

# Skills Topic Guide

## 2016

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**HEART**  
HEALTH & EDUCATION ADVICE & RESOURCE TEAM



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## 1. Executive summary

*By expert advisor Prof Simon McGrath, University of Nottingham.*

A focus on skills and technical and vocational education and training (TVET) almost slipped off the development agenda after 2000. Excluded from the Millennium Development Goals (MDGs) and marginalised in the Education for All (EFA) debate, the dominant policy and research view was that specific vocational skills were less important than general education and that public provision of vocational skills was particularly ineffective. This orthodox position had largely been developed by the World Bank in the 1980s and early 1990s (e.g., Psacharopoulos 1981 and 1985; Psacharopoulos and Loxley 1985; Middleton, Zideman and Adams 1993), drawing strongly on human capital approaches.

Yet, the current decade has seen skills and TVET return to the development agenda. TVET is clearly present in the new language of the Sustainable Development Goals (SDGs); UNESCO convened a world conference on the subject in 2012 and is working on a new revised recommendation - its key standard-setting tool; whilst a range of international reports have emerged on skills from organisations such as McKinsey and the Organisation for Economic Co-operation and Development (OECD), as well as the *Global Monitoring Report on Youth and Skills*. These global policies can be placed against a backdrop of national commitments in developed and developing contexts to diversify and expand skills provision in terms of its supply and demand.

However, the policy of neglect of skills has contributed to a paucity of good international research on the topic and there remains more ideological heat than empirical light in the field. This topic guide seeks to review the current state of the debates.

Whilst there is widespread agreement that the skills of young people, nations and enterprises need to be developed, there is disagreement as to the best ways of proceeding. This is partly because skills is researched from different disciplinary traditions, with very little attempt at genuinely transdisciplinary approaches. Much of the literature, particularly from the discipline of economics, has focused on issues of individual and enterprise investment in skills and the question of whether or not there is market failure present. This can be contrasted with literature from sociology and politics that looks more at the institutional arrangements that make national skills systems more or less effective, seeing current skills regimes as arising out of historical contestations and compromises within wider political economies.

There are not simply disciplinary tensions about how to understand skills. The term skills is also a broad one, with there being differing levels of attention from various communities on technical, cognitive and life skills, and largely independent discussions about skills in general education, in vocational education and training providers, and in enterprises.

For the purpose of this topic guide, skills is defined in a broad way to take account of these different usages and multiple disciplinary traditions are considered. However, throughout, there is a strong focus on the skills that help individuals to access decent work, whether through employment or self-employment, and some focus on the positive consequences for enterprises and national economies that arise from such investments.

Seeking to develop one's skills is an important characteristic of being human. Many individuals invest very significant proportions of their resources in skills development. However, there is evidence that provision and access to skills is unequal in different countries, regions and contexts (EFA GMR 2012). Marginalised groups are less likely to be able to access skills.

Thus, any interventions in the skills field need to be seen as both a process of overcoming market failures and a matter of promoting social justice. Moreover, there is a longstanding political argument that active citizenship requires effective labour market participation. Inclusion of skills development in the SDGs brings with it the need to think more about how skills contribute to sustainable development, and not just in the narrow sense of “green skills”.

The topic guide reports evidence that skills training has resulted in increased self-awareness, empathy, decision making, goal setting, and communication skills for youth pressure (Olenik and Takyi-Laryea 2013). It also points to evidence of training programmes in developing countries have been shown to have a positive impact on future employment and earnings.

Whilst cognitive skills are linked to increases in incomes and employment chances generally, technical skills training is shown to be more effective when focused on skills closely linked to market demand. Women may benefit from skills training more than men because they are often starting from a greater state of disadvantage in the labour market (Adams 2011). Nonetheless, a solid general education is required as a basis for youth development and for future employment opportunities. For the disadvantaged, skills acquisition is more effective when built on a solid foundation of good quality basic education (Adams *et al.* 2013).

Vocational education systems may benefit from reform in developing countries. However, it is essential to remember that TVET does not guarantee a solution to youth unemployment. Skills and employment are intrinsically related to overall growth, development and innovation pathways. Policies that promote access to general education and business development are likely to support skills training initiatives.

At the level of TVET system reform, there is a consensus that involving all stakeholders, most particularly employers, in the design and delivery of training, contributes to better outcomes for all. There have been many attempts to reform funding regimes, including through levy-grant systems, but there is a lack of conclusive evidence on their efficacy. Indeed, it appears that systems may need to be well-functioning before these reforms are effective (Dunbar 2013). Similarly, national qualifications frameworks (whether education-wide or just vocational) have been introduced in a large number of countries in recent years but there is considerable evidence on their complexity and little on their positive impact (Allais 2010). There is evidence that apprenticeship programmes provide good quality access to training and to new technology, and are a strong route into decent employment. However, such programmes typically prove hard to deliver at scale, due to the limited numbers of medium to large firms in developing economies and market failure (World Bank a. 2013). Overall, there has been more failure than success with TVET policy reform in developing countries (McGrath *et al.* 2013).

At the system level, the OECD recommends the following as best practices:

- Prioritise investment of scarce resources
- Combine short- and long-term considerations
- Build a case for lifelong learning
- Foster a whole-of-government approach
- Align the perspectives of different levels of government
- Include all relevant stakeholders (OECD 2012).

Overall, there is a degree of consensus that skills development is an important policy area on both efficiency and equity grounds. However, the complexity of the change mechanisms involved and the limitations of the empirical evidence available highlights the major challenges still involved in investing in skills interventions.

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## 2. General introduction and overview

### Key messages:

- Skills are competencies that can be gained from experiences during and after childhood, especially through education.
- Skills can be regarded as a spectrum. At one end, basic skills are needed to get any job or even for acquiring further skills. At the opposite end, high skills may be referred to as talent.
- Provision and access to skills is unequal in different countries, regions and contexts. Marginalised groups are less likely to be able to access skills. Gender stereotypes may limit access for women and girls, channelling them into certain jobs, such as sewing and embroidery.
- TVET skills are concerned with the acquisition of knowledge and skills for the world of work.
- There is a paucity of data and systematic information on TVET and adult education that must be addressed. In particular, there is a paucity of sex-disaggregated data.
- Training programmes in developing countries have been shown to have a positive impact on future employment and earnings. The findings were not disaggregated by sex.<sup>1</sup>

### 2.1 Introduction

Topic guides are user-friendly guides focusing on key education, health and nutrition topics. They provide a synthesis of the key evidence on a particular issue as well as links to essential readings. Current issues and debates are discussed where possible. Topic guides are fundamentally designed to signpost readers to the best original sources of information and summarise very briefly the most important findings and messages from those sources, in order to help readers determine which sources are most relevant to them. A topic guide cannot include all relevant concepts, debates, lessons, and evidence in full detail. Instead, a guide should:

- Introduce relevant ideas briefly to give the reader a basic overview
- Help the reader decide which concepts, theories, toolkits, and so on may be relevant to the problem and context that the reader is working with
- Point the reader to relevant sources for further details.

This topic guide is focused on skills immediately necessary for employment and increased productivity. It focuses on technical and vocational education and training (TVET) skills, which are concerned with the acquisition of knowledge and skills for the world of work. The importance and value of obtaining basic skills is recognised as a pre-requisite for higher order skills development. This document was written between July and December 2015 and includes evidence that was available at this time.

The selection of materials was guided by the principles of the [DfID How to Note: Assessing the Strength of Evidence](#). The topic guide does not include a critical appraisal of individual pieces of evidence used, but provides

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<sup>1</sup> From experience in Pakistan, women with skills who are earning report more confidence, respect in the community, increased decision making in the household, and their spending priorities are on family's health and education. Frida Khan, gender reviewer.

an assessment of the body of evidence for the main sections of the guide. The topic guide was assessed by a gender reviewer, who provided guidance on whether gender-relevant implications had been adequately covered. The gender reviewer was independently recruited by [IDS BRIDGE](#). Where possible, the evidence presented was disaggregated by sex. Until a time when more robust data is available, case studies offer a good insight into progress in TVET (EFA GMR 2015). This topic guide draws on case studies and country examples, where possible, to illustrate best practices in the delivery of TVET and other skills programmes.

## 2.2 Definition and description of skills

There is no consensus among social scientists about the definition of the word ‘skill’ (Green 2011). Skills may involve capabilities and competencies. Some capabilities are innate and some competencies are acquired through academic and non-academic experience. In the English language, ‘intelligence’ and ‘talent’ are used to refer to capabilities that are inborn or acquired early in childhood. Under the Dakar Framework for Action ‘skills’ refers to competencies that can be gained from experiences during and after childhood, especially through education. Under the Dakar Framework ‘life skills’ was understood to advocate the capability of generating or adding value to an economic product but also the skills individuals need for a fulfilling and healthy life and full participation in society (EFA GMR 2015).

## 2.3 Youth bulge

In the world today over 3 billion people are under 25 years of age. This equates to nearly half of the world's population. Almost 90 per cent of these young people live in developing countries. This demographic trend is referred to as a ‘youth bulge’, as young people constitute a high and peaking proportion of many populations. The youth bulge represents both a challenge and an opportunity for development. The duration of the youth bulge is critical, as it presents a limited window in which to develop a larger and younger workforce who can drive economic development and play a significant role in social development. Young people are a valuable asset to their countries and investing in them brings tremendous social and economic benefits (Huxley 2010). Jobs and opportunities for these youths are an important aspect on the development agenda in many countries. Better data is needed, but the evidence that does exist suggests that unemployment is but one of the main problems facing low-income countries. In the absence of adequate social safety nets, young people are compelled to take low-productivity, low-wage jobs. Better-paying jobs and opportunities are needed to help people escape poverty. A critical part of the policy agenda for youth employment must be to strengthen human capital. Skills influence employment and earning potential (World Bank 2014). It is necessary to address issues such as the shortfall of higher-order cognitive skills, behavioural and socioemotional skills, technical or vocational skills, and business skills to overcome some of the challenges the youth bulge presents.

