



Modern Skills for Better Jobs

Sector Development Program

Pre-Fact-Finding Mission
Presentation | 23 June-6 July 2020



Transaction Technical Assistance

Mission Objectives and Agenda

- Series of remote meetings to present proposed design to Government ministries and agencies, private sector associations, development partners, and VET institutes.
- Mission objective is to agree on the policy matrix, design, costing, procurement plan, and implementation arrangements for the program.
- Mission aide-memoire will be shared.
- Agreed aide-memoire will be the basis for the team to finalize project design, costing, procurement, and project implementation arrangements.

Transaction Technical Assistance

- \$0.7 Million ADB technical assistance to develop the detailed project design, including project costings, procurement plan, project due diligence, and facilitate project startup.
- Missions:
 - Inception mission (January 2020)
 - Review mission (March 2020)
 - Pre-fact-finding mission (June 2020)
 - Fact-finding mission (July 2020).
- Workshops:
 - Inception workshop (January 2020)
 - Procurement workshop (March 2020)
 - Pre-fact-finding mission meetings (June 2020).
- Highly consultative process—project preparation team met with more than 150 people during its missions.

Mission Meetings and Visits

Sector Stakeholders

- 5 chambers of commerce, and business associations
- 8 private sector firms, including several visits to plants and worksites
- 9 VET institutes
- 31 secondary schools
- 3 universities
- 8 development partners

Ministries

- MOF
- MOESCS
- MOESD
- MRDI
- MIDPLHSA

State Agencies

- ESIDA
- EMIS
- TPDC
- Enterprise Georgia
- GITA
- MDF
- Employment Agency



Context

Economic, Social and Labor Market Context

- Strong economic growth since 1997 – average of 5.5% during 1997–2016, although recent downturn due to external events.
- Big improvement in Georgia's business environment due to government reforms – ranking jumped from 24th to 6th in World Bank's Doing Business Index during 2014–2018.
- Government has adopted a private sector led development strategy – Georgia 2020, 4-Point Plan.

Economic, Social and Labor Market Context (Cont'd)

- Declining population since early 1990s.
- Low growth elasticity of jobs—economic growth does not translate into job creation.
- Unemployment rate—overall rate of 12.7% in 2018 but substantially higher (30.8%) for 20 to 24-year-olds.
- Proportion who are not in employment, education or training is high—26.9% for 15–24-year-olds and 31.6% for 15–29-year-olds (2018).
- Low education levels among the poor and minority ethnic groups.
- Substantial progress in poverty reduction – from 34% in 2004 to 20.1% in 2018.

Economic, Social and Labor Market Context (Cont'd)

- COVID-19 impact on Georgian economy, including opportunity to diversify economy and increase economic valued added.
- Commitment to increase education budget to 6% of GDP and increase VET participation to 15% of 15-24-year-olds by 2025.
- Need to establish robust policy and regulatory framework to ensure effective use of additional spending and attainment of ambitious VET targets.
- Significant gains made in improving Georgian competitiveness but need to ensure skills sector supports reform process.

VET Sector

- VET programs are offered primarily in vocational colleges, and in a few higher education institutions (HEIs) and secondary schools.
- Three types of VET training:
 - Diploma VET programs (longer programs – average of 1.5 years long)
 - Adult education (short-term training and retraining programs) – generally 1-6 months in length)
 - VET in secondary schools.
- Students generally enter VET after grade 9 or after grade 12 – in 2019, 73% of VET students had completed grade 12 or higher, while around 20% had completed grade 9.
- National Qualifications Framework (NQF) in place – introduced in 2010 but updated in 2019.

VET Sector (Cont'd)

- VET sector is small – only 90 institutes offering VET diploma programs and fewer than 12,000 students in those institutes.
- VET participation rate is low—less than 3% of 15-24 age group overall and only 1% of grade 9 graduates pursue VET.
- The private VET sector plays an important role, making up around 58% of VET institutes and 34% of VET enrolments.
- Males make up 52% of VET enrolments versus 48% for females.
- 2/3 of VET enrolments are in the 15-24 age group.

VET Sector (Cont'd)

- Adult education program is still small – in 2019, only 839 students trained at 12 providers.
- Most VET students are enrolled at NQF Level 3, while the fewest are enrolled at NQF Level 5.
- Number of annual VET admissions decreased from 2017 due to phasing out of non-competency-based training programs and increase in program duration (average 1.5 years).
- MOESCS plans to increase enrollment of 15–24 age group to 15% by 2025 (40,000+ students) mostly through:
 - Maximizing the use of existing VET capacity
 - Expansion of VET programs in secondary schools.

VET Sector (Cont'd)

- In 2019, there were 5,882 VET teachers (public and private) – 75% female.
- 71% of teachers work for public VET colleges.
- Only 33.5% of teachers are under 40 years of age, while around 50% are aged 50+.
- 12% of teachers in the public VET system have more than one academic qualification (professional, bachelor, master, and PhD).
- 47% of teachers work 10 hours or less/week, 22% work 20+ hours/week, and 7% work 35+ hours/week.
- Teacher pay is low – only 12 GEL/hour and teachers are only paid for the hours they teach.

Number of Institutes Offering VET Programs, by Type of Institute, 2020

Institute Type	Public (#)	Private (#)	Total (#)	% Private
VET Institutes	25	41	66	62.1
Higher Education Institutes	12	4	16	25.0
Schools	1	7	8	87.5
Total	38	52	90	57.8

Source: NCEQE, May 2020.

VET Enrolments by Type of Institute, 2019

	Public (#)	Private (#)	Total (#)	% Private
VET Institutes	5,892	3,630	9522	38
Higher Education Institutes	1,904	342	2,246	6.6
Schools	42	43	85	51
Total	7,838	4,015	11,853	33.9

Source: EMIS, March 2020.

VET Enrolments by Program, Public and Private, 2019

Program Area	Public (%)	Private (%)	Total (%)
Engineering	36	11	29
Health-related	0	39	14
Business Administration	14	17	9
Services	13	9	12
ICT	10	6	14
Education	2	5	3
Agriculture	5	0	6
Arts, Law, Humanities and Interdisciplinary	20	13	13
Total	100	100	100

Source: EMIS, March 2020.

VET MOESCS Funding: 2017-2020

(in Million GEL)

Code	Line Name	2017 Act	2018 Act	2019 Act	2020 (plan)
32 03 01	Supporting Vocational Education Development	37.8	45.6	50.9	70.8
	Voucher	14.1	14.1	18.1	28.4
	Program (subsidy)/ Targeted	12.3	14.3	18.4	16.6
	Training/Retraining programs	-	-	0.4	1.5
	Infrastructure	8.2	13.4	9.5	20



VET Sector Challenges

Lack of Quality and Relevance of Skills

- VET provision is not responsive to labor market needs.
- Georgia is ranked 45th on the skills pillar of the Global Competitiveness Index 2018–2019, but ranks poorly on key training components:
 - 112th for extent of staff training
 - 131st for quality of vocational training
 - 123rd for skillset of graduates
 - 111th for ease of finding skilled employees.
- Skills mismatch—higher education graduates without practical skills and secondary education graduates without technical skills.

Baseline Survey— Labor Market Outcomes of VET Graduates (2019)

- MOESCS regularly conducts tracer studies of VET graduates. The most recent one was conducted in 2019.
- According to the study, among VET graduates:
 - 52% were in official jobs (59% of males and 43% of females)
 - 11% were in self-employment
 - 31% were unemployed
 - 6% were in further education.

Other VET Sector Challenges

- Limited role for private sector in strategy and program development.
- Low teacher salaries, which hampers ability to attract high quality teachers.
- Mandatory one-year general education component for NQF Level 4 qualifications limits access for vocationally oriented students.
- Lengthy and bureaucratic program approval process.
- VET capacity underused and resources inefficiently spent.

Gender Challenges

- According to the World Economic Forum Global Gender Gap Index 2020, Georgia ranked:
 - 74th out of 153 jurisdictions on the overall index
 - 29th on the educational attainment sub index
 - 61st on the economic participation and opportunities sub index.
- Substantial gender segregation in program choices and in labor market participation—females concentrated in low paid sectors.
- Curriculum and career counselling not gender sensitive.

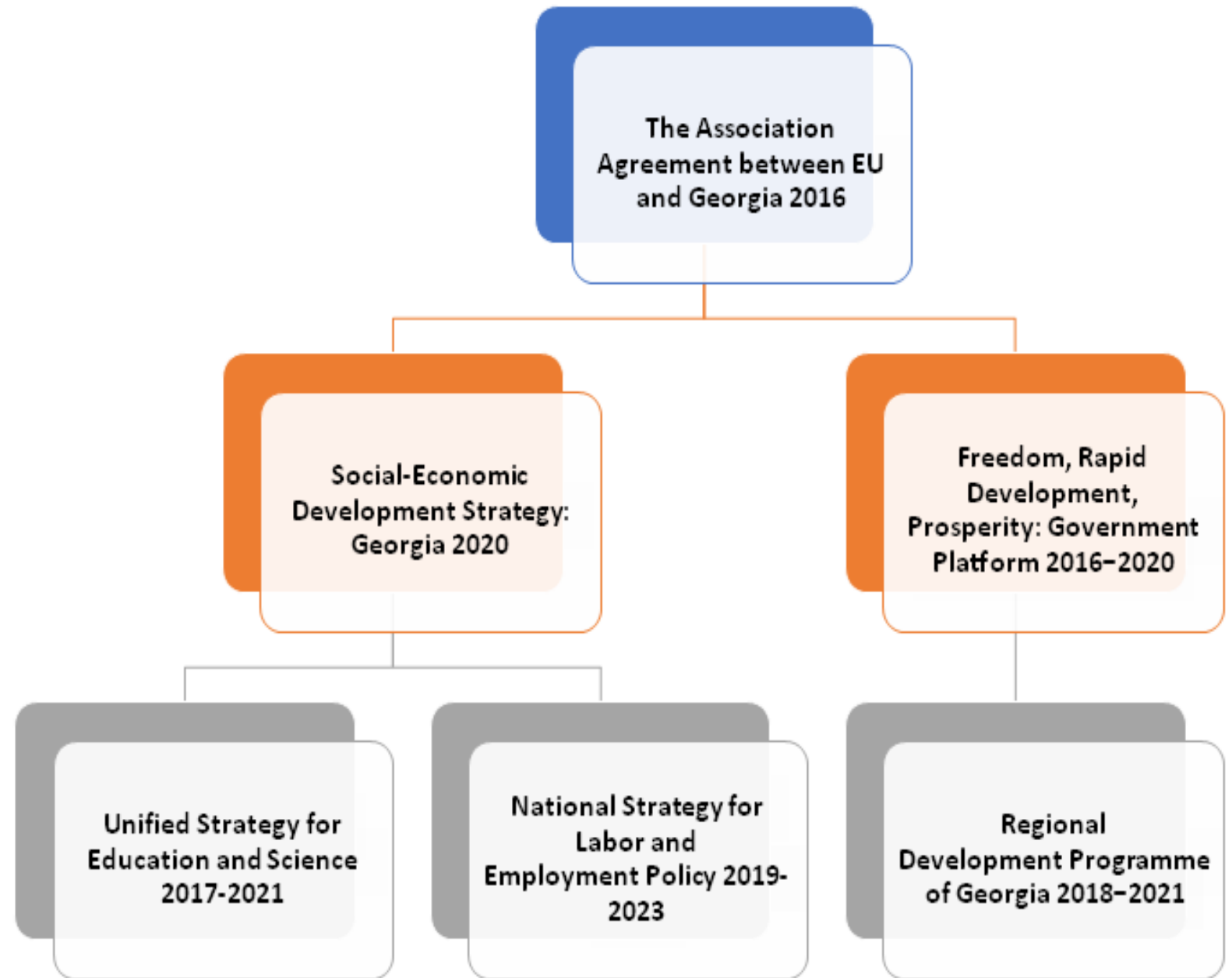


Strategic Fit

Alignment with GoG Strategy

- Program design is aligned with key strategic documents of the GoG:
 - Social-economic Development Strategy (Georgia 2020)
 - Freedom, Rapid Development, Prosperity: Government Platform 2016–2020
 - Unified Strategy for Education and Science 2017–2021
 - Regional Development Programme of Georgia 2018–2021.
- Alignment through choice of priority economic sectors, target groups, and areas of policy focus.

VET-related Government Strategies



Linkages with ADB Strategy

- Program supports 3 operational priorities under ADB's Strategy 2030:
 - addressing poverty/reducing inequalities
 - gender equality
 - strengthening governance.
- Program is included in ADB's Country Partnership Strategy for Georgia 2019-2023 and ADB's Country Operations Business Plan 2020-2022 as a firm 2020 program.
- CPS focus is on developing human resources through policy and budgetary support to improve education sector management and the quality of education starting with secondary education and VET.

Linkages with Other ADB Initiatives

- Potential synergies with other ADB operations:
 - TA for Livable Urban Areas: Integrated Urban Plans for Balanced Regional Development
 - Regional TA for Sustainable Tourism Development in the Central Asia Regional Economic Cooperation Region
 - Complement work on PPPs being carried out under the proposed Second Domestic Resource Mobilization Program.
- Synergies reflected in areas such as choice of priority economic sectors and skills hubs/institutes under the program, and skills areas to be prioritized by the proposed Skills Development Fund.



Loan Modality and Financing

Loan Modality and Financing

- \$100 million ADB loan.
- \$10 million in-kind contribution from the GoG—exemption on taxes and duties, office accommodation, and counterpart staff.
- Ordinary Capital Resources (regular loan).
- Sector Development Program—includes (i) investment loan, and (ii) policy-based loan (PBL).

Loan Modality and Financing

- Proposed loan split as follows:
 - PBL: \$65 million
 - Investment loan: \$35 million.
- Possible tranche split for PBL:
 - Tranche 1: \$50 million disbursed upon effectiveness
 - Tranche 2: \$15 million disbursed in December 2022.
- Disbursement of PBL linked to achievement of policy actions set out in agreed policy matrix.

Summary Financing Plan

Source	Amount (\$ million)	Share of Total (%)
Asian Development Bank		
Ordinary Capital Resources (OCR)	100.0	90.9
Government of Georgia	10.0	9.1
TOTAL	110.0	100.0

Draft Summary Cost Estimates (Investment Loan)

Item	Description	Amount
A.	Base cost	
	1. Quality and relevance of VET Improved	18.0
	2. Access to, and the inclusiveness of VET system increased	13.0
	3. Private participation in VET enhanced	2.0
Sub-total (A)		33.0
B.	Contingencies	3.5
C.	Financial charges during implementation	2.0
	(A+B+C)	38.5



Proposed Project Design

Overall Project Design Principles

- Focus on improving the quality and relevance of, and access to, VET to support economic growth, job creation and post COVID-19 economic recovery.
- Increase the role of the private sector in planning, and financing VET through support for sector skills councils, Skills Hubs-private sector partnerships, skills development fund, and private sector management arrangements.
- Align with priority economic sectors based on key GoG strategic documents.
- Focus on inclusive and gender equitable skills development.
- Focus on innovation, including 21st century skills.
- Improve the image of VET.

Project Impact, Outcome and Outputs

- **Impact**

Support inclusive economic growth through development of the country's workforce so that it meets the country's labor market requirements (Georgia 2020).

- **Outcome**

Responsive VET network promoting excellence in skills development established.

- **Outputs**

- Output 1: Quality and relevance of VET improved.
- Output 2: Access to, and the inclusiveness of, VET system increased.
- Output 3: Private participation in VET enhanced.



**Output 1:
Quality and
Relevance of
VET Improved**

Output 1

Quality and
Relevance of VET
Improved

- 1.1** Establish 3 Skills Hubs in 7 priority economic sectors in regions targeted for socio-economic development.
- 1.2** Support the introduction of income generating activities in 3 Skills Hubs.
- 1.3** Promote the development of soft skills and the acquisition foreign languages in VET.

Output 1.1

Skills Hubs: Proposal

- Establish 3 Skills Hubs in Telavi, Kutaisi and Borjomi.
- Telavi and Kutaisi will be established in existing VET institutes, while Borjomi will be a new VET institute.
- Skills Hubs will provide high quality and relevant VET; display sector leadership; demonstrate best practice, excellence, and innovation; and support other VET institutes.
- Skills Hubs will focus on programs in seven priority economic sectors: (i) electronic engineering, (ii) information and communications technology, (iii) services (hospitality and tourism), (iv) medical and pharmaceutical production, (v) fashion and design, (vi) water engineering, and (vii) Furniture production and carpentry.

Geographic Distribution of Proposed Skills Hubs



Output 1.1

Skills Hubs: Assistance

- Build a new institute in Borjomi and upgrade institutes in Telavi and Kutaisi to house Skills Hubs – new or improved facilities, workshops, and the following centers: entrepreneurship, soft skills/languages, teacher training, and placement.
- Develop new or revise existing competency-based training programs at NQF Level 4 and Level 5.
- Train Skills Hubs managers and support the development of institute business plans, identification and implementation of income generating activities, and other strategies to diversify their revenue base.
- Train teachers in technical, pedagogical, entrepreneurship, and language skills.

Output 1.1

Skills Hubs: Assistance (Cont'd)

- Support Skills Hubs to develop linkages with domestic and international partners, including firms, VET institutes, higher education institutions, and schools.
- Develop revised governance and funding framework for Skills Hubs that involves increased management autonomy and accountability, higher GoG funding, and increased private sector financing.
- Support Skills Hubs to develop networks to allow for more extensive work-based learning opportunities for students.
- Support Skills Hubs to develop remote and mobile learning systems.
- Develop materials and train staff for soft skills center, student outreach/placement center, and service center.

Output 1.1

Priority Economic Sectors: Selection Criteria

- Sectors selected based on desk review of GoG documents; as well as consultations and validation with GoG ministries and agencies, private sector associations, development partners, and firms.
- Key selection criteria:
 - Alignment with GoG priority economic sectors as outlined in key strategic documents
 - Identified skills gaps and emerging demands for skills
 - Complement support from other development partners
 - Support ADB financed GoG initiatives
 - Economic and demographic statistics, including economic growth, employment, unemployment, and population trends and makeup.

Government Priority Economic Sectors

GOG Program 2018-2020: Freedom, Rapid Development and Prosperity

- Energy
- Agriculture
- Tourism
- Transport and Logistics
- Construction

Regional Development Programme of Georgia 2018-2021

- Tourism
- Agriculture
- Agri-business
- Renewable energy
- Transport and logistics
- Design and textile

FDI Strategy for 2020-2021

- BPOs
- Design and Apparel
- Logistics
- Energy (renewable)
- Engineering and electronics (including automobile and aircraft parts)
- Tourism
- IT Services

Output 1.1

Skills Hubs: Selection Criteria

- Skills Hubs (VET institutes and partners) selected based on several criteria:
 - Location—adjacent to growth nodes set out in the Regional Development Program (2018-2021)
 - Sector focus of programs of VET institutes and Skills Hubs partners
 - Capacity of VET institutes and partners to deliver programs
 - Planned GoG economic interventions and MOECSC priorities.
- Assessment of infrastructure, staff capacity and equipment—suitability for upgrading.
- Potential for outreach to ethnic minority populations.

Skills Hubs: Locations, Partners and Sectors

Skills Huband	Location	Institute	Partners	Sectors
1	Borjomi, Samtskhe Javakheti	College to be constructed	College Opizari	Electronics Engineering, Furniture Production and Carpentry, Services (Hospitality and Tourism)
2	Kutaisi, Imereti	College Iberia	Kutaisi State University	Electronics Engineering, ICT, Medical and Pharmaceutical Production
3	Telavi, Kakheti	College Prestige	Telavi State University	ICT, Services (Hospitality and Tourism), Fashion and Design, Water Engineering

Skills Hub – Proposed Programs

Electronics Engineering		NQF Level
1	Automation and robotic technician	5
2	Electronics engineering and equipment technician	5
3	Electronic appliances installer and repairer	4
4	Internet of Things and Smart appliances	4
5	Electrical engineering technician (renewable energy)	4
6	Laboratory specialist	5
Information and Communications Technology		
7	Graphic design 2D and 3D (including motion graphics and animation)	4
8	ICT network administrator	5
9	Software developer	5
10	Web technologies (back-end, front-end, coding, etc.)	4
11	Mobile application developer	5
Medical and Pharmaceutical Production		
12	Pharmaceutical and medical production technician	4
13	Medical ICT application technician	5
14	Medical electronics technician	4

Skills Hub – Proposed Programs (Cont.)

Services (Hospitality and Tourism)		NQF Level
15	Hotel management	5
16	Culinary arts	4
17	Tour operator	5
18	Tour guide	4
19	Event specialist and manager	5
Fashion and Design		
20	Fashion design technician	5
21	Decorative textiles and apparel	4
22	Tailor	4
23	Sewing industry technologist (quality manager, supervisor)	4
Furniture Production and Carpentry		
24	Wooden construction design technician	4
25	Wood processing machines programming and operation technician	4
26	Furniture design	5
Water Engineering		
27	Supervising construction of water systems and networks	5
28	Plumbing (outdoor)	4

Output 1.2

Introduction of Income Generating Activities in Skills Hubs

- Support development of income generating activities (IGAs) in 3 Skills Hubs, including:
 - Production or provision of services
 - Delivering fee-based training for individuals and enterprises
 - Leasing college assets, etc.
- IGAs can enhance training by:
 - Offering work-based learning opportunities
 - Developing entrepreneurial practices
 - Facilitating additional financial, material and human resources.
- IGAs will make use of newly developed facilities, equipment and trained staff of Skills Hubs.

Output 1.2

Income Generating Activities in Skills Hubs: Proposed Initiatives

- Develop and outfit IGA center at 3 Skills Hubs to market and oversee IGAs.
- Provide capacity building and mentorship of the management and staff.
- Provide support for development of a business and marketing plan for IGA and to implement the business plan.
- Support for implementation of work-based learning as part of IGA in Skills Hubs.

Output 1.3

Soft Skills, Entrepreneurship and Language Training: Proposed Initiatives

- Develop soft skills and entrepreneurship center – outsource delivery of services to firms, CSOs and NGOs in 3 Skills Hubs and 20 secondary schools.
- Develop language center – outsource delivery of language training to firms, CSOs or NGOs in 3 Skills Hubs (including foreign languages and Georgian language program for ethnic minorities).



**Output 2:
Access to, and
Inclusiveness of,
VET System
Increased**

Output 2

Access to, and
Inclusiveness of,
VET System
Increased

- 2.1** Introduction of VET programs in secondary schools
- 2.2** Develop and pilot career advisory services in general secondary education and Skills Hubs
- 2.3** Develop and implement short-term VET Programs for women and vulnerable groups
- 2.4** Develop a VET gender policy and guidelines
- 2.5** Social marketing

Output 2.1

VET Programs in Secondary Schools: Proposal and Assistance

- Refurbish around 20 secondary education schools – to be selected from the shortlist of 28 possible secondary schools.
- Build and equip 40 workshops (2 per school).
- Develop 10 formal CBTA VET programs in priority economic sectors.
- Train 40 school management staff in VET management and quality assurance (including school principal and VET coordinator for each school).
- Train around 100 teachers in technical and pedagogical skills.
- Finance salaries for VET coordinators during program implementation phase.

Output 2.1

Proposed Programs at Secondary Schools

Proposed Programs	NQF level
1. Electronic equipment technician	4
2. Installer/repairer heating, air conditioning, and refrigeration	4
3. Repairer of electronic appliances (including mobiles, computers, TV, etc.)	4
4. Graphic designer (2D, 3D, AutoCAD, etc.)	4
5. Web developer (back-end, front-end, coding, etc.)	4
6. Information technology	3
7. Cook/culinary arts	3
8. Sewer tailor (industry and homework), including embroidery, knitting, felting	3
9. Enamel-making	3
10. Woodworker/cabinet maker/CNC machine operator (includes carpentry and furniture maker)	3

Output 2.1

VET in Secondary Schools: Selection Criteria for School Locations and VET Programs

Location:

- Municipalities without VET provision.
- Utilization potential (e.g., school size, community demography and migration trends).
- Availability of adequate facilities (e.g., quality of infrastructure, space availability, transport and physical accessibility).
- Prior experience with MOESCS Work Skills Development program was prioritized.

Programs:

- Appropriateness for the age group.
- Relevance of skills to regional priorities.

Shortlisted Locations for VET Secondary Schools



Proposed Shortlist of VET Secondary Schools

Imereti Region:

1. Chiatura Public School #1
2. Vani Public School #1
3. Zestaponi Public School #6
4. Samtredia Public School #11
5. Terjola Public School #2
6. Tkhibuli Public School #1
7. Ilia Chavchavadze Sachkhere Public School #2
8. Kharagauli Public School #2
9. Irakli Abashidze Khoni Public School #3

Samegrelo-Zemo Svaneti Region:

10. Abasha Public School #1
11. Ramin Dikhaminjia Chkhorotsu Public School #1
12. Tsalenjikha Public School #1

Guria Region:

13. Lanchkhuti Public School #1

Racha-Lechkhumi Region:

14. Simon Skhirtladze Oni Public School

Adjara Region:

15. Keda Public School

Kakheti Region:

16. Akhmeta Municipality Village Duisi Public school
17. Kvareli Municipality Village Akhalsopeli Public School #2
18. Lagodekhi Municipality Village Ganjali Public School
19. Sighnaghi Municipality Tsnori Public School #1

Kvemo Kartli Region:

20. Arip Alievi Bolnisi Municipality Village Talaveri Public School #1
21. Levan Devdariani Gardabami Public School #1
22. Sagaredjo Municipality Village Kakabeti Public School

Samtskhe-Javakheti Region:

23. Ilia Chavchavadze Akhalkalaki Public School #3
24. Akhaltsikhe Municipality Vale Public School #1
25. Aspindza Public School Building I

Mtskheta Mtianeti Region:

26. Dusheti Municipality Zhinvali Public School
27. Mtskheta Municipality Village Mukhrani Public School #1

Shida Kartli Region

28. Kareli

Output 2.2

Career Advisory Services: Proposal

- Support 3 Skills Hubs and project secondary schools to develop and implement gender-responsive and inclusive career services.
- Increase participation of youth (15-24 years old) in VET in selected regions with a focus on women entering non-traditional fields.
- Improve employability of VET graduates in selected regions with a focus on the needs of ethnic minority groups, people with disabilities and other targeted groups.
- Decrease rate of NEETs and out-of-school children in selected regions.

Output 2.2

Career Advisory Services: Assistance

- Provide consultancy to set up career guidance centers in 3 Skills Hubs and 20 VET secondary schools.
- Develop career and gender competency education curricula and develop career information materials.
- Train career counselors in Skills Hubs and secondary schools.
- Provide consultancy to develop instruments for career counselling and job placement services, including targeting vulnerable groups (NEETs, ethnic minorities, out of school children, etc.)

Output 2.3

Short-term VET Programs for Women and Vulnerable Groups: Proposal

- Develop short-term programs and retraining services for women and vulnerable groups.
- Train selected staff of 3 Skills Hubs and 20 secondary schools in design and delivery of tailored short-term training programs.
- Finance delivery of 20 short-term programs in 3 Skills Hubs and 20 secondary schools.
- Provide needs-tested support services for vulnerable groups (e.g., transportation cost, accommodation, scholarships, etc.)

Output 2.3

Short-term VET Programs for Women and Vulnerable Groups: Proposal (Cont'd)

- Short-term VET programs will target the following groups:
 - Women with children returning to job market
 - Low-income women, single-female-headed households
 - Women survivors of violence in shelters
 - Women and men with disabilities
 - Internally displaced persons
 - Ethnic minority groups
 - Not in education, employment or training
 - Jobseekers, particularly youth.

Output 2.4

Develop a VET Gender Policy and Guidelines: Proposal

- Prepare gender analysis of VET system
- Conduct consultations across MOESCS, women's groups, VET teachers and students, private sector, development partners, and other stakeholders
- Draft Gender Equality Policy for VET Education to be adopted by MOESCS
- Build capacity of staff responsible for gender equality in MOESCS
- Prepare guidelines on gender-responsive design features and equipment for VET institutions

Output 2.5

Social Marketing: Proposal

- Develop the communication plan using tailored and diversified communication tools/channels to (i) increase VET image among general public and (ii) increase the participation of women and vulnerable groups in VET.
- Carry out informational campaigns in (i) schools on employment and career opportunities for VET graduates, (ii) among employers highlighting the benefits of recruiting VET graduates.
- Engage social influencers and real-life stories of successful VET graduates; involve role models to advocate for VET, including men and women entering non-traditional professions.
- Arrange participation in skills competitions at the municipal, national and international levels
- To be contracted out to a professional external marketing provider.



Output 3: Private Participation in VET Enhanced

Output 3

Private
Participation in
VET Enhanced

- 3.1** Establishment of sector skills organizations (SSOs) in priority economic sectors
- 3.2** Establishment of a Skills Development Fund
- 3.3** Private management of public VET institutes

Output 3.1

Establishment of Sector Skills Organizations: Proposal and Assistance

- Establish 3 sector skills organizations (SSOs) in 3 priority sectors (electronic engineering, IT, tourism and fashion and design)
- Train up to 20 staff of skills authority and SSOs.
- Provide consultancy services to establish and operationalize skills authority and SSOs.
- Finance to carry out analysis of LM skills needs.
- Finance development/revision of 7 priority economic sector profiles.
- Finance development/revision of 35 occupational standards and curricula.

Output 3.1

Establishment of Sector Skills Organizations: Proposal and Assistance (Cont'd)

- Undertake skills gap analysis and monitor labor market trends.
- Coordinate occupational standard development.
- Support increasing work-based learning (WBL) capacity in companies.
- Monitor WBL in companies.
- Promote coordination between educational enterprises and institutions.
- Coordinate private sector involvement in skills development.
- Ensure gender-responsiveness and equity in all SSO-related activities.

Output 3.2

Establishment of a Skills Development Fund: Proposal

- Establish and finance a Skills Development Fund (SDF) to finance training to meet the skills needs of emerging industries, and support FDI.
- Provide investment of \$1 million for SDF and consolidate existing funding from MOESCS and Enterprise Georgia in SDF.
- Provide consultancy to support MOESCS and other public bodies to develop legal framework, and revise policy and regulations related to SDF.
- Provide consultancy and capacity building for the establishment and startup of the SDF.
- Provide consultancy to develop options for diversifying funding and making the fund sustainable.

Output 3.2

Establishment of a Skills Development Fund: Objectives

- To ensure availability of skills for private sector.
- To increase productivity of the existing workforce (through introduction of new methodologies and technologies).
- To encourage employers to provide in-service training to their employees.
- To provide equality of opportunity of access to training services.
- To encourage diversified financing of VET through a cost-sharing model.
- To prioritize high growth demand industries.

Output 3.3

Private Management of Skills Hub or Programs

- Pilot a PPP approach in at least 1 of the 3 Skills Hubs – contract out the management of a Skills Hub or some programs within it.
- To develop key performance indicators to focus on service delivery and outputs/outcomes, not inputs.
- To draw up a contract to link payments to the private operator with key performance indicators.
- To put in place robust monitoring and assessment system.
- To ensure that private provider has a phase out strategy.



COVID-19

COVID-19: Implications for Design

- Inclusion of sectors and programs whose strategic importance will be enhanced post-COVID-19 – pandemic response or contribution to economic recovery (ICT, pharmaceutical and medical production).
- Distance and e-learning modalities integrated into the program design: the project will build and equip facilities, develop educational materials, train hub personnel to apply distance, blended and e-learning.
- Flexibility in program introduction, including flexibility in program selection.



Policy Matrix

Policy Matrix

- The policy-based loan will support the investment loan with key reforms aimed at improving the quality, relevance, inclusion and efficiency of skills development in line with national and regional economic priorities.
- During March 2020, the TA Team, in close consultation with the MOESCS, developed a draft of the policy matrix, which includes 15 policy actions accomplished from February 2019 to August 2020 and 13 policy actions accomplished by January 2022; plus, over 20 actions as part of post-program partnership framework.
- Policy matrix still to be finalized.

Policy Matrix:

Key Policy Actions

- A regulatory framework for VET teachers' professional development and remuneration; and VET teacher professional standards, including gender-responsive elements, is approved.
- Rules and regulations for public VET institute income generation activities is adopted.
- Policy on development of occupational standards by industry-led sector skills organizations is introduced.
- A gender equality policy and guidelines for the VET system are developed.
- Revised VET financing policy is introduced to increase accessibility, equity and inclusion, including in VET.



Development Partner Cooperation

Development Partner Assistance

- Since 2013, the education sector of Georgia (including all levels of education) received around \$500 million in external assistance from multilateral and bilateral development partners (Source: <https://eaims.ge/>).
- Major education sector supporters have been the EU, the Millennium Challenge Corporation, USAID, UNDP, GIZ and the World Bank Group.
- Formal development partner coordination occurs through MOESCS—promotes collaboration, supports VET reform and promotes best practice.

Current and Recent Development Partner Assistance

Development Partner	Project Name	Duration	Amount (\$ million)
VET			
UNDP	Modernization of VET system related to agriculture in Georgia (VET Phase 2)	2018-2022	6.30
EU	Skills Development and Matching for Labor Market Needs	2019-2023	55.40
MCC	Industry Led Skills and Workforce Development Project	2013-2019	16.00
USAID	USAID Economic Security Program	2019-2024	17.50
GIZ	Private Sector Development and TVET	2017-2020	9.30
KfW	VET Program in Georgia	2019-2020	22.50
UK GGF	Technical Assistance for VET Development	2018-2020	3.10
UK GGF/World Bank	Strengthening Teacher Quality in VET	2019-2020	2.30

Current and Recent Development Partner Assistance (Cont'd)

Development Partner	Project Name	Duration	Amount (\$ million)
Pre-primary, Primary, and Secondary Education			
World Bank	Georgia I2Q – Innovation, Inclusion and Quality Project	2019-2026	102.70
CoEDB	Reconstruction/Rehabilitation of Public Schools in Tbilisi and Increasing Energy Efficiency	2016-2020	15.20
USAID	Achieving Student Centered Education for a New Tomorrow (ASCENT)	2019–2024	7.00
UNICEF	Partnership in General Education	2019–2020	0.33
KfW/EBRD/EU	Energy Efficiency Investment Program	2021–2025	114.50



Project Implementation

Implementation Arrangements

- **Implementation period**
2021–2022 for policy loan
2021–2026 for investment loan.
- **Executing agencies**
MOF for the policy-based loan
MOESCS for the project loan.
- **Implementing agency**
Dedicated independent PIU within MOESCS
- **Implementing partner: ESIDA**
- Project will provide implementation support through staffing of PIU and through a project implementation firm.
- Most PIU staff to be recruited from the market
- Advance actions and retroactive financing.
- Need government counterpart funding in place.

Advance Actions/Retroactive Financing

Immediate Actions

- Government to allocate funds for advance actions

Advance Actions

- Recruitment of PIU staff
- Advertise architectural design and construction supervision firm, and VET firm
- Procurement of PIU equipment, furniture, and vehicles
- Securing of PIU office

Retroactive Financing

- Key PIU positions
- Procurement of the architectural design and construction supervision firm, and VET firm
- PIU equipment, furniture, and vehicles

Procurement and Consultant Recruitment

- ADB's Procurement Policy (2017, as amended from time to time) and ADB's Procurement Regulations for ADB Borrowers (2017, as amended from time to time)
- Procurement—civil works, ICT and training equipment, furniture
- Consulting firm—VET, architectural design and construction supervision firm, audit firm
- Non-consulting services—social marketing and advertising firm, language firm, soft skills institutes
- Individual consultants—PIU staff, international architectural design (for Borjomi)
- ADB's standard bidding documents will be used and ADB's no-objection will be obtained



Processing Schedule

Processing Schedule

Milestone	Date
Inception mission	January 2020
Review mission	March 2020
Pre- fact-finding mission	June 2020
Informal ADB Board Seminar	July 2020
Loan fact-finding mission	July 2020
ADB Management Review Meeting (QA Meeting)	September 2020
Loan negotiations	September/ October 2020
Board consideration	November 2020



Conclusion

Conclusion: Mission Required Agreements

- Program financing, including policy and investment split and tranching.
- Concept, sectors/programs and locations of Skills Hubs and VET schools.
- Implementation arrangements.
- Policy matrix.
- Skills Development Fund establishment.
- Use of PPP arrangements.
- Government contribution—recurrent costs and project implementation.