

# Skills development in South Asia

## Trends in Afghanistan, Bangladesh, India, Nepal, Pakistan and Sri Lanka

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# Executive summary

One of the biggest challenges for South Asian countries in coming years is to unlock the latent potential of the millions of young people entering the workforce. The region is poised to benefit from a “demographic dividend”, which could lead to great gains in poverty reduction, employment generation and economic growth. Yet the other possible result is widespread youth unemployment. In this context, the importance of skills development as a driver of socio-economic development is paramount.

Governments have recognised the importance of education and training in this process. There have been notable successes in improved participation rates for primary and secondary education across the region. But youth unemployment and underemployment remain pervasive, despite a growing cohort of educated young workers joining the workforce. As a result, policymakers are now placing greater emphasis on understanding skill gaps in labour markets and developing skills systems geared to address these.

Resource constraints have implications for the development of skills system across the region. The potential economic rewards of greater public-sector focus on skills could be immense, though the complexity of the challenge and other competing priorities suggest that such efforts must be targeted, guided by data and evidence, and done in collaboration with the private sector.

A leap of faith on both sides will be essential for the development of a relevant, functioning and sustainable skills system in South Asia.

## Market size and structure

Outside the secondary and tertiary education system, the technical and vocational education and training (TVET) sector in South Asia is relatively underdeveloped – both in its size and the underlying institutional framework. The challenge for governments lies in fostering a market for skills training from the ground up, and doing so in a way that calibrates with national policy objectives.

A key priority is to bring more clarity to skills policy, which is unsurprising given the multi-disciplinary nature of the skills agenda. This complexity has resulted in the division of responsibility across various agencies, with national development strategies addressing skills development only in relation to broader goals. Sequenced reforms and targets have been lacking, and objectives tend to be dispersed among several vertical pillars within government.

Skills development in South Asia has rarely been addressed as a crosscutting issue,<sup>1</sup> giving rise to fragmentation of the skills agenda and fostering conflict over “turf” across ministries, giving rise to problems in matching skills development with overall national economic objectives. The establishment of high-level sector skills councils, charged with co-ordinating and implementing the skills agenda in co-ordination with key ministries, represents some progress in India and Bangladesh. Notably, these organisations have fallen under the purview of the prime minister, signifying political will at the highest level.

<sup>1</sup> Engel, Jakob (2012). “Review of policies to strengthen skills-employment linkages for marginalized young people.” Background paper prepared for the Education for All Global Monitoring Report 2012, UNESCO.



## **Quality and scale of service provision**

As the dialogue around skills development gathers pace, focus on the quality of service provision from the training and education sector has sharpened. The private sector has a major role to play in skills training in South Asia in coming years. Already, enterprises have driven significant activity in the training market, and will continue to do much of the heavy lifting in terms of skills delivery and financing. Most interesting for South Asia is the development of public-private partnerships (PPPs) for delivery of skills training. There is potential for the private sector to employ build-own-operate (BOO) green field PPP models, or to take over facilities and operate these on behalf of the public sector. Skills financing is another area ripe for innovation. Targeted funds have been effective in terms of directing government and donor financing towards specific skills objectives, and could be applied to addressing specific industry or occupational needs.

Given the extent of South Asia's large informal economies, there is a real need to consider skills for the unorganised sector, and yet this receives limited attention in policy dialogues. The use of social protection programmes and NGO networks to deliver skills training to micro-enterprises and vulnerable households has some potential, and can be scaled up quickly. But there is also an opportunity to consider how skills training can improve the value and quality of skills within informal-sector enterprises. Until structural reform of the labour markets takes place, the majority of jobs in the region will remain informal. This necessitates a discussion on ways in which skills training can improve worker livelihoods, and drive micro-enterprise productivity.

## **Quality and relevance of skills outcomes**

A major part of the challenge will be to ensure alignment of skills training with national policy directives. For many of the countries in South Asia, migrant labour is an important pillar given the economic gains derived from remittances back home. Training workers in the construction, healthcare and domestic services sectors to compete in increasingly competitive global markets is now a key component of the skills agenda for countries such as India, Sri Lanka, Pakistan and Nepal. Pragmatism demands that this area should receive further attention, given that remittances will remain an important source of income and foreign exchange for these countries in the foreseeable future.

The service-oriented nature of South Asian economies—and of their migrant labour forces—increases the importance of “horizontal skilling”. The export-led models of East Asia have required workers to have specific technical skills related to manufacturing to drive economic growth. But for South Asia, it is “soft skills” such as English language and communications that will enhance the competitiveness of workers in key sectors such as business-process outsourcing and hospitality.

## **Poor public perception of the TVET sector**

The participation of South Asia's workers in TVET is relatively low, part given its reputation as a “backup” option for those who fall out of the academic system. One of the biggest problems for skills development is the poor “brand equity” of vocational education in the region. Therefore, initiatives that link skills training with tangible job prospects may improve the reputation and attractiveness of the sector. Poor convertibility of qualifications between vocational and academic streams of education



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has also been a deterrent to uptake. This lack of optionality prevents potential students from viewing skills training as a “mainstream” path to good employment. To improve matters, standardisation of qualifications and a robust accreditation framework, recognised by both mainstream academic institutions and employers, are needed.

This report explores the skill development challenges facing six South Asian economies—Afghanistan, Bangladesh, India, Nepal, Pakistan and Sri Lanka—and considers some of the solutions available to them.



# Chapter 1: The labour market in South Asia

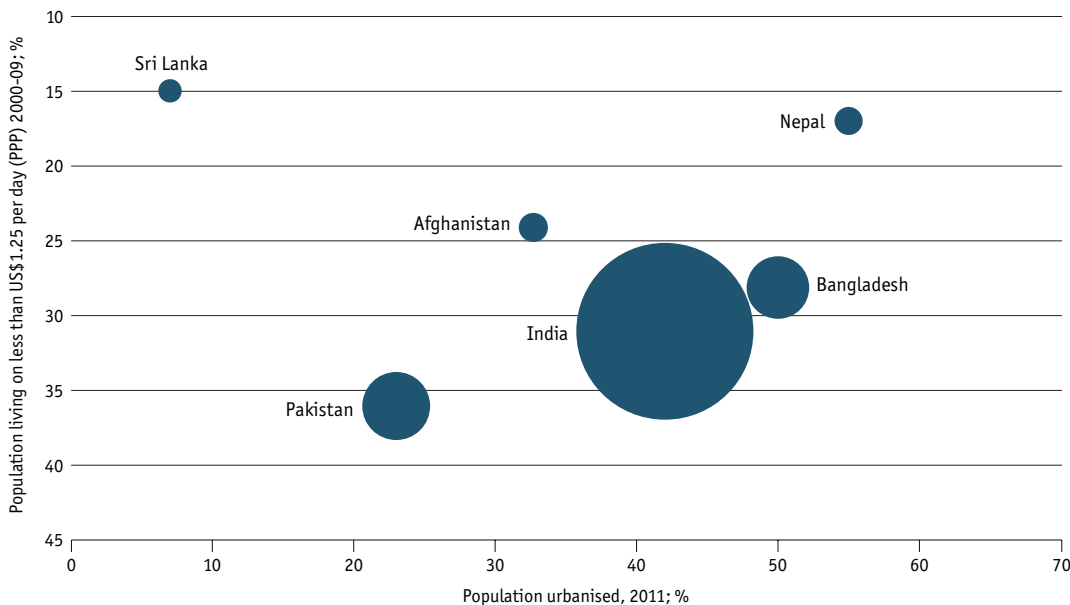
## Labour market structure and needs

### Youthful exuberance?

Though the countries of South Asia—understood here as Afghanistan, Bangladesh, India, Nepal, Pakistan and Sri Lanka—are diverse in their socioeconomic makeup, they share common labour market characteristics. All are primarily agricultural economies, though urbanisation is changing the landscape as people gravitate from the countryside to the cities in search of better prospects. Economic growth in the region is driven by activities in low value services, primarily taking place within the unorganised sector. Further to this, global trade has radically transformed the nature of industry and enabled labour mobility for its workers, as observed by Dr Mohammad Naim Yaakub, director general of the Colombo Plan Staff College for Technical Education (CPSC), a regional institute for the training of technical and vocational trainers. “The surplus labour force from regions such as South Asia is, to a large extent, a source of “low-skill”, migrant workers,” he says. This has created an important revenue stream in the form of remittances for a number of South Asian countries.

South Asia, as defined by the World Bank,<sup>2</sup> will add 1 to 1.2m new entrants to the labour force every month for the next twenty years, and be a source of about 40% of new entrants to the world’s working-age population (age 15-64).<sup>3</sup>

**Chart 1: Socioeconomic landscape in South Asia**  
(Size of bubbles represents 2012 population in millions)



Sources: UNICEF; The Economist Intelligence Unit.

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<sup>2</sup> World Bank definition that includes Bhutan and the Maldives, in addition to the six countries covered in this analysis.

<sup>3</sup> World Bank (2013), “More and better jobs in South Asia,” South Asia Development Matters.



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One of the biggest challenges for these countries is to unlock the latent potential of the millions of young people entering the workforce. The region is poised to benefit from an upcoming “demographic dividend”, which could drive great gains in poverty reduction, employment generation and economic growth. Yet if South Asia’s young people do not receive adequate preparation and opportunities, instead of attaining greater productivity and growth, the spectre of mass youth unemployment will loom. In this context, the importance of skills development as a driver of socio-economic development is paramount.

### Gainfully employed?

For Shanti Jagannathan, senior education specialist of the Regional Sustainable Development Department at the Asian Development Bank (ADB), the mismatch between skills development and market needs is a common theme for South Asian countries. Addressing this dichotomy remains a significant task for policymakers and industry alike across the region—and one that even the most developed countries grapple with. Developing a workforce with skills that are synchronised with the needs of key industries is critical, especially as these countries seek to upgrade their industries and further develop their manufacturing sectors.

Governments have recognised the importance of education and training to this process. To date, there has been much emphasis on the importance of secondary and tertiary education for the development of skilled workers. There have been notable successes in improved participation rates across the region, but youth unemployment and underemployment remain pervasive across the region despite a growing cohort of educated young workers joining the work force.

Graduate unemployment remains high despite a labour market crying out for skilled workers. This apparent paradox can be explained in part by the fact that the region’s secondary and tertiary education systems are simply not producing graduates with the skills needed by industry. Nor is the typical rote learning approach conducive to the development of “soft” skills such as teamwork or leadership. India’s skills mismatch is bad enough to prompt Manish Sabharwal, co-founder and chairman of Indian recruitment firm TeamLease Services, and a member of the country’s National Skills Development Council, to declare a state of “education emergency”. He notes that a “geographic mismatch, sector mismatch and skill mismatch” may be unnecessarily confining as many as 300m people to low-productivity jobs.

Meanwhile, economic and political instability in Sri Lanka, Pakistan, Bangladesh and Nepal have dampened domestic demand for labour, forcing many young people to pursue better economic prospects abroad. Such labour flows return a valuable stream of revenue in the form of remittances, which implies that these countries should try to boost the competitiveness of their migrant workers in the global labour market. In Afghanistan, prolonged conflict has resulted in skilled workers being imported to carry out the work required for reconstruction and economic development in spite of a large young population of dormant talent. “Afghans have been left out of this entire mid-career training process for so long,” notes Patrick J Ludgate of the Office of Economic Growth and Infrastructure, USAID-Afghanistan. “Some of them have the basic technical and business management skills, but male literacy levels are at 26%. It is particularly challenging training people that have never



had any formal education.”

Dynamics vary by country, but pervasive youth unemployment—2 to 3 times higher than adult unemployment in the region—poses a major impediment to reaping the region’s demographic dividend. With this in mind, policy makers are now seeking to better understand skill gaps in labour markets, and to develop training systems which can target these.

**Chart 2: Unemployment in South Asia**  
(Recorded unemployment as % of total labour force)



Note: Data for Afghanistan and Nepal not available.  
Source: The Economist Intelligence Unit.

## Government policy and skills framework

### Forging a path to growth

South Asia’s economies are going through a period of structural transformation. India harbours hopes of expanding its knowledge economy while developing the manufacturing sector—an important aspect of the government’s plan to absorb the surge of young people entering the workforce each year. “In 2022, 800m Indians will be of working age,” says Dilip Chenoy, managing director and chief executive officer of the country’s National Skill Development Corporation. “200m of those will be graduates, and 100m will not join the workforce, but what skills will these other 500m people have? We have to increase capacity for skills development by 10 to 12 times in the coming years.”

As observed by the Prime Minister’s National Council on Skills Development, “while India possesses a multi-faceted and robust vocational training ecosystem, it is clearly not ... able to cope with current skill development demands, both qualitatively and quantitatively.”<sup>4</sup> As a result, India’s objective of providing 500m people with skills by 2022 is a challenge of enormous complexity and scale, as noted in a recent report on the labour market by TeamLease Services and the Indian Institute of Jobs, which cites an absence of linkages with changing labour market needs, poor employability of graduates and infrastructure constraints as being critical factors.<sup>5</sup>

The government has specifically addressed skills development in its 12th Five Year Plan (2012-17),

<sup>4</sup> eSkill development (2012), Adviser to the Prime Minister, National Council on Skill Development

<sup>5</sup> TeamLease Services & Indian Institute of Jobs (2012), “India Labour Report: Massifying Indian Higher Education: The Access & Employability Case for Community.”





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which has resulted in the establishment of a National Skill Development Policy representing priorities for India. These include the development of relevant skills institutions (Industrial Training Institutes (ITIs), vocational schools, technical schools, polytechnics, professional colleges); non-formal training and distance learning options; the development of apprenticeships and enterprise training; and training to support the unorganised and self-employed sector. The informal sector is an important aspect of the skills agenda, given that approximately 90% of India's workers earn a living in this way. Rather than the high value technical skills or vocational training for specific occupations delivered by the formal sector, the emphasis here is on skills development to enhance livelihoods and improve job security for those who live on the poverty line and on the margins.

Pakistan also faces the dual challenge of developing basic skills for the unorganised sector, while also developing the advanced skills required for increasing economic productivity. "Primary school attainment has gone up in recent years, but you still have a large number of kids out of school," says Dr Ijaz Nabi, country director of the International Growth Centre in Pakistan and visiting faculty to the Lahore University of Management Sciences. "Six to seven years of education are needed for most skills training programmes to have an impact on productivity in the formal sectors of the economy."

Meanwhile, Nepal, Bangladesh and Sri Lanka are seeking to bounce back from a long period of political instability to develop strategic manufacturing sectors and maximise gains from remittances. This means up-skilling the workforce for greater international competitiveness, and developing the core skills demanded by labour markets at home and abroad. Professor Tanka Nath Sharma, dean of the School of Education at Kathmandu University, and chairperson for the Training Institute for Technical Instruction (TITI) in Nepal notes that demand for vocational training has in many cases been driven by opportunities abroad. "Many people go overseas because work is not available in Nepal," he says, citing Qatar, Saudi Arabia, and Malaysia as key destinations. According to Professor Sharma, there are approximately 2m Nepalese working overseas, with many women working in the healthcare sector as nurses, and often settling abroad.

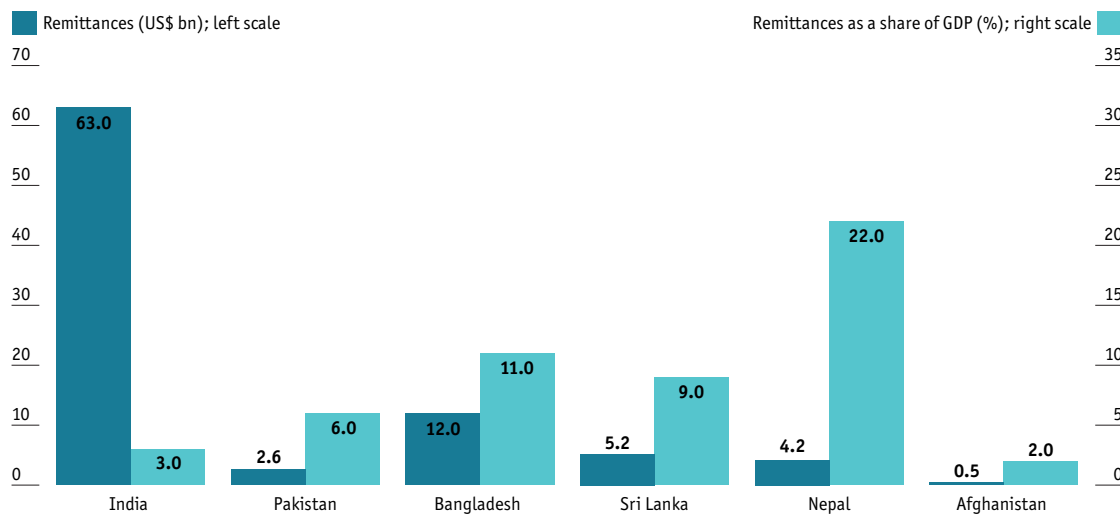
**Chart 3: South Asian emigration and remittances, 2010**



Source: World Bank



Chart 3: Migrant remittance inflows, 2011



Source: World Bank

In Bangladesh, the labour-intensive nature of economic activity means that much of the workforce acquires skills through on-the-job training. “Industry skills training is integrated into the production process and has rarely been formalised in the past,” reports the International Labour Organisation (ILO). “New recruits generally assist senior workers and acquire skills by observation and routine practice.”<sup>6</sup> In addition, high levels of school drop-out rates mean that the majority of young people do not even qualify for formal TVET options, which require candidates to have passed the country’s Junior Secondary Certificate.<sup>7</sup>

Afghanistan will face immense challenges in developing a domestic workforce capable of rising to the task of reconstruction, as outlined in the Afghanistan National Development Strategy (ANDS). Owing to a dearth of skills, more than 30,000 skilled workers have been brought into Afghanistan to service the construction sector, notes Danish Kamal, Chief Executive Manager, Afghanistan Builders Association.

### Skilling up

Despite commonalities across South Asia, the skills development strategy in each country will ultimately need to be country-specific. “A country has to look at itself and what kind of economy it wants to be, and the government has to make up its mind on setting policy direction,” says Dr Naim of CPSC. Ms Jagannathan of the ADB concurs, citing the challenge of making skills development more relevant to job markets and investment growth. “It is about linking skills more strongly to the economic aspirations of the country,” she says.

<sup>6</sup> ILO (2013) Bangladesh Skills System Profile, information provided by the country office.

<sup>7</sup> ILO (2013) Bangladesh Skills System Profile, information provided by the country office.



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**Table 1: National development plans and core industries in South Asia**

	National development plan	Key growth sectors for skills
Afghanistan	Afghanistan National Development Strategy: 2008-2013	<ul style="list-style-type: none"> <li>Energy</li> <li>Agriculture and rural development</li> <li>Construction</li> <li>Mining</li> <li>Transport and logistics</li> <li>Telecommunications</li> <li>Tourism and Eco-tourism</li> <li>Healthcare and nutrition</li> </ul>
Bangladesh	<ul style="list-style-type: none"> <li>Perspective Plan of Bangladesh: 2010-2021</li> <li>Sixth Five Year Plan: 2011-2015</li> </ul>	<ul style="list-style-type: none"> <li>Information technology</li> <li>Agro-food processing</li> <li>Manufacturing (leather and leather goods, ship-building, ready-made garments)</li> <li>Tourism and hospitality</li> <li>Light engineering Construction</li> </ul>
India	12th Five Year Plan: 2012-2017	<ul style="list-style-type: none"> <li>Automobile / auto components</li> <li>Electronics hardware</li> <li>Textiles and garments</li> <li>Leather and leather goods</li> <li>Chemicals and pharmaceuticals</li> <li>Gems and jewellery</li> <li>Building and construction</li> <li>Food processing</li> <li>Handlooms and handicrafts</li> <li>Building hardware and home furnishings</li> <li>IT or software</li> <li>Business Process Outsourcing (BPO) and Information Technology Enabled Services (ITES)</li> <li>Tourism, hospitality and travel</li> <li>Transportation/ logistics/ warehousing and packaging</li> <li>Organised retail</li> <li>Real estate</li> <li>Media, entertainment, broadcasting, content creation, animation</li> <li>Healthcare</li> <li>Banking/ insurance and finance</li> <li>Education/ skill development</li> <li>Unorganised sector</li> </ul>



Table 1: National development plans and core industries in South Asia

	National development plan	Key growth sectors for skills
Nepal	13th Three Year Plan: 2014-2016	Tourism Infrastructure Hydro-electricity
Pakistan	Pakistan Development Strategy: 2013-2018	Renewable energy Technology Oil and gas Manufacturing (textiles, surgical instruments, sports goods, leather)
Sri Lanka	Mahinda Chintana: Vision for a New Sri Lanka, A Ten Year Horizon Development Framework 2006-2016 Discussion Paper. The 2009 National Policy Framework on Higher Education and Technical & Vocational Education refers to the above document as “the principle policy document of the current government”.	Construction Information Communication Technologies (ICT) Apparel manufacturing Tourism Education services Construction

Source: Economist Intelligence Unit, ILO, National Skills Development Corporation of India.

## Who’s vocal about vocationalisation? Challenges for South Asia

In the interest of building the human capital required for development, South Asian governments have paid more heed to facilitating TVET in recent years. A 2012 study from the World Bank notes that policymakers across South Asian countries are recognising the importance of this sector as a means of improving the skills of new entrants in the labour force.<sup>8</sup> Yet, the same study also raised concerns with respect to the quality and relevance of such initiatives. Where outcomes of TVET programmes have been tracked, regional results have not been robust. The experience of secondary vocational programmes in India is reflective of this—a 2007 World Bank study indicated that 60-70% of graduates failed to obtain employment even 2-3 years after graduation. Nonetheless, there is a continued interest in scaling up and improving vocational education systems to reduce the number of students emerging from primary and secondary education without practical skills.<sup>9</sup>

For Paul Comyn, senior specialist on vocational training and skills development for the ILO, underdeveloped TVET frameworks within the region complicate the challenge. “These systems are characterised by deep institutional silos in the public sector that don’t always co-operate,” he says. With policymaking and implementation spread across various economic, education and labour ministries, fragmented skills systems have emerged, overseen by a bewildering range of skills development agencies and councils. This raises the risk of certain types of skills training falling through the cracks.<sup>10</sup>

<sup>8</sup> World Bank (2013), “More and better jobs in South Asia,” South Asia Development Matters.

<sup>9</sup> Ibid.

<sup>10</sup> UNESCO (2012). “Youth and skills: Putting Education to Work.” Education for All Global Monitoring Report.



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Another challenge for skills development is the cultural response to the vocational education concept. Despite a growing demand for more and better skills training, TVET has traditionally been seen as a back-up option for students who fall out of the academic system. “Generally speaking, people want to go to the academic side of education instead of TVET,” says Mohammad Asif Stanikzai, programme co-ordinator of the National Skills Development Programme (NSDP), Ministry of Labour, Social Affairs, Martyrs and Disabled (MoLSA) in Afghanistan. “Every family tries to get their children into universities instead of TVET schools. I think that this is something common in South Asia.”

This perception hinders the development of skills training as a credible alternative to traditional academic routes.

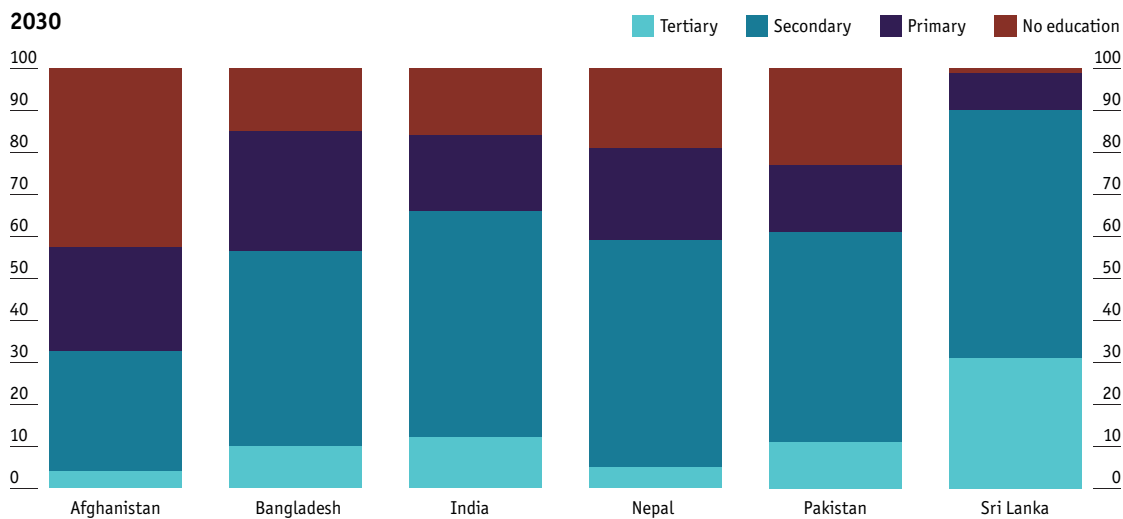
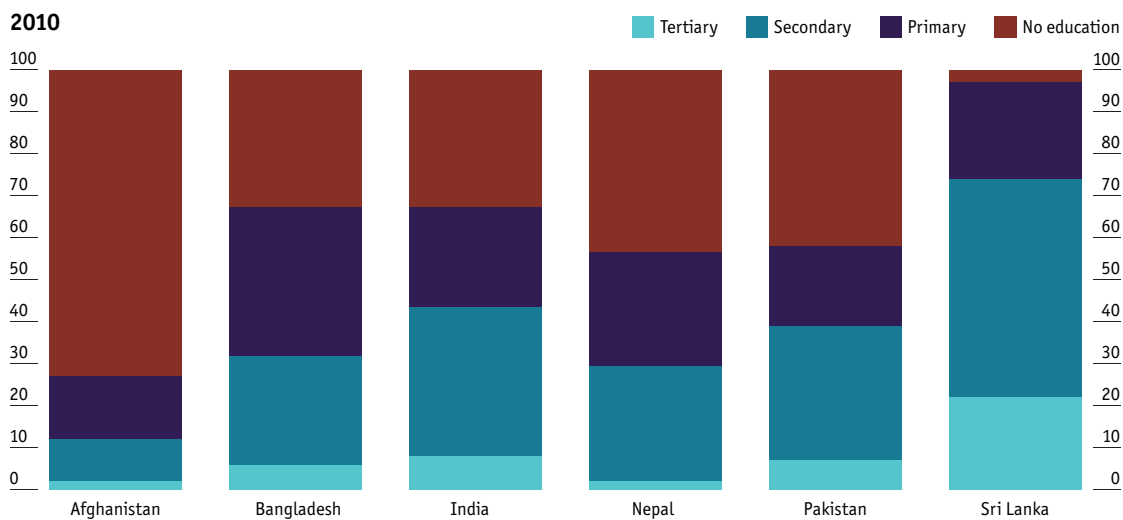
The global dialogue and language around TVET today is evolving into one that describes such programmes as “skills development” and employability. In other regions, this is changing the perception of TVET as a fall-back option into one that is a viable alternative to academic streams, and that can translate into tangible opportunities in the labour market. This is a transition which needs to take place in South Asia as well.



## Chapter 2: Skills systems and institutes in South Asia

The majority of resources for education in South Asia has been channelled into the development of “foundation skills” (reading, writing, basic mathematics), through the expansion of primary and lower-secondary level education. Though there is still much to be done in ensuring the right to education for all, significant progress has been made in the region, and further improvements in educational attainment are anticipated in the long term.

**Chart 5: Educational attainment of the labour force in South Asia**  
(% of total labour force)



Source: The Economist Intelligence Unit.



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As countries continue to make progress on this front, greater attention is turning to tertiary and work-related education. This is evident in national responses across the region to four key issues which are hindering skills development:

- Size and structure of the skills system
- Quality and scale of service provision
- Quality and relevance of skills outcomes
- Poor public perception of vocational training options

## Market size and structure

Outside of the secondary and tertiary education system, the TVET sector in South Asia is relatively small, and the institutional framework for service delivery remains underdeveloped. A key challenge for governments lies in fostering skills markets from the ground up, and doing so in a way that calibrates with national policy objectives.

Table 2: Number of TVET students enrolled

Country	Students	Year
Nepal	10,770	2005
Afghanistan	22,000	2010
Sri Lanka	52,546	2003
Pakistan	315,000	2009
Bangladesh	453,375	2008
India	3,100,000	2013

Source: The Economist Intelligence Unit.

## Building from the ground up

In South Asia's resource-constrained settings, a major challenge for governments wishing to promote skills training is competing priorities. Though pertinent across the region, it is particularly pressing in Afghanistan, where the government faces the enormous task of reconstruction, while creating jobs for the many Afghans who have been excluded from basic education. The quality of the workforce is a serious constraint on economic growth, says Dr Ludgate of USAID-Afghanistan. "Afghanistan has been so isolated for the last 30 years, they simply don't have the trained manpower to compete in the modern economy."

The institutional and regulatory frameworks for TVET are also severely underdeveloped, as observed by Mr Stanikzai of MoLSA. "We do not have any mechanism or framework for recognition of non-academic training, nor a proper accreditation body." With little structure, the TVET sector is highly fragmented, comprising myriad private and public providers, according to a recent assessment by



USAID.<sup>11</sup> The same is true of countries across the region, making it difficult to reach credible estimates of the size or scale of the sector in South Asia.

There is a heavy reliance on the donor community to drive skills development, as the country strives for self-sufficiency by 2025. The current dependency on international aid raises challenges relating to harmonisation with the broader government skills agenda, particularly given the involvement of multiple government agencies. “The World Bank’s national skills programme has worked with the relevant ministries to coordinate their efforts, but it is a challenge,” says Dr Ludgate. Some progress has been made in the establishment of national standards around technical skills, taking the guidelines established by the UK and German craft guilds as a template. “The government is trying to adapt those skill levels to Afghanistan so that everyone is teaching to the same level,” he says. “That has been a big improvement.”

### Getting back to work in Afghanistan

The Afghanistan labour market is beleaguered by many challenges, one of which is the dearth of skilled labour for technical jobs and business management. USAID’s Afghanistan Workforce Development Programme (AWDP) aims to address this challenge by providing jobs and fair wages for Afghans at the mid-career and semi-professional level. AWDP provides grants to TVET and business education training providers in high-growth areas like construction, ICT, business management, auto servicing, mining and service industries.

The programme also provides support for job placement. Thousands of Afghans have attended a USAID-sponsored job fair aimed at connecting private sector companies and job seekers, where 300 meetings between employers and AWDP graduates were brokered. Students graduate with formal certifications based on competence frameworks pegged against British and German craftsmen guilds. In May 2013, 160 jobseekers in Kabul graduated with certificates after completing training in project management and business communications.

### Institutions matter

A key priority for governments lies in bringing clarity to the region’s somewhat messy policy framework for skills. The diverse nature of the skills agenda has resulted in the division of responsibility across various agencies, meaning that things frequently fall between the cracks. Skills development was, until recently, rarely addressed as a cross-cutting issue.

<sup>11</sup> USAID (January 2013), “Structure and Policies of TVET in Afghanistan. Afghanistan, TVET Assessment and Strategy, Draft Report.”

<sup>12</sup> Engel, Jakob (2012). “Review of policies to strengthen skills-employment linkages for marginalized young people” Background paper prepared for the Education for All Global Monitoring Report 2012, UNESCO.





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Table 3: Skills development policies and institutional frameworks

Countries	Structure of relevant skills development body	Private / Public provision of TVET	Key features of skills policy
Afghanistan	National Skills Development Programme (NSDP), under the Ministry of Labour, Social Affairs, Martyrs & Disabled.	Both.	Draft National Education Strategic Plan (1389-1393) aims to Increase enrolment and training of TVET students to 150,000 by 2015.
Bangladesh	National Skills Development Council (NSDC), headed by the Prime Minister.	Both.	National Skills Development Policy 2011 aims to establish more flexible and responsive delivery mechanisms that better service the needs of labour markets. It aims to a) improve access to skills for various groups including women and people with disabilities; b) encourage participation in skills development by industry organisations, employers and workers.
India	National Skills Development Corporation (NSDC), a company set up by the Ministry of Finance under Section 25 of the Companies Act.	Both.	National Skill Policy 2009 has set the target of skilling 500m people by 2022, by increasing the capacity and capability of skill development programmes through the creation of a National Vocational Qualification Framework.
Nepal	Council for Technical Education and Vocational Training (CTEVT), under the Ministry of Education. The National Skill Testing Board sits under the CTEVT.	Both.	2012 TVET Policy aims to establish an inclusive and equitable approach towards TVET by extending TVET and employment opportunities to all, and by providing appropriate, contextual and quality TVET in consonance with the demands of the national and international employment market.
Pakistan	National Vocational and Technical Education Commission (NAVTEC), under the Prime Minister's Office; National Vocational & Technical Training Commission (NAVTTTC), under the Prime Minister's Secretariat.	Dominated by the public sector.	National Skills Strategy (2009-2013) aims to provide a framework for skills development which achieves two paradigm shifts (a) the shift from time bound, curriculum based training to flexible, competency based training and (b) the shift from supply led training to demand driven skills development by promoting the role of industry in both the design and delivery of TVET.
Sri Lanka	Tertiary and Vocational Education Commission (TVEC), under the Ministry of Youth Affairs and Skills Development; Department of Technical Education & Training, under the Ministry of Skills Development, Vocational and Technical Education.	Both.	Mahinda Chintana: Vision for a New Sri Lanka, A Ten Year Horizon Development Framework 2006-2016 Discussion Paper aims to reduce youth (15-24) unemployment from 22% to 9% by 2016, by generating 2.4m gainful employments through private, public and foreign job opportunities within the next 6 years.

Source: Economist Intelligence Unit.

In response to this, South Asian governments have taken a closer look at the institutional framework for skills delivery. In Bangladesh, the National Skills Development Policy (NSDP) of 2011 emphasises the cross-cutting nature of the skills agenda, articulating the role of several key ministries in a bid to define clear roles and responsibilities for skills development. Another key feature has been in the introduction of a dedicated co-ordination body, National Skills Development Council (NSDC), headed up by the prime minister and comprising agencies from government, industry and civil society.



The sub-national dimension further complicates India's story. The skills policy framework and its implementation is overseen by several central government institutions comprising the Prime Minister's National Skills Development Corporation (NSDC), the National Skill Development Co-ordination Board and the National Council for Vocational Training (NCVT). However, responsibility for policy and implementation around vocational training is shared between the national and state authorities. Though devolution is essential in the Indian context, the complexity of aligning federal and central government delivery represents a major challenge to implementation.

In Pakistan, central-level institutions also co-ordinate technical education, while responsibility for execution is devolved to the provinces. The Ministry of Professional and Technical Training heads up the National Vocational and Technical Training Commission (NAVTTTC) and the National Training Bureau (NTB), which together have oversight and responsibility for the country's skills agenda. At the provincial level, local government bodies are tasked with the planning and delivery of skills programmes, while industry has its own training programmes for middle level and semi-skilled workers. In a devolved and complex system such as Pakistan's, there is high potential for fragmentation as separate institutional entities compete to protect their patch.

## Quality and scale of service provision

As the dialogue around skills development gathers pace, focus on the quality of service provision from the training and education sector has sharpened. There is wide scope for the private sector to deliver skills training, particularly in light of the resource and capacity constraints in South Asia, observes Ms Jagannathan of the ADB. "The role of the private sector is very crucial. In the end they are the consumers of skilled people," she notes. The question remains of how best to leverage private-sector expertise to improve the quality of training, and scale up the region's skills systems.

### Privately speaking

The private and non-state sectors are already major providers of skills training in India. "People tend to mistake who is paying from who is delivering," observed Mr Chenoy of the NSDC. "Most of the ministries are getting the private sector to deliver a lot more to the country than it is given credit [for]". The ability of the private sector to be nimble and responsive to market needs is particularly important in India's fast-moving economic landscape, and expectations are that it will continue to be the key motor of growth for the TVET market. This was the reason why the NSDC was created, as a public-private partnership mandated with stimulating the private-sector market for skills training and education. "We are in charge of skilling 150m workers (of the 500m national target) by 2022," says Mr Chenoy, who heads up the initiative. "To achieve this, there is a need to attract fresh incumbents, and all types of unique models are required."

In Afghanistan, the attitude of government to private-sector involvement in TVET has changed diametrically in the past two years, as observed by Dr Ludgate of USAID-Afghanistan. With a large cohort of adults in need of technical and business management skills training within a short period of time, the country's Ministry of Education is beginning to tap into the private-sector's capacity

<sup>13</sup> TeamLease Services & Indian Institute of Jobs (2012), "India Labour Report: Massifying Indian Higher Education: The Access & Employability Case for Community."

<sup>14</sup> eSkill development (2012), Adviser to the Prime Minister, National Council on Skill Development.



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to expedite the process. There is less openness in Nepal to this model, in part due to resistance to foreign involvement in TVET. This is inhibiting the pace of sector development, as noted by Dr Kul Bahadur Basnet, director of the country's National Skills Testing Board. "Foreign providers have been considered, but that has not happened, because of national policy."

### Training day

Another area in which the private sector can contribute significantly is in the development of programmes and curricula that are relevant to modern job markets, local and international. The supply of qualified trainers is anticipated to be a huge bottleneck as skills systems ramp up and the demand for specialised training grows, as noted by Dr Nabi of the International Growth Centre. "The biggest challenge in scaling up will be the availability of trainers," he says, referencing the country's garment industry, which is anticipated to be a priority growth sector. "Skills training will need to be very specific as to the level of skills targeted, and to ensure the courses are producing the workers and managers needed by the industry." Ensuring a supply of trainers to meet demand will become even more challenging as South Asian countries industrialise, and the skills required for growth become more technical and specific. Organisations such as the Colombo Plan Staff College for Technical Education, a training institute for trainers, is assisting states in the region in building training capacity, but the scale of the challenge in South Asia requires a higher degree of government responsiveness and industry participation, says Dr Naim, who heads up the institute.

### Investing in skills

According to UNESCO, governments are the most important funders of skills development programmes. However, results show that these have been most effective when complemented by funding from the private sector and aid donors.<sup>15</sup> As well as developing and delivering skills training, the private sector has a role to play in financing skills development. Yet instruments for funding of the skills system remain undeveloped in this region, due in part to the perceived risks and poor visibility on returns. The concept of a vocational training levy paid by enterprise has been raised, though pervasive issues with tax collection in the region and a large informal sector would inhibit revenues.

More interesting have been innovations in training funds, where finance from government, enterprises and donors has been pooled towards specific skills development priorities. One example is the Franchising-SKILL programme in Nepal, funded by the Swiss, UK and US governments and other donors. It provides training in trades for 16-30 year-olds from lower-caste, indigenous and conflict-affected backgrounds who have dropped out of secondary education. Fund managers work with the government in developing the programme, but the training itself is franchised to private providers.<sup>16</sup> Nepal's Employment Fund is another example where private-sector service providers are financed to deliver market-orientated skills training for disadvantaged 16-35 year olds based on outcomes in terms of employment, thereby incentivising the training providers to stay abreast of skills in demand on the labour market. At the end of the training, the skills training graduates are linked up with financial institutes so that they can raise the capital needed to fund their own businesses, says Usha Bhandari, programme officer of the Swiss Agency for Development and Cooperation in Nepal.

<sup>15</sup> UNESCO (2012). "Youth and skills: Putting Education to Work." Education for All Global Monitoring Report.

<sup>16</sup> Ibid.



Enabling private institutions to compete for public funding is another mechanism by which private-sector investment has been encouraged. This is predominantly being trialled through voucher schemes, such as in the Indian state of Gujarat, where students have the option to select training institutions and courses, driving competition amongst providers seeking to recruit students. There have been examples of various PPP arrangements in the region, with the private sector bidding to operate existing training institutions in the style of a concession, or to establish green field projects.

### **Making skills accessible**

As well as allocating US\$1bn to the training of 500m workers by 2022, India will need to draw upon all its reserves to reach this ambitious target. The country's geographic and demographic diversity and its large informal market indicate a need to consider innovative mechanisms for improving access. "They really need to look at methods such as using e-learning and digital learning," says Dr Naim of the CPSC. "High mobile penetration suggests that they could experiment with the use of Massive Open Online Courses (MOOC) and other mobile solutions." The problem of access is one that also afflicts Nepal, notes Dr Basnet of the National Skills Testing Board. Access is particularly difficult in the mountainous terrain of the Himalayas, while TVET institutions are currently located only in the country's urban areas.

### **Spreading ICT and Hope in Bangladesh**

In the heart of rural Bangladesh, a volunteer programme is bringing basic computer skills to underprivileged youths. Established by the Volunteers Association for Bangladesh, the Computer Literature Programme (CLP) has established 348 computer literacy centres (CLCs) and 150 classrooms across 56 rural districts.

Equipped with computers, ICT-based materials and educational CDs, the CLP teaches basic

computer literacy skills, enabling rural youths to cross the "digital divide". Since its inception in 2004, more than 70,000 students, half of whom are female, have benefitted from technology-assisted courses in English, algebra, science and geometry. The CLP undertakes a host of activities from building centres, designing structured curriculums and training competent teachers, to providing vocational training in basic software and hardware skills.

Equity of skills delivery and the need to ensure that attention is paid to the "pre-employment" population is particularly pressing for low-income countries. "Normally when one thinks of the demand side of skills training, it is focused on the need for skilled workers from firms that are going to employ them," says Dr Nabi of Pakistan's International Growth Centre. "We must also be looking at demand from the household, and the skills that people need to get themselves out of vulnerability." Models such as that employed for the Punjab Skills Development Fund (PSDF) focus on delivering skills training to improving household incomes in areas of economic distress. "This allows people to improve what they are currently doing, learn self-employment skills and enhance those income streams," says Dr Nabi. As these people improve their prospects, the programme will shift its focus to the



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### Hope for Pakistan's poorest districts

The Punjab Skills Development Fund (PSDF) is a not-for-profit company established in 2011 by the government in collaboration with the UK Department for International Development. The PSDF funds private-sector enterprises that offer market-relevant vocational training courses across over 117 trades. The programme is focused on

skills training for the most vulnerable communities in Punjab's four most impoverished districts: Bahawalpur, Bahawalnagar, Muzaffargarh, and Lodhran. Targeting individuals in low-skilled jobs, the fund has successfully trained 25,000 youths and now aims to expand into six other districts in Pakistan.

development of skills for productivity, bringing employers into the fold as stakeholders.

Another unique dimension to the South Asian skills challenge is that of small- and micro- enterprise activity within the informal markets. India's NSDC cites the unorganised sector as a target sector for skills, as does Bangladesh's skills policy. Pilot programmes around informal apprenticeships are underway that leverage the experience and capacity of the NGO network in working with the informal sector.

The concept of informal sector apprenticeships is not new, though the value of systematic training and monitoring is a relatively novel one in micro-enterprises. Working with technical assistance from the ILO and funding from UNICEF, Bangladeshi NGO BRAC identified 500 Bangladeshi businesses which provide lower-value services such as hairdressing, motorcycle servicing and garment making. Briefings were provided to small employers (selected as master craft persons), as well as to their prospective apprentices, on roles and responsibilities in apprenticeship and the use of a competency skills log book. The apprentices were trained based on competencies identified by industry. The pilot programme has shown productivity gains at the micro-enterprise level, as noted by Arthur Shears, chief technical advisor of the ILO's TVET Reform Project in Bangladesh.<sup>17</sup> "100% of the people who completed the apprenticeship were kept on, found work in other companies or went to start their own businesses," he notes. "Many business owners found that with skilled workers, they could actually expand."

### Skills for girls and women

Gender is another dimension that shapes the region's labour markets, in light of huge gender-based disparities with regard to skills and opportunities. Providing skills training for women is important not just for social equity but also for driving productivity. "In terms of job market performance, improving access to training and opportunities is an important policy piece," says Ms Jagannathan of the ADB. This can be addressed through affirmative action, awareness building, and increasing female secondary education enrolment.

There is also scope for targeted skills development programmes that are sensitive to gender and vulnerability. Established by the Ministry of Women and Children's Affairs and the Ministry of Disaster Management and Relief, the Food Security Vulnerable Group Development (VGD) of Bangladesh is an interesting example of an effort to deliver skills training and create medium-term employment opportunities for women. Focused on female heads of the household, participants in the 24-month

<sup>17</sup> The TVET Reform Project is an initiative of the Government of Bangladesh, assisted by the International Labour Organisation and funded by the European Union. The goal is to ensure Bangladesh's competitiveness in the global market and reduce poverty by improving the quality of vocational education and training.



Income Generation for Vulnerable Group Development (IGVGD) programme receive a monthly food ration of 30kg of wheat, life skills training and links to microcredit service providers.

**Table 4: Female participation in TVET programmes as percentage of total enrolment**  
(Data is for 2011, unless otherwise stated)

	Secondary-level vocational programmes	Tertiary-level vocational programmes
Afghanistan	32% (2009)	NA
Bangladesh	33%	41%
India	25% (2008)	41% (2010)
Nepal	22% (2007)	42%
Pakistan	42%	47%
Sri Lanka	44%	64%

Source: UNESCO.

## Quality and relevance of skills outcomes

A major component of the skills challenge will be to ensure alignment of investment and initiatives with national policy directives. The importance of remittances to economic development has become an important consideration in the design and development of national skills systems in some countries. “Pakistan receives around US\$12-13bn a year, which is very important for the economy,” says Dr Nabi of the International Growth Centre. As a result, there is a stream of skills development in Pakistan focused on the skills required by countries in the Middle East.

Nepal needs to develop a domestic pool of skilled workers, while at the same time enhancing the skills of the large population of migrant workers who send remittances back home. “Recent studies have indicated that more than 600,000 people have moved to the Middle East for work,” says Dr Basnet of the country’s National Skills Testing Board. “But on the other hand, we import the skilled people needed for the modern industries we have—such as the steel and IT sectors—from India.”

Sri Lanka’s skills agenda has also been shaped with an eye towards remittances, which contributed 8% of GDP in 2010, according to the World Bank. While the country’s development indicators and education attainment rates indicate relatively high levels of education by South Asian standards, unemployment remains high at around 21%, driving around one-third of those graduating from university to migrate abroad for work. The paucity of formal training for the migrant labour force was acknowledged in the country’s 2012 budget, which included provisions for select hotel schools and technical colleges to be developed into foreign employment training institutes. At the same time, the budget was also concerned with integrating migrant workers into the mainstream national development process, specifying funding for enterprise-related skills training and the establishment of a Credit Assurance Scheme, with a view to encouraging entrepreneurship among returnees.<sup>18</sup>

## Getting involved: Industry participation

“From a skills perspective, the biggest gap is that between the education system and employers”, says TeamLease’s Manish Sarbahwal on India. This disconnect presents a common challenge for countries

<sup>18</sup> International Policy Studies, Talking Economics Blog (Jan 4th 2012). “Mainstreaming migration into the development process – Budget 2012 takes vital steps”. Jayaweera, R. and Jayawardena, P. <http://www.ips.lk/talkingeconomics/2012/01/mainstreaming-migration-into-the-development-process-budget-2012-takes-vital-steps/>



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across the region, as governments struggle to keep pace with fluid domestic and global labour markets. Enterprises are deterred from investing resources into training workers or contributing to the broader skills system by the risk of labour churn, thereby passing on the benefits of investment to their competitors. According to the World Bank, South Asia lags globally with respect to on-the-job training. Less than 40% of the largest firms train their workers, and only 5% of the smallest firms do so.<sup>19</sup>

Some models designed to address the collective action problems associated with enterprise skills training have been piloted in the region. Inspired by an initiative in Penang, Malaysia, the Chittagong Skills Development Centre is an industry-led non-profit initiative in Bangladesh, with a mandate to deliver training to its corporate members and other private companies. Members pool training resources, share technologies and input into the curriculum, thereby benefitting from enterprise-led training without the overheads incurred by conducting this in-house.<sup>20</sup> The Manila-based CSPC, with member states from across the Asia-Pacific, plays a neutral role in facilitating similar industry-institute dynamics by training staff for skills development institutes and also fostering links between such institutes and industry. Other skills development organisations forge links with industry associations to develop training courses which match skills requirements, as is the case with the Technology Upgradation and Skill Development Company (TUSDEC) in Pakistan. India's NSDC has been establishing national sector skill councils to develop occupational standards for particular roles. These are driving a new curriculum, assessment and accreditation in the formal sector.<sup>21</sup> NSDC also works with international bodies such as the World Skills Council, a global umbrella group for national skills organisations.

For Professor Mukti Mishra, head of India's Centurion University, links between the skills sector and industry are critical in ensuring that skills training is directly relevant to economic activity. To this end, the university's Gram Tarang Employability Training Service is a residential training course developed to forge links between academia, industry and the local community. The programme integrates human resource training and local best practices with a "supply chain" approach to working with industry. Working in collaboration with Indian brands such as Leyland and Café Coffeeday, the institute designs training programmes, implements on-site training, and ultimately provides trained workers directly to the enterprise.

### The potential of social entrepreneurs

Established under the Centurion University of Technology and Management, the Gram Tarang Employability and Training Services is a social-entrepreneurial outreach initiative that provides training to deprived segments of India's population.

It provides globally accredited employability training to school dropouts and graduates alike, in industries ranging from engineering, automotive, mining, construction, textiles to banking. Having

established strong partnerships with both industry and government players, Gram Tarang trained nearly 6,700 youths in 2010-11 alone and has an 83% job placement rate. It plans to expand domestically and internationally, with a long-term vision of creating 100,000 employable youths annually. This reflects the institute's conviction in the significant role which non-state actors can play in addressing the region's skill shortages.

<sup>19</sup> World Bank (2013), "More and better jobs in South Asia," South Asia Development Matters.

<sup>20</sup> Ibid.

<sup>21</sup> For more on these sector skill councils, see [www.nsdciindia.org/sector-skill-council](http://www.nsdciindia.org/sector-skill-council).



## **More intelligence on gaps and outcomes is needed**

Across the region, labour market intelligence remains an area of weakness for all countries. A dearth of information and data has left both government and industry with an incomplete roadmap by which to address the skills challenge. India's NSDC has recently completed a major skills study examining skills in terms of geographies and sectors, but for the most part, investment in research and labour market data has not emerged as a high priority. This problem is particularly acute in Afghanistan, where there are few mechanisms for collecting labour market information and subsequently for analysing and interpreting data to inform policymaking, observes Mr Stanikzai of the NSDP.

There is also work to be done with respect to the monitoring and evaluation framework for programmes, which needs to focus more on the outcomes, and less on inputs into the skill systems. "Yes, there is a quantity case, but also a quality case to be made," says Mr Sabharwal of TeamLease in India. "This necessitates a shift from measuring buildings to measuring skills outcomes."

## **Don't ignore the soft skills**

The services focus of many South Asian economies also suggests that more consideration of the soft skills required for modern business would be beneficial, and help to raise the employability of students graduating from the TVET system. "Generic skills such as problem solving, teamwork and computer skills are increasingly important," says Dr Naim of CSPC. As countries strive to develop value-added manufacturing sectors and knowledge hubs, modern business skills and languages become key to the competitiveness of the workforce. "In terms of skills required, English is like Windows OS for modern business. We need to get English levels up and focus on horizontal skilling," observes Mr Sabharwal.

## **Poor public perception of the TVET sector**

The participation of South Asia's workers in TVET is relatively low, in part due to the reputation of the sector in the region as a back-up option for those who fall out of the academic system. In Nepal for instance, the TVET sector covers only 10% of the students that have obtained the post-secondary school-leaving certificate. "Those who have scored well do not want to come to TVET sectors," says Dr Basnet of the National Skills Testing Board. "Only the lower middle class and poor, if they can raise the money, will send their children to TVET programmes."

Professor Mukhtar Ahmed, executive director of the Higher Education Commission in Pakistan, reiterates this sentiment. "Unfortunately in our part of the world, everybody wants to go for a white collar job," he says. "What is missing is internationally recognised accreditation for the TVET sector." Professor Sharma, of Kathmandu University and Nepal's TITI, concurs. "Even if people have TVET credits they can't move into the national university system in Nepal, because there is no integrated qualification system." The possibility of movement between vocational education and university education is vital to raising the attractiveness of skills development as a viable pathway for workforce-related training, says Dr Naim of Colombo Plan Staff College for Technical Education. "TVET should not be seen as a terminal," he says. Rather, there is a need for South Asian governments to create valid pathways between higher education, TVET and industry to encourage up-skilling at various points on the career ladder. "In some countries, we even have university graduates going back to community and technical colleges to improve their employability skills."





# Conclusion: The future of skills training in South Asia

## Skill systems: Challenges for South Asian countries

There has been substantial progress in improving access to education for South Asia’s young population. The challenge for the region now is to bridge the gap between the worlds of education and work. A viable skills training system is more than just a fall-back for those unsuccessful in mainstream education; it can play a long-term role in meeting national economic as well as individual needs, for example by:

- Preparing people for specific occupational roles linked to industry placements
- Up-skilling those already in the workforce, boosting overall productivity and individual success
- Re-skilling people who need to find a new career, helping them to avoid under- or unemployment
- Offering a second chance to those who have been excluded or fallen out of formal education, by providing basic literacy, numeracy and ICT skills
- Supporting local businesses to thrive, thanks to finance and business training as well as mentoring
- Enabling a national economy to keep pace with the rapidly changing global business environment

**Table 5: Key challenges and imperatives for skills in South Asia**

	Challenges	Imperatives
Market size and structure	<p>Outside of secondary and tertiary education systems, a non-existent or nascent market for TVET.</p> <p>Uncoordinated policies and fragmented ownership of skills development agenda.</p>	<p>Development of well-coordinated institutional and policy frameworks.</p>
Quality and scale of service provision	<p>Availability of finance.</p> <p>Dated training models and curricula.</p> <p>Availability of trainers.</p> <p>Scale and equity of access to services.</p>	<p>Private sector participation and investment; experimentation with innovative funding models.</p> <p>Modernisation of training systems, making best use of ICT.</p> <p>More training of trainers, focusing on key growth sectors.</p> <p>Targeted delivery of services to underrepresented groups and geographies. NGOs and social protection programmes can play a role in delivering training to the informal sector, while ICT can improve access in rural areas.</p>
Quality and relevance of skills outcomes	<p>Mismatch between industry needs and the skills of graduates.</p> <p>Limited interaction between government and industry on skills needed in labour markets.</p>	<p>Calibration of skills development with national policy plans and structure.</p> <p>Government encouragement of industry participation in and ownership of skills development (emphasising benefits to industry and reducing overheads).</p> <p>Monitoring and evaluation of outcomes to guide future policies and initiatives.</p> <p>Inclusion of generic and soft skills on the agenda.</p>



**Table 5: Key challenges and imperatives for skills in South Asia**

Challenges		Imperative
Poor public perception of sector	Viewed as less desirable back-up option for those who fall out of academia.	<p>Create standardised quality-control and accreditation systems.</p> <p>Create formally recognised pathways between TVET and higher education.</p> <p>Link skills agenda to tangible employment outcomes; monitor and publicise these.</p>

Source: Economist Intelligence Unit.

### Steering the ship: Institutions

A fragmented skills agenda can lead to conflict between ministries over “turf.” This inhibits the successful matching of skills development with overall national economic objectives and limits efficiency. The establishment of umbrella skills development bodies, charged with co-ordinating and implementing the skills agenda, represent progress in India and Bangladesh. Notably, these organisations have fallen under the purview of the prime minister in each case, signifying political will at the highest level.

Such institutional arrangements can be conducive to calibrating skills development with economic objectives, directing attention and resources to benefit key growth sectors as well as those socioeconomic groups most in need. At the same time, ensuring that local government and industry have the opportunity to participate in setting priorities is important, particularly in federated countries such as Pakistan and India where there is a high level of devolution.

### Capturing the informal market

There is a need to consider skills in South Asia’s large informal economies. Yet the unorganised sector receives limited attention in the policy dialogue. The use of social protection programmes and NGO networks to deliver skills training to micro-enterprises and vulnerable households has some potential, and can be quickly scaled. Until structural reform of labour markets takes place, the majority of jobs in the region will remain informal, necessitating a more robust policy discussion of how skills training can improve livelihoods and drive productivity at the micro-enterprise level.

### Bridging the gap between TVET and higher education

One of the biggest problems for TVET in South Asia is the sector’s poor quality and low status among potential students. Curricula that are relevant to today’s job market, with direct linkages to employment outcomes, are needed. To this end, the development of sector skills councils—where industry and government collaborate to define occupational standards—may improve perceptions by linking skills training with tangible job prospects. The development of flagship institutions, such as India’s ITIs, could also contribute to increasing the appeal of TVET as a viable learning pathway for students.

Poor convertibility of qualifications between vocational and academic streams of education has also been a deterrent to TVET uptake. This lack of optionality prevents potential students from viewing skills training as a “mainstream” pre-employment option, or returning to skills education at later stages in



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their careers. Standardisation of qualifications and a robust accreditation framework must be in place for the convertibility of credits to take place. Yet the reality is that with the exception of India, where a National Education Qualification Framework is pending, South Asia is at the very start of this process. Specialised technical skills and a high degree of co-ordination within the public sector will be required to drive this forward.

### Developing more and better intelligence

The skills landscape in South Asia has suffered from a lack of visibility, with little capacity for collating labour market information. A state-level exercise completed by the NSDC covering 22 key sectors is the first of its scale and granularity in the region, enabling a keener understanding of demand for particular occupations and skills. Such data and information is still lacking in the rest of the region, though efforts have been made by USAID and the ILO to develop the intelligence required to support skills planning in Afghanistan and Bangladesh respectively. Funding of research remains a challenge, as does the lack of skills necessary to conduct robust labour market analysis.

### Focusing on the “operating system”

The services orientation of South Asian economies suggests that more attention to “horizontal skilling” could be a boon to productivity. The export-led models of East Asia required workers to have specific technical skills related to manufacturing, but for South Asia, it is the value of “soft skills” such as English language and communications that will enhance the competitiveness of workers in key sectors such as business-process outsourcing and hospitality.

### Training the trainers

Given the challenge of forecasting skills requirements in labour markets, human capital planning for TVET is even more difficult. There is an urgent need to develop a pool of trainers if South Asia is to deliver on the skills development agenda. Commentators note that the lack of skilled teachers presents a serious bottleneck for skills development. There is a need to focus attention on the training of the trainers for the major industries and occupations in South Asia that are likely to drive demand.

### Brain circulation

The “brain drain”, whereby the best and brightest go abroad in search of better economic prospects, is often cited as a serious human capital concern for emerging economies. Yet, for many of the countries in South Asia migrant labour is an important pillar of development, given the economic gains derived from remittances. Training workers in the construction, healthcare and domestic services sectors to compete on increasingly competitive global markets is now a key component of the skills development agenda for countries such as Sri Lanka, Pakistan and Nepal, and worthy of further attention given that remittances will remain an important source of income and foreign exchange for the foreseeable future.

An interesting point is the potential for returnees to contribute to skills development at home. For instance, Sri Lanka has developed incentives to support returnees in setting up new enterprises and reintegrating into the economy. Through this “brain circulation”, there is the potential to make



a positive contribution to skills development through investment and the reintegration of valuable human capital into the economy.

### **Delivery of skills**

Poverty, low rates of urbanisation and insufficient transport infrastructure are just a few of the factors that limit access of South Asia's rural population to skills training. Given that the TVET infrastructure is at a relatively nascent stage of development in all South Asian countries, there is a unique opportunity to experiment with methods of expanding access that capitalise upon existing infrastructure or community-based programmes.

The pervasiveness of mobile and Internet networks in South Asia is conducive to the deployment of skills programmes via e-learning and MOOC. There is also the potential to "piggyback" on the large social protection networks in the region to deliver skills training to improve livelihoods. Considering the low-income status of all countries in South Asia, providing "second chance" training options for people who have been excluded or fallen out of formal education systems should be an important aspect of the skills agenda. The returns for economic growth will be medium- to long-term, as noted by Dr Nabi of the International Growth Centre in Pakistan, as the economic vulnerability of the self-employed and informal-sector workers is reduced.

### **Industry participation**

Critical to the quality and relevance of TVET is the involvement of industry. A common complaint from employers is the mismatch between industry needs and the skills of entrants to the workforce. Yet South Asian companies are reluctant to participate and invest in the skills infrastructure, given the opportunity cost and potential for competitors to benefit. Therefore, governments or other neutral players such as social enterprises need to find ways to reduce overheads for individual companies, as well as education on the benefits to industry of their involvement. Some collective action solutions have achieved success, which could be replicated. Industry associations have a role to play in co-ordinating sector efforts around training, and in working with public-sector bodies to ensure that skills curricula are relevant. Developed through reference to the UK and other Commonwealth countries, but primarily rooted in their own environments and local policy learning, sector skills councils have emerged in India and Bangladesh. Comprising government and industry representatives, these bodies have been charged to work together to define occupational standards for key industries.

The private sector has a major role to play in developing the skills system in South Asia in coming years, and will need to do much of the heavy lifting for skills delivery and financing. Most interesting for South Asia is the development of PPPs for delivery of skills training, an area where there is potential for the private sector to employ build-own-operate green field PPP models, or to take over facilities and operate these on behalf of the public sector. Skills financing is another area ripe for innovation. Targeted funds have been effective in pooling government and donor financing towards specific skills objectives.



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### **A matter of trust**

Resource constraints have implications for the development of skills across South Asia. If governments in the region can create and implement coherent strategies to complement their overall economic plans, the potential pay-offs are immense. However, the complexity of the challenge and other competing priorities suggest that such efforts must be guided by data and evidence, and in collaboration with the private sector. “The public sector has an execution deficit, while the private sector has a trust deficit,” notes Mr Sabharwal.

A leap of faith on both sides will be essential for the development of a relevant, functioning and sustainable skills system in South Asia.

While every effort has been taken to verify the accuracy of this information, The Economist Intelligence Unit Ltd. cannot accept any responsibility or liability for reliance by any person on this report or any of the information, opinions or conclusions set out in this report.

LONDON

20 Cabot Square

London

E14 4QW

United Kingdom

Tel: (44.20) 7576 8000

Fax: (44.20) 7576 8500

E-mail: london@eiu.com

NEW YORK

750 Third Avenue

5th Floor

New York, NY 10017

United States

Tel: (1.212) 554 0600

Fax: (1.212) 586 1181/2

E-mail: newyork@eiu.com

HONG KONG

6001, Central Plaza

18 Harbour Road

Wanchai

Hong Kong

Tel: (852) 2585 3888

Fax: (852) 2802 7638

E-mail: hongkong@eiu.com

GENEVA

Rue de l'Athénée 32

1206 Geneva

Switzerland

Tel: (41) 22 566 2470

Fax: (41) 22 346 93 47

E-mail: geneva@eiu.com