Engaging the Private Sector in Skills Development

This guidance note provides information on how the private sector can become involved in skills development; it identifies the contribution the private sector can make to increase both the quality and quantity of provision, complementing as well as challenging state provision. The note outlines the benefits of engaging the private sector and how that can complement the role of the public sector. A variety of possible interventions are described drawing on new developments in the field of technical and vocational education (TVET) or ‘skills development’, as well as the outcomes of current or recent reform initiatives or research in developing countries. These outcomes and the resulting recommendations will not all be relevant all of the time. Decisions on what advice to follow must take into account the stage of development of a country’s economy and the current governance and operational contexts. For example, reforms which are appropriate for a low-income country experiencing economic growth may not be appropriate for a country with similar income levels but which has a stagnant economy.

The guidance note is particularly focused on the engagement of the private sector in the development and delivery of a skills strategy, including training provision. For the purposes of this note, the private sector includes industry and employers1, as well as non-government training providers, which may include for-profit organisations, employers and NGOs. In general, for-profit organisations and NGOs are involved in training delivery, while employers can deliver training as well as influence national, local and institutional strategy in partnership with government stakeholders.

The note is in five sections:

1. Summary.
2. Background Information: an exploration of the value of investing in skills development and the weaknesses to be overcome by doing so.
3. Private Sector Involvement in Recent Global Initiatives: an assessment of recent major shifts in approach to skills development globally and the relevance of these to developing countries.
4. Potential Actions: a set of scenarios showing various interventions, taking account of the governance and social environments.
5. References.

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1 In most countries the state is a major employer, especially so in developing countries e.g. roads, transport, utilities. Therefore the skill needs of nationalised industries also need to be taken into account.
SECTION ONE: SUMMARY

1. Overview

Drawing on a number of recent source documents, the guidance note concludes that:

- there are key roles for the private sector to play but its involvement is not a simple solution which can quickly reform a failing state system;
- for sustainable results there needs to be a comprehensive skills development system in which both the state and the private sector participate as partners;
- the respective roles of the state and the private sector must be clearly determined according to the stage of development of a country;
- increasingly, public and private training providers share characteristics, which has implications for state funding (ref. sub-section 10);
- prospective students and their families lack the information required to be able to distinguish between high-quality and low-quality training providers;
- private training providers can be more successful with workers in the informal labour market, being perceived as more accessible by them (ref. sub-section 10, Jua Kali experience);
- low-income countries need to prioritise institutional capability initially and plan to work towards more complex governance for skills development only in the longer term;
- different approaches to skills development have been and are being tried in countries with contrasting development and governance characteristics. The results must be interpreted taking those different contexts into account.
- equally, the optimum level of skills training (what constitutes 'workforce readiness') will also vary by context.
- disadvantaged groups – such as women in some contexts, or the very poor – may require specific, targeted support.

The following table provides a quick guide to what may be possible in low-income countries with different economic contexts.

<table>
<thead>
<tr>
<th>Activities</th>
<th>Low-income countries with strong economic growth in transition to being driven by innovation or investment</th>
<th>Agrarian, low-income countries with low cost manufacturing and little or no growth</th>
</tr>
</thead>
<tbody>
<tr>
<td>Develop a labour market information system</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>Undertake analysis of the labour market to assess demands and identify supply bottlenecks</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>Revise vocational training policy to address specific weaknesses</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>Reform institutions using competence-based education and training methodology</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>Introduce short-term training schemes for unemployed youth</td>
<td>✓</td>
<td>x</td>
</tr>
<tr>
<td>Develop provision specifically targeting women</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>Trial sector bodies in two or three industries where there is strong economic growth or demand overseas for migrant workers</td>
<td>✓</td>
<td>x</td>
</tr>
<tr>
<td>Develop a national qualifications framework</td>
<td>x</td>
<td>x</td>
</tr>
<tr>
<td>Ensure that reforms will not undermine the development of an NQF in the future</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>Open up a training market through competitive contracting by government of both private and public training bodies and NGOs</td>
<td>✓</td>
<td>x</td>
</tr>
<tr>
<td>Gather, and disseminate to the public, information on the performance of public and private training institutions</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>Expand capacity of private training provision beyond that which the market can support post-project</td>
<td>x</td>
<td>x</td>
</tr>
<tr>
<td>Develop resource-intensive accreditation and quality assurance systems</td>
<td>x</td>
<td>x</td>
</tr>
<tr>
<td>Develop training demand among informal micro and small enterprises</td>
<td>✓</td>
<td>✓</td>
</tr>
</tbody>
</table>
Indicators used to measure the success of such interventions will depend on the kind of reform which has taken place. Within any project, key performance indicators need to be decided on, to be used to measure project and impact. Where long-term sustainability is an important issue, such evaluation needs to be carried out after a period of time has elapsed. The table below shows commonly-used indicators for different types of project.

<table>
<thead>
<tr>
<th>Type of project</th>
<th>Indicators</th>
<th>Sources of evidence</th>
</tr>
</thead>
</table>
| Systemic reform | • Tripartite partnership exists involving government, employer and employee representatives during and beyond life of project. | • Policy and strategy documents endorsed by all three bodies.  
• Each partner has a clear and active role in skills development implementation. |
|                 | • Increased percentage of population enrolled in formal skills development programmes. | • Data provided by public and private providers to regional and central bodies. |
|                 | • Disadvantaged groups represented within enrolment data in line with their presence in the population at large. | • Data provided by public and private providers to regional and central bodies. |
|                 | • Labour market data used in policy-making decisions. | • Labour market information system regularly produces up-to-date data for educational planners. |
|                 | • TVET qualifications in demand by employers and students. | • Employers pay a premium to attract skilled workers.  
• Levels of unemployment are lower amongst skilled workers than unskilled.  
• Training providers are operating at full capacity. |
|                 | • Numbers of skilled workers are commensurate with demand. | • Low levels of hard-to-fill vacancies and skill shortages notified to LMIS body. |
|                 | • Skilled graduates find relevant work within six months. | • Results of tracer studies conducted by skills training providers. |
| Institutional reform | • Industry involvement in governance of training institutions. | • Employer representation on college boards.  
• Public-private partnerships in the delivery and quality assurance of training.  
• Employers actively involved in programme design. |
|                 | • Teachers and trainers are familiar with industry standards. | • In-service training programmes for teachers with industry involvement. |
|                 | • Skilled graduates find relevant work within six months. | • Results of tracer studies conducted by institutions. |
|                 | • Employers and students value skills training provision. | • High levels of employer demand for graduates.  
• Demand for up-skilling courses from workers and employers.  
• Low drop-out rates. |
| Immediate impact | • Numbers of target populations are in skilled employment or self-employment.  
• Wages have increased significantly. | • Data from training providers’ tracer studies. |