The need to develop the skills of young people to prepare them for work is urgent. The long-term consequences of the financial crisis and the challenges of increasingly knowledge-based economies have enhanced the need for a skilled workforce. Young people require skills that prepare them for decent jobs so they can thrive and participate fully in society (EFA GMR 2012). People who cannot read, write and do basic arithmetic have fewer opportunities for gainful employment, entrepreneurial activity or civic participation. A global effort is required to build the foundational skills for entering the workforce and actively participating in society. Foundation skills are necessary for employment that pays for daily needs. Access to secondary school can be measured to give an indication of progress made towards opportunities to acquire these foundational skills (EFA GMR 2015). To address the economic strain of the youth bulge present in many low-income settings, workforce development programmes are critical. This is an opportunity to create new growth in areas like technology or sustainable



agriculture.<sup>2</sup> Demand-side efforts must be matched by supply-side efforts to ensure that a highly trained youth workforce will have solid, stable employment options that earn them a living wage. Developing an understanding of what services works best for which populations of youth will be crucial to progress. Measuring long term outcomes will be vital. There is a research gap with regards to understanding community and institutional capacity for youth workforce programmes. This may be due to the lack of common indicators for success (Olenik and Fawcett 2013).

## 2.4 Skills development in context

Skills development does not exist in a vacuum. Other factors may impact skills acquisition. For example, children who are hungry, malnourished or ill are not in a position to gain the skills needed for later learning and employment (EFA GMR 2012). In addition, many young people combine work with schooling to support their families, which may also restrict their acquiring of skills. Girls, in particular, may combine housework with schooling. Many girls drop out from school at the time of puberty, especially if schools don't have bathrooms. There are usually fewer secondary schools than primary ones, which means that girls entering secondary school sometimes have to walk further, and if it is not considered safe to do so, they simply stop going to school. Primary school completion rates are reaching parity in many developing countries, but the transition to secondary education is much lower for girls. This affects the level of skills development that they can eventually access and the types of jobs they can get. Evidence suggests working students tend to lag behind non-working students in acquiring foundation skills. Good governance and solid policies can mitigate this impact. For example, the negative association between student employment and academic performance is smaller among students in countries that enforce a minimum working age (EFA GMR 2015).

In sub-Saharan Africa, the non-farm informal sector is a major source of employment and earnings, with household enterprises accounting for most non-farm employment in the region. A lack of skills within the workforce may be a constraint that hampers productivity in this sector. Workers in the informal sector have lower education levels than those in the formal sector, but higher education levels than farmers. Education and training is important for both formal and informal employment as it translates into additional investments in skills and higher earnings. Basic education establishes a solid foundation for further skills development. Cognitive and non-cognitive skills developed in primary and lower secondary education provides a foundation for the acquisition of technical skills and the preparation of individuals for employment with secondary and postsecondary education (Adams *et al.* 2013). Formal secondary schooling is regarded as the most effective way to develop the skills needed for work and life. Enrolment rates at secondary level have improved, but the enrolment ratio is still low in developed countries. An estimated 71 million adolescents of lower secondary school age were out of school in 2010 worldwide, with three quarters of these living in South and West Asia and sub-Saharan Africa (EFA GMR 2012). Unfortunately the data presented here is not disaggregated by sex for comparison.

Education and training are strongly linked to the type of job held. Evidence from Ghana, Kenya, Nigeria, Rwanda, and Tanzania indicate a positive link between education and training and the probability of holding a job that is not farming. Formal education, and particularly higher education, is linked to employment in the formal wage sector. Lower levels of non-formal training are linked to employment in the informal sector. To improve productivity and incomes in small businesses and household enterprises of the informal sector, strategies need to

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<sup>2</sup> There are examples of where women have benefitted from training in these new sectors. For example, call centres in Delhi and Mumbai employ more than 1 million people, most of them women. But even within the 'new' old patterns re-emerge with women in the monotonous, lower end jobs, and men in the management one. Frida Khan, gender reviewer.



be developed that consider why the shortfall in skills exist. Factors include low levels of education, unequal access to training, the presence of inefficient markets encouraging skills development, lack of engagement from public training providers, and other market constraints. Expanding basic education is a necessary foundation to skills development, but complementary measures must unlock the potential of existing populations (Adams *et al.* 2013).

Based on evidence from a five country study from sub-Saharan Africa, strategies aimed at improving productivity and incomes in small businesses and household enterprises of the informal sector should consider addressing the following:

- Increase efforts of public skills providers in the informal sector
- Encourage investments in skills by small and household enterprises
- Improve the quality of training offered by master craftspersons in apprenticeships
- Expand second-chance programmes for education
- Provide small firms in the informal sector with information about the benefits of training and competitive sources for obtaining it
- Encourage industry associations to play a larger role in skills development for the informal sector
- Improve information available on training providers
- Promote competition and innovation in training for the informal sector
- Improving understanding of skills and policy effectiveness (Adams *et al.* 2013).

## 2.5 Life skills

The World Health Organization (WHO) describes life skills as a group of psychosocial competencies and interpersonal skills that help people make informed decisions, solve problems, think critically and creatively, communicate effectively, build healthy relationships, empathise with others and cope with and manage their lives in a healthy and productive manner. The EFA Interagency Working Group on Life Skills describes life skills as cross-cutting applications of knowledge, values, attitudes and skills that are important in the process of individual development and lifelong learning. Life skills are necessary to promote good health and to maximise societal contributions beyond just earning a livelihood (EFA GMR 2015). Life skills include social or interpersonal skills including communication, negotiation and refusal skills, assertiveness, cooperation, and empathy. Life skills also include cognitive skills such as problem solving, understanding sequences, decision making, critical thinking, self-evaluation and emotional coping skills (Olenik and Takyi-Laryea 2013). The EFA agenda understands skills to originate from deliberate and intentional experiences offered by formal, non-formal, employer-based or other lifelong learning opportunities. Skills are therefore more specific than general knowledge, as they are intended to yield economic, social, developmental or political consequences (EFA GMR 2015).

## 2.6 Skills and employment

Work readiness skills are those that help youth to find and obtain employment. They include the ability to describe skills and interests, set career goals, write a resume, search for a job, and contact employers (Olenik and Fawcett 2013). Skills for employment are sometimes referred to as livelihood skills. These can be obtained at the foundation level. They may be transferable in nature or described as relating to technical and vocational skills. Transferable skills can be transferred and adapted to different work environments and jobs. They allow people to retain employment. Foundation skills include the literacy and numeracy skills necessary for getting work that can pay enough to meet daily needs. They are a prerequisite for continuing in education and training, and for acquiring transferable and technical and vocational skills that enhance the prospect of getting good jobs. Transferable skills include the ability to solve problems, communicate ideas and information effectively, be creative, show leadership

and conscientiousness, and demonstrate entrepreneurial capabilities. These skills allow people to adapt to different work environments and improve employment opportunities (EFA GMR 2012).

## 2.7 Skills attainment

Different components of competences that contribute to skills development are likely to be acquired in various ways from various contexts. Formal education and training generates scientific knowledge, while work attitudes may be acquired in multiple sites. Skills development may have different levels of complexity. Basic skills may include cognitive skills needed for getting any job, or even for acquiring further skills. At the other end of the spectrum, talent may be used to describe those with especially high skill. Skills under-utilisation refers to the situation where someone has skills that are not being used for their job. This may be linked to over-education, where someone has achieved education at a level higher than needed to get the job they are doing. A skills gap refers to the opposite situation, where workers do not have the competence to do the job required. A skills shortage vacancy occurs where a job vacancy is hard to fill because applicants lack the skills that are required. A skills deficit is when the level of skills supplied and used is below the desirable level. It can be hard to directly measure skills. Using educational achievement as a benchmark can be problematic, as they are not necessarily interchangeable (Green 2011).

## 2.8 TVET skills attainment

TVET skills can be acquired through work placement programmes linked to secondary schooling and formal technical and vocational education, or through work-based training, including apprenticeships (EFA GMR 2015). The proportion of secondary school pupils enrolled in TVET programmes has remained at 11 per cent since 1999 (EFA GMR 2012). There is currently no single point of information focused on training taking place outside the authority of education ministries. Skill training is increasingly seen to be an integral part of general education, offering foundation and transferable skills at the same time as job and life skills. The exclusive focus on economic production that historically underpinned discourse around skills has now changed. TVET skills are now regarded as not only generating income, but also enhancing workers' capacity for future growth. Rigorous evidence on TVET programmes remains scarce. Monitoring and evaluation of TVET programmes are yet to be regarded as a priority. It is unclear whether TVET programmes provide skills to workers who are then allocated work, or whether TVET programmes increase the stock of capabilities in the economy, so that new jobs are created (EFA GMR 2015). Creating new jobs will not solve the problem if people do not have the skills needed to do them. Governments must address the skills deficit to improve employability and reduce reliance on subsistence work (EFA GMR 2012).

## 2.9 Skills within the wider development agenda context

The Open Working Group of the UN General Assembly on Sustainable Development Goals (SDGs) recommended a specific target to measure progress on skills in the post 2015 framework. Goal 4 is to ensure inclusive and equitable quality education and promote lifelong learning opportunities for all (United Nations 2014). Within goal 4, target 4.4 is focused specifically on TVET, aiming to increase the number of youth and adults who have relevant skills, including technical and vocational skills, for employment, decent jobs and entrepreneurship. Target 4.7 is also relevant, although it focuses more generally on skills, aiming to ensure that all learners acquire the knowledge and skills needed to promote sustainable development, including, among others, through education for sustainable development and sustainable lifestyles, human rights, gender equality, promotion of a culture of peace and non-violence, global citizenship and appreciation of cultural diversity and of culture's contribution to sustainable development (United Nations 2014). The inclusion of skills in the post 2015 development agenda was

reaffirmed by the UN Secretary-General in his synthesis report on the SDGs, which argues that it is essential that young people receive the skills they need through quality education and lifelong learning (Ki-Moon 2014).

Lifelong learning provides an organising principle and a process perspective that is focused on learning. Members of the education community can learn from each other, facilitating vertical and horizontal progression. The post-2015 agenda provides an opportunity to build a broader enabling environment, which includes TVET. Visionary leadership will be needed to mobilise collective responsibility and actions. For all countries, regardless of economic or industrial status, it is increasingly clear that development problems are rarely contained within one sector but are best addressed collectively. Broader transformations of public policies and governance are required. The transformation of TVET is dependent on such transformations, but importantly it is also able to contribute to them. Mutual benefits can be realised through the transformation of TVET and the transformation of governance in synchronisation (UNESCO 2015).

### 2.10 Access to skill provision

Provision and access to skills is unequal in different countries, regions and contexts. Marginalised groups are less likely to be able to access skills. Evidence indicates that those who are poor or female may have limited access to skills, which perpetuates and exacerbates their disadvantage. In lower income settings, girls are less likely than boys to achieve foundation skills. Larger gender gaps appear for richer families. Opportunities are extremely limited for both boys and girls from poor households. Geography also has an influence, with young women living in rural areas least likely to acquire foundation skills. Providing equal education opportunities while improving quality will improve skills acquisition and future job prospects (EFA GMR 2012). Skills programmes need to target people who are most in need. Adult education in the private sector tends to be offered to employees, rather than to unemployed or underemployed, adults. Women are less likely to have received adult education than men. The odds of receiving adult education were also far higher for adults whose parents had attained higher levels of formal schooling. Support must be carefully designed or adult education opportunities may be taken up by adults who have already benefited from formal schooling (EFA GMR 2015). Skills development among migrants is also of major concern. International migrants are often at risk of failing to gain life skills. Systemic factors, including legal status, segregation, school finance and language policy, may affect access to both formal and non-formal education (EFA GMR 2015).

### 2.11 Quality of evidence

The evidence presented on the current status of skills development is based on a medium number of high-quality systematic reviews, most significantly the recent annual EFA reports compiled by UNESCO. These global reports are based on detailed country level data and case studies, and are regarded as highly reliable sources. Further evidence on skills development in more specific contexts – five populous countries across sub-Saharan Africa; conflict-affected states – is based on systemic studies of available statistical data and proposed frameworks for action presented in reports from the World Bank and USAID. Both reports are substantial and wide-ranging, and are transparent in acknowledging limitations based on the paucity of relevant and up-to-date data in their fields. Evidence on the place of skills development in relation to the emerging SDGs is based on reports delivered by the UN: these documents can be widely considered as key to framing the emerging debates surrounding models for skills development.

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### 3) Skills and development

#### Key messages:

- TVET is shown to be more effective when focused on skills closely linked to market demand. However, TVET does not guarantee a solution to youth unemployment. Other factors may have an influence, including growth, cost of labour, legislation, and unrealistic wage expectations.
- A solid general education is required as a basis for youth development and for future employment opportunities. For the socially disadvantaged, skills acquisition is more effective when built on a solid foundation of good quality basic education.
- Women may benefit from skills training more than men because they are often starting from a greater state of disadvantage in the labour market.
- Considering TVET solely through a productivism lens may not address all the issues and challenges. Other theories and paradigms, including a rights based perspective, are required.
- Marginalisation in skills has no uniform indicator and is therefore hard to measure.
- Inefficiencies of the public sector, lack of responsiveness and inability to match demand led to a shift of focus towards the private sector being involved in skills development. The public sector must have the capacity to oversee private sector involvement in skills development, to ensure social objectives are met.
- Comprehensive approaches to skills development, which combine training with employment or work placements, are the most effective.
- The following challenges can be experienced when trying to involve the private sector in skills training:
  - Initiatives may fail to attract the participation of private firms.
  - Smaller firms may struggle to participate due to cost and capacity.
  - Private firms may lack an understanding of the benefits of training.
- The private sector can contribute to the governance of TVET systems through national committees or other institutional arrangements, strengthening the skills training being provided. Industrial associations can work to encourage and support training for small enterprises to broaden skills development. Participation from employers in the design and operation of skills training programmes are likely to increase their effectiveness and acceptance.

#### 3.1 Skills and development theory

The orthodox theory of skills sees vocational education and training improving production. Economic development is regarded as the ultimate goal of society. It is assumed that training leads to productivity, leading to economic growth and that skills lead to employability, leading to jobs. Skills therefore lead to both growth and work. There is an opportunity to re-evaluate the purpose of vocational education and training and how it is understood in the context of development theory. The development lens broadens the TVET debate away from higher income settings and Anglophone developed country contexts. It allows for vocational education and training to be considered from a global perspective (McGrath 2012).

Locating TVET within economic development, and theoretically linking it to productivism may be inadequate to deal with some of the challenges present. Other theories and paradigms can expand on TVET and change how we

understand the concept. For example, the human rights perspective stresses the importance of educational access. A rights-based theory of educational access should include vocational learning to posit a new right to vocational learning for all. A transition would be needed and the human rights approach would need to incorporate conceptions of human development and decent work, as are offered by other human-centred development approaches (McGrath 2012).

### 3.2 Barriers to productivity

Research conducted by the World Bank (a. 2013) gathered data from 45,000 companies in developing countries found that the most significant obstacles to their operations were a poor investment climate due to excessive red tape, high tax rates and competition from the informal sector. Inadequate infrastructure (mainly insufficient or unreliable power supply), lack of access to finance or credit, and workers lacking sufficient skills and training were also stated as obstacles, as shown in the figure below. Different obstacles were found to be present in different contexts. For example, while informal markets were sighted as a major hindrance for small and medium-size enterprises in middle-income countries; inadequate power supply was the most important issue for companies in low-income countries. Small and medium enterprises reported that access to finance was a significant constraint, but larger businesses and businesses in high-income countries reported that a shortage of skilled workers was the key challenge for them (World Bank a. 2013).

*First, second, and third ranked constraint by firm size and country income group*

Constraint (Top 3)	Firm size*			Country income group				All firms
	Small	Medium	Large	Low-income	Lower-Middle	Upper-middle	High	
Access to Finance	1	1	3	2	1	1	3	1
Electricity	2	2	1	1	3			2
Informality	3	3			2	3		3
Tax rate				3		2	2	
Skills			2				1	

\*For this analysis: Small = 5-20 employees, medium-sized = 21 - 99, large >= 100 employees.

Source: World Bank Group's Enterprise Surveys covering 46,556 enterprises in 106 countries.

It is estimated that approximately 45 million job seekers join the labour force every year. Research from 41 countries found that a third of companies report an inability to find the workers they need. There is a mismatch between the supply and demand of skills within countries and in the global economy. The world's labour force is increasingly concentrated in developing economies. There is currently a shortage of jobs requiring low- and medium-skilled workers in both developed and developing economies. Advanced skills and training are more common among workers in developed economies. Demand for highly skilled workers still outstrips supply. The situation is likely to get worse in both advanced economies and in developing countries.

Skills necessary to manage and grow businesses are also lacking, limiting growth potential and job creation. However, evidence suggests that training to improve managerial skills does not have an impact on either the survival of the business or on the number of employees. Managerial training has however been shown to have a positive effect on business practices, profitability, and investments by the business. Approaches to training must be comprehensive and include collaboration between the private sector and other stakeholders such as educational institutions, training providers, and organisations working with youth. Such collaborations must

prioritise the design and implement education and training policies that are tailored to market needs (World Bank a. 2013).

### 3.3 The role of the private sector in skills development

Historically, in industrial countries, a significant amount of skills training was provided by employers and linked to a job. Despite this context, in the 1950s and 1960s, governments in developing countries were encouraged to invest in skills training to complement investments in physical capital. Institutions were developed to provide people with skills. TVET was linked to fighting youth unemployment and relieving demographic pressure on higher education institutions. Those who entered TVET were generally academically less able. It was thought that skills development must be publically funded to compensate for limited private capacity. Many of these schemes failed as the supply of skills became its own justification (Johanson and Adams 2004). Inefficiencies of the public sector, lack of responsiveness and inability to match demand led to a shift of focus towards the private sector being involved in skills development. There is a distinction between financing and provision of skills.

The role of the private sector in skills development is complex. The motivations of private sector stakeholders may vary significantly. They may be driven by productivity, profit, a desire to secure a skilled workforce, to develop reliable suppliers or for corporate social responsibility factors. Private sector involvement in the development of skills may include private companies training, funding or sharing knowledge with the workforce. Alternatively, the training institute or organisation providing the training may be private. Either of these may involve the development of public-private partnerships (PPPs), which are likely to involve cooperation between the public sector and private sector actors working towards a common goal, while sharing risks, resources, and competencies. Such partnerships often involve nongovernmental organisations and civil society (Glick, Huang and Mejia 2015). The private sector can strengthen TVET systems by contributing to their governance through national committees or other institutional arrangements. The private sector can provide input into the feasibility of public investment in TVET, identifying demand for skills, developing curricula, managing public training institutions and through monitoring and evaluation activities (ETF and World Bank 2005).

With regards to skills development, evidence indicates that comprehensive approaches, which combine training with employment or work placements, are the most effective. At the national level, PPPs that align current and future labour market demands are a key modality for private sector engagement in demand-driven skills development. These partnerships have had some success in East Asia, where national qualifications frameworks have been developed to enhance labour market functioning. There is some evidence that contracting out for private provision of services will lead to improved efficiency and quality, bringing gains in efficiency and competition. However, a degree of capacity from the public sector to provide oversight may be required to ensure social objectives are met, as private service providers tend to focus on youth who are easier to train or easier to place in jobs (Glick, Huang and Mejia 2015).

In many low-income settings, government TVET budgets are regarded as vulnerable and unreliable. TVET may need to be financed by increasing the contribution of beneficiaries, including employers and trainees (UNESCO 2015). The European Training Foundation (ETF) and World Bank (2005) jointly recommended that private sector contributions to TVET will need to be prioritised to sustain diverse, high quality TVET services. TVET financing is often segmented for public and private provision. Private provision is funded through tuition fees. Public provision is funded through direct budget allocations, the collection of modest fees from individuals or from training levies paid by private companies. In the research done by ETF and World Bank (2005), no evidence was found of a successful funding mechanism to open up the training levy to finance private provision.

Private TVET provision over the past decade has become a significant and growing part of TVET in sub-Saharan Africa and in the Middle East and North Africa. Lebanon, for example, now has more people enrolled in private TVET institutions than in public institutions. The Jordanian government is promoting private provision at the community college level (ETF and World Bank 2005). The Morocco Government has produced a legislative framework for private TVET providers. In addition to regulations, governments can support private TVET providers through financial and technical dimensions. Financial support can come in the form of direct subsidies or tuition grants, indirect subsidies or fellowships or bursaries to students, and tax exemptions. The governments of Côte d'Ivoire and Mali gave non-government institutions substantial subsidies and tax incentives. Technical support included the assistance with the training of trainers and curricular design support (UNESCO 2015). The private sector may have a better understanding of the needs of future labour markets, ensuring partnerships aim to overcome failures. The private sector partners, and in particular multinational companies, may have access to substantial resources to inject into skills training (Glick, Huang and Mejia 2015).

In the southern Africa region, a number of countries have revolutionised their attitude to private training providers. Attempts have been made to integrate the private sector into a single national TVET system. Despite this progress, there is still a level of ignorance and disinterest in the potential role of the private sector in skills development. Some countries have chosen to focus more explicitly on non-formal provision. Governance, quality assurance and qualifications frameworks reforms should all assist in better thinking across the range of TVET provision types. There is a need for a deeper understanding of skills provision (McGrath *et al.* 2013).

Structural change may be needed for economic growth in Africa, including the development of skills. Page (2012) believes the current trend is moving in the wrong direction. He states that official development assistance is in part to blame for this. He argues that not enough has been done to encourage private investment in infrastructure and skills, with the focus instead being on potentially low impact regulatory reforms. Going forward, aid strategies should be focused on creating good jobs and sustaining growth. Workers must be trained in skills allowing them to transition from low productivity to high productivity jobs. In Asia, investment from the private sector has been shown to be a key driver of rapid economic transformation. Such investment in Africa from the private sector has not focused on the expansion of high value added activities. Instead, investment in Africa has focused on the exploitation of natural resources, which does not improve the skills base of the population.

Foreign Direct Investments (FDIs) is an investment made by a company based in one country, into a company or entity based in another. One theory is that FDI increases jobs and can raise skill levels through knowledge transfer and technical skill spill-over. However, a lack of systematic empirical research makes it hard to assess the impact of FDI on skills in Africa. There is no comprehensive evidence on the magnitude and exact nature of these spill-overs. There is limited data on local management practices with most research regarding local firms as being passive recipients of superior western knowledge spill-overs. To overcome the skills shortage in Africa, private companies must invest more in developing, recruiting and retaining talent. Multinational corporations can develop skills at the local level by drawing on their repository of knowledge embedded in their global network of subsidiaries (Kamoche *et al.* 2012).

The informal economy is both significant and important in sub-Saharan Africa. Public funded TVET programmes have only played a small part in developing skills for the informal sector. Private sector training organisations are filling the gaps left by public sector institutions. The public sector has yet to respond to the changes in demand for skills brought about by the growth of the informal sector. Private institutions (some profit making and some not for profit) have been more responsive to this demand (Jackson 2012; Adams 2008). Indeed, the limited capacities of public TVET providers and their inability to respond to the demands of enterprises and trainees are factors driving the expansion of private TVET. Private TVET providers can be more responsive to demand as they



are traditionally subjected to fewer bureaucratic restrictions than public institutions (UNESCO 2015). However, the quality of such training provided by the private sector has been found to vary dramatically. The promotion of private training associations would lead to cooperation and reduction of costs, while providing a framework for accreditation and quality assurance (Jackson 2012; Adams 2008).

There are some challenges of engaging with the private sector in skills training. If initiatives may fail to attract the participation of many firms, programmes may be less demand driven than desired. Smaller employers may find it harder to participate due to higher costs and lower capacities (Glick, Huang and Mejia 2015). Costs and time needed away from work mean smaller enterprises are less inclined to train their employees. Private firms may also lack an understanding of the benefits of training. Industrial associations, as mentioned above, could encourage and support training for small enterprises to broaden skills development (Adams 2008). Private firms often invest in youth programmes for reputational or corporate social responsibility reasons rather than to increase productivity, meaning resources may not be directed to the areas where skills development is needed in the economy (Glick, Huang and Mejia 2015). Provision of TVET by private proprietary institutions or NGOs is often focused in professional areas that typically do not require large capital investment. This makes entry and exit by private providers from the sector easy (UNESCO 2015).

The effectiveness of private sector skills investment will be influenced by the social, economic and political contexts. For example, although private sector investment in South Africa is higher than that of the government, the impact of the investment is eroded by the HIV/AIDS epidemic. The private sector is encouraged to invest in the health of employees, as well as in their skills development (George, Surgey and Gow 2014).

When designing skills development programmes with the private sector, Glick, Huang and Mejia (2015) recommend that skills training programmes should involve a level of participation from employers in their design and operation. Where possible, skills that have been developed need to be signalled or recognised, for example through diplomas or certifications. For qualification frameworks to be successful, there must be buy-in and engagement from employers. It is hard to encourage the private sector to offer training in soft skills, like cognitive skills, as they are highly transferable across employers. Therefore such skills may need to be provided by the public sector or NGOs. It is recommended that employment services should be improved and expanded, as they are potentially cost-effective. In terms of advice to donor agencies, the level of involvement between the private sector and skills development will depend on the capacity of the country in question. Weak capacity or a lack of existing public-private cooperation may mean intensive public private partnerships are appropriate. It is recommended that donors focus on providing technical advice and capacity-building on PPPs (Glick, Huang and Mejia 2015).

### 3.4 Country examples

#### South Africa

In South Africa, the media and policy circles take the view that unemployment is caused by a shortage of skills and an inflexible labour market. Allais (2012) challenges this and argues that the real reason for unemployment is the inadequacy of the South African social security system, high levels of job insecurity, and high levels of inequalities, which make it almost impossible to develop robust and coherent skills development programmes. The South African example shows how education policy can be trapped in a paradigm of 'self-help', 'employability', and labour market flexibility that works against the possibility of achieving improved levels of education and skills. A better theoretical understanding of the relationships between vocational education and development is required. To make advancements with vocational education policy, it would be better placed in broader social policy, with

better regulated labour markets, job security, more egalitarian social welfare, and an expanded vision of citizenship. In addition, for education to meet the long term needs of the economy, there should be less focus on what employers say they need from employees in the short-term, and more focus on strengthening the educational side of vocational education. This includes building a strong curricula based on well-defined areas of knowledge, and developing a better understanding of how to assist students to acquire this knowledge (Allais 2012).

The private sector in South Africa invests more funds than the government on training. The effectiveness of these efforts is being eroded by the HIV and AIDS epidemic. The real costs of HIV and AIDS on the economy is unknown, but is likely to significantly exceed the training investment lost as a result of increasing morbidity and mortality rates due to HIV. In the South African context, it is in the private sector's best interest to ensure that a sound HIV and AIDS policy is in place. As well as investing in skills, firms must also invest in effective prevention programmes, complete with access to appropriate treatment to employees if they cannot get them through the public system (George, Surgey and Gow 2014).

South Africa's Department of Higher Education and Training is actively involved in the 'greening of TVET colleges' initiative. The initiative was launched in 2013 and aims to establish colleges as green environments based on international best practices in the greening of colleges. The initiative focuses on the development of special green profiles and the integration of green issues in selected TVET colleges. Green issues are integrated into training programmes, college policies and plans. Internal and external stakeholders are involved in the greening process. The colleges are linked through national and international networks. South Africa's future energy supply will need to have lower greenhouse gas emissions in order to meet the challenges posed by climate change. There is a need for the development of informed and trained human resources in this field. In 2011, the Industrial Development Corporation and the South African Development Bank estimated that the total employment potential of the green economy would be over 450,000 direct jobs over the long term until 2030, whilst the projections under the category for energy generation, and energy and resource efficiency for the long term would be 130,000 and 68,000 respectively (Merensky-Hartinger 2014).

### **South Korea, China, and Mozambique**

Those who are disadvantaged were badly affected in terms of jobs growth and employment opportunities by the 2008 global recession. For the disadvantaged, skills education is more effective where they build on a foundation of good quality basic education. This emphasises the value of providing second chances for basic education and investing in literacy for adults. In developing countries that have experienced growth and expanded access to post-primary education, like South Korea, China, and Mozambique, the demand for technical and vocational education has increased. In countries with limited job growth, the demand for skills is weaker. Where access exists to TVET and jobs are being created, the socially disadvantaged are likely to benefit. Conditions favourable for growth and sustaining the expansion of access to skills will be essential to improve welfare through employment (Adams 2011).

### ***DfID programme case study***

*DfID launched a programme in Mozambique called [Skills for Employment](#) (S4E) in 2015. The purpose of the £17 million programme is to achieve higher income among targeted youth, especially young women and girls, acquired through increased access to relevant quality non-state vocational training leading to formal or self-employment.*

*S4E has three main components and two complementary activities:*

- *An Employment Fund will be established to reduce skills failures. It will link specific areas of labour force supply with demand. It will catalyse and broker linkages between employers, especially medium-sized enterprises, and non-state training providers to get young people into work. The programme is intended to benefit young people with the potential to undertake technical training to become the future managers of Mozambique's growth sectors. A second and perhaps larger group will be young people, who, by completing vocational, second chance or entrepreneurial training, can move into formal employment or self-employment. All beneficiaries will receive training combined with wrap around services to optimise their employment prospects. Attention will be given to women and girls and other socio-economic groups that tend to have limited access to skills training and to viable employment opportunities.*
- *A National Association of Non-State Providers will be established to facilitate group interaction with the government and the private sector. An important role of the association will be to improve the quality of training, ensure members adopt common accreditation standards, facilitate experience and information-sharing, provide support services to members like improving the commercialisation of products and services, voice the interests of non-state providers vis-à-vis the government, better respond to labour market demand, and collect data on non-state TVET.*
- *Capacity Building for the Government of Mozambique to improve working with, and provide direction to, non-state TVET as complementary to public TVET. Capacity building will also capitalise on opportunities like PPPs stemming from the new TVET law and learn from new TVET financing models and approaches including the commercialisation of products and services. In addition, it will capitalise on innovation and new technology in the skills training sector; and help establish the National Employment Observatory.*

*Mozambique has high growth rates, but poverty persists. Constraints to doing business in Mozambique include the lack of access to finance, corruption, inadequate supply of infrastructure, inefficient government bureaucracy, and an inadequately educated workforce. There is a noticeable shortage of skills development. The cause of the lack of skills is inadequate completion rates in basic education, inadequate access to TVET and inadequate linkages between curricula and market demands. In Mozambique there has been a rise of private sector interest in skills training to fill the gap in public provision. Most private sector involvement involves partnership with the central or local government. The non-state TVET system is currently fragmented with no mechanisms for collaboration, a lack of accreditation and have limited information available. The expected result from the S4E programme is increased quality, labour-market relevance and financial sustainability of non-state training.*

## **Nepal**

Nepal is South Asia's second poorest country. Unemployment and underemployment among 15 to 29 year olds is 19.2 per cent compared to 2.7 per cent for those older than 15 years old. Women face particular challenges due to a number of factors including age, low educational attainment, and norms around their societal role, marriage and childbirth. Young women have lower labour force participation and higher unemployment rates than men. When women do have jobs they tend to have low-income, low-productivity jobs. Nepal has responded to the youth unemployment problem with a combination of job training and placement services programmes. The Employment Fund Project (EF) was founded in 2008 and competitively contracts training and employment service providers. Training courses are market-driven with providers completing a rapid market assessment during the bidding process. The Adolescent Girls Employment Initiative (AGEI) was launched in 2010 with the objective to reach 4,410 Nepali young women aged 16 to 24 over a three-year period. Research into the AGEI has indicated it had positive impacts on labour market outcomes including employment rates, finding employment and earnings (World Bank 2015). Some useful lessons can be taken away from the evaluation of the AGEI programme. The evidence available suggests that, to be successful, training programmes should be designed around employment outcomes. These can be informed by market assessments. Institutes should be encouraged to not only train, but

also help those being trained to find a job. Women and girls stand to benefit more from skills training because they are often starting from a greater state of disadvantage in the labour market. Further research is needed to understand the differing impact of skills training on men and women. Also, specialised outreach strategies may be required to engage with young women and get them involved with skills training programmes. This may take more time and money when compared to the recruitment of other trainees (World Bank 2015).

## **Bangladesh**

### ***DfID programme case study***

*The [Skills and Employment Programme of Bangladesh](#) is a programme funded by DfID between 2013 and 2018. £18 million will be provided to improve skills and employment opportunities for the poor, particularly women, in Bangladesh. This will be done through work with private training providers and large employers to deliver more and better quality training programmes. It is estimated that in Bangladesh, 1.8 million new individuals enter the labour force each year, adding to a backlog of 2.7 million unemployed workers, and an estimated 11 million underemployed workers. 83 per cent of the labour force is either illiterate or has had no formal education. Only 60 per cent of children complete primary and only 5 per cent of the labour force has received training. 1 per cent has received TVET. A shortage of skills is preventing quality employment. Growth in Bangladesh is around 5-6 per cent. If Bangladesh can provide the required skills and education training, opportunities exist to absorb workers into the labour force. However, failure to provide skills and education training will constrain growth.*

*Informal on-the-job training has been shown to increase wastage and reduce the efficiency and productivity of work processes. The skills gap in the labour force is consistently identified by the private sector as one of the critical binding constraints to Bangladesh's growth. Despite demand to improve skills in workers, the following market failures result in the inability of the labour market to meet this need:*

- a) Weak public skills development systems*
- b) Weak training markets*
- c) Low incentives for employer firms to invest in formal training and/or in hiring poor people*
- d) Training and recruitment mechanisms exclude the poor*

*This programme will deliver a total of £56 million in higher income for people trained and placed in jobs. 65,000 poor people (60 per cent of whom will be women) will be linked to semi-skilled or skilled jobs in growth sectors in Bangladesh.*

### **3.5 Quality of evidence**

The evidence presented on the relationship between skills and development is based on a medium number of global and context-specific reviews, and are of high quality: Allais (2012) and McGrath (2012) draw on extensive bibliographies and have been peer-reviewed; Merensky-Hartinger (2014) and Adams (2011) are commissioned and published by GIZ and UNESCO. The World Bank (a. 2013) study offers an in-depth analysis of private sector contributions to job creation and poverty reduction. Case studies are context- and project-specific, selected to provide examples of skills development approaches associated with sustainable development theories and objectives. A number of other studies and publications give an insight into the role of the private sector in skills development. While some of these are not defined as evidence under the DfID guidelines, they do offer useful insight into existing programmes and valuable assessment of lessons learned. For these reasons they have been included.

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## 4) Market failures and skills shortages

### Key messages:

- Private sector companies are likely to have a better understanding of what skills are needed for the workplace. Training provided by the private sector may also allow for smoother transitions into employment. Private firms will seek to recoup the return on investment in training. If they cannot, they will not be willing to finance training in the future.
- Public training providers must seek to deliver the skills demanded by private enterprises, including management and entrepreneurialism.
- Governments are encouraged to set policy frameworks that allow for competition and encourage innovation and technological change as well as in correcting market failures.
- Policy makers need to remove obstacles to firm creation such as poor business climate, and high taxation or excessive start-up costs.
- Poor data can lead to skill gaps, mismatches and compromises the efficiency of the system. Good data will help to connect the demand and supply sides of the training market. Stronger monitoring and evaluation is needed. Removing constraints to skills development and recommendations on best practice are needed.
- To be successful, TVET policies must address gender disparities, inequalities and stereotypes that characterise some TVET programmes. Girls and women should on the other hand be given special attention in TVET programmes considering that they are at the lower ranks of skills development, employment and income generation.

### 4.1 Main failures

Examples of market failures are included throughout this topic guide. Factors such as a lack of jobs growth, the high cost of labour tied to labour legislation, and unrealistic wage expectations may all result in unemployment. Training may not be the most cost-effective intervention in this case. More cost effective interventions may include labour market programmes, such as counselling, job search assistance, remedial education and even direct job creation (Adams 2011). Main market failures are identified as follows:

- Lack of information, both on returns to training and on what type of training to undertake and jobs available.
- Poor market regulation, firms don't trust qualifications, therefore individuals are unwilling to invest in it.
- Lack of management capacity to identify training needs for firm/staff.
- Credit constraints – either to pay for training or because additional, trained staff require additional capital.
- Large public sector providers with poor incentives to respond to market demands.
- Unwillingness to invest in staff training as staff turnover is high – externality poaching.
- Labour market imperfections, use of networks rather than fair and open competition reducing the demand for training.

A good understanding of market failures is necessary to understand the relevance of the skills agenda.

## 4.2 Private sector investment in training

In the Africa private sector, under-investment in training is common. Demand for jobs is high, and as a result, the formal sector is unlikely to focus on career development and training programmes. Some jobs are protected from competition, so a dynamic skills development programme is less critical. The instability of the informal sector means offering training is unlikely. To overcome these market failings, a shift in the incentives for African firms and multinational companies will be central to develop skills further. The development of partnerships between the private sector and higher learning institutions will be needed to support the curriculum development process. Public providers of education and training must better consider how to deliver those skills which are crucial to all private enterprise, including management and entrepreneurialism (Kingombe 2012).

A key factor in strengthening competitiveness and growth is recognised as workplace related and vocational skills development. Firm-based apprenticeship training schemes have a number of advantages over vocational schools. Certain techniques and customer interactions may be more effectively taught in a work environment than in a classroom. Firms are likely to have a better understanding of what skills are needed for the workplace. Training provided by firms may also allow for smoother transitions into employment. However, firm-based vocational training schemes are not without their challenges. They may not work in all countries. Training provided by firms is hard to verify by a third party. It may be too complex to be specified in a contract in a way that is legally enforceable. Firms may be able to renege on their training promises without punishment. Apprenticeship training schemes are more successful in countries with a strong commitment to training provision. This may be due to the existence of a well-structured regulatory framework and monitoring institution (Dustmann and Schönberg 2012).

## 4.3 Return on investment

To be competitive, firms must recoup the return on investment in training. If they fail to do so, they will not be willing to finance general training and the training market will break down completely. Evidence suggests that where there is limited commitment to training provision, training intensity is lower than the socially optimal training intensity under commitment to training provision. Training intensities under no commitment are only about 28 per cent of those under commitment to training provision. The inability of firms to commit to training provision results in substantially lower training intensities, which leads to lower enrolment rates into apprenticeship training (Dustmann and Schönberg 2012). The common way to measure the net payoff of TVET investment by both individuals or private businesses and the public sector is the rate of return. The private rate of return (PRR) estimates the future income payoff to resources spent by individuals on various kinds of TVET and the social rate of return (SRR) estimates the future income payoff to the totality of resources (private plus public) spent on these same kinds of TVET. To estimate PRR, the benefit stream must be corrected for all additional taxes paid on the additional income earned by investors in TVET and academic education. To estimate the SRR on the same TVET and academic education, public spending must be added per pupil on each type of TVET and on academic education to the private costs so as to estimate social costs, and use private income streams not corrected for taxes paid on additional income to estimate social benefits attached to each type and level of TVET and to academic education (Kingombe 2012).

## 4.4 Legal enforcement challenges

Countries that would like to expand firm-based apprenticeship training need to ensure that apprenticeship contracts are legally enforceable and that firms are able to commit to training provision, possibly through stricter regulation of the apprenticeship system, such as the monitoring of training firms, and examination of training

achievements by external institutions. Subsidising apprenticeships does not improve commitment and therefore may not be the most efficient way to expand apprenticeship training (Dustmann and Schönberg 2012). Using Ethiopia as an example, Altenburg (2010) cites the private sector as the main driver of structural change from low-productivity activities in agriculture, petty trade and skill-extensive services to new knowledge-intensive activities. Governments need to set policy frameworks that allow for competition and encourage innovation and technological change as well as in correcting market failures. New activities that do not emerge spontaneously must be encouraged where necessary. Ethiopia's government supports private sector development as it is recognised as an engine of economic growth and productivity.

#### 4.5 Market competition for different skills

Imperfections in labour markets can reduce incentives to invest in skills, both among employers and employees. Without perfect market competition for different skills, employers might invest less in training their workers who can be poached by others. Workers may not invest in their own training if employers have market power and are able to keep wages down. If employers do not create high-productivity jobs because there are no skilled workers, and workers do not invest in skills because there are no jobs, there may be coordination failures.

Standard problems with credit markets can also affect the supply of skills. The lack of information available on skills can bias decisions about investing in skills. To overcome these problems, it is important to correctly identify and address the market failures. This may involve increasing the bargaining power of workers, reducing barriers to entry in product markets, facilitating the diffusion of new technologies that will create demands for skilled labour, designing contracts that reduce the likelihood of poaching, opening credit lines for specific types of training, and providing information about labour market conditions and the quality of various training providers (Almeida *et al.* 2012).

Subsidies may be required to address coordination failures or improve incentives to invest in training. They should be targeted to individuals and firms that could benefit from training, but would not invest in it. Subsidies should be explicit and preferably financed out of general revenues instead of payroll taxes, which increase labour costs and eventually decrease the demand for labour. Where needed, special training programmes could be developed to meet the needs of vulnerable groups without access to formal programmes. This may be due to their existing low skill levels or because they work in the informal sector where access to training funds is more difficult. These programmes could develop decision making skills and communications, as well as job-specific skills. Ideally, individuals would be linked to internships or programmes that support transitions into self-employment, resulting in a positive impact on labour markets (Almeida *et al.* 2012).

#### 4.6 Individual investment in professional development

Individuals may not invest in their own professional development as return on their investment in skills training may not be immediately clear. Governments may have a role to play in setting policy frameworks that encourage innovation and correct market failures. In some cases, individuals may not spontaneously seek professional development because interrelated investments are needed to be made simultaneously to exceed the possibilities of individual entrepreneurs.

Return on investment may not be immediate for individuals. If the workers are wage employed, there is no guarantee that employers will reward higher competence with higher wages. Even if employers accept that the training has productivity benefits, it may be in their interest to try to capture as much of this benefit as possible



without paying for it. Governments may need to intervene to accelerate structural change and develop industrial linkages and spill overs between training schemes. Governments can set policies to encourage individual investment in skills, but the main driver of structural change remains the private sector (Altenburg 2010).

Individuals may not invest in their own professional development for many reasons, including a lack of information, limited cognitive capacity to process complex problems and psychological factors that act as a barrier to committing to training. Inaccurate information on returns to training may lead to under or overinvestment. A lack of reliable information on the quality of training may put people off. Also, there may be misunderstandings regarding employment prospects once trained. Some individuals may lack non-cognitive skills, such as discipline and perseverance, which may be necessary skills required to complete a training course. Governments can overcome some of these issues by improving information about post training employment prospects, certifying training providers, defining qualification frameworks, providing counselling and offering incentives to individuals to invest in their own professional development (Almeida *et al.* 2012).

#### 4.7 Youth unemployment

Vocational education and training does not guarantee a solution to youth unemployment. Youth unemployment is often assumed to be due to a lack of relevant skills, making training a preferred option for public intervention. A host of other factors, including a lack of jobs growth, the high cost of labour tied to labour legislation, and unrealistic wage expectations may cause unemployment. Training may not be the most cost-effective intervention in this case. More cost effective interventions may include labour market programmes, such as counselling, job search assistance, remedial education and even direct job creation (Adams 2011).

#### 4.8 Entrepreneurship

The international community or country government can encourage entrepreneurship, which fosters growth, job creation, technology adoption, innovation and poverty alleviation, all of which drives economic development. There is substantial differences across countries in the type of entrepreneurial activities undertaken. In transition economies of Central and Eastern Europe that have dynamic private sectors, the importance of productive (opportunity) entrepreneurship for growth, job creation, competition and innovation is clear (Brixiova 2010).

Analysis of entrepreneurship training for women has shown to have mixed results. There are many benefits to developing female entrepreneurship leading to earning, including changes in the household allocation of resources that improve family well-being, especially of children. Female entrepreneurship can provide employment opportunities to women allowing them to balance both work and family roles. In Pakistan and Tanzania, management training improved management practices and business outcomes for male but not female entrepreneurs. These findings may reflect wider constraints facing women in societies, including access to effective learning in schools (World Bank b. 2013).<sup>3</sup>

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<sup>3</sup> This points to the fact that encouraging entrepreneurship for women will mean looking at other factors such as attitudes (men are supposed be in business. It's not good for women to deal with the public), mobility (safe transport to get to markets to buy inputs, do market research, make sales), financing (some banks only lend to men or women with a male guarantor. They require collateral such as land, what women rarely hold titles to). Skills are so closely related to jobs and therefore also the wider environment of workplace policies, safety and security, transport and bank lending policies. Investment in women's skills development has, no doubt, positive effects. South Korea for example, made skills development for women a pillar (1 out 3 pillars) of their economic growth strategy and it has worked. But for the investment to be really productive, it has to be

In Africa's least developed countries (LDCs), there is a lack of productive (opportunity) entrepreneurship. In many African countries a substantial productivity lag exists between small, often indigenous, firms and larger firms, which are frequently foreign-owned or owned by ethnic minorities. It has been argued that improving infrastructure and basic social indicators should be the priority, putting the emphasis on the role of the state in development. In the 1980s and 1990s the role of the private sector predominated with market-led development. Persistent weaknesses and market failures have characterised Africa's LDCs. Leaving the development of a productive private sector to markets alone may not work as successful entrepreneurship is often associated with mere survival rather than involvement in highly productive activities. Entering new activities involves substantial fixed costs and risks which may not be undertaken by the private sector without extra incentives and support from the state. Well-targeted government interventions can ease constraints to productive entrepreneurship and facilitate private sector take-off. Identifying the factors that impede firm creation in Africa's LDCs will be essential. The evidence points to the lack of skills as an important additional constraint to starting new firms (Brixiova 2010).

An absence of entrepreneurship hampers productivity, creation of skilled jobs, innovation, and poverty reduction. Some of the main constraints faced by entrepreneurs in Africa's LDCs, include their own skill shortages and those of potential workers. African labour markets typically have an abundance of the necessity for and the scarcity of the opportunity of entrepreneurship. Government interventions may help stimulate private sector take-off, but due to the scarcity of budgetary resources and the numerous constraints, policy actions need to be well-targeted and address the most pressing ones to be effective. To overcome the scarcity of skilled job openings, policy makers need to remove obstacles to firm creation such as poor business climate, and high taxation or excessive start-up costs. Where a scarcity of skilled workers is the problem, training policies may be most effective. Policy selectivity and sequencing can assist with dealing with an evolving dynamic economy. Active labour market policies, including information exchange between available jobs and searching workers, has the potential to be important. Better information contributes to the efficiency of the matching process between skilled openings and workers. Search time would decrease. The quality of job matches and job duration would also improve (Brixiova 2010).

#### 4.9 Transitional failures

Evidence suggests that the lack of means, skills and knowledge make the transition from school to work particularly difficult for young Africans. Many also find it hard to transition between sectors of employment (between farming and a wage job, for example). Translating what they gained from education into productive employment is a challenge. In many cases there is no structured path to follow. In some situations, young people may have been working while also attending school for a long time. Others move into apprenticeships after they finish school, but others do not. Some young people do odd jobs and are supported by their families for as long as five years before they settle into wage jobs or (mostly) self-employment. First-generation school leavers aspiring to be wage workers lack a family history in formal employment. The knock on effect of this is that they may lack the networks to help them to find jobs (Filmer and Fox 2014).

#### 4.10 Systems reform

The evidence on reform of labour market laws is mixed. Theoretical arguments surrounding the impact of Employment Protection Legislation (EPL) on labour market outcomes are generally ambiguous. Some evidence suggests that EPL can reduce turnover and change the composition of employment. There is a positive association between EPL and self-employment. There is some evidence to suggest a negative relationship between EPL and

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*supported by a range of wider gender equality promoting reforms, attitudinal, institutional and infrastructural. Frida Khan, gender reviewer.*

employment. More research is needed to produce better data on the impact of EPL on labour markets (Sanchez Puerta 2010).

As the numbers of young people who are completing basic and secondary education increase, there will be increased pressure on higher education to become more accessible. The knowledge economy demands broadening access to higher education and improving its quality. In countries with limited resources, the challenge will be increasing both the coverage and the quality of education at a lower cost. Information technology has opened up new horizons education and enabled expansion. The Internet has facilitated access to education. Distance education offers a variety of choices in terms of content, schedule, pace, and duration of education, as well as recruitment criteria. It also reduces the cost of education at a time when public funding for higher education was being cut (Depover and Orivel 2013).

#### **4.11 The importance of data on training provision**

There is a need to collect data and evaluate the efficiency of existing education programmes to guide educational policy and decision-making. To make sensible policy choices assessment of the present situation is needed, specifying the goals to be reached, the means to attain them, and monitoring what has been accomplished so far. Planning is needed to organise learning: by mapping, targeting, acting and correcting (Depover and Orivel 2013). In particular, sex-disaggregated data is very important in TVET as without disaggregation, discrepancies and discrimination will remain hidden. In order to achieve better outcomes from TVET systems, better planning is needed. If real-time management information systems are lacking, it may be hard to assess the operations of each institution and department. Many of the operational difficulties of the heads of the institutions, faculty and students go unreported. Those which reach the decision-making authorities, have little backing of data and facts. More robust data are needed to improve decisions on TVET systems that must be taken (World Bank c. 2013).

TVET systems must be evaluated. Evaluation mechanisms must be designed to include data collection, benchmarking, and determine the frequency and scope of the evaluation. The design of evaluations needs to incorporate existing reporting mechanisms to reduce the workload of reporting, so that the evidence of the findings can be discussed and given due consideration. Data collected must be analysed so the findings lead to further action or improvement. Consideration of the findings against the goals of the TVET system can identify coherence or divergence from the intended goals (World Bank c. 2013). Robust TVET systems require information for evaluation. A lack of reliable data can lead to skill gaps, mismatches and compromises the efficiency of the system. Information is needed to connect the demand and supply sides of the training market. Feedback mechanisms provide the required data needed to take corrective measures. Cost-benefit analyses, for example, may allow policymakers to weed out unsuccessful programmes and use scarce fiscal resources for those activities that have net benefits (World Bank c. 2013). Stronger monitoring and evaluation is needed to identify constraints to skills development and market failures. In particular, evidence on best practice would be useful to inform donor actions.

#### **4.12 Skills training and gender issues**

To be successful, TVET policies must address gender disparities, inequalities and stereotypes that characterise some TVET programmes. Girls and women should, on the other hand, be given special attention in TVET programmes considering that they are at the lower ranks of skills development, employment and income generation (Rubagiza 2010). However, it is important to recognise that there may be gender barriers to accessing TVET programmes, as well as gender barriers to accessing decent employment. Gender discrimination may

prevent women from obtaining the training necessary for finding better paid jobs (Kingombe 2012). Gender discrimination may be manifested in various ways. For example, stereotypes about the types of job that are deemed suitable for men and women may channel boys and girls into different training programmes and reinforce enrolment patterns. This may restrict girls from accessing certain training programmes, which may result in them being less likely to enter certain career pathways. Interventions, such as targeted scholarships, financial support or modification of selection criteria, may help to address these challenges. Also, having female instructors or trainers may increase the number of females enrolling in programmes that have in the past been male dominated (Almeida *et al.* 2012). To ensure that gender issues are addressed, the Government of the Republic of Zambia explicitly included equity (specifically with regards to gender, disability and vulnerability) as an objective in their strategy for delivering skills training. This approach is in line with the framework adopted at the 2000 World Conference Forum, Dakar, Senegal, which also included eliminating gender disparities in education as a goal (Kingombe 2012).

Young women may be particularly disadvantaged by dimensions of the transition from school to work, such as family formation, compared with young men. Social norms may enforce job segregation by gender. For instance, young women in the household enterprise sector work mostly in narrowly defined fields such as dressmaking, even though a range of other occupations could be more lucrative (Filmer and Fox 2014). A study which analysed data from Ghana, Pakistan and India found that traditional gender roles limit female participation in the skills systems of all three countries. Ghanaian women were found to be particularly disadvantaged from accessing TVET due to high levels of teenage pregnancies and/or early marriage. In India, the proportion of women with skills training was a third of that of men. In Pakistan women who want to learn skills are expected to do so in two broad trade areas – dressmaking and crafts (Palmer *et al.* 2012).

Gender bias may be compounded by a lack of secure accommodation and training facilities being a long distance from home. To overcome these challenges, it is suggested that the government offers financial incentives to encourage girls to study in as it is. Such incentives would help to offset some of the trainee's direct and indirect costs (World Bank c. 2013). There is some evidence that in countries such as India, where a gender bias may restrict women from accessing education and training, the provision of distance education will enable women to overcome these barriers (Depover and Orivel 2013). Another example of an initiative designed to overcome gender bias is the Adolescent Girls Initiative (AGI), a programme that works across eight countries. The beneficiaries are young girls between 16 and 24 years of age. The goal of the initiative is to assist girls to make the successful transition to the labour market. There are different challenges in each country, so the AGI was designed to suit the context of each individual country, built around common elements including subsidies for short-term technical training in demand-driven trades, life-skills training to address age and gender issues, and capacity building of training providers. The AGI implements a strong outreach and communication strategy to reach out to the disadvantaged groups, including girls (World Bank c. 2013).

Public TVET systems and providers may address gender issues at the level of access but if gender issues at the employment level are not addressed, barriers will remain. There is a danger that young women may be trained for jobs that are not accessible to them due to failings of the labour market. Smaller employers, in particular, may not be very progressive and interventions may be required to create change. Tomaševski (2001) argues that by focussing on the gender dimensions of education we learn how much change is needed to transform education into rights-based education. The opportunities that girls have after schooling influence the attractiveness of accessing education for the girls and for their parents. These prospects are determined by the ability of girls and women to exercise all their human rights – from equal political participation and representation, to equal access to bank loans. Arbache *et al.* (2010) offer an analysis of gender disparities in Africa's labour market. They argue that the gap is not simply the result of discrimination in the labour markets, but the result of various factors,

including access to education and credit, cultural values and household duties, and, above all, labour market conditions.

#### 4.13 Country examples

##### Zambia

Through its Ministry of Science and Technical Vocational Training (MSTVT), the Government of the Republic of Zambia instituted the Technical Education, Vocational and Entrepreneurship Training (TEVET) Reforms in 1994. The reforms led to the formulation of a number of TVET strategies and policies. The Technical Education, Vocational and Entrepreneurship Training Authority (TEVETA) was created to regulate all forms of TVET. All training providers are required by law to register with TEVETA. In Zambia, the broad development objectives of the national TEVET Development Programme includes the establishment of a training system that was responsive to the demands, improvement in the quality of training, assurance of equity (gender, disability and vulnerability) in the delivery of training and the development of mechanisms for assurance of financial sustainability of the training system (Kingombe 2012).

##### ***DfID programme case study***

*The [Skills Improvement Programme \(SKIP\)](#) is a DfID funded programme in Zambia that was started in 2014 and will end in 2020. The aim of the programme is to achieve higher incomes for TEVET graduates in Zambia by providing greater numbers of women and men with skills beneficial to gainful employment. This will mean that national TEVET systems are strengthened and more graduates will have relevant, quality technical/vocational skills, with more equitable access to skills development for disadvantaged groups.*

##### Ethiopia

Ethiopia achieved an increase of 5,565 per cent in TVET enrolment from 1999 to 2007. The significant increase in TVET enrolment has been managed by a combination of government funding, intensive short-term teacher training and building of TVET centres. However, the rationale was still that of a supply-driven system. Future TVET reform requires a paradigm shift towards a demand- and outcome driven system. This applies to the management of the TVET system, the institutions involved, as well as the training itself. Performance, rather than input or supply, is the deciding factor for success (Kingombe 2012). The Ethiopian government has prioritised the creation of the preconditions for a market-based and socially inclusive industrial transformation. To gain competitive advantage and move away from feudalism, Ethiopia has targeted the rural poor with investments in technological learning. However, the Ethiopian industrial policy process is not entirely transparent. It is not clear when firms are eligible to receive preferential treatment in term of access to licenses, land, credit and foreign exchange, on what condition ailing firms will be bailed out, and whether these conditions vary between state-owned, endowment-owned, and independent private firms. Also, it is not always clear to what extent political considerations reflect the business strategies, and vice versa. Checks and balances need to be built into any political system, making policy decisions transparent and holding policymakers accountable. Industrial policy should move away from predefining sectors and move towards a system based on open-ended entrepreneurial searching that responds to windows of opportunity. Private entrepreneurs are usually much better equipped to recognise trends and take advantage of new opportunities than government agencies. Governments can help to create a learning environment that is without bias and that engenders entrepreneurs who observe market trends and are ready to take risks, and to support their business projects (Altenburg 2010).

Local entrepreneurs should be encouraged to develop markets. Entry barriers in the domestic market should be low compared to export markets. The government has a role to play in improving framework conditions and nurturing local entrepreneurship with a focus on market expanding innovations. Good policy coordination and clearly defined responsibilities will be needed to succeed. In Ethiopia, the Ministry of Capacity Building was established, but there may be overlap with other ministries. Better defined powers and responsibilities will be needed. More space needs to be created for private service providers to compete with existing public suppliers. Policymakers can then reward those who perform better (Altenburg 2010).

## **Singapore and Pakistan**

Singapore's Institute for Technical Education (ITE) and Pakistan's Sindh Technical and Vocational Training Authority are two examples of apex training authorities. They both have clearly defined oversight functions and the capacity to encourage participation of non-state providers while improving the service delivery capacity of public training providers. Competition is fostered in the training market. Communication is strong between training institutions and stakeholders to optimise TVET provision. In certain circumstances, the government may have a role in addressing coordination externalities that affect the development of strategic sectors. Successful examples include the experiences of the Republic of Korea, Taiwan, China, and Singapore. These countries have incorporated demand-driven TVET into their national industrialisation strategies. Known collectively as the Asian tigers, they pursued strategic government-led coordination to encourage a more effective alignment of skills demand and supply as well as sustainable investments in higher-level skills. Institutional mechanisms coordinated economic and training policy, effectively linking industrialisation strategy and TVET programmes. An example of a successful coordinating mechanism is Singapore's Economic Development Board (EDB), which has coordinated successful skills development schemes during the agency's first three decades (1961–91) (Almeida *et al.* 2012).

## **Niger**

In 1998, the Government of Niger started reforms of the TVET sector. The National Office of Vocational Training (ONAFOP) was opened, which offers opportunities to finance training for and by the informal sector and build capacity in the TVET sector. TVET is a priority in Niger because it is considered by the government to constitute an effective means to insert and maintain the youth in the labour market. TVET policy enables synergy between the training systems and employment, delivering to the evolving needs of the labour market. This is built on the relationship between the government and all the partners working in TVET. Despite these reforms, the enrolment of women in TVET in Niger fell from 40 per cent to 17 per cent between in 1999 and 2007. During the same period the percentage of secondary students enrolled in TVET programmes declined from 6 to 1 per cent (Kingombe 2012). Further research is required to explain this drop in enrolment, and in particular the fall in women enrolling in TVET.

## **India**

In India, West Bengal is the fourth populous state. It currently has a youth bulge in its population due to demographic transition. The labour market is dominated by the informal sector, which accounts for more than 90 per cent of all employment. Less than 1 per cent of youth have any formal vocational training. Training delivery is weak and under resourced. There are a lack of performance incentives. Research indicates that female youth workers receive more training than male youth workers. However, nearly all vocational training for employed workers and self-employed workers is of the non-formal kind. The exception is the employed urban female youth, whether employed or self-employed, who have more formal vocational training compared to any other disaggregated category (World Bank c. 2013).

Vocational training in India has varying entry requirements and course durations. The Craftsmen Training Scheme<sup>4</sup> and the National Apprenticeship Scheme of the Ministry of Labour and Employment (MOLE) at the national level, and delivered through industrial training institutes (ITIs), is the most recognised vocational training programme in India. In West Bengal, there is a clear social demand for industrial training institute (ITI) places, with seven applicants for every space. In this area, girls tend to enrol in non-engineering trades whereas most ITIs offer engineering trades, traditionally filled by males. This reduces job-related motivation for girls to join ITIs. Lack of secure hostel facilities and distance from home further compound the gender bias. Financial incentives offered by the government may encourage girls to study. There are also gender constraints to skills development in the informal sector, with long distances from home to the training providers reducing parents' motivation in sending their children, especially girls. Also there is a suggestion in the literature that some households prefer to use scarce resources on developing the skills of male children (World Bank c., 2013). Distance education may overcome some of the constraints and enable women to earn a degree, regardless of gender, caste, or social class (Depover and Orivel 2013).

The TVET system is financed in an ad-hoc way and is dominated by the public sector. There is little monitoring and evaluation, and no quality assurance either internally within the system, or externally from the industry and end-users, namely employers. The demographics are putting pressure on the system to expand, but without up-front reforms to improve quality, governance and accountability, any expansion of the system will be costly and wasteful. Any TVET strategy needs to address quality and cost-effectiveness before expansion. Strategies should also consider how private provision, public private partnerships and various forms of demand side financing and cost-sharing can both generate resources for skills development and make the system more competitive, efficient and integrated. Resource allocation mechanisms must take performance into account to avoid reproducing current inefficiencies. An enabling policy framework must be developed by the government to encourage coordination among various departments providing skills training with sound quality assurance, monitoring and evaluation mechanisms, and promote private sector participation in provisioning and enhancing quality (World Bank c. 2013).

## **Rwanda**

In the past, TVET in Rwanda had a low status. TVET was delivered by public schools under the charge of the Ministry of Education, private schools and those belonging to faith-based organisations. In 2007, all the 55 public and private schools offering industrial and technical courses had an enrolment of 11,815 students, of which girls accounted for 22.5 per cent in 16 disciplines. Professional and technical education was offered in 146 schools, 100 schools providing accountancy and/or office management were teaching 13,424 students, while 25 agriculture and/or veterinary schools were teaching 2,835 students. Total TVET enrolment was skewed by large numbers in the fields of accountancy and secretarial/administration (which represents 54 per cent of the whole TVET enrolment), and as many as 68 per cent of all female students are enrolled in these two business options. With regard to initial vocational training offered to primary school leavers, there were 54 schools, 32 of these being private. Enrolment in all the 20 optional/trades in initial vocational training was around 7,366, of which females accounted for 45 per cent (Rubagiza 2010). The Workforce Development Authority (WDA) is charged with overseeing TVET in Rwanda. WDA envisages a new multiple entry/exist system that is integrated with the rest of the education system. A TVET policy published in 2008 highlights the importance of TVET programmes and the need to improve the quality and relevance of TVET. The policy makes clear that Rwanda suffers from serious deficiencies of trained human capital especially in the technical professions. Other problems include the mismatch between the kind of training provided and the labour market requirements, especially the lack of graduates with

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<sup>4</sup> This is an example of a gender stereotype present in the TVET terminology. Frida Khan, gender reviewer.



practical hands-on competencies, lack of enough funding for the sub-sector, shortage of qualified teachers and the stigmatisation of TVET programmes. The policy aims to provide the economy with qualified and competitive workers and to train citizens able to participate in sustainable growth and poverty reduction by ensuring training opportunities to all social groups without discrimination. It hopes to create equitable access to TVET for men and women. Equality and equity are included as policy principles, as promoting equality and equity implies prevention against all forms of discrimination and adoption of affirmative actions to eliminate all kinds of disparity. Gender equality is central to these efforts. Sensitising and encouraging girls to join TVET, especially to enrol in 'modern' fields such as ICT, is highlighted under the cross-cutting issues (Rubagiza 2010).

#### 4.14 Quality of evidence

The evidence presented on market failures and skills strategies in relation to skills development is drawn from a medium number of both global and context-specific documents. These include discussion papers, commissioned reports from international bodies (World Bank; UNESCO) and peer-reviewed papers. All are of high quality, presenting substantial bibliographies and discussions of methodologies applied during research. The selected documents ensure representation of evidence from industrialised, middle-income and low-income contexts, and country case studies are regionally drawn from across SSA, South Asia and South-East Asia. Palmer *et al.* (2012) provide high quality analysis of three case studies (Ghana, India and Pakistan) in terms of skills, lives and livelihoods. Rubagiza (2010) offers a medium quality paper focusing on gender and TVET in the context of Rwanda. Arbache *et al.* (2010) deliver an assessment of gender disparities in Africa's labour market, published by the World Bank. Although the paper by Tomaševski (2001) was published over a decade ago, the theoretical arguments regarding access to education and gender are of high quality and remain pertinent.

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## 5) Existing systems for skills training in partner countries

### Key messages:

- Most countries in the world are striving to improve skills levels and training systems. This is being done through various policies including improving qualification frameworks, reforming education systems, reforming public providers and providing private providers a level playing field.
- Skills training must respond to what is required. Local people already involved in successful businesses or service provision can become effective trainers, passing on their skills to others.
- Relationships must be established between education and training systems and labour markets to ensure synergy.
- Training in enterprises needs to be supported more. National TVET systems may be able to effectively support micro and informal enterprises. More research is needed in this area.
- People with disabilities should have access to the skills and training they require. Lifelong learning can assist impoverished people with disabilities to escape from poverty and dependence.
- Efforts are needed to improve access to quality basic education, which provides the foundation skills needed to go on to acquire more specialised skills.

### 5.1 Strategic priorities for the present

Evidence shows that TVET interventions have promise and are worthy of investment to assist youth in developing countries. A systematic review found that TVET interventions increase the number of hours worked in paid employment by young women but not young men. Statistically, the effects of TVET are shown to be small. However, a small increase in the rate of paid employment may translate into large numbers of young people entering the labour market, where programmes are delivered nationally. It is recommended that the cheapest and/or most culturally acceptable models are implemented until further data is provided on which approach is best. Future programmes must be evaluated rigorously. Different stakeholders must consider how to improve programmes to create larger effects on the outcomes (Tripney *et al.* 2013).

### 5.2 Strategic priorities for the future

Improving skills levels, reforming education and training systems, and improving qualification frameworks are among the policy priorities of most countries around the world. Countries in the Southern African Development Community (SADC) region have demonstrated an understanding of how the TVET system should and can operate, reflecting both international trends and the technical advice they have received from development partners, particularly the multilateral agencies. McGrath *et al.* (2013) describe the key elements of model TVET reform to include:

- A qualifications framework
- Quality assurance
- Policy coherence concerns
- National governance reform
- Employer involvement
- Public provider governance reform
- A role for private sector providers

Additional elements include:

- Decentralisation
- New funding arrangements
- New learning technologies

### 5.3 TVET reform

In many countries in the global South, TVET reform is an aspiration for the future, rather than a current reality. However, many vocational education systems would benefit from such reform in developing countries. Reforming public providers and providing private providers a level playing field are at the centre of most TVET reforms. Less focus is placed on training in enterprises, which could be supported more. Evidence on enterprise-based training is limited, particularly in the informal economy. The SADC region lacks established traditional apprenticeship systems. The evidence is particularly lacking on how national TVET systems can effectively support micro and informal enterprises (McGrath *et al.* 2013).

Under systemic reform employers are given more power to shape policy directions, often through qualifications frameworks, quality assurance systems, outcomes-based and 'institutionally neutral' funding (such as voucher type systems), and managed autonomy for public providers. These approaches collectively form the global TVET toolkit. The aim is to improve the social and economic status of the poor by increasing their employability.

However, this consensus has conceptual and political limitations. Using implementation in South Africa as an example, Allais (2012) describes three problems with this approach. First, policy choices remain entrenched by a narrow definition of 'skills development', viewing skills only as tasks, which is as a logical consequence of the notion of employer-specified competencies in an unregulated labour market. Second, an extremely complex qualifications and quality assurance system has been introduced for a small and weak provision system. Third, as skills are separated from power, social policy, the structuring of labour markets, and the organisation of occupations and jobs, they are presented as a substitute for even very modest redistribution of wealth (Allais 2012).<sup>5</sup>

#### 5.4 Linking skills training to local demand

Offering training in skills that are not required is a frustrating waste of resources. The skills that are required in a community can be identified through market surveys and analysis of the local context. Local people already involved in successful businesses or service provision can in many cases become trainers, passing on their skills to others. Such people can also provide essential information on what skills are demanded (Ransom 2010).

In Ethiopia, participation in general education is increasing. Considering the number of graduates who will be entering the labour market in the next few years, the Government of Ethiopia aims to provide them with options for further education and training in order to increase their employability. A demand driven, flexible, integrated and high quality TVET system is what they are working towards. To achieve this, all stakeholders have been involved in the planning, policy making, training delivery and monitoring and evaluation of the TVET system. An aspect of this reform includes increased engagement with the private sector. However, the promotion of demand-driven TVET alone will not be sufficient to ensure quality and relevant skills training. Work must also be done to improve the qualifications and dedication of teachers through complementary policies (Kingombe 2012).

The Punjab Economic Opportunities Program (PEOP) is being implemented by the Government of Punjab with support from DfID. PEOP aims to alleviate poverty and create inclusive growth in the poorest areas by increasing the employability and earnings of poor and vulnerable families. As part of the programme, a baseline study was undertaken to inform programme design. The study found that educational attainment in the region is low and that existing job-specific skills are heavily skewed in favour of specific sectors for rural males and for females. A massive deficit was reported in core skills including numeracy and literacy. The baseline study found over 92 per cent of households nominated at least one male and female member for training, suggesting significant demand for skills from the participants. The study findings imply that training for men will need to be designed to cater to those already working. For women, the programmes must cater for those who are currently unemployed. The study identified several patterns in the labour market and opportunities for skills training (Cheema *et al.* date unknown).

The Punjab Skills Development Fund (PSDF) commissions vocational training by engaging training service providers (TSPs) through a competitive bidding process. Skills for Jobs 2012 (SFJ 2012) was designed to expand publicly-subsided and accredited training provision. It was implemented between September 2012 and December 2013 and trained 18,500 individuals. A tracer study involved interviewing former trainees. The results show that SFJ 2012 successfully reduced the unemployment rate from 90 per cent to 71.7 per cent and resulted in a 195 per

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<sup>5</sup> In a DfID context, a key issue is the lack of an adequate political economy analysis/theory of change underpinning proposed reforms. Reflecting on the critