for conducting competency assessment and certification of RPLCC, were completed. The EA is committed to ensure the approval of the policies and procedures by the NTB in July-August 2017. The Mission emphasized the importance of an operational plan for phase implementation of RPLCC, and the urgent need to establish assessment centers and train assessors for piloting competency assessments which are central to RPLCC.

11. **Sub output 1.3: Establishment stipend program for CQF levels 2-4 training for disadvantaged youth and women.** The guidelines on stipend management inclusive of selection criteria, financial management and fund flow, and monitoring and verification systems have been drafted. The term of references (ToRs) of the cluster committees (CCs) and the Cluster Coordination Units (CCUs) have also been drafted. The CCs and CCUs are necessary parts of the administrative structure to implement the stipend system. The Mission requested the IA to accelerate the recruitment of 5 cluster coordinators, one for each regional cluster, as they will play critical role to assist in putting in place the program during the initial stages. The

Mission also requested the IA to confirm and properly record the CQF levels 2-4 enrolled students in the priority sectors and prepare training plan for cluster coordinators and directors/assigned officials of the relevant public TVET institutions. The EA requested the Mission to consider extending the stipend program for other technical training centers that are offering the CQF level 3-4 training courses in the priority sectors.


12. **Sub output 1.4: Piloting Women's dormitories with career mentorship program.**

The construction design and drawings, including bill of quantities (BOQ) and cost estimate, for 3 dormitories (Koh Kong, Banteay Meanchey, and Siem Reap provinces) under the ADB funding, will be completed by 2nd week of March 2017. Soil investigations on the sites, where the dormitories are going to be built, are undertaking. The bids preparation for construction work and the construction of the dormitories are expected to start in April and Q2 2017 respectively. The 3 other dormitories in Kandal, Battambang and Kratie provinces, under the AFD funding, the master plan are being finalized and the bids preparation for soil investigation has been started and the bids preparation for construction work will be in Q2 2017. The Mission was informed that draft selection criteria for female residents of dormitories and ToR for women's leadership center management have been completed for review and shall be shared with ADB for comment in early March and be approved by DGTVE in April 2017, and the selection of women's leadership center program specialist shall be mobilized in Q3 or Q4 2017 in order to assist the IA including, among others, in identifying key features of women's leadership center management, inclusive of career mentorship program and preparing service contracts for women's leadership center management.

13. **Sub output 1.5: Promoting social marketing of TVET.** National social marketing specialist has started her assignment since March 1, 2017. She will work with the consultant team leader, relevant specialists and the PCU, specially the technical program unit, to prepare bidding document, including confirmation of the ToR, for selection the social marketing and outreach consulting firm in March 2017, and start the bidding process in Q2 2017. Based on experience of the Labour Market Information Department and regional training institutes in organizing key important events, the Mission recommended that roadshow, TVET day/fairs, and local promotional activities should be started without further delays.

14. **Output 2. Improved quality and relevance of TVET System.** Progress of each sub-output is provided below:


15. **Sub output 2.1: Strengthening TVET QAS.** The Prakas to implement the QA System was approved by the EA in December 2016, and the QA manual, which is being translated into English language, is expected to be approved by the EA in March 2017. Since September 2016, a series of training workshop on QAS development have been held and participated by 188 officers (43 female participants, or 23%). The first QA audit will be started in April 2017, after the approval of QA manual, for selected public training institutes under the EA. The Mission requested the EA to consider the inclusion of a technical high school and a non-public training institute in the first audit.

16. **Sub output 2.2: Establishment TVET competency-based assessment and certification system.** The policies and procedures for RPLCC, inclusive of outlining procedures for conducting competency assessment and certification of RPLCC, are expected to be approved by the NTB in July-August 2017. The draft of documentation system for competency-based assessment packages and database has been completed, but pending approval. The draft criteria and procedures for the selection of assessment centers have been completed and are expected to be approved by DGTVE in March 2017. The IA informed the Mission about the 

need to develop the assessor standards using examples from other countries in the region. The team leader and national specialist will work with the IA's responsible department to develop the proposed budget and timeframe for this task and submit to ADB by end March 2017. The trainings on assessment methodology for 28 assessors (2 female) were conducted in December 2016. The EA/IA and the Mission have agreed on the urgent need to establish the assessment centers.

17. **Sub output 2.3: Improving TVET instructor training system.** The Cambodia Trainers Qualifications Framework (CTQF), comprising of qualification levels, units of competency and identified standards lists in 4 levels, has been validated and is expected to be approved by the EA. The Mission agreed that the approval of the CTQF is essential prior to the development of the CBT package for implementing the instructor assessment program, and requested the EA to submit a plan for the development of CTQF-"CBT package" with cost estimate for further consideration. The pre-service competency based curriculum has been developed and is expected to be approved and tested by the National Technical Training Institute (NTTI) in March 2017 and in October 2017 respectively. Similarly, modules and other associated training materials for the in-service teacher training have been piloted and tested for suitability and quality. As of February 2017, 20 master trainers (3 female) for 3 priority sectors (construction, auto-mechanics, and ICT/business) have been trained after rigorous selection process from a pool of 118 trainers (10 female). The document outlining the mechanism to implement the industry scheme (RIS) for TVET trainers has been developed and is expected to be approved in March 2017. Around 10 master trainers (3 female) will be selected to participate in the RIS program.

18. **Sub output 2.4: Enhancing VSTP.** The VSTP administrative and implementation guidelines/manual which cover (i) employment opportunities and pathways within the CQF for trainees, (ii) curriculum standards and training plan for trainers, (iii) skills log books, and (iv) the operational survey methodology for conducting training and employment needs assessment (TENA) survey will be approved by end of March 2017. With regard to proposed first phase TENA survey and reallocation of the budget, which the proposed costs is significantly exceed the allocation, the Mission recommended the EA and the consultant team leader to review the proposed sample size, which is a bit over sampling, and consider integrating the VSTP awareness raising and TENA survey activity. The VSTP training providers will be trained on the developed guidelines/manual in early April and the VSTP training will be started after the TENA survey is completed.

19. **Sub output 2.5: Enhancing SBP.** The enhanced SBP curricular, which reflects additional 10 hours for inclusive learning (gender) and employability soft-skills) has been completed. The PSE's (NGO) printed textbooks for Grades 7-9, which were revised by the NGO based on lessons learned from the JFPR9133-CAM and the NGO's piloted program in 2009-2012 and approved by the EA in 2015, will be used for the SBP under the project. The EA also informed the Mission that the improved guidelines, based on the experience from the JFPR and the required implementation arrangement under the project, has been drafted and is expected to be approved by the IA by end of March. The orientation workshop on the enhanced SBP curricular and guidelines will be conducted for both public and potential non-public training providers in April or May. The EA confirmed that the first intake of new SBP program will be in Q2 2017. The Mission requested the EA/IA to submit the approved curricular, textbooks, implementation guidelines, and SBP implementation plan to ADB for review before the orientation workshop is held. 

20. **Sub output 2.6: Improving learning environment in TVET facilities.** The construction works for 3 workshops at three provincial training centers (Kandal, Kampong Speu, and Preah Sihanouk provinces), which were started in early February, will be completed by July 2017. The bidding documents for other 6 workshops at other six training institutions (Kampong Cham, Kampong Thom, Siem Reap, Pursat, Battambang, and Banteay Meanchey provinces) are being evaluated, and the contracts are expected to be awarded by end March 2017. Bidding documents for new buildings/training blocks at 3 training institutions (Tbong Khmum PTC, CIEDI, and Salakarthan (CEFP) institute) will be advertised in Q3 2017. The Mission requested the civil/construction engineer to work closely with the IA's technical departments and consultant team leader to ensure appropriate technical design of workshops and new buildings/training blocks.

21. **Sub output 2.7: Developing human resource management policy frameworks for instructors in public TVET institutions.** The Mission requested the IA to take an urgent action to recruit TVET Human Resource Management (TVETHRM) Specialists in order to review the current TVETHRM policy and relevant regulatory frameworks including recruitment, professional development, and retaining of qualified TVET instructors and staff, and to develop policy frameworks to strengthen TVETHRM. The Mission requested the IA to share the draft ToRs with ADB by mid. March 2017, and advertise the recruitment by end of April.

22. **Output 3. Increased involvement of employers in TVET delivery.** Summary of the progress of each sub output is as follow:

23. **Sub output 3.1: Strengthening internship program.** The draft policy on internship program and the internship program guidelines and implementation manual have been completed after consultation with employers and management and key staff of public TVET institutes. The policy is expected to be approved by the NTB in July-August 2017. Given that many technical training institutes have cooperated with industries, the Mission agreed with the IA's suggestion to kick start the internship program as soon as the internship guidelines and implementation manual are approved. The Mission concurred with the EA request for additional time-input for the national internship specialist.

24. **Sub output 3.2: Establishment of Sector Skills Councils (SSC).** The draft SSC discussion paper covering the concept paper, functions, legal basis, membership, organization, roles and responsibilities have been discussed with stakeholders, and action plan has been prepared and circulated among stakeholders. The role and responsibilities of SSCs have been expanded to ensure its consistency with the national TVET policy. The EA/IA has not been able to establish two SSCs in 2016; however, it commits to establish a Memorandum of Understanding (MoU) with Cambodia's Federation of Employers and Business Associations (CAMFEBA)—an autonomous and independent business associations representing employers in cross-sector in Cambodia— and issue Prakas formalizing all 4 SSCs (construction, auto mechanics, electrical works, and manufacturing) in Q2-Q3 2017.

25. **Sub output 3.3: Establishment of Centers of Excellence (CoEs).** The IA and experts conducted feasibility assessment of the 4 designated CoEs (2 at the polytechnics institutes in Phnom Penh and 2 at the provincial training institutes) for the 4 priority sectors. The space allocation and design of two provincial CoE buildings, which are required to flow the identified 7 priority occupations in auto-mechanics and construction in accordance with the developed CBT packages, have been started and the rehabilitation and construction works are expected to be started in Q2 2017. The experts informed the Mission that space allocation and layouts for the polytechnics-based CoE buildings, which are required to flow the agreed 4 priority occupations


in electrical work and manufacturing, have also been started, and the advertisement for rehabilitation works will be in mid-Q2 2017. The Mission requested the EA and DGT VET and expert to discuss about the financial mobilization from the national budget and, or the budget reallocation under the project for development the required CBT packages for electrical works and manufacturing sector. The Mission also agreed with the experts' views on setting standards for excellence at program level.

26. **Output 4. Strengthened governance and management of the TVET system.** Summary of the progress of each sub output is as follow:

27. **Sub output 4.1: Strengthening RTCs and training centers at provincial level to offer CQF level 2 and above courses.** No progress has been made for this particular sub-output due to the delayed mobilization of the international innovation TVET management delivery (IITMD) specialist. The Mission requested the EA to discuss with the consultant team leader and the project implementation specialist on interim arrangement until the IITMD specialist is mobilized by late March 2017. The Mission underlined the critical link between IITMD and the start-up cost implementation.

28. **Sub output 4.2: Strengthening financing of public TVET institutions.** Hands-on trainings on business planning and start-up costs were provided in November for staff of RTCs and PTCs involved in delivering CQF level 2-4 courses in the priority sectors. The EA/IA confirmed that, based on the approved business plan, the start-up costs will be started from this school year 2016-17. The Mission reminded the EA/IA to ensure close monitoring the start-up cost implementation and secure the sharing of the start-up costs for CQF levels 2-4 training delivery starting from 20% in 2018. The Mission requested EA/IA to share the approved institutional business plans including list of start-up cost recipient institution and management guidelines by end April 2017.

29. **Sub output 4.3: Improving information management system.** The IA informed the Mission that the review and revision of the different data base of the existing TVETMIS is completed including the revision of modules on the short and long courses and TVETMIS staff review. The Mission emphasized the importance of expansion of TVETMIS to include students competency unit database (courses), student level databases, institutional inventories of TVET staff, equipment, physical facilities, and assessor registry, etc. The Mission requested the EA to revisit key remaining tasks and deliverables to be carried out and delivered by the international information technology specialist who is expected to be fielded in Q2 2017. The Mission emphasized the importance of a phased improvement plan to help TVETMIS gradually transition overtime from a data repository to a functional management tool including a module to link TVETMIS, LMIS, and selected financial indicators for formation of unit costs. The Mission recommended that capacity building workshops for TVETMIS staff and relevant institutions shall be carried out when the improved system has been developed.

30. **Sub output 4.4: Supporting NEA and DLIM to generate relevant and timely LMI.** The EA/IA will work with the National Employment Agency (NEA) to recruit labour market forecasting specialists to build capacity of NEA and DLIM to develop LM forecasting tools/models that can be implemented in Cambodia and also to recruit a consulting firm to conduct skills measurement survey in Q2 2017. It was agreed that the consultant team leader and international monitoring and evaluation specialist will coordinate with the NEA and assist the PUC's technical procurement unit on this matter. 

31. **Sub output 4.5:** The Mission requested the EA to recruit specialists to assist the IA's Department of Policy and Strategy in reviewing the implementation progress of TVET Strategic Plan 2014-2018 and, based on the review's findings and other corresponding policies, especially the national TVET policy, to prepare result-based strategic plan 2019-2023.

D. Field Visit to Provincial Training Centers

32. The Mission visited three provincial training centers (PTCs) in Kandal, Kampong Speu, and Preah Sihanouk provinces. Highlights of the visit and recommendations include the following:

- While effort has been made to improve learning environment in the training centers, learning materials for both trainers and trainees are lacking, especially the developed standards and relevant learning packages under the previous project (Grant 0178-CAM) have not been distributed. A training material which was printed in 2000 remains in use in one of the visited training center. The Mission recommended that EA/IA to mobilize the project financial resource for printing the developed training materials and learning package.
- Auto-mechanics equipment at two centers and construction equipment in one center which were procured under the Grant have not been used yet. Many trainers have not been adequately trained to use the equipment, or are afraid to use them. Furthermore, the centers have not been supplied with sufficient electricity for heavy equipment operation. The EA/IA shall ensure the procured equipment is maximally used, and new equipment to be procured under the project shall be provided based on proper assessment and need of the center.
- Effort has also been made to promote more enrollments in TVET, but dropout is also high. Overall, there is significant discrepancy on enrollment figures between TVETMIS at the central level and the center level. This has created adverse impact on the project's design and monitoring framework (DMF) reporting as well as planning and budgeting implications for both the project and the national budget. Directors and responsible officers do not seem to have a consistent or common understanding about the TVETMIS reporting schedule. The EA/IA should issue a clear instruction on quality and timely TVETMIS report and validate the system on regular basis, including capacity building.
- Operational and management guidelines for the training center's workshop and warehouse shall be issued, or regular inspection shall be carried out as part of the QA system implementation. The Mission recommended that all workshops to be constructed shall not be designed or used exclusively for auto-mechanic.
- The EA/IA shall develop an information leaflet on the TVETSDP and ensure participating training centers are fully aware about the program. Despite orientation workshops on the project have been conducted and, based on the field visit by the Mission, it seems that management and staff at the training center level are not sure about their role and responsibilities.

E. Project Management Review

33. **Project Quarterly Progress Report.** The Mission was pleased with the improved quality of the fourth quarterly progress report 2016; however, requested the EA/IA to (i) ensure 

timely submission of the report; (ii) review and validate baseline value for all performance indicators/targets and cumulative achievements under the DMF, especially their consistency with TVETMIS, GAP and IP plan; (iii) provide clear outcomes and outputs of capacity building trainings, including training recipients and follow-up actions; (iv) ensure consistency between the project implementation plan and the next quarterly activities; and (v) update the problems encountered and action taken.

34. **Project Steering Committee (PSC).** As per 6 (c) of the Schedule 5 of the project loan agreement, the EA ensures that PSC meets every 6 months. The Mission noted that there is no PSC meeting since June 2015, and reiterated the importance of the PSC in addressing strategic issues facing the program and project implementation, including fostering partnership with the private sector/industry for establishment of SSCs and internship program implementation.

35. **Financial performance.** The financial performance of the Project is not satisfactory. As of 27 February 2017, the elapsed loan implementation period since the effectiveness is at 33%. To date, the Project has achieved cumulative contract awards of \$4.2 million (21% of total project loan amount) and cumulative disbursements of \$2.4 million (12%). While there is no progress on the use of AFD loan since the effectiveness of 25 July 2016, the Mission emphasized that both contract awards and disbursements need further improvement to catch up with the elapsed time. The updated loan ledgers are shown in the following tables:

Table 1: Ledger of ADB Loan 3167, as of 27 February 2017

Cat. Ref.	Cat. Code	Category Name	Current Allocation	Amount (in USD)				
			USD	Contracts Awarded	Uncontracted Loan Balance	Contracts Disbursed	Undisbursed Loan Balance	Undisbursed Contract Balance
			A	B	C=A-B	D	E=A-D	F=B-D
01	0301	Civil Works	1,912,825	224,236	1,688,589	-	1,912,825	224,236
02	1501	Mechanical and Equipment	3,330,428	512,114	2,818,314	305,518	3,024,910	206,596
03	2101	Consulting Services	3,307,068	3,114,340	192,728	740,530	2,566,538	2,373,810
04	2401	Training	7,738,554	274,232	7,464,322	258,885	7,479,669	15,347
05	9901	Start-up Costs and Contracts	1,424,502	-	1,424,502	-	1,424,502	-
06	2701	Incremental Operations and Maintenance Costs	527,652	94,510	433,142	83,488	444,164	11,022
07	6901	Interest During Implementation	646,621	-	646,621	12,865	633,756	(12,865)
08	9301	Unallocated	1,241,043	-	1,241,043	-	1,241,043	-
99	9902	Imprest Account	26,285	-	26,285	1,000,000	(973,715)	(1,000,000)
		Total:	20,154,978	4,219,432	15,935,546	2,401,286	17,753,692	1,818,146


Table 2: Ledger of AFD Loan 8305, as of 27 February 2017

Cat. Ref.	Cat. Code	Category Name	Current Allocation	Amount (in USD)				
			USD	Contracts Awarded	Uncontracted Loan Balance	Contracts Disbursed	Undisbursed Loan Balance	Undisbursed Contract Balance
			A	B	C=A-B	D	E=A-D	F=B-D
01	0301	Civil Works	3,691,674	-	3,691,674	-	3,691,674	-
02	1501	Mechanical and Equipment	3,273,222	-	3,273,222	-	3,273,222	-
03	2101	Consulting Services	1,534,323	-	1,534,323	-	1,534,323	-
04	2401	Training	3,663,777	-	3,663,777	-	3,663,777	-
05	0601	Start-up Costs and Contracts	139,484	-	139,484	-	139,484	-
06	2701	Incremental Operations and Maintenance Costs	251,071	-	251,071	-	251,071	-
07	8101	Contingencies	1,394,839	-	1,394,839	-	1,394,839	-
99	9901	Imprest Account	-	-	-	-	-	-
		Total:	13,948,390	0	13,948,390	0	13,948,390	0

36. **Imprest-Account.** As of 28 February 2017, the balance of the imprest account under the ADB loan is \$635,346.18. The Mission emphasized that the disbursement ratio as of 31 December 2016 is only 0.66 which is too low (normal ratio is 2.0). The Mission reminded the EA to regularly submit the withdrawal applications to ADB for replenishment, and advised the EA to make direct payments to consultants/suppliers from the imprest account, if possible. The EA and MEF are discussing on the opening of the imprest account for AFD funds. The EA will also finalize the detailed budget plan of AFD funds for 2017-2021 and submit to MEF otherwise the funds could not be withdrawn to run the project activities financed by AFD funds.

37. **Sub-Accounts.** The EA informed that the request for opening the sub-accounts for the identified training institutions for both ADB and AFD funds was submitted to MEF in December 2016. The Mission requested the EA to follow up with MEF, or otherwise the training activities will not be able to start if funds are not transferred from imprest account to the sub-accounts.

38. **Submission of the Audited Project Financial Statements (APFS).** As per Section 4.02 under Article IV of the loan agreement, the APFS and the Management Letter are supposed to be submitted to ADB no later than 6 months after the end of each fiscal year. The audited project financial statement and management letter for the fiscal year 9 January 2015 to 31 December 2015 were submitted to ADB on 25 August 2016 and 28 September 2016 respectively which was 1.9 months delay. The Mission reminded that the financial statements for FY2016 and other supporting documents should be ready for auditing and submit on time to comply with the financial covenant. The Mission reminded the EA to take appropriate corrective measures to any matter raised in the last audited report.

39. **Procurement.** The procurement packages will not be changed; however, some procurement timelines are delayed especially for procurement of goods due to the delay of preparation of the technical specification and information gathering from the provinces. The timelines of some procurement packages need to be updated by mid. March 2017, and the CARM project team will assist the EA to update the procurement plan on the ADB Procurement Review System. The Mission requested the consultant team leader to assist the PCU's procurement technical unit in preparing ToRs for recruitment of the required consulting services and work closely with relevant technical departments and training institutes in preparing specifications for acquiring the required training equipment. 

40. **Civil Works and Goods.** The bid evaluation report for first package of construction 3 workshops was approved on 16 January 2017, and the bid evaluation report for the second package of construction of 6 workshops will be submitted to ADB in March. The third procurement packages will be subjected to post review. Some civil works packages are expected to be advertised in March and Q2 2017. The procurement of goods will be delayed and the timelines will be revised as refer to paragraph 39.


41. **Consulting services.** The Mission requested the EA and the representative of the consulting firm (E-Gen Consultants Ltd) to ensure timely mobilization of experts, or else the Mission will notify the ADB's Operations Services and Financial Management Department on the performance of the consulting firm. The Mission also requested E-Gen to address all pending issues, which may have adverse impact on the project implementation, with its local associated firm. The Mission requested the EA/IA to keep ADB project officer be informed on the development. The EA plans to recruit few more experts in Q1 and Q2 of 2017, listed in the agreed follow up action, and the proposed contract variation for the firm's contract will be discussed in details after the review mission.

42. **Post Review Procedure.** The Mission reminded the EA that, in accordance with the ADB Procurement Guidelines, appendix 1, paragraph 5, for those contracts are subjected to post review, the EA should retain all related procurement document during the project implementation and up to two years after the project closing date. This documentation would be included: (a) the signed original contract, (b) the evaluation report including the analysis of the respective proposals, (c) recommendations of award, and (d) all bidders' proposals (including winner and unsuccessful bidders' proposals), for examination by ADB or by its consultants. However, EA shall furnish copies of such documentation to ADB CARM upon award contract for issuing PCSS for payment. With regard to contract financed by AFD, before starting the procurement process, the EA should provide a copy of the announcement to ADB before issuing the bidding document, and provide the name of winning bidder to ADB before signing of contract at least 15 days, which ADB will have sufficient time to send a notification to our co-financer (AFD) for its own review of sanction lists.

43. **Publication of Contract Award and Procurement Monitoring.** The Mission suggested the EA to disclose the result of all procurement processes on the project website, and prepare procurement monitoring and tracking form as required in section 12.3.3 of the Government Procurement Manual, volume I, dated 22 May 2012. The procurement tracking form should be updated from time to time.

F. Assurances

44. **Loan Covenants.** The EA/IA and the Mission jointly reviewed the updated status of the loan covenants. The project start-up covenants are generally satisfactory while few covenants have not been fully complied and many are not yet due.

45. **Gender.** The Mission reminded the EA that the project is categorized as **GEN**, and the GAP includes 27 targets and 19 actions which are being monitored and assessed by the gender consultant and ADB. The Mission reminded the EA/IA about the ADB method of determining a project's success in delivering gender equality results at project completion, by, among others, rating project achievements against GAP targets and activities. A project is assessed as successful if 70% of GAP activities are implemented and completed, and 75% of gender-related targets are achieved. The Mission noted that the GAP Progress Report (GAPPR) has been updated, and of the 27 targets, 23 have not been implemented yet, 3 are below the target, and 1 

has insufficient information. As of this review mission, main achievements include: the gender targets were included in: (i) the guidelines for the stipends, the ToRs, for social marketing consultant, and career mentorship firm; (ii) a gender module has been developed for the SBP curriculum; (iii) CLS have been included in the bidding documents; and (iv) sex disaggregated data on the TVET institutes has been collected and can be used as a baseline for identifying female candidates for project training and workshops. While cumulative progress has been made and specific recommendations are included in the GAPPR, the Mission strongly recommended that the gender consultant needs to work closely with the IA's assigned gender focal person and the rest of the team to consult with relevant departments to collect breakdown personnel information and validate against the targets to provide a realistic "pool candidates" for the target group for each target; report on this in the next quarterly progress report (Q1 2017); and anticipate the gender targets in future activities and plan how to best target women to meet those targets.

46. **Environment Resettlement.** The Mission also reminded that the project has been classified as category **B** for environment. An Initial Environmental Examination (IEE) including the Environmental Management Plan (EMP) was prepared in June 2014. The IEE/EMP was updated in December 2015 to include the additional small-scale civil works under the additional financing. The Mission was informed that detailed engineering design for some PTCs/subprojects located in 9 provinces, namely Pursat, Battambang, Banteay Meanchey, Siem Reap, Kampong Thom, Kampong Cham, Kandal, Kampong Speu, and Preah Sihanouk, has been completed. To speed-up process of implementation for construction of the PTCs, two updated IEEs/EMPs covering subprojects located in the 9 provinces have been prepared and attached to the contractor's documents. Since some construction activities have been started since early February, the Mission advised that the safeguards consultant should provide environmental capacity building and training to the assigned EA/IA staff. Topics should include: (i) ADB safeguards policy statement 2009, (ii) environmental management, monitoring and reporting, and (iii) occupational community health and safety. The Mission requested the IA's safeguards focal person to closely monitor on the implementation of the EMP. The Mission also informed the EA that a first semi-annual environmental monitoring report on the implementation of EMP should be submitted to ADB by June 2017, and be disclosed on the ADB website.

47. **Involuntary Resettlement.** The project is categorized as **C** for IR; however the EA/IA has screened all the civil works sites for IR impacts, the screening reports have been submitted to ADB and confirm that no IR safeguards will be triggered by the civil works. The consultant's safeguard reports need to be improved in terms of comprehension, detail and clarity, i.e. list of all sites screened and results. The screening was conducted on 20 PTCs in 18 provinces (Kandal, Kampong Speu, Preah Sihanouk, Pursat, Battambang, Banteay Meanchey, Siem Reap, Kampong Thom, Kampong Cham, Phnom Penh, Kep, Koh Kong, Prey Veng, Tboung Khmum, Kratie, Oudard Mean Chey, Kampong Chhnang, Prey Kon Kla/NVIB and Pailin.). There are no anticipated resettlement impacts as all buildings will be constructed on the government-owned land and existing TVET institutes.

48. **Indigenous People (IP).** The project is also classified as category **B** for IP. The IP Plan was developed and has been reported by the social safeguard consultant. The IP indicators have been included in the overall monitoring and evaluation framework.

G. Risk Assessment and Risk Management Plan (RAMP)

49. The mission was pleased to note that the project's governance requirements as identified in the last review mission's Aide Memoire have been met. On the public disclosure, 

most of the required documents including complaints handling mechanism, the signed code of ethical conduct, and the procurement plan have been posted on the project's improved website. The Mission recommended that the project to disclose other required project's documents to the website.

IV. CONCLUSION AND FOLLOW-UP ACTION

50. **General Conclusion.** The Mission thoroughly discussed and reviewed the progress and performance of the Program and the Project loans. While the Program loan is considered on track and all the required policy actions are expected to be fully complied by July-August 2017, the Project loan implementation lags behind the schedule in several areas such as: the procurement of civil works and training equipment and furniture, development of the required CBT packages for new sectors, and delays in commencing the VSTP and SBP training courses. The ADB/CARM project team will continue to monitor closely and provide necessary support to the EA/IA.

51. **Agreed Follow-Up Actions.** The EA/IA and the Mission agreed on the following time-bound actions to be taken within the next 6 months and beyond.

No	Actions	By when
Policy Actions		
1	a. The EA/IA, with assistance from Consultant Team Leader, submits the Policy Actions Approval Tracking Schedule to ADB	15 March 2017
2	b. Guidelines for implementing and monitoring the CQF, inclusive of criteria for qualification for VSC by the EA	March 2017
3	a. Policies and procedures for RPL/CC are approved by the NTB b. Certification Policy is approved by the NTB c. National TVET Policy is approved by the Government d. Internship Policy is approved by the NTB	July-August 2017
Project Loan		
Output 1		
4	a. The EA submits the proposed CBT Packages development schedule and cost estimate to ADB	10 March 2017
	b. CBT Packages for the 5 sectors are completed and approved by the EA	Q3 2017
	c. The guidelines on stipend management is approved by the EA	Q3 2017
	d. ToR for women's leadership center management will be approved by DGTNET	April 2017
Output 2		
5	a. The QA manual (English and Khmer versions) are approved by the EA	March 2017
	b. The first QA audit will be started	Late April 2017
	c. The CBA Packages and Database are approved by the EA	March 2017
	d. The Criteria and Procedures for the selection of assessment centers are approved	March 2017
	e. At least 2 assessment centers are established	Q3 2017
	f. Cost estimate and schedule for assessor standards development submitted to ADB	10 March 2017
	g. Assessor standards developed and approved by the EA	May 2017
	h. The CTQF is approved by the EA	March 2017
	i. Pre-service competency-based curriculum is approved by NTTI	March 2017
	j. Pilot/test pre-service curriculum by NTTI	October 2017
	k. The RIS document outlining the mechanism to implement the industry scheme (RIS) is approved	March 2017
	l. VSTP administrative and implementation guidelines/manual is approved	End March 2017

	m.	The revised TENA survey proposal is submitted to ADB	15 March 2017
	n.	The improved SBP's guidelines is approved by the EA	End March 2017
	o.	The approved curricular, textbooks, implementation guidelines and SBP implementation plan are submitted to ADB for review	April 2017
	p.	The Orientation workshop for both public and non-public training providers is held	April – May 2017
	q.	The first SBP intake will be started	Q2 2017
	r.	Advertisement for the recruitment of the TVET HRM specialists	End April 2017
Output 3			
6	a.	The internship program guidelines and implementation manual are approved by the EA	March 2017
	b.	Four SSCs are established	Q2 and Q3 2017
	c.	The rehabilitation or construction of two provincial CoE buildings are started	Q2 2017
	d.	The advertisement for the rehabilitation works of the polytechnic-based CoE buildings are started	Mid Q2 2017
Output 4			
7	a.	TMD specialist is mobilized	Late March 2017
	b.	The EA approved the training institutes' business plan and shared the list of start-up recipient institution and management guidelines with ADB	April 2017
	c.	The EA starts the discussion with MEF about the sharing of the start-up costs for CQF levels 2-4 training delivery from 20% in 2018	Q2-Q3 2017
	d.	International IT Specialist is mobilized	Q2 2017
	e.	The EA share with ADB the TVETMIS review report	March 2017
	f.	Labour market forecasting specialists are recruited to work with NEA	Q2 2017
	g.	Consulting firm is recruited to conduct skills measurement survey	Q3 2017
	h.	TVET Strategic Plan Specialists are recruited	Q4 2017
Project Management Review			
Project Steering Committee			
8	a.	The EA convenes PSC meeting	March 2017
Accounts			
9	a.	AFD Impress Account is opened	March 2017
	b.	Sub-Accounts are opened	March 2017
Procurement			
10	a.	Women's Dormitories Construction for Banteay Meanchey, CEFPP-Siem Reap, and Koh Kong Institutes (ADB)	Is advertised 3 rd week March
	b.	Women's Dormitories Construction for Kandal, Kratie, and Prey Kounkhla Institutes (AFD)	Q2 2017
	c.	New Building at BIT, Tbong Khmum PTC, CIEDI, and Salakarthan (CEFP) Institute	Q2 2017
11	a.	Social Marketing Agency	March 2017
	b.	TVET Human Resource Management Specialists	March 2017
	c.	Skills Measurement Survey	March 2017
	d.	Labour Market Forecasting and Analysis	March 2017
	e.	Project Management Training	March 2017
Assurances			
12	a.	First semi-annual environmental monitoring report on EMP implementation is submitted	June 2017

52. **Next Mission Schedule.** Subject to approval of the Government and ADB management, it was agreed that ADB would field the next review mission in August 2017. While many project activities remain at the initial implementation stage, especially to ensure full completion of the 8

policy actions by July-August 2017, the Mission and the EA/IA agreed that the CARM project team and the PCU team will arrange a technical meeting in May to review the interim progress before the next review mission.

V. ACKNOWLEDGEMENTS

53. The Mission extends its sincere appreciation for the support provided by MLVT, MEF, DGTNET and all technical departments, NTTI, NEA, and Provincial Training Centers which was essential for the successful completion of the Mission. The Mission also thanked the AFD staff for their participating and contributing to the Mission.

Signed in Phnom Penh on 6 March 2017



Mr. Sophea Mar

Mission Leader/Senior Social Sector Officer

Loan Review Mission 3166/67-CAM and Additional Financing (AFD loan 8305)

Asian Development Bank