In the Ausaid project ‘TVET Reform in Chongqing’ the key performance indicators used to measure project progress and impact were:

- impact of new curriculum;
- impact of new teaching and assessment methodology;
- quality of VET teachers;
- relationship between industry and VET;
- quality of graduate outcomes;
- recognition and impact of municipal and national VET reform;
- impact of strategic and operational planning;
- project management performance.

As an aid to monitoring and evaluation, the UNESCO Institute for Statistics (UIS), in collaboration with the European Training Foundation (ETF), is working on improving international data on TVET including common indicators and methodology. This effort is just one element of the work of an inter-agency group constituted in 2008 by UNESCO to assist in the implementation of its TVET Reform Strategy and comprising: UNESCO, ILO, ETF, OECD, EC, ADB and World Bank.

Comyn and Barnaart (2010)
SECTION TWO: BACKGROUND INFORMATION

2. What is meant by skills development?

The term ‘skills development’ is increasingly being used and is gradually replacing ‘technical and vocational education and training’ (TVET). ‘Skills development’ indicates a shift in emphasis away from supply-led systems which dictate the mode of learning and the pathways to be followed. Instead, it places emphasis on the acquisition of skills in demand in the workplace, be these generic or technically specific, regardless of where, when or how they are acquired. This change of emphasis alters the relationship between training provision and the labour market, allowing for a greater range of types of learning environment, flexibility of content and engagement by stakeholders. ‘Skills development’ covers a very wide range of subject matter, ability level and age groups. Its defining feature is that it serves industry, focusing on enabling people of working age to acquire skills which are needed by businesses currently and in the future.

The World Bank (2010) STEP framework Skills Towards Employment and Productivity is a helpful model. It shows how a sequenced combination of education, training and labour market activities can contribute towards increased productivity and economic growth. The foundation of the model is good quality basic education (including generic employability skills such as literacy, numeracy and communications), which is then followed by job-relevant skills, encouragement of entrepreneurship and innovation, and facilitation of labour mobility and job-matching. It also promotes the concept of Lifelong Learning, with skills continuing to be acquired throughout a person’s lifetime.

3. Why invest in skills development?

Whilst skills development systems and initiatives vary from country to country, all have the same goal: to produce well-trained workers who enter (self-) employment relevant to their training within a few months of graduation. It is expected that their salaries will be higher than those of unskilled workers, that they will fill posts critical to the economic success of businesses, and that the number of hard-to-fill vacancies and areas of skills shortage will be diminished. This in turn would lead to increased productivity and direct foreign investment, thereby enabling the economy to grow. Labour market pressures may be felt particularly acutely by export-oriented economies. Fulfilment of these outcomes represents a major contribution to wealth creation for:

- individuals and families, in the form of higher income;
- enterprises, through access to the skilled labour they need to compete, grow and introduce new technology;
- local and national economies, through successful businesses competing in regional and global markets.

In most countries the state alone cannot provide sufficient access to high-quality training. Private provision, by employers and private training organisations, often fills the gap.

To be successful depends on a variety of factors including cost, responsiveness to industry needs, quality and student services such as job placement. This is explored in sub-section 10.

Pressure for new approaches to skills development is further increased by the changing nature of jobs - ‘jobs have become progressively more skill-intensive. Each year, more skilled workers are required relative to unskilled workers. Lack of appropriate skills therefore often explains why a significant proportion of the labour force remains unemployed’. EU’s Country Strategy Paper and Indicative Programme 2002-2007 for Botswana. In many countries without an effective skills development strategy, hard-to-fill job vacancies and skill shortages exist alongside high levels of unemployment.

The UK Commission for Employment and Skills Report 22 The Value of Skills: an Evidence Review shows that the priority for investment must be ‘economically valuable skills’, as prosperity depends on employment and productivity, and skills are an essential part of achieving higher levels of both.

The use of skills development as a tool for economic growth for developing countries is illustrated in the World Bank’s Social Protection Paper No.0931 The Korean Case Study: Past Experience and New Trends in Training Policies (2009) which provides lessons learned for developing countries wishing to emulate the success of Korea:

- governments should respond to the market demand for skills; government interventions in the training market will not generate demand for labour or create jobs.
- the respective roles of government and the private sector must be determined according to the development stage of a country. Planning, financing and regulation are best undertaken by government while the private sector takes gradually increasing responsibility for provision and delivery of training services.
- investment is required both in formal, pre-employment training and non-formal, targeted, vocational training programmes.
- training provision must be adjusted regularly to meet new industrial needs. In Korea, public training institutes managed training for commonly-demanded occupations and enterprise-based institutes were encouraged to manage training for specific occupations or those requiring expensive facilities.
- financing mechanisms to support skills development must be aligned with a country’s stage of economic development and may therefore change over time.
- a national qualifications system and vocational training policy are indispensable.
- at a certain level of development, a decentralised, independent vocational training management organisation should be established to enable increased flexibility in the creation and operation of training programmes.
- labour market surveys and training programme evaluations are increasingly important as the demand and supply of skilled labour is extremely sensitive to IT development, globalisation, and the development of knowledge-based economies. Changes in the labour market need to be monitored and analysed frequently and systematically and the impact of training programmes evaluated rigorously.
The above findings are specific to the South Korean context and are not entirely compatible with other research. However, given South Korea’s success as a tiger economy, its skills development strategy should not be overlooked by countries with a similar context. These findings contributed to the World Bank and the Ministry of Labour of Korea’s project on Skills Development Strategies: Lessons from the Korean Experience and Global Trends which concluded, more generally, that to ensure a successful and comprehensive skills development strategy there needs to be a focus on:

- pre-employment skills development to prepare future workers;
- in-service training to upgrade the workforce’s skills;
- active labour market training programmes to re-integrate the unemployed and disadvantaged back into the workforce.

These lessons from Korea point the way towards the creation of a skills development system which will not only address current problems of unemployment, skills shortages etc., but which will form the architecture of a long-term sustainable system which includes the private sector and is able to adapt to future changes in a country’s labour market and economic circumstances.

4. Would greater involvement by the private sector make a difference?

Many countries depend largely on state provision for skills development, although it is rare for the state alone to be able to offer the quality, quantity and range of training needed. In addition, state provision often suffers from weaknesses:

<table>
<thead>
<tr>
<th>Commonly encountered weaknesses in skills development systems</th>
</tr>
</thead>
<tbody>
<tr>
<td>Many countries share a number of systemic weaknesses in their skills development systems. An assessment of the efficiency of a country’s system can be made by noting their existence:</td>
</tr>
<tr>
<td>• there may be a lack of up-to-date, reliable labour market data on which to base decisions on current and future skills needs and strategies for meeting these;</td>
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<tr>
<td>• a fragmentation of responsibility for skills development between Ministries or agencies leading to a lack of strategic leadership and the inability to implement reforms, rather than responsibility for strategy clearly allocated to a single agency or Ministry with a duty to liaise with all stakeholders;</td>
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<tr>
<td>• a highly centralised day-to-day management of TVET schools and colleges, resulting in low levels of devolved authority to training providers and rigid systems which prevent responsiveness to local labour markets;</td>
</tr>
<tr>
<td>• a lack of investment in infrastructure and staff;</td>
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<tr>
<td>• a low utilisation rate of technical schools, missing opportunities for offering alternative modes of learning for non-traditional students;</td>
</tr>
<tr>
<td>• a lack of coherence across general, technical and tertiary education with no progression pathways between them;</td>
</tr>
<tr>
<td>• out-of-date curricula, highly theoretical and developed without consultation with industry;</td>
</tr>
<tr>
<td>• no facility for employers or their representatives to articulate their skill needs or to influence quality (either at national or local levels);</td>
</tr>
<tr>
<td>• a lack of recognition of technical qualifications by employers and recruitment agencies, indicating their low value as a currency in the job market;</td>
</tr>
<tr>
<td>• low levels of employment amongst TVET graduates with little wage differential between them and unskilled workers or high school graduates;</td>
</tr>
<tr>
<td>• restrictive academic barriers for students wishing to access technical education;</td>
</tr>
<tr>
<td>• an imbalance between numbers of male and female students, indicating cultural or social barriers to access;</td>
</tr>
<tr>
<td>• a lack of provision for adult learners, or provision which is separate and inferior to that for school-leavers.</td>
</tr>
</tbody>
</table>

Where these weaknesses exist, learners will often turn to private training providers in order to find the quality and range of skills training which they are seeking. In some countries, such as Botswana where the quality of training provision is monitored, this can be beneficial and can complement what is provided by the state. In other countries, e.g. Lesotho, it can lead to a mushrooming of low-quality for-profit training providers. Atchoarena and Esquieu (2002). The same report also found that “There is no evidence that the performance of private providers is on average better than that of public institutions. Quality varies greatly from one institution to another and it is likely that variations in standards are much wider within the private sector than for public institutions which are all subject to the same rules.” This implies that good private training providers exist but that they may do so alongside poor ones, with the resulting danger that the student may not have the means to differentiate between them.
If state provision is perceived as being inadequate, employers may also attempt to fill the gap by providing training in-house. While this can be very beneficial to those who receive it, being closely aligned to industry needs, it is generally limited to new and existing employees, can be narrowly focused on a company’s immediate needs and may lack formal recognition in the form of qualifications. Training will always be subsidiary to an enterprise’s main business, can be expensive and, as a result, employers can be reluctant to invest in it directly.

Private sector involvement, whether at the strategic level or at the level of training delivery, can greatly enhance what is offered by the state, but this needs to be done in partnership with the state, with clearly delineated responsibilities which recognise each other’s strengths, rather than state and private provision working independently of each other.

SECTION THREE: PRIVATE SECTOR INVOLVEMENT IN RECENT GLOBAL INITIATIVES

5. The rise in popularity of competence-based, training programmes

Since the 1980s, in developed countries, skills development strategies have increasingly focused on competence-based (alternatively called outcomes-based), training programmes. This has had a number of consequences including:

- a much greater focus on the need to provide learners with the skills required in the workplace;
- a recognition that being effective in the workplace requires a broader range of skills than only theoretical knowledge or technical ability;
- the need for a greater understanding of the skill needs of employers in the preparation of training programmes;
- modularisation of the curriculum.

For a more detailed explanation of the difference between conventional TVET and CBT, see Yamada and Matsuda (2007), page 65, Japan International Co-operation Agency (JICA).

In more recent years, donors have adopted competence-based methodologies in the design of TVET projects. These are prevalent throughout North Africa, sub-Saharan Africa and Asia. Many lack accessible, independent evaluation of their impact and sustainability, making it a potential field for impact evaluation as part of wider research into skill development generally. However, the Asian Development Bank reported in 2008 on an independent evaluation of its Skills Development Project in Sri Lanka. This project ‘aimed to restructure and reorient the vocational training system through introduction of competency-based training (CBT) to ensure a closer partnership between vocational training institutions and the private sector.’ The project is rated as successful, relevant, efficient, effective and likely to be sustainable.

Positive impacts resulting from the ADB Skills Development Project in Sri Lanka included:

i. bringing together the Ministry and training providers to agree on a common national framework for evaluating and assessing craft, trade, vocational and technical competences;
ii. developing standards of occupational competency with the full participation of leading practitioners in commerce and industry for 45 occupations;
iii. staff development resulting in a critical mass of instructors and administrators knowledgeable in CBT methodology and supportive in its continued use;
iv. convergence of standards, curricula, trained teachers and instructional materials and the resulting significant impact on programme completion rates. Introduction of CBT methodology raised the completion rate from 50% to 90%.
v. self-employment and entrepreneurship training for approx. 5,000 trainees, mandatory for 836 trainees who obtained loans under the self-employment promotion initiative (of which 30% were female).
vi. IT training for almost 3,000 rural youth.


As a counterbalance to these generally positive results, it should be remembered that industry, i.e. employers, are not always able to articulate their skill needs either for the present or the future and can be reluctant to give time towards development of qualifications and strengthening of a skills development system. Despite this difficulty, CBT continues to be a favoured approach amongst donors such as the World Bank in its forthcoming project ‘Liaoning and Shandong Technical and Vocational Education and Training Project’, for which the loan was signed in June 2010.

Other elements are also important:

Qualifications will be more likely to be of appropriate quality if:

- the needs and conditions of specific sectors and industries are considered;
- funding for education and training is ensured;
- education and training institutions are built and sustained over time and not just forced into short-term responsiveness;
- broader conditions in labour markets are addressed;
- there are strong professional bodies, strong labour market research and strong trade unions.


6. Are national qualification frameworks the answer?

Differing views exist between agencies on the development of a NQF. Much of that difference centres on a country’s readiness to introduce a sophisticated mechanism whose implementation relies on other parts of the education and labour market infrastructure operating efficiently as well as adequate and reliable resources being allocated to its management. Hence, systems in low-income countries may not be sufficiently developed to be able to benefit from a NQF.

A national qualifications framework is a way of ordering a country’s (often diverse) range of qualifications so that the relative worth of each is understood by students and prospective employers, and students can navigate along clear pathways as they progress in their careers. A framework is a tool for encouraging lifelong learning.

The concept of national qualifications frameworks has been adopted and promoted strongly by the European Commission for its member states. As many as 100 countries throughout the world have now developed, or are in the process of developing, one. In almost all cases they build on, or go hand-in-hand with, the implementation of competence-based qualifications. The role of industry is therefore expected to be very strong as it is engaged not only in designing and implementing training programmes but also in deciding on the structure within which these qualifications will sit and their inter-relationship.

As the value of having frameworks has been accepted in developed countries, interest has grown in a number of developing countries, often with the encouragement of donors. However ILO (2010) The Implementation and Impact of NQFs raises a number of issues following the research it conducted in 16 countries, including Botswana, Sri Lanka and Bangladesh:

- NQFs in many cases (particularly where there is a strong competency-based focus) are claimed to be industry-led policies. However, industry appears reluctant to lead and, where it does participate, it is often not at the desired level (e.g. human resources personnel rather than technical experts) and, in many instances, the process of developing the standards is sub-contracted out to consultants.
- the research found little evidence that NQFs have substantially improved relationships between education and training systems and labour markets.
- what is key, in particular for developing countries, is the need for serious consideration of policy priorities as well as the sequencing of policies.
- countries which have been most successful have been those which have treated the development of frameworks as complementary to improving institutional capability rather than as a substitute for it or as a way of re-shaping institutions and have seen outcomes of qualifications and programmes leading to them as intimately related rather than separable.

The amount of time and resources required to design, develop, implement and maintain an NQF should not be underestimated. Developed countries with the capacity and the political will to support such a development will find it a challenge. The Scottish Credit and Qualifications Framework, for example, evolved gradually over two decades. Low-income developing countries may aspire to an NQF at a later stage in their development but choose for the present to make improvements to their skills development system in ways which will not conflict with that aspiration for the future. Governments therefore need to be able to plan for the long-term but be realistic about what may be possible in the short-medium term.
Internal reform of a country’s skills development system is not the only reason why many developing countries are now interested in developing an NQF. ILO (2010) reports facilitating mobility of workers as a motivation for some governments to develop an NQF with links to regional qualification frameworks. However, the latter are at too early a stage of development to know whether that aim will be achieved. For those countries which send large numbers of workers overseas, particularly to developed countries, and rely heavily on remittances, having qualifications recognised could reduce the wastage of skilled migrants working in unskilled jobs. However there are inherent dangers of driving an NQF development with this motive, as the need for recognition of equivalence is more likely to dominate design, rather than the need for skills development in-country.

Regional qualifications frameworks are now planned in parts of Asia and in southern Africa: the proposed Southern African Development Community Qualifications Framework (SADQF) whose vision is ‘A regional qualifications framework that is a driving force for regional integration, quality assurance and global competitiveness of education and training systems in SADC Member States’. SADC 2005 Towards a Southern African Development Community Qualifications Framework: Concept Paper and Implementation Plan. At a meeting of SADC Ministers for Education in March 2010 the development of a regional qualifications framework was approved and a progress report requested for the 2011 meeting.

An alternative approach is being trialled in the Mediterranean region where a six-year EU-funded project was launched in June 2010 to develop trans-national qualifications in sectors which are seen as priorities for the region and which will be recognised in both the three participating European countries and the three participating N. African countries.

Although not yet aspiring to a regional qualifications framework, the 16 countries of the Economic Community of West African States (ECOWAS) held an inaugural meeting in April 2010 with the aim of setting up an inter-agency task team for the revitalisation of TVET. This is in addition to the African Union’s Strategy to Revitalise TVET in Africa (2007).

7. Bringing employers, workers and government together

As a means of moving towards sustainable, demand-led skills development and engaging the involvement of all stakeholders, many countries have chosen to create ‘sector bodies’.

The term “sector body” refers to an organisation whose remit is to promote skills development in a specific economic sector, and to ensure that training in that sector meets the needs of employers as well as any government objectives.

City & Guilds Centre for Skills Development, (c.2009), Briefing Note: Sectoral Approaches to Skills

In the UK, where Sector Skills Councils operate under government licence, it is considered that “Sector Skills Councils are the principal mechanism by which employers can exert influence over the UK’s education, skills and training systems. As such it is vitally important that they operate effectively … The renewal of licences gives confidence that each of these SSCs is truly backed by its industry, has the support of employers and is properly equipped to identify the skills needs of its sector.” Charlie Mayfield, chair of the UKCES relicensing panel and chairman of the John Lewis Partnership.

Sector Skills Councils are responsible for developing the industry-led qualifications which make up the Qualifications and Credit Framework in England and the Scottish Credit and Qualifications Framework.

In order to implement its skills strategies, the Government of South Africa requires employers to invest in training and development via a statutory levy (1% of the wage bill). This money is used in part to fund South Africa’s Sector Education and Training Authorities. In most countries sector bodies are heavily subsidised by public funding which may be important not just in order that they can operate effectively but also to encourage broad representation and participation by employers at the outset.

The Australia-China (Chongqing) Vocational Education and Training Project (2002-7) established five industry co-ordination committees at municipality level. Their task was to encourage industry to make significant inputs into TVET training standards, curriculum and delivery. These had limited impact in a country where industry is not yet acknowledged as a partner in TVET (Comyn and Barnaart, 2010).

Attempts are also being made in the ILO/EC TVET Reform project in Bangladesh to establish sector bodies in selected industries. Lack of engagement by employers has been encountered in some industries and the sustainability of these bodies after the life of the project is questionable.
How to make an effective sector body system:

- enable employers to play the key role in identifying skill requirements and designing the competencies required.
- secure the consent of employees – unions, professional organisations or employee representatives should be involved.
- maximise the use of financial incentives.
- use government funding of sector bodies to ensure they take into account longer-term government objectives.
- ensure at least some of the funds for public training provision are directed through employer-led sector bodies.
- acknowledge and manage the tensions between central and regional government structures.
- ensure that the component parts of the system are aligned to the same objectives and that employers are driving it.
- be selective about the use of sector bodies (Singapore, for example, has chosen to focus on sectors oriented to international markets).
- ensure that sector bodies continue to represent real divisions in the economy.
- ensure clarity in the functions of sector bodies.
- ensure complementarity of research and labour market information between the centre and individual sectors.
- ensure effective performance monitoring.

City & Guilds Centre for Skills Development, (c.2009), Briefing Note: Sectoral Approaches to Skills

It is unlikely that low-income countries will have the infrastructure required to put in place and then support effectively functioning sector bodies. At best, trialling in one or two of the strongest sectors, of most importance to a country’s economy, could be achieved. Without sector bodies, the implementation of a demand-led national qualifications framework and its component competence-based qualifications will be made more difficult as employer needs may not be so clearly and regularly articulated.

8. What role does skills development have in the mobility of labour?

Global movement of labour is on the increase, with workers moving from countries with an excess of labour and insufficient jobs (e.g. many countries in North Africa, sub-Saharan Africa and Asia) to countries where low birth rates have created a shortage of people of working age. In the past the migration of skilled labour from developing to developed countries was always seen in a negative light and described as ‘brain drain’. It is now recognised that there can be benefits to migrants’ countries of origin in the form of remittances and enhanced skills of returning migrants. (Sabadie et al, 2010). As a result, many countries, such as the Philippines, have a positive migration policy. However these benefits are severely undermined if the skills of migrants are not utilised while they are abroad because of a lack of qualifications, or a lack of recognition of their qualifications. For those developing countries which rely heavily on remittances of migrant workers (in the case of Bangladesh $10bn annually, equal to 10-12% of GDP) much is to be gained if their migrant workers can command higher wages through being skilled, thereby increasing the likely level of remittances to their home country.

This is recognised by the International Office of Migration and by the World Bank and ETF (European Training Foundation). The latters’ joint publication on Migration and Skills by Sabadie et al (2010) concludes that there is a significant mismatch between the skills migrants possess and the jobs they end up doing while abroad, especially in the case of people who migrate to the EU. Therefore for those developing countries for which migrant remittances are important, any skills development strategy should take into account the need for certification recognised by their most dominant host countries.

Recognition of skills is also important for mobility in the internal labour market, particularly in situations where:

- there is a large informal market in which workers acquire skills but have no formal evidence of them;
- there are regional variations in the training market;
- private training providers are delivering their own qualifications which are not comparable with state ones.

To address these obstacles, policy makers should advocate nationally-recognised qualifications; discourage proliferation of different types of certification; negotiate recognition with their major host countries of migrant labour; facilitate the smooth return of home-coming migrant workers to maximise their potential for entrepreneurship and skills transfer.

SECTION FOUR: POTENTIAL ACTIONS

9. Systemic reform for long-term results

We know from the weaknesses outlined in sub-section 4, that many developing countries struggle to maintain robust skills development systems, and so, despite a large and growing working-age population, skills shortages and high unemployment result. Economic growth is hindered and employers experience hard-to-fill vacancies for skilled posts. Intervention at this level requires working on policy reform and skills development strategies.
Whether or not methodologies such as an NQF, competence-based programmes or sector bodies are part of that reform, depends on an appropriate environment being in place:

**Critical**
- clear, focused, leadership of the reform process from the national government;
- government recognition of the role of skilled labour in economic growth;
- willingness by government to commit adequate human resources to the reform process and to staff any new bodies which are established;
- sustainability strategy post-reform;
- compatibility between donor agencies.

Without the above the likelihood of successful, sustainable reform is considerably reduced.

**Desirable**
- the existence of employer and employee representative bodies;
- a facility for generating labour market information, however weak, which can be developed.

The current TVET Reform Project in Bangladesh, funded by EC and implemented by ILO, is an example of systemic reform in which all of the recent global initiatives are being incorporated: an NQF is being developed, composed of competence-based qualifications and with the support of sector bodies. Whilst making progress in trialling a number of new programmes, the project has experienced some of the obstacles already mentioned – lack of engagement by employers in some sectors, policy documents largely the work of consultants, slow legislative process delaying implementation; no sustainability strategy post-project other than reliance on other donor activity.

In a systemic reform project the role of industry should include:
- contributing towards policy development;
- co-operating with the gathering and analysis of labour market data;
- articulating future trends indicated by market demand and new technology;
- mobilising support at a local level;
- disseminating information on the new system and qualifications among employers;
- publicly endorsing the reform process.

In the development of policy, special attention needs to be paid to ensure:
- that regulatory and legislative obstacles are not included which would limit access by all who could benefit from skills training: school-leavers, unemployed youth and adults, women, the disabled, primary school discontinuers, workers from the informal market; for example by imposing unnecessary conditions on entry.

- the possibility of skills training, leading to recognised qualifications, being delivered by bodies other than public VET schools or training institutions e.g. in-company, for-profit institutions, NGOs, industry associations; thereby ensuring that learners are not disadvantaged by stepping out of state provision.
- there will be no discrimination against mode of skills acquisition, be it full-time, part-time, distance-learning, evening classes, on-the-job or a blend of any of these. The important thing is that learners can demonstrate that they have the skills, regardless of where or how they were acquired.

A word of warning when developing skills development strategies:

“……setting up a viable accreditation system is a costly endeavour, and is based on the assumption that bureaucracies which are putatively incompetent at delivering good training are likely to be good or at least better at contracting it out and managing quality, or, that new institutions created for this purpose will be able to do so with no track record or institutional history. Conducting meaningful institutional quality assurance is very costly and time-consuming, and demands high levels of professional capacity amongst staff. In the context of TVET systems which are underfunded, countries need to make serious choices about the contribution that quality assurance can make to improving quality, and the extent to which their focus should be on improving institutional capacity.

This critique implies that it may be more useful for poorer countries, or countries with weaker education and training systems, to concentrate on building or supporting institutions that can provide education and training. Similarly, poorer or weaker states should be cautious when assuming that adopting regulatory models which rely on contracts and accountability mechanisms will solve the problems that they have had in delivering education and training.”

**ILO (2010): The Implementation and Impact of NQFs**

Despite the above, for countries which wish to gain international recognition for their qualifications, in order to enable mobility of workers or for other reasons, evidence of quality assurance is likely to be required by the international community and employers. Any government which decides it is necessary must therefore include it in its policy and subsequent strategies.
10. **Supporting institutional reform for medium-long-term results**

Institutional reform is the focus of a large proportion of skills development projects. It has the advantage of producing more immediate and recognisable outputs and benefits, albeit generally for a limited number of institutions, whether public or private, and is less dependent on government legislation for change. However, it can present challenges if the national policy environment within which institutions operate is restrictive and unlikely to support continuation of new practices post-project, thereby calling into question the likelihood of long-term sustainability of reforms.

A certain type of operating environment also needs to be in place which:

- has co-operative and supportive principals of institutions;
- creates spare capacity for staff to participate in training activities and development of learning materials;
- is open to the concept of collaboration with industry;
- has local employers willing to engage;
- is sufficiently autonomous to be able to change the teaching and learning content and approaches;
- can continue to support the capacity development process post-project and roll it out to other institutions.

Depending on a favourable regulatory environment, capacity building of institutions need not be restricted to the state sector, but could include enterprise-based and for-profit training provision, which may more readily achieve the environment described above. However, increasingly, in countries where public TVET institutions are expected to adopt private-sector practices and compete with private providers through bidding, public institutions inevitably take on private sector characteristics and practices.

At the same time, market-oriented policies can result in private providers being increasingly dependent on public funding. Their capacity to expand is limited by financial obstacles – both at the time of the initial investment and in sustaining training delivery. As a result, governments will provide both direct and indirect assistance to private providers in the form of financial grants (Senegal), secondment of teachers on the government payroll (Cote d’Ivoire, Gabon), loans of land to founders (Senegal) and tax breaks. These types of financial support can allow the government to keep control over private providers and to steer their behaviour in certain directions e.g. encouraging their establishment in rural areas to address regional imbalances of skills development provision, or increasing provision for under-represented groups, such as girls and women.

Expansion of private provision is therefore recommended only in situations where a strong infrastructure is in place to support quality delivery.

If support for institutional reform is open to all, then the growth of the private sector in some countries in recent years is a significant factor to be taken into consideration. For example, in Lesotho, there was huge growth during the 1980s, which resulted in much low-quality provision and a lack of transparency in certification. The response to these problems is generally the introduction of an accreditation and quality assurance systems which ILO (2010) warns against for low-income countries, a position endorsed by the World Bank (2007) which would prefer to see a strategy of information dissemination on the performances of private providers.

‘The lack of organisation among private providers as a group seems to be a major obstacle to a proper regulation of the sector.’ Atchoarena and Esquieu (2002). An example of how this obstacle may be overcome exists in Uganda where the majority of vocational and technical training is delivered by approximately 1,000 private training providers. In 1998 the Uganda Association of Private Training Providers was founded with the aim of improving the quality of vocational training provided by its members and carrying out advocacy and lobbying for TVET.

Atchoarena and Esquieu (2002)
In the context of sub-Saharan Africa, the future of a more market-oriented TVE system remains unclear. A number of issues need to be confronted. They include questions such as:

- On what grounds should state support be provided to private training institutions? Equity (ensuring the access of disadvantaged groups to quality training)? Efficiency (competition-based improvement)? Expansion (complementing public provision)?
- What criteria should be used to support private providers?
- What type of support should be provided to private institutions? Finance? Training of trainers? etc.
- What mechanisms should be put in place to deliver such support? Direct subsidies? Scholarships? Fiscal incentives? etc.


The same publication suggests a lack of empirical evidence exists to show that (i) private institutions are more flexible and hence able to adjust their training programmes to local labour markets; or that (ii) students in private institutions are better trained than those in the public system. The publication cited below records (iii) that there is very limited evidence regarding the unit costs of private institutions and how they compare with costs in public institutions. These are all areas suitable for further research.

In contrast to sub-Saharan Africa, India has a small non-public training market. These private providers are most prevalent in non-engineering sectors. Only a few receive funding from the government and very few receive resources from private industry.

Issues highlighted by surveys of private training providers in India

- private and public training centres both suffer from similar problems with quality and weak links with industry;
- employed workers derive productivity benefits from participating in private training;
- more attention needs to be paid to inputs if there are to be quality improvements among private providers;
- private institutions reported lack of access to resources as a constraint;
- the private sector cited excessive government regulations as a major concern;
- a significant proportion of institutions are unaccredited.

To encourage more private provision of training there need to be:

- a removal of legal constraints on setting-up training institutions;
- an economic environment of significant industrial growth;
- prevention of unplanned public provision crowding out private supply;
- replacement of compulsory registration of non-government providers with an effective system of information dissemination on, e.g. type of training provided, fees, drop-out and completion rates. The experience of Indonesia, the Czech Republic and Russia shows that a government-organised system of accreditation is neither necessary nor sufficient for a balanced private system of training.

The government has an important role to play in providing information on the quality of private training and in financing training. While the government cannot control the training provided by private trainers, it can provide potential students with information on the type of training available through private providers and an indication of the effectiveness of that training. The government can also ensure that private (or public) training is of good quality, through selectively financing training, conditional on providers meeting some performance criteria.

World Bank (2008), ‘Skill Development in India: The Vocational Education and Training System’
The private sector is a major focus of GTZ’s project in Sierra Leone ‘Promotion of Employment for Marginalised Youths’ (2006-2010).

The project tackles youth unemployment at three levels:

- supporting private initiatives in urban and rural areas in creating sustainable employment opportunities;
- supporting medium-sized and large enterprises in creating and maintaining jobs with the help of external financing such as public-private partnerships, joint ventures and multilateral programmes;
- strengthening and professionalising business associations as representatives of the private sector which bears the chief responsibility for creating and maintaining jobs.

In the forthcoming, four-year, EC-funded project on TVET reform in the Occupied Palestinian Territory, private-public partnerships are expected to be the main tool to reform the TVET system.

**An opportunity to empower women**

Engaging as a donor in institutional reform is an opportunity to have a positive impact on improving access by women to skills development as it is at the institutional level that most obstacles exist. While skills development targeted at women and girls is most likely to be found being delivered by NGOs, participation by employers in donor-funded gender projects does occur. In 2002-5 UNESCO undertook a small-scale project in Indonesia: Access to TVET by marginalised groups. The objective was to challenge gender-biased perceptions of technical and vocational training through integrating formal and non-formal education to equip out-of-school girls (15-20 years old) from poor, marginalised families with practical, occupation-oriented, technology-based skills training. The private sector’s contribution to the largely NGO and state-run project was the provision of apprenticeships, teaching assistance and materials. The project was deemed successful; and ‘the involvement of local businesses is critical’ was one of the lessons learned. Another was the involvement of an experienced NGO.

Key elements of success were considered to be:

- a participatory approach applied, with a wide range of governmental, non-governmental, community and business partners involved in all stages;
- all skills development activities tailored to the specific geographical, social, cultural and economic context of the relevant community and participants;
- the programme approach integrates gender, empowerment and reproductive health perspectives into course content and methodology;
- the training methodology is learner-centred, participatory and flexible, and focuses on building trainees’ self-confidence;
- curriculum content focused on technical, entrepreneurial and life skills development (critical thinking, problem-solving, risk-taking etc.) and also to be competence-based and incorporate on-the-job internships or production learning opportunities.

- monitoring and evaluation, tracking of graduates and follow-up support and networking, are integral in order to ensure periodic assessments of progress and achievements by measuring impact on graduates, and to ensure on-going support to them through local networks and institutions that provide further education and business services.

**Recommendations for Increasing Women's Employability through TVE**

Aside from cultural constraints, the main determinant of women’s unemployment is their lack of marketable skills. Training that provides women with skills and knowledge specific to a particular job enhances their ability to do that job and their marketability as labour suppliers.

a) **Strengthening Women's and Girls’ Educational Foundation**

- Make literacy and numeracy training a standard part of skills development programmes.
- Add business development services to the existing skills training programmes for women.

b) **Increasing Female Trainers and Staff in TVET courses**

- Identify women already trained in technology and other growth sector skills to serve as trainers.
- Compensate for a lack of female trainers through internships and traineeships.

c) **Making Demand-Driven Training More Appropriate and Relevant to Female Trainees**

- Increase gender orientation of market research.
- Identify subfields of growth sectors where women already comprise a large part of the labour force.
- Undertake gender sensitisation of training providers.
- Incorporate community inputs.

d) **Overcoming Barriers Related to Safety, Working Conditions and Household Responsibilities**

- Facilitate safe access to training.
- Village Educational Centres approach.
- Mobile workshops.
- Distance learning through ICT.
- Improve working conditions so that female TVET graduates can seek employment outside the household.

e) **Improving Methods of Tracking Progress in TVET**

- Establish M&E frameworks for vocational training programmes.

**World Bank Afghanistan Gender Mainstreaming Implementation Note, Series No.4 (c.2008)**
Skills Development for the Informal Market

In low-income countries the number of people in the informal labour market is generally extremely high – as much as 90% in India. Providing opportunities for that group to train, up-skill or to have their skills formally recognised through certification is extremely challenging. If successful however, the benefits it can bring include:

- easing transition for workers from the informal to the formal labour market (although it should not be assumed that all workers will wish to make that transition), thereby giving them more legal protection, some guarantee of health and safety conditions, and, where they exist, access to social protection benefits.
- encouraging businesses to transfer from the informal to the formal market in response to pressure from their (now more highly-skilled) employees.
- bringing workers and businesses into the formal labour market who will then pay tax and increase the government’s fiscal position.

World Bank (2008) suggests that re-orienting public training institutions to meet the needs of the informal economy is not the solution. Locally based non-government training providers are often more effective in providing services that meet the needs of the informal economy, with the government acting as facilitator.

Training for the Informal Sector in sub-Saharan Africa

Many parts of Sub-Saharan Africa have the same difficulty as many parts of India, a dominant rural population and a highly informal economy. Certain features should be taken into account when governments seek to facilitate training for an informal economy:

- demand for training among micro and small enterprises in the informal sector is likely to be low and needs developing in order to demonstrate the benefits of skills development;
- informal sector associations can help to raise awareness of skills shortages among members, as well as addressing other shared needs.
- lack of literacy is likely to be an issue for skills development in the informal sector;
- training for the informal sector differs from that for the formal sector in its preference for merging technical skills with business management skills and in delivering courses with a flexible schedule;
- training must have immediate application, since the poor cannot afford long periods of training before seeing a payoff.
- evaluating competencies achieved through training is important to ensure quality;
- except at the high end of the informal sector, skills development does not guarantee a transition from abundant manual labour to skill-based competitiveness. An increased focus on developing skills for the informal sector should not detract from ensuring a reasonable amount of high-quality training for the modern sector.

Lessons Learned from the Jua Kali Experience

- The use of a voucher mechanism enabled the project to stimulate demand for training, technology, and management and marketing consultation among micro and small enterprises. A supply response has been generated and a training market established to address the needs of micro-enterprises;
- An unexpected impact of the voucher training programme was the emergence of skilled craftsmen as the leading (85%) providers of training, in preference to public or private training institutions. The training by master craftspersons was usually well adapted to entrepreneurs’ need for short, practical training. These training providers were previously invisible to agencies that wished to pay for training directly.
- Implementation experience underscores the importance of appropriate management arrangements – a project for the private sector is best managed by the private sector with government at best playing a facilitating role.


Support for recognition, validation and accreditation of non-formal and informal learning can be gained from the UNESCO Institute for Lifelong Learning, particularly through its Africa Network. http://www.unesco.orgUIL/
Actions for immediate impact

There may be instances where the pressures of unemployment and skill shortages are such that action for immediate, short-term impact is required. Such projects could not be expected to impact on systemic reform and any long-term impact on institutional capacity would be a by-product rather than the main focus. Their objective is to get large numbers of people skilled and productive as quickly as possible. This approach is particularly relevant in countries with a growing economy and high levels of unemployment.

Factors contributing to the success of the Joven Experience in Chile and Argentina

The aim of the project was to address the problem of youth unemployment by designing and implementing training schemes specifically oriented to young people who had left the educational system at an early age. Both programmes surpassed their numerical targets and the labour participation rates and earnings rose for most, but not all, participants. Supported by the Inter-American Development Bank, notable factors include:

• both Joven programmes were managed by a qualified managerial and human resources staff, backed up by a solid administrative structure. From this perspective, the programmes successfully incorporated organisational practices more associated with private sector culture.
• there were high levels of coherence between the conceptual and operative design of the programmes, and the level of co-ordination among the executive unit, the training institutions and the companies.
• the state focused on planning, financing, regulating and controlling, while the private sector executed. The programmes relied on outsourcing under competition to private sector training institutions.

Lessons Learned:

• labour market training focused on youngsters who leave school early and must not be taken as a permanent or definitive solution. Joven was not intended to be a substitute for the formal education or training system. The main goal was instead to give a second opportunity to a large number of extremely poor young people who had left school at an early age.
• youth training programmes of this type can be highly effective in a favourable context, involving sustained economic growth and flexible labour regulations that facilitate job creation. In such cases they are appropriate instruments to tackle low labour market participation among disadvantaged groups. However, when the overall context is one of economic crisis and job scarcity, direct social assistance may be more efficient since it is as costly as training but has a higher impact.
• the mechanism of periodic public tenders, where training institutions interact with companies to define the required profiles and then design the courses, turned out to be highly effective. Competitive tenders gave transparency to the use of public resources, and drove the private sector’s efforts to follow the changing requirements of the labour market.
• the Chile Joven programme was useful for updating ideas about how to be innovative in the operation of training systems. The market-driven design, in which private training institutions identify companies’ demand for skills, define courses based on those demands, and are then paid based on results, has been incorporated into its training system for formal companies and labour intermediaries.
• one failure was the unstable relationship between the state and the training institutions, which meant that the latter experienced uncertainty in their financial flows.
• the time taken by the tendering process was long, in relation to labour market requirements. Strict administrative procedures justified to ensure compliance with transparency in the use of public resources, are often in conflict with flexibility and pertinence. This does not discredit the basic idea of tendering, but provides a stimulus to look for ways of improving it. For example, more stable relationships with the training institutions could be obtained by standardizing repeated courses of higher demand from companies, since it makes no sense to repeat the burden of administrative procedures in these particular cases.
• although youth training programmes can tackle the labour market problems faced by an accumulated stock of youngsters who have left school at an early age, they do not tackle the problem of youngsters dropping out of school.

Overseas Development Institute (2005)
DFID’s current initiatives to provide skills development opportunities in the informal market, using the private sector to deliver training, include:

- Support to the Helvetas Employment Fund in Nepal (2009-13) which is using an incentive scheme to provide training to women and youths from disadvantaged groups;
- The Adolescent Girls Employment Initiative (2010-12) (implemented through the above Fund) which will use an output-based payment mechanism for private training providers;
- The Char Livelihoods Project in Bangladesh (2009-16) to improve the food security, livelihoods and incomes of extremely poor people living on the Riverine Char Island of north-western Bangladesh.
- Urban Partnership for Poverty Reduction Project in Bangladesh (2006-14) to improve the livelihoods and living conditions of 3 million urban poor and extremely poor people, especially women and girls.

As these projects are still on-going at the time of writing, no evaluation of their results is available.

Criteria for evaluating proposed TVET investments using checklists related to economic and social relevance, technical feasibility, financial feasibility, organisational, administrative and political feasibility, and internal efficiency, are given in the annex to Asian Development Bank (2009) Good Practice in TVET.

SECTION FIVE: REFERENCES


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About this paper

This paper was written by Muriel Dunbar.

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