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ANNEX <...>

of the Commission Implementing Decision on the Annual Action Programmes 2015 in favour of Nepal, to be financed from the general budget of the European Union

Action Document for EU-Nepal Practical Partnership for Technical Vocational Education and Training Reform (TVET- PP)

INFORMATION FOR POTENTIAL GRANT APPLICANTS

WORK PROGRAMME FOR GRANTS

This document constitutes the work programme for grants in the sense of Article 128(1) of the Financial Regulation (Regulation (EU, Euratom) No 966/2012) in the following sections concerning grant awarded directly without a call for proposals: 5.3.1.1 and 5.3.1.3.

1. Title/basic act/ CRIS number	EU-Nepal Practical Partnership for Technical Vocational Education and Training reform (TVET- PP). CRIS number: DCI-ASIE/2015/037-498 financed under Development Cooperation Instrument
2. Zone benefiting from the action/location	Nepal. The action shall be carried out at the following locations: Result 1:Sanothimi- Bhaktapur Result 2 and Result 3: Nepal nationwide
3. Programming document	Multiannual Indicative Programme (MIP) for Nepal 2014-2020
4. Sector of concentration/ thematic area	Education
5. Amounts concerned	Total estimated cost: EUR 20,611,111 Total amount of EU Budget contribution EUR 20,000,000 from the general budget of the European Union for 2015. This action is co-financed in joint co-financing by the Council of Technical Education and Vocational Training (CTEVT) in Nepal for an indicative amount of EUR 611,111.00
6. Aid modality(ies) and implementation modality(ies)	Project Modality - Direct management: grant– direct award - Indirect management with the British Council.
7. DAC code(s)	11330 Vocational Education

8. Markers (from CRIS DAC form)	General policy objective	Not targeted	Significant objective	Main objective
	Participation development/good governance	<input type="checkbox"/>	x	<input type="checkbox"/>
	Aid to environment	x	<input type="checkbox"/>	<input type="checkbox"/>
	Gender equality (including Women In Development)	<input type="checkbox"/>	x	<input type="checkbox"/>
	Trade Development	x	<input type="checkbox"/>	<input type="checkbox"/>
	Reproductive, Maternal, New born and child health	x	<input type="checkbox"/>	<input type="checkbox"/>
	RIO Convention markers	Not targeted	Significant objective	Main objective
	Biological diversity	x	<input type="checkbox"/>	<input type="checkbox"/>
	Combat desertification	x	<input type="checkbox"/>	<input type="checkbox"/>
	Climate change mitigation	<input type="checkbox"/>	x	<input type="checkbox"/>
	Climate change adaptation	<input type="checkbox"/>	x	<input type="checkbox"/>
9. Global Public Goods and Challenges (GPGC) thematic flagships	NA			

SUMMARY

On 25 April and 12 May 2015, two devastating earthquakes of 7.8 and 7.3 magnitude struck Nepal, followed by more than 300 aftershocks. . A Post Disaster Need Assessment (PDNA) was carried out in June under the leadership of the National Planning Commission (NPC) and in close cooperation with line ministries and Development Partners. The Private Sector and Civil Society also contributed to this process. The PDNA emphasises upgrading of skills and knowledge as one of the most important paths towards a swift recovery and enhanced resilience. This "EU- Nepal Practical Partnership for Technical Vocational Education and Training reform (TVET-PP)" is thus an important response in the post-disaster context.

The proposed action is in line with the specific objective n. 6 of the MIP for Nepal 2014-2020: "Strengthening the Vocational Training System". TVET- PP will act as a catalyst for an improved Government led coordination within the Technical Vocational Education and Training (TVET) sector in Nepal, contribute to the implementation of the Government of Nepal's (GoN) policies and enhance the quality, the relevance and the access of TVET, in view of achieving the **overall objective** to contribute to Nepal's inclusive and sustainable growth through investment in human capital and by creating better employment opportunities. TVET-PP will support the GoN, namely the Ministry of Education (MoE), in implementing a set of policy reforms which should ultimately bring to the adoption of a Sector Wide Approach and therefore make the TVET sector eligible for budget support.

The **specific objective** is to strengthen and implement more effectively a TVET policy responsive to labour market needs and pilot an integrated Public Private Partnership (PPP) Approach in three key economic sectors: i) agriculture (commercial farming and food production), ii) constructions, iii) tourism. These sectors are particularly important in the aftermath of the earthquakes, given their contribution to Nepal's economic development post-disaster. TVET- PP **expected results and indicative budget breakdown for each result** are:

1. Quality of the TVET provision and implementation scaled-up and outreach to the most disadvantaged ensured (R1). **Indicative EU budget contribution: EUR 5 500 000; CTEVT contribution EUR 611,111;**
2. Innovative PPP models to expand relevant TVET provision in Nepal tested (R2). **Indicative EU budget contribution: EUR 9 000 000;**
3. Capacity building and role of the GoN in the TVET system enhanced and TVET governance improved (R3). **Indicative EU budget contribution: EUR 5 100 000.**

1 CONTEXT

1.1 Sector/Country/Regional context/Thematic area

On 25 April and 12 May 2015, two devastating earthquakes of 7.8 and 7.3 magnitude struck Nepal, followed by more than 300 aftershocks. The toll includes approximately 9000 fatalities, over 22,000 injured and 750,000 destroyed or damaged houses. Eight million of Nepal's 28 million people are affected. A Post Disaster Need Assessment (PDNA) was carried out in June under the leadership of the National Planning Commission (NPC) and in close cooperation with line ministries and Development Partners, notably the EU, World Bank (WB), United Nations Development Programme (UNDP), Asian Development Bank (ADB) and Japan International Cooperation Agency (JICA). The Private Sector and Civil Society also contributed to this process. The PDNA will guide the recovery action and the allocation of national resources as well as the international pledges. The PDNA emphasises upgrading of skills and knowledge as one of the most important paths towards a swift recovery and enhanced resilience.

The Government of Nepal has identified the TVET sector as one of the engines of economic growth and employment as a workforce trained with skills in line with the needs of the labour market is an asset for improved enterprise productivity, as well as providing employment opportunities for the jobless. Around 83% of the Nepalese population aged 15–59 are economically active and 4.2 million are under-employed. More than 450,000 people enter the Nepal job market yearly, while around 1,200 leave Nepal every day for (mostly unskilled) employment elsewhere – often in poor and dangerous conditions and with unreliable rewards. More than 70 per cent of the economically active population is involved in the informal economy. The formal labour demand (insufficient job creation) cannot absorb this segment of the population. The estimated per capita income is around US\$750, the lowest in South Asia, as is labour productivity, while income disparity is high. For poverty to be halved it is estimated that some 3 million jobs would need to be created¹.

Nepal's economic situation and national aspirations justify a special focus on (a) agriculture (commercial farming and food production), (b) construction, and (c) tourism sectors. This focus is in line with the GoN plans and priorities². Moreover, these sectors remain particularly important to support in the aftermath of the earthquake, given their contribution to Nepal's economic post-disaster development.

Around 75% of Nepal's population is engaged in the agriculture sector yet its contribution to Gross Domestic Production (GDP) is only 36.5%. Labour underutilisation in this sector is

¹ TEVT Sub-sector Roadmap – Nepal, June 2013, Lokendra Prasad Poudyal, ADB consultant

² 13th Development Plan 2013/14-2015/16 of GoN.

mainly due to seasonal practices and also to a lack of skills farmers require for better production and productivity. However, the percentage of population engaged in commercial farming and food production is expected to be significantly less than 75%. The agriculture sector suffered massive damages and losses (the estimates of the value of damages and losses amount to NPR 28,366 million³). The recovery focuses on immediate activities aimed at the restoration of production levels in crops, livestock and fisheries. The medium-term interventions should aim among others, at the adoption of good agriculture practices as well as climate change adaption measures that contribute to disaster risk reduction.

The construction industry is emerging as a major sector for employment both domestically and abroad. There is a particular need for a skilled workforce in this sector as building works are booming, not only in urban areas but in the rural market centres as well; over 17,000 construction companies employ around 2.2 million Nepalese, approximately 10% of the total employment in Nepal⁴. With more than 750,000 houses⁵ fully or partially damaged due to devastating earthquake in April 2015 and its aftershocks, there will be huge demand for skilled construction workforce for reconstruction work.

Tourism holds great potential for employment generation in the country. The sector directly supported 504,000 jobs in 2013 which represents 3.2% of the total employment in the country. More than 1.2 million have indirect employment in the industry. Tourist arrivals have increased from just over 6,000 in 1962 to over half a million today, despite a decade-long conflict, which left prime tourist attractions damaged and underdeveloped. Tourism has potential for increasing private sector investment and for creating multiplier effects in the economy⁶. There is, however, a need for enhancement of quality and skills in the sector. In services, tourism has been adversely affected with every nine in ten planned foreign arrivals cancelled in the aftermath of the quakes which occurred during the first of the two major seasons of the year. It is estimated that the damages and losses in the tourism sector amount to a total of NPR 81,242 million⁷. There is a need to develop stronger service oriented skills sets (e.g. business innovation etc.), generating novel tourism ideas, enhance marketing and improve safety and health standards and build back confidence in tourism also through proper disaster preparedness/management.

Nepal's effort in employment promotion is affected by a low level of investment in employment generating sectors, a low level of technical skills, a lack of industrialization and low productivity. The economic sectors have weakened due to poor infrastructure, an inadequate supply of power, a lack of technically trained workers and the limited institutional capacity to deliver needed services. Retention and integration of TVET learners and graduates are key issues as they impact on economic growth and recovery following the recent earthquake. Investment in technical education and vocational training would enable, and provide recognition for, skills development throughout an individual's journey through education, training and employment. Ensuring their skills are more relevant is necessary,

³ Post Disaster Needs Assessment Report, June 2015

⁴ External final formulation report: "*Improving the Relevance, Quality and Accessibility of Nepal's Technical and Vocational Education and Training System*", August 2014

⁵ Post Disaster Needs Assessment Report, June 2015

⁶ External EU formulation report: "*Improving the Relevance, Quality and Accessibility of Nepal's Technical and Vocational Education and Training System*", August 2014

⁷ Post Disaster Needs Assessment Report, June 2015

which is possible by designing market friendly occupational standards, curriculum and quality trainings and to roll these out.

1.1.1 Public Policy Assessment and EU Policy Framework

Nepal's national plans and policies recognise the importance of the TVET sector for economic growth. The **Nepal's 2012 TVET** policy puts inclusion, relevance and expansion at the heart of making the TVET system accessible and market-oriented, in line with contemporary international practice. The main long-term developments proposed in the policy include:

- The expansion of TVET institutes across Nepal;
- The development of model institutes and greater autonomy for public training institutions;
- The development of a national vocational qualifications framework and transformation of the National Skill Testing Board into a national vocational qualifications authority;
- The establishment of a rigorous and transparent system for quality assurance; and
- The introduction of an integrated financing mechanism.

The **Council for Technical Education and Vocational Training's strategic plan (2014-2018)** provides a framework for the development of national policies to address the challenges of the TVET sub-sector supporting socio-economic development and promoting technology in business and enterprises.

In addition, the approach paper for the **13th Development Plan 2013/14-2015/16** of the GoN includes proposals for reforming the TVET sector.

These policies are 'owned' by GoN and the commitment and capacity to implement them is apparent at the MoE. However, despite the GoN's efforts to develop TVET policies and strategies, actual implementation remains weak. The sector, with support from the ADB, is going through a restructuring process which should eventually lead to the adoption of a Sector Wide Approach (SWAp) and the establishment of a TVET fund. In this context, EU support to MoE and CTEVT must collaborate closely with that provided by the ADB (and, indeed, by any other development partner).

The proposed intervention fully complies with the EU policy framework. It is in line with the MIP 2014-2020 for Nepal and in particular with its specific objective n. 6: "*Strengthening the Vocational Training System*". The programme's strategy is inspired by the principles of the 2014 EU Communication "*Stronger Role of the Private Sector in Achieving Inclusive and Sustainable Growth in Developing Countries*" and aligned to its action 3 aiming to support alliances between companies and relevant training providers to develop and implement demand-driven technical and vocational education and training programmes. Finally, it embraces the value of the Agenda for Change and of the Commission Staff Working Document: "*More and Better Education in Developing Countries*".

1.1.2 Stakeholder analysis

The main stakeholders engaged in TVET development in the country are:

- Several ministries, particularly the MoE, the Ministry of Finance (MoF), the Ministry for Labour and Employment (MoLE), Ministry of Agricultural Development (MoAD),

Ministry of Industry (MoI) and Ministry of Culture, Tourism and Civil Aviation (MoCTCA).

- The NPC of Nepal, the advisory body responsible for formulation of development plans and policies of the country.
- The CTEVT and its divisions. CTEVT is the apex body of the TVET sector in Nepal with the mandate for policy formulation and implementation, quality control, curriculum development, occupational skill standards development and testing, conducting various research studies and training needs assessments.
- The Training Institute for Technical Instruction (TITI) which is being transformed into a centralised centre of excellence for the training and development of vocational education teachers.
- TVET providers. Formal TVET in Nepal is offered through 26 public institutes, 75 vocational units attached to district secondary schools, and over 450 privately run, publicly affiliated training providers. Many small unaffiliated providers offer informal training, and traditional apprenticeships offer informal learning on the job.
- Private sector organisations (enterprises, business associations etc.) in Nepal. Private sector is crucial to ensure that TVET programmes are in line with the labour market demand.
- Job seekers in both formal and informal sector, especially youth, women and other members of disadvantaged groups.
- The selected economic sectors (food production and commercial farming, construction and tourism). Nepal's economic situation and national aspirations justify a focus on these three sectors (see above par.1.1) where the demand for technically skilled workers is growing rapidly⁸.

1.1.3 Priority areas for support/problem analysis

The TVET system in Nepal faces constraints and weaknesses in key areas including capacity, relevance and quality, access and participation, and governance and management.

Governance and management:

The TVET structure in Nepal is highly fragmented. The MoE has the overall responsibility in the TVET sub-sector and the CTEVT has been mandated by the CTEVT Act for all the regulatory and delivery functions. CTEVT has the responsibility to coordinate all training along with educational programmes related to the preparation of a basic, middle and higher level skilled workforce. However, despite the authority given to CTEVT to coordinate and facilitate the preparation of a skilled workforce in Nepal, several ministries and some private bodies implement skills training programmes and much of this, including curricula and occupational standards, is uncoordinated so that the overall TVET system is fragmented and dysfunctional.

⁸ External EU formulation report: "*Improving the relevance, quality and accessibility of Nepal's Technical and Vocational Education and Training system*", August 2014.

Quality and relevance:

The existing TVET system is supply driven. The majority of TVET curricula are not updated to address market demand, and learning materials including relevant textbooks are inadequate. The role of the private sector in developing curricula in order to prepare the workforce to meet their demands is seldom fulfilled, and a consolidated reliable database and labour market information is missing. In light of the fact that the establishment of a labour market information system (LMIS) has been attempted several times with limited or no success in Nepal, alternative and innovative solutions need to be identified to address this constraint (e.g; by adopting a sector approach- see point 4.2-). There is no clear plan to develop human resources in the TVET sector and the result is a lack of competent and motivated instructors in TVET schools, particularly in the remote areas. All this contributes to not fully grasping the potential of TVET which is perceived as having low social status and is only an option of last resort.

Access and Participation:

Due to limited access to TVET facilities, those below the poverty line and ultra-poor, school drop-outs, people with disabilities, Dalits, marginalised females and particularly people from remote areas still lack opportunities to obtain marketable skills for self/employment or starting enterprises. There is a need for a deliberate commitment to deliver TVET activities nationwide, also for disadvantaged groups and not only in easily accessible areas.

Capacity:

The vocational education and training capacity of the government has fluctuated over the years and is highly dependent on the donor-funded TVET projects under implementation. CTEVT has a capacity to enrol 14,286 students in Technical School Leaving Certificate (TSLC) programmes and 13,264 in Diploma programmes, while short term vocational skills training and longer duration TVET programmes together have a combined capacity of less than 100,000⁹. As more than 450,000 young people enter the labour market every year, the opportunities offered by the TVET system are much fewer than required. In a situation where the majority of students drop out before completing secondary education, and the share of people with a degree level is still very low, Nepal needs to find new ways of developing people's skills and employing them at a larger scale.

⁹ External Identification Report: EU support to TVET sector in Nepal, April 2014

2 RISKS AND ASSUMPTIONS

Risks	Risk level (H/M/L)	Mitigating measures
Lack of intra-governmental cooperation on TVET.	M	TVET-PP will serve as a platform for effective coordination within the sector. Support agreed cooperation modalities to implement the reforms among TVET stakeholders. Use of consultative mechanisms to encourage buy-in from stakeholders. Strengthening CTEVT so that its leadership role in TVET is effectively recognised and valued. The NPC may be called to play an important role in settling eventual disputes between the Ministries and in improving the coordination.
Unpreparedness of the private sector to participate in TVET reforms namely by: building curricula, offering internship and apprenticeship programmes, designing and providing market-oriented training, financing of the TVET sector etc.	M	Strengthen dialogue with the private sector; better focus on the industry sectors where employers show interest and where businesses themselves show growth (or potential) and are in need of improving international competitiveness; PPP will be encouraged and supported. TVET information campaign will contribute to raise the status of TVET in the country and therefore to make the sector more attractive for private investments: Development of project Fund to stimulate private sector engagement within TVET.
Lack of cooperation from private TVET institutions and non-formal training providers	L	Capacity building activities designed for TVET providers and training of trainers in both formal and informal sector.
Donor overlap and weak coordination	M	Regular exchanges with other donors and Government; use the TVET coordination group as an effective platform for exchange; TVET-PP monitoring system establishment of an effective monitoring system within the sector within the sector.
Lack of cooperation/coordination between the different Result Areas	L	Capacity building and awareness raising activities with key influencers and stakeholders. Dialogue mechanisms and project management / steering groups established. Interdependencies between activities clarified and understood by all parties.
Risks of logistical impediments in conducting the operations in the aftermath of the earthquakes (e.g. accessibility to target areas, beneficiaries and partners affected	M	A realistic work plan will be drafted in the inception phase taking into account possible logistic impediments. Relief interventions already on-going in the country should contribute to improve the

by the earthquake etc.) and postponement of the activities due to unforeseen evolution or sudden change of the situation in the country.		situation as with regard to the accessibility. The PDNA findings will be complemented by study to evaluate the specific impact of the earthquake on the TVET sector, to be carried out during the inception phase of the programme. Risk reduction modules, climate change mitigation practices, safety standards etc. will be integrated in all curricula and trainings concerned by this programme.
Change in government and donors priorities in the aftermath of the earthquake (more focus on relief operations rather than on long-term development)	L	In the PDNA lot of emphasis is given to skills development. The EU continues to lobby to keep TVET high on the agenda (making reference to the PDNA too).
Assumptions		
It is assumed that the commitment to the TVET policy will be maintained and that CTEVT will decide to apply the TVET-PP approach beyond the three (agricultural, construction, tourism) initially selected sectors, as a result of the actions. Other assumptions cover the readiness of the Ministries, other than the MoE, and the apex organisations in the three designated sectors to cooperate and participate and the promulgation of the Constitution.		

3 LESSONS LEARNT, COMPLEMENTARITY AND CROSS-CUTTING ISSUES

3.1 Lessons learnt

This is the first EU programme in support of the TVET sector in the framework of bilateral cooperation with Nepal, although there has been earlier support at a project level through thematic instruments mainly targeting skills development and VET in the informal sector. A general conclusion from these successful interventions (such as the "Skills Development and Employment Project for the Informal Sector (SEIS)" implemented by Helvetas and the "High Impact Tourism Training Programme (HITT)" implemented by SNV) is that the link between relevant skills development and concrete job opportunities in Nepal needs to be strengthened with the active participation of private sector. An effective competency-based monitoring system needs also to be in place for high level quality trainings.

The main 'lessons learned' from other donor experiences of TVET in Nepal include:

- High fragmentation and weak coordination within the sector. Sustainable solutions to address TVET challenges require strong Government leadership.
- Reaching out to members of disadvantaged groups is a challenge. A multi-stakeholder approach is needed to bring government, private sector and civil society together and provide an opportunity to work jointly for expanding TVET access and inclusiveness.
- The private sector participation in TVET remains limited. Scaling-up initiatives for the establishment of a market-oriented TVET, calls for business engagement in the system and require innovative and sustainable models for a broader cooperation between the private and the public sector.

These lessons are thoughtfully applied in the proposed TVET-PP intervention.

3.2 Complementarity, synergy and donor coordination

Given the increased recognition of the TVET sector as one of the engines of inclusive and sustainable economic growth and social development in Nepal, several initiatives have been launched by various actors in support of the sector. However, many of these initiatives are not comprehensive as they do not cover all aspects of the 2012 TVET Policy. TVET-PP directly addresses the context of TVET reform in Nepal and in particular, supports the strategic and institutional frameworks designed by the GoN which designates CTEVT as the legitimate and competent TVET coordinating authority. TVET-PP aims to coordinate with all key actors to efficiently link together and “top-up” as necessary for complementarity in actions, thereby addressing TVET challenges with a synergistic approach while avoiding overlap and duplication of efforts in support of the GoN. By taking this approach, donor interventions will collectively be supporting individuals’ journeys through education and training, and into the workplace.

The following describes the main ongoing and planned TVET initiatives in Nepal.

The **Skills Development Project** funded by the ADB (2013-2018; US\$ 20 million) aims to support the government in implementing key aspects of the TVET Policy 2012 by: (i) initiating strategic reforms that aim to improve overall management and performance of the TVET system, (ii) improving the quality and relevance of public training, and (iii) increasing private sector engagement in training delivery and job placement.

The **Enhanced Vocational Education and Training Programme** of the World Bank (2011-2015; US\$ 50 million) aims to expand the supply of skilled and employable labour force by: (1) increasing access to quality TVET programmes; and (2) strengthening the TVET system in Nepal.

The **Employment fund** (2011-2015; USD 7.9 million), supported by the Swiss Agency for Development and Cooperation (SDC), Department for International Development (DFID) and the World Bank enables short term trainings and micro enterprise development for economically poor and socially discriminated youths.

The **Support to the National qualification System in Nepal** (2015-2020; CHF 4 million) is a new SDC project which aims at strengthening the capacity of the National Skill Testing Board (NSTB) in regards to its performance and for its gradual transformation in National Vocational Qualifications Authority (NVQA) in future. SDC is also designing a new 10-year intervention to minimize the gap between supply and demand of TVET skills for an amount of CHF 25 million.

Korea International Cooperation Agency (KOICA) is formulating a new project in support of the Training Institute for technical Instruction (US\$ 5 million).

Opportunities for using the blending facility in the TVET sector in Nepal have not been explored so far. However, a further reflection on that during the implementation of the programme would be worth. Indeed a well-functioning TVET system requires a genuine partnership with private sector which this programme intends to boost.

TVET-PP will build synergies with the forthcoming EU intervention in the rural development sector and with the new EU funded study: "Nepal TVET sub-sector analysis"¹⁰, which will complement the start-up of the TVET-PP by providing consistent baselines and data for the

¹⁰ Specific contract n.2014/352-624 which will be carried out in Nepal from May to June 2015.

monitoring and evaluation framework of TVET-PP. Complementarity and synergies with existing and new initiatives funded by thematic instruments will also be ensured.

The donor coordination for TVET in Nepal takes place in the TVET donor group currently chaired by SDC. In addition, a thematic working group on vocational training and soft skills under School Sector Reform Plan (SSRP) is in place. Despite quite regular TVET donor group meetings, the coordination in the sector remains rather weak. The present action aims to contribute to the needed better coordination under the leadership of the GoN in accordance with the Aid Effectiveness Agenda.

3.3 Cross-cutting issues

The following cross-cutting issues are mainstreamed in the TVET-PP strategy:

(a) **Social inclusion and equality of opportunity.**

The programme will ensure that TVET provides opportunities for disadvantaged groups to fulfil their potential by among others, developing participatory TVET learning for less/ uneducated disadvantaged people and expanding the TVET offer in rural and remote areas. In particular, TVET-PP will i) work together with CTEVT in expanding the TVET programmes in remote areas by increasing the number of technical schools and the scholarship scheme for the needy people with special quota for remote/ discriminated people and women; ii) conduct awareness programme to sensitize disadvantaged groups to TVET programmes; iii) give preference to disadvantaged groups under the R3 of TVET-PP by including special provisions to facilitate the reach out to vulnerable and marginalised people (e.g. geographical focus on remote areas, development of specific modules for disadvantaged groups; post-training support for self-employment and job placement, scholarships etc.). The expansion of TVET services to vulnerable groups will be monitored closely by the TVET-PP monitoring panel throughout the programme.

(b) **Gender equality** will be an explicit TVET-PP strategy, from the numbers participating in training activities through to issues of curriculum and learning materials, occupational stereotyping and responsiveness to cultural prohibitions. In Nepal the agriculture sector is dominated by women. The feminization of agriculture is the consequence of an increase in the migration of men to cities in Nepal and abroad. Recovery and reconstruction post-earthquake will devote special attention to the aspect of gender difference in agriculture. TVET-PP strategy envisages to train women technicians to help access the female labour force.

(c) The intervention aims also to improve mechanisms for **social dialogue**, particularly between employers and their associations, the TVET system (including CTEVT and TVET providers) and local community and worker representative groups.

(d) The improvement of relevance and quality of TVET in Nepal will aim at integrating best **environmental practices** and supporting sustainable national economic development. In particular, the provision of skills for sustainable development in reformed (competence-based) curricula will contribute to equipping the country in the transition to climate resilience, low carbon economy and include climate change adaption measures that contribute to disaster risk reduction. Environmental protection considerations and skills, as well as risk reduction will therefore be added to the TVET curricula.

4 DESCRIPTION OF THE ACTION

4.1 Objectives/results

The overall objective is to contribute to Nepal's inclusive and sustainable growth through investment in human capital and by creating better employment opportunities.

The specific objective is to strengthen and implement more effectively a TVET policy responsive to labour market needs and pilot an integrated Public Partnership Approach in three key economic sectors i) agriculture (commercial farming and food production), ii) construction, iii) tourism, that offer opportunities for promoting the transition to a greener, climate-resilient, low-emission economy.

The expected results are as follows:

Quality of TVET provision and implementation scaled-up and outreach to the most disadvantaged ensured (R1);

Innovative Public-Private Partnership models piloted to enhance the relevance, quality and sustainability of TVET provision in Nepal (R2);

Capacity building and role of the GoN in the TVET system enhanced and TVET governance improved (R3).

4.2 Main activities

For each result the main activities include:

R1: In line with the CTEVT strategic plan 2014-2018:

- to improve the human resource management (HRM) system (CTEVT staff, teachers and managers of centres);
- to upgrade the Financial Information System (FMIS) and the Integrated Training Management System (ITMS);
- to develop teaching and training resources, learning materials including textbooks and training manuals;
- to develop and revise curricula as per market needs and to support the transition to a greener, climate-resilient, low-emission economy in close collaboration with the private sector;
- nationwide upgrading of public trainers and of selected CTEVT technical schools and training centres;
- to organise meetings, seminars, workshop and conferences in Nepal for sharing and learning experiences and innovations;
- activities to strengthen the capacity of CTEVT in partnering with other TVET stakeholders and in particular with the private sector will be supported;
- to enhance the relationship with international TVET institutions through participation in international seminars and workshops (within the SAARC region or in Europe) with the objective to share best practice in TVET provision;
- communication; monitoring and research.

R2: in each of the 3 key economic sectors:

- TVET-PP will explore innovative approaches and participatory and sustainable methodologies to pilot sustainable PPP models for TVET. Private sector participation in planning, provision and financing will add value by making the TVET system responsive to labour market needs and enriching it with specific capabilities and expertise, innovative approaches and technologies (e.g. introduction of an apprenticeship/internship system to provide TVET learners with work experience; in-service training for current workers; provide experts from employers to be used as part-time trainers or guest lecturers in the TVET institutions; joint management of vocational schools/centres by public and private sectors; development of business-school partnership agreements etc.);
- To make all this happen, activities to strengthen the capacity of the formal and informal private sector and TVET stakeholders to serve as partners for Government will also be supported throughout the pilots;
- Among other topics, capacity building will focus on the development of skills associated with environmental sustainability (e.g. in relation to climate-smart agriculture, energy-efficient and climate-proof buildings, ecotourism);
- Collaboration between PPP stakeholders, CTEVT and GoN, to ensure TVET provision is consistent, of high quality and relevant;
- Create and pilot sustainable local employer and community engagement models within the PPPs;
- Accredited Apprenticeship models have been developed, in partnership with relevant stakeholders;
- The number of inclusive, market-oriented training opportunities/instances has increased to reflect the needs of key industrial sectors and disadvantaged communities. Develop models to improve transition of TVET graduates into the labour market;
- Pilot, evaluate and share lessons learned from the PPP models, and feed into national policy;
- The actions implemented under result 2 may also relate to the provision of TVET in relation to the informal sector.

R3: Provide capacity building and support to GoN in:

- Establishing a TVET coordination mechanism at national level under the GoN leadership;
- Supporting the TVET sector roadmap and the implementation of a set of reforms which should prepare for a sector-wide approach in close coordination with ADB and under the leadership of GoN. All this will contribute to making the TVET sector eligible for sector budget support;
- Setting-up a monitoring panel to:

- i) conduct a comprehensive baseline study at programme outset;
 - ii) pilot a skills demand and supply information tool in each of the 3 key economic sectors. In the TVET-PP model the national federations for agriculture, tourism and construction, with the support of the monitoring panel, will have the major responsibility for collecting and providing skills demand and supply data by occupations, skills and training needs as required. Data from these apex associations will be linked with CTEVT's Research and Information Division, and the consolidated information will be available for national level planning in a sustainable way;
 - iii) regularly review TVET reform progress;
- Developing policy guidelines, materials and tools on the TVET practical-partnership approach to guide government agencies, industries, NGOs, providers and development partners (DPs) and all TVET stakeholders. The guidelines will also look at TVET financing;
 - Organising national and international workshops and seminars to disseminate good practices in different areas of TVET (e.g. governance, planning, financing and delivery);
 - Conducting a major information campaign to raise the status and the attractiveness of TVET across Nepal. The campaign will promote a new image of the TVET sector, raise its profile and increase awareness of opportunities for obtaining employability through TVET. A strategy to increase awareness of companies of skills training benefits will be also elaborated in order to encourage private sector's investment in skills training and upgrading.

4.3 Intervention logic

The proposed action will support the Government of Nepal, namely the Ministry of Education, in implementing a set of policy reforms which should ultimately lead to the adoption of a Sector Wide Approach for TVET similar to the one operating in the Education sector (SSRP) and make the TVET sector eligible for sector budget support. TVET-PP has a strong potential for scaling up beyond its initial scope. TVET- PP focuses on 3 crucial pilot sectors with high potential for replication in other sectors. Moreover, these sectors remain particularly important to support in the aftermath of the earthquakes, given their contribution to Nepal's economic post-disaster development. TVET-PP will act as a catalyst for an improved coordination within the TVET sector in Nepal. Through an effective multi-stakeholder approach, the programme strategically aims to enhance the leadership of the GoN, together with increased monitoring of the sector, as well as improved coordination of the many actors involved, thus enhancing sustainability beyond the project cycle. Facilitating movement towards a TVET Fund, strengthening CTEVT's role within the context of the National TVET Policy, supporting PPPs, and encouraging private investments in TVET will also contribute to the sustainability of the action.

5 IMPLEMENTATION

5.1 Financing agreement

In order to implement this action, it is foreseen to conclude a financing agreement with the partner country, referred to in in Article 184(2) (b) of Regulation (EU, Euratom) n. 966/2012.

5.2 Indicative implementation period

The indicative operational implementation period of this action, during which the activities described in section 4.1 will be carried out and the corresponding contracts and agreements implemented, is 60 months from the date of entry into force of the financing agreement.

Extensions of the implementation period may be agreed by the Commission's authorising officer responsible by amending this decision and the relevant contracts and agreements; such amendments to this decision constitute technical amendments in the sense of point (i) of Article 2(3)(c) of Regulation (EU) No 236/2014.

5.3 Implementation modalities

5.3.1.1 Grant – direct award to scale up the quality of TVET provision and implementation and to ensure the outreach to the most disadvantaged (direct management)

(a) Objectives of the grant, fields of intervention, priorities of the year and expected results

The specific objective of the grant is to scale-up the quality of the TVET provision and implementation and to ensure the reach out to the most disadvantaged (R1 of TVET-PP). In line with the CTEVT strategic plan 2014-2018, indicative areas of support may include: system development; staff development; nationwide upgrading of public trainers and of selected CTEVT technical schools and training centres; TVET methodology development; curriculum revision; teaching and training resources and learning materials including textbooks; communication; monitoring and research; establishment of a TVET knowledge sharing platform; enhancement of the relationship with international TVET institutions (within SAARC region and in Europe). Strong emphasis will be placed on enabling CTEVT to determine priorities, plans, and evaluate a wide range of demand-driven training activities in order to become generally recognised as the legitimate and competent TVET coordinating authority.

(b) Justification of a direct grant

Under the responsibility of the Commission's authorising officer responsible, the grant may be awarded without a call for proposals to the Council for Technical Education and Vocational Training (CTEVT).

Under the responsibility of the Commission's authorising officer responsible, the recourse to an award of a grant without a call for proposals is justified because of de jure monopoly according to the article 190(1)(c) RAP. CTEVT has exclusive competence in the field of activity to which the grant relates pursuant to any applicable law. CTEVT is the national autonomous apex body of TVET sub-sector in Nepal and is responsible for policy formulation, coordination, quality assurance and program implementation. CTEVT has been mandated for offering technical and vocational education and short term vocational training by CTEVT act 1989. The National TVET Policy makes it unambiguously clear that CTEVT holds the TVET coordinating and regulatory mandate and this reality was recognised by those involved in TVET provision in all ministries visited by the Formulation Team. TVET-PP will support arrangements being made by GoN to ensure that training institutions, centres and

activities through Ministries other than MoE are, in accordance with the national TVET Policy, coordinated by CTEVT.

(d) Essential selection and award criteria:

The essential selection criteria are the financial and operational capacity of the applicant. The essential award criteria are relevance of the proposed action to the objectives of the programme; design, effectiveness, feasibility, sustainability and cost-effectiveness of the action.

(e) Maximum rate of co-financing

The maximum possible rate of co-financing for this grant is 90% of the eligible cost of the action.

In accordance with Articles 192 of Regulation (EU, Euratom) No 966/2012 if full funding is essential for the action to be carried out, the maximum possible rate of co-financing may be increased up to 100 %. The essentiality of full funding will be justified by the Commission's authorising officer responsible in the award decision, in respect of the principles of equal treatment and sound financial management.

(f) Indicative trimester to conclude the grant agreement:

1st trimester of 2016.

5.3.1.2 Indirect Management with an EU Member States Agency

A part of this action may be implemented in indirect management with the British Council in accordance with Article 58(1) (c) of Regulation (EU, Euratom) No 966/2012.

This implementation entails activities aimed to test innovative Public-Private Partnership models to scale-up relevant TVET provision in Nepal and contribute to the establishment of a TVET system that can respond to the needs of the labour market, as laid down in this document (R2) and to build capacity and improve the governance of the TVET system in Nepal (R3). This implementation is justified because British Council thanks to both its global and Nepal experience in TVET has built strong relationships with governments, industries, education and training institutions, and civil society around the world and has developed an extensive resource network in the sector which it could draw upon for this programme.

The entrusted entity will carry out the following budget-implementation tasks, notably: carrying out procurement and grant award procedures, and awarding, signing and executing the resulting Procurement Contracts and Grant contracts, accepting deliverables, carrying out payments and recovering the funds unduly paid.

5.3.1.3 Changes from indirect to direct management mode due to exceptional circumstances

The preferred implementing modality for the R2 is indirect management as described under 5.3.1.2, but in exceptional circumstances, it can be implemented by the EU Delegation under direct management as Grants with a call for proposal:

(a) Objectives of the grants, fields of intervention, priorities of the year and expected results

The major purpose of the call for proposals would be to address result 2 of TVET-PP aimed to test innovative Public-Private Partnership models to scale-up relevant TVET provision in Nepal and contribute to the establishment of a TVET system that can respond to the needs of the labour market, as laid down in this document. In each of the three sectors the indicative eligible actions may contribute to:

- explore innovative approaches and participatory and sustainable methodologies to pilot sustainable PPP models for TVET.
- strengthen the capacity of the formal and informal private sector and TVET stakeholders to serve as partners for Government;
- create and pilot sustainable local employer and community engagement models within the PPPs;
- develop accredited Apprenticeship models, in partnership with relevant stakeholders;
- increase the number of inclusive, market-oriented training opportunities/instances to reflect the needs of key industrial sectors and disadvantaged communities. Develop models to improve transition of TVET graduates into the labour market;
- Pilot, evaluate and share lessons learned from the PPP models, and feed into national policy;

(b) Eligibility conditions

In order to be eligible for a grant, the applicant must:

- be a legal entity,
- be a NGO or network of NGOs, private non-for-profit and for profit educational/training institutions, organisations from private sector (enterprises, employers, workers' federations and chambers of commerce with affiliated training institutions etc.);
- be established in an eligible country in accordance to in the EU Regulation No 233/2014;
- be directly responsible for the preparation and management of the action with the co-applicant(s) and affiliated entity (ies), not acting as an intermediary;

Subject to information to be published in the call for proposals, the indicative amount of the EU contribution per grant should be EUR 3 million and the grants may be awarded to sole beneficiaries and to consortia of beneficiaries (coordinator and co-beneficiaries). Any grant awarded under this Call for Proposals must fall between the following indicative minimum and maximum amounts:

-minimum amount: EUR 3 million

-maximum amount: EUR 9 million

The indicative duration of the grant (its implementation period) is 48 months.

(c) Essential selection and award criteria

The essential selection criteria are financial and operational capacity of the applicant.

The essential award criteria are relevance of the proposed action to the objectives of the call; design, effectiveness, feasibility, sustainability and cost-effectiveness of the action.

(d) Maximum rate of co-financing

The maximum possible rate of co-financing for grants under this call is 80% of the total eligible costs of the action.

In accordance with Articles 192 of Regulation (EU, Euratom) No 966/2012 if full funding is essential for the action to be carried out, the maximum possible rate of co-financing may be increased up to 100 %. The essentiality of full funding will be justified by the Commission's authorising officer responsible in the award decision, in respect of the principles of equal treatment and sound financial management.

(e) Indicative timing to launch the call: 3rd trimester of 2016.

5.4 Scope of geographical eligibility for procurement and grants

The geographical eligibility in terms of place of establishment for participating in procurement and grant award procedures and in terms of origin of supplies purchased as established in the basic act and set out in the relevant contractual documents shall apply.

The Commission's authorising officer responsible may extend the geographical eligibility in accordance with Article 9(2) (b) of Regulation (EU) No 236/2014 on the basis of urgency or of unavailability of products and services in the markets of the countries concerned, or other duly substantiated cases where the eligibility rules would make the realisation of this action impossible or exceedingly difficult.

5.5 Indicative budget

	EU contribution (amount in EUR)	Indicative third party contribution, in EUR
5.3.1.1 Grant – direct award to CTEVT (direct management)	5 500 000	611 111
5.3.1.2 Indirect Management with an EU Member States Agency	14 100 000	N.A.
5.9 Evaluation, 5.10 Audit	150 000	N.A.
5.11 Communication and visibility	150 000	N.A.
Contingencies	100 000	N.A.
Totals	20 000 000	611 111

5.6 Organisational set-up and responsibilities

Under the TVET-PP model, the CTEVT will be supported to play an enhanced coordinating role at the technical level and MoE at the policy and strategic level in line with the 2012 TVET policy. A Steering Committee (SC) will be established not only to oversee and facilitate TVET-PP's implementation but to effectively contribute to the development and the implementation of a roadmap for the TVET sector which should ultimately bring the establishment of Sector Wide Approach. The SC will support sector coordination under the government's leadership and bring together government representatives, donors and other stakeholders operating in the area of TVET. Tentatively, the SC will meet at least once a year and will be co-chaired by the MoE Secretary or his representative and the EU Delegation. It may include senior officials from the NPC and relevant Ministries: MoF, MoLE, MoAD, MoI and MoCTCA, along with representatives of the private sector (such as Federation of Nepalese Chambers of Commerce and Industries, European Economic Chamber- Nepal, the Confederation of Nepalese Industries, the Federation of Construction Association of Nepal, the Hotel Association of Nepal, the agriculture cooperatives etc.), Donor Partners and relevant representatives from Civil Society. The SC composition will ensure the principles of national ownership, inclusiveness and balanced representation, as well as the need to have a manageable size for effective decision-making. The functions and the activities which will fall under the responsibility of the SC will be clearly defined together with the MoE and the CTEVT during the inception phase of the programme. The Terms of Reference for the SC will be also drafted and circulated among main stakeholders (Government, private sector and donor partners) for validation. The secretarial functions will be performed by the British Council.

5.7 Performance monitoring and reporting

The day-to-day technical and financial monitoring of the implementation of this action will be a continuous process and part of the implementing partners' responsibilities. To this aim, the implementing partners shall establish a permanent internal, technical and financial monitoring system for the action and elaborate regular progress reports (not less than annual) and final reports. Every report shall provide an accurate account of implementation of the action, difficulties encountered, changes introduced, as well as the degree of achievement of its results (outputs and direct outcomes) as measured by corresponding indicators, using as reference the logframe matrix. The report shall be laid out in such a way as to allow monitoring of the means envisaged and employed and of the budget details for the action. The final report, narrative and financial, will cover the entire period of the action implementation.

The Commission may undertake additional project monitoring visits both through its own staff and through independent consultants recruited directly by the Commission for independent monitoring reviews (or recruited by the responsible agent contracted by the Commission for implementing such reviews).

5.8 Evaluation

Having regard to the nature of the action, a final evaluation (pre-completion) will be carried out for the action or its components via independent consultants contracted by the Commission.

It will be carried out for accountability and learning purposes at various levels (including for policy revision), taking into account in particular the fact this is an innovative action being

piloted in three sectors with the aim of moving towards a SWAP and ultimately to a SBS modality.

The Commission shall inform the implementing partner at least 60 days in advance of the dates foreseen for the evaluation missions. The implementing partner shall collaborate efficiently and effectively with the evaluation experts, and inter alia provide them with all necessary information and documentation, as well as access to the project premises and activities.

The evaluation reports shall be shared with the partner country and other key stakeholders. The implementing partner and the Commission shall analyse the conclusions and recommendations of the evaluations and, where appropriate, in agreement with the partner country, jointly decide on the follow-up actions to be taken and any adjustments necessary, including, if indicated, the reorientation of the project.

Indicatively, one contract for evaluation services shall be concluded under a framework contract in January 2021.

5.9 Audit

Without prejudice to the obligations applicable to contracts concluded for the implementation of this action, the Commission may, on the basis of a risk assessment, contract independent audits or expenditure verification assignments for one or several contracts or agreements.

Indicatively, one contract for audit services shall be concluded in January 2021.

5.10 Communication and visibility

Communication and visibility of the EU is a legal obligation for all external actions funded by the EU. This action shall contain communication and visibility measures which shall be based on a specific Communication and Visibility Plan of the Action, to be elaborated at the start of implementation and supported with the budget indicated in section 5.6 above.

In terms of legal obligations on communication and visibility, the measures shall be implemented by the Commission, the partner country, contractors, grant beneficiaries and/or entrusted entities. Appropriate contractual obligations shall be included in, respectively, the financing agreement, procurement and grant contracts, and delegation agreements.

The Communication and Visibility Manual for European Union External Action shall be used to establish the Communication and Visibility Plan of the Action and the appropriate contractual obligations.

The communication and visibility activities may be undertaken through a service contract.

A full communications and visibility strategy will be developed by the implementing partners during the inception phase of the project. Communication and visibility actions are built into the design of the project and underpin capacity building, awareness raising, lesson learning, replication and multiplication of activities. At the local level, visibility will be ensured through training events and workshops, a launch event, project videos, especially short videos that can easily be shared on social media, media coverage and through project specific information and communication materials (including banners and posters) distributed to SMEs, government and other stakeholders.

LIST OF ACRONYMS

Acronyms/abbreviation	Meaning
TVET	Technical Vocational Education and Training
EU	European Union
PP	Practical Partnership
MIP	Multiannual Indicative Programme
CTEVT	Council for Technical Education and Vocational Training
GoN	Government of Nepal
PPP	Public Private Partnership
NPC	National Planning Commission
MoE	Ministry of Education
PDNA	Post Disaster Needs Assessment
WB	World Bank
ADB	Asian Development Bank
UNDP	United Nations Development Programme
JICA	Japan International Cooperation Agency
GDP	Gross Domestic Production
SWAp	Sector Wide Approach
MoLE	Ministry for Labour and Employment
MoAD	Ministry of Agricultural Development
MoI	Ministry of Industry
MoCTCA	Ministry of Culture, Tourism and Civil Aviation
TITI	Training Institute for Technical Instruction
LMIS	labour market information system
SEIS	Skills Development and Employment Project for the Informal Sector
HIIT	High Impact Tourism Training Programme
DFID	Department for International Development
NSTB	National Skill Testing Board
NVQA	National Vocational Qualifications Authority
KOICA	Korea International Cooperation Agency
SSRP	School Sector Reform Plan
HRM	human resources management
FIS	Financial Information System
ITMS	Integrated Training Management System
SC	Steering Committee

APPENDIX - INDICATIVE LOGFRAME MATRIX (FOR PROJECT MODALITY)

The activities, the expected outputs and all the indicators, targets and baselines included in the logframe matrix are indicative and may be updated during the implementation of the action without an amendment to the financing decision. The indicative logframe matrix will evolve during the lifetime of the action: new lines will be added for listing the activities as well as new columns for intermediary targets (milestones) when it is relevant and for reporting purpose on the achievement of results as measured by indicators. **TVET-PP will be information driven. A baseline study to be carried out at project's outset will define baselines and realistic targets. In addition, year-by-year targets for training participants, graduates, and subsequent employment will be presented by category and gender, subject and course duration in the first year's report (after completion of the baseline study) and reviewed and monitored thereafter¹¹.**

	Intervention logic	Indicators	Baselines (incl. reference year)	Targets (incl. reference year)	Sources and means of verification	Assumptions
Overall objective: Impact	To contribute to Nepal's inclusive and sustainable growth through investment in human capital and by creating better jobs opportunities, and through upgrading of skills also contributing towards a swift recovery and enhanced resilience.	% of TVET-PP graduates hired/ (self) employed after training in commercial farming, tourism and constructions, disaggregated by gender, geography and socio-economic group, by year 5	2014 employment data in: a) agriculture: approx. 70% of population (data by sub sectors are expected to be much lower but will be available only upon completion of EU-Nepal TVET sub-sector analysis); b) tourism: approx. 3.2%; c) constructions: approx. 10%.	% Increase in the employment rate in agriculture, tourism and constructions by year 5 and underemployment reduced.	GoN's documents and statistic; National employment statistics; World Bank analysis; labour force survey	Political stability; no major economic crisis or natural disasters.

¹¹ The TVET-sub sector analysis- specific contract n.2014/352-624- which will be carried out in Nepal from May to June 2015,

Specific objective(s):	To formulate and implement more effectively a TVET policy responsive to labour market needs and pilot an integrated Public Private Partnership Approach in three key economic sectors i) agriculture and food production, ii) constructions, iii) tourism	<p>% increase of people (disaggregated by gender, geography and socio-economic conditions) having access to TVET services in commercial farming and food production, tourism and constructions;</p> <p>80% of trainees successfully completing or graduating from TVET-PP programmes in agriculture, constructions and tourism, in a given year.</p>	<p>B1: Indicative estimation of training needs: 350.000 young people entering the job market per year; baselines disaggregated by trainings needs in targeted economic sectors will be available upon completion of EU-Nepal TVET sub-sector analysis);</p> <p>B2: Information on the financial contributions from private sector is not yet available in the absence of a consolidated FMIS. Currently, PS investments in short term training program seems to be very low and mostly based on DPs projects.</p>	<p>T1: Gap between TVET supply and demand reduced by 15% by year 5 of the project in agriculture sub-sectors, tourism and constructions sectors;</p> <p>T2: Increased private sector funding for the TVET sector by the end of the programme;</p>	TVET-PP's monitoring panel; GoN and CTEVT reports, statistical data.	<p>i) Implementation of TVET Policy remains a priority for the GoN;</p> <p>ii) All stakeholders remain committed to the project;</p> <p>iii) Political willingness to improve the system;</p> <p>iv) the Administration is aware of the needs and committed to change;</p>
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Outputs	<p>1. To scale-up the quality of the TVET provision and implementation and to ensure the reach out to the most disadvantaged.</p> <p>2. To test innovative Public-Private Partnership models to scale-up relevant TVET provision in Nepal.</p> <p>3. To enhance the coordination role of the GoN in the TVET system and improve the TVET governance;</p>	<p>R1: 1.1 CTEVT's HRD reinforced and FMIS and ITMS upgraded by year 4;</p> <p>1.2 development of approx. 40 new VT curricula (20 apprenticeship based curricula and 20 competency based) and revision of approx. 80 curricula by year 5.</p> <p>1.3 support in quality improvement the existing rural technical schools and polytechnics by year 5 (to be identified by CTEVT in the inception phase of the project).</p> <p>R2: n. of joint actions developed by public and private sector TVET service providers during the 5 years of the programme;</p> <p>R3: 3.1 at least 4 policy documents (including TVET financing, TVET-PP guidelines, TVET results framework) developed or updated (apprenticeship guidelines) by year 3;</p> <p>3.2 Pilot Skills Demand and Supply information tool established and effectively in use by year 3 for agriculture sub-sectors, tourism and constructions;</p>	<p>B1.1: CTEVT strategic plan 2014-2018. Currently there are 14% F, 86% M staff among 932 staff available in CTEVT.</p> <p>B1.2: Total existing curricula in Vocational Training : 172, TSLC: 67 and Diploma: 37</p> <p>B1.3: CTEVT operates through:</p> <p>14 owned technical schools/ polytechnic;</p> <p>2 rural training centres;</p> <p>5 technical schools in partnership;</p> <p>18 polytechnic under construction ;</p> <p>79 technical education in community schools.</p> <p>B2: Currently approx.5 TVET institutions run in partnership model</p> <p>B3: TVET policy adopted in 2012;</p>	<p>T1:CTEVT restructuring process completed by year 4 in line with the CTEVT strategic plan 2014-2018;</p> <p>T2: at least 6 additional Partnership models with business sector in selected economic sectors piloted and functioning by the 4th year;</p> <p>T3: institutional frameworks foreseen in the 2012 TVET policy in place and effectively implemented by year 4 of the project;</p>	<p>Quarterly and annual project reports and evaluations;</p> <p>Monitoring panel reports;</p> <p>ADB's reports on the roadmap process; minutes of coordination's meetings;</p> <p>CTEVT's report and progress against the CTEVT Strategic Plan (2014-2018);</p> <p>Monitoring and survey of training courses provided before, during and after project.</p> <p>Field visit of the grants;</p>	<p>R1: i) CTEVT support remains enthusiastic; ii) Availability of human resources within CTEVT; iii) No intra-ministerial disputes; iv) Training centres cooperate in the letter and spirit of the National TVET Policy</p> <p>R2: i) The employers are committed and available to take on more responsibilities; ii) Qualified applicants responding to the call for proposals; iii) Private sector organisations are responsive to the capacity building activities; iv) Interest of informal TVET providers to collaborate with CTEVT.</p> <p>R3: i) Commitment to TVET policy maintained; ii) Private sector cooperation forthcoming; iii) Ministries beyond MoE with training centres cooperate in the letter and spirit of the National TVET policy;</p>
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SUMMARY

Annual Action Programme 2015 in favour of Nepal to be financed from the general budget of the European Union

1. Identification

Budget heading	21.020200
Total cost	EUR 20 000 000 of EU contribution Direct grant beneficiary's contribution: EUR 611 111
Basic act	Regulation (EU) No 233/2014 OJ L77/44, 15.03.2014

2. Country background

Nepal emphasizes development of the Technical Vocational Education and Training (TVET) sector as one of the engines of economic growth and employment. It believes that a workforce trained with skills in line with the needs of the labour market is an asset for improved enterprise productivity, as well as providing employment opportunities for the jobless. Around 83% of the Nepalese population aged 15–59 are economically active and 4.2 million are under-employed. More than 450,000 people enter the Nepal job market yearly, while around 1,200 leave Nepal every day for (mostly unskilled) employment elsewhere – often in poor and dangerous conditions and with unreliable rewards. More than 70 per cent of the economically active population is involved in the informal economy and deficit in formal labour demand (insufficient job creation) is insufficient to absorb the still high level informality. The estimated per capita income is around US\$750, the lowest in South Asia, as is labour productivity, while income disparity is high. For poverty to be halved it is estimated that some 3 million jobs would need to be created.

On 25 April and 12 May 2015, two devastating earthquakes of 7.8 and 7.3 magnitude struck Nepal, followed by more than 300 aftershocks. The toll includes approximately 9000 fatalities, over 22,000 injured and 750,000 destroyed or damaged houses. Eight million of Nepal’s 28 million people are affected. The road to recovery is rooted in the Post Disaster Need Assessment (PDNA) which will guide the recovery action and the allocation of national resources as well as the international pledges. In the document lot of emphasis is put on the upgrading of skills and knowledge for swift recovery and enhanced resilience.

3. Summary of the Action Programme

Project background: the TVET system in Nepal faces constraints and weaknesses in key areas including capacity, relevance and quality, access and participation, and governance and management.

Governance and management: the TVET structure in Nepal is highly fragmented. The Ministry of Education has the overall responsibility in the TVET sub-sector and the Council for Technical Education and Vocational Training (CTEVT) has been mandated for all the regulatory and delivery functions. However, despite the authority given to CTEVT to

coordinate and facilitate the preparation of a skilled workforce in Nepal, several ministries and some private bodies implement skills training programmes and much of this, including curricula and occupational standards, is uncoordinated so that the overall TVET system is fragmented and dysfunctional.

Quality and relevance: the existing TVET system is supply driven. The majority of TVET curricula are not updated to address market demand, and learning materials including relevant textbooks are inadequate. The role of the private sector in developing curricula in order to prepare the workforce to meet their demands is seldom fulfilled, and a consolidated reliable database and labour market information is missing.

Access and Participation: due to limited access to TVET facilities, those below the poverty line and ultra-poor, school drop-outs, people with disabilities, Dalits, marginalised females and particularly people from remote areas still lack opportunities to obtain marketable skills for self/employment or starting enterprises. Capacity: CTEVT has a capacity to enrol 14,286 students in Technical School Leaving Certificate (TSLC) programmes and 13,264 in Diploma programmes, while short term vocational skills training and longer duration TVET programmes together have a combined capacity of less than 100 000. As more than 450,000 young people enter the labour market every year, the opportunities offered by the TVET system are much fewer than required.

Cooperation related policy of beneficiary country: Nepal's national plans and policies recognise the importance of the TVET sector for economic growth. The 2012 TVET policy puts inclusion, relevance and expansion at the heart of making the TVET system accessible and market-oriented, in line with contemporary international practice.

Coherence with the programming documents: The proposed action- EU-Nepal Practical Partnership for Technical Vocational Education and Training reform (TVET-PP) is in line with the specific objective n. 6 of the MIP for Nepal 2014-2020: "Strengthening the Vocational Training System" under the education focal area

Identified action

The overall objective of the action "**EU-Nepal Practical Partnership for Technical Vocational Education and Training reform (TVET- PP)**" is to contribute to Nepal's inclusive and sustainable growth through investment in human capital and by creating better employment opportunities. The specific objective is to strengthen and implement more effectively a TVET policy responsive to labour market needs and pilot integrated Public Partnership Approach in three key economic sectors i) agriculture (commercial farming and food production), ii) construction, iii) tourism, that offer opportunities for promoting the translation to a greener, climate-resilient, low-emission economy.

Expected Results

The expected results are as follows:

1. Role of the Government of Nepal (GoN) in the TVET system enhanced and TVET governance improved;
2. Quality of the TVET provision and implementation scaled-up and reach out to the most disadvantaged ensured;
3. Innovative Public-Private Partnership models piloted to enhance the relevance, quality and sustainability of TVET provision in Nepal.

The following cross-cutting issues are mainstreamed in the TVET-PP strategy:

(a) **Social inclusion and equality of opportunity.**

The programme will ensure that TVET provides opportunities for disadvantaged groups to fulfil their potential by among others, developing participatory TVET learning for less/uneducated disadvantaged people and expanding the TVET offer in rural and remote areas.

(b) **Gender equality** will be an explicit TVET-PP strategy, from the numbers participating in training activities through to issues of curriculum and learning materials, occupational stereotyping and responsiveness to cultural prohibitions.

(c) The intervention aims also to improve mechanisms for **social dialogue**, particularly between employers and their associations, the TVET system (including CTEVT and TVET providers) and local community and worker representative groups.

(d) The improvement of relevance and quality of TVET in Nepal will aim at integrating best **environmental practices** and supporting sustainable national economic development. In particular, the provision of skills for sustainable development in reformed (competence-based) curricula will contribute to equipping the country in the transition to climate resilience, low carbon economy and include climate change adaption measures that contribute to disaster risk reduction.

Past EU assistance and lessons learnt: This is the first EU programme in support of the TVET sector in the framework of bilateral cooperation with Nepal, although there has been earlier support at a project level through thematic instruments mainly targeting skills development and VET in the informal sector. A general conclusion from these successful interventions (such as the "Skills Development and Employment Project for the Informal Sector (SEIS)" implemented by Helvetas and the "High Impact Tourism Training Programme (HITT)" implemented by SNV) is that the link between relevant skills development and concrete job opportunities in Nepal needs to be strengthened with the active participation of private sector. An effective competency-based monitoring system needs also to be in place for high level quality trainings.

Complementary actions/donor coordination: Given the increased recognition of the TVET sector as one of the engines of inclusive and sustainable economic growth and social development in Nepal, several initiatives have been launched by various actors in support of the sector. The proposed programme aims to coordinate with all key actors to efficiently link together and "top-up" as necessary for complementarity in actions, thereby addressing TVET challenges with a synergistic approach while avoiding overlap and duplication of efforts in support of the GoN.

The following describes the main ongoing and planned TVET initiatives in Nepal.

The **Skills Development Project** funded by the ADB (2013-2018; USD 20 million) aims to support the government in implementing key aspects of the TVET Policy 2012. The **Enhanced Vocational Education and Training Programme** of the World Bank (2011-2015; US\$ 50 million) aims to expand the supply of skilled and employable labour force by: (1) increasing access to quality TVET programmes; and (2) strengthening the TVET system in Nepal. The **Employment fund** (2011-2015; USD 7.9 million), supported by the Swiss Agency for Development and Cooperation (SDC), Department for International Development (DFID) and the World Bank enables short term trainings and micro enterprise development for economically poor and socially discriminated youths.

The **Support to the National qualification System in Nepal** (2015-2020; CHF 4 million) is a new Swiss Development Cooperation (SDC) project which aims at strengthening the capacity of the National Skill Testing Board (NSTB) in regards to its performance and for its gradual transformation in National Vocational Qualifications Authority (NVQA) in future. SDC is also designing a new 10-year intervention to minimize the gap between supply and demand of TVET skills for an amount of CHF 25 million. **Korea International Cooperation Agency** (KOICA) is formulating a new project in support of the Training Institute for technical Instruction (USD 5 million).

The donor coordination for TVET in Nepal takes place in the TVET donor group currently chaired by SDC. In addition, a thematic working group on vocational training and soft skills under School Sector Reform Plan (SSRP) is in place. Despite quite regular TVET donor group meetings, the coordination in the sector remains rather weak. The present action aims to contribute to the needed better coordination under the leadership of the GoN in accordance with the Aid Effectiveness Agenda.

4. Communication and visibility

Communication and visibility of the EU is a legal obligation for all external actions funded by the EU. The Communication and Visibility Manual for European Union External Action shall be used to establish the Communication and Visibility Plan of the Action and the appropriate contractual obligations.

A full communications and visibility strategy will be developed by the implementing partners during the inception phase of the project. Communication and visibility actions are built into the design of the project and underpin capacity building, awareness raising, lesson learning, replication and multiplication of activities. At the local level, visibility will be ensured through training events and workshops, a launch event, project videos, especially short videos that can easily be shared on social media, media coverage and through project specific information and communication materials (including banners and posters) distributed to SMEs, government and other stakeholders.

5. Cost and financing

Action "EU- Nepal Practical Partnership for Technical Vocational Education and Training reform (TVET-PP)"	EU contribution	Indicative third party contribution
Direct grant to CTEVT	5 500 000	611 111
Delegation Agreement with the British Council - indirect management	14 100 000	N.A.
Evaluation, Audit	150 000	N.A.
Communication and visibility	150 000	N.A.
Contingencies	100 000	N.A.
Totals	20 000 000	611 111

The Committee is invited to give its opinion on the attached Annual Action Programme 2015 in favour of Nepal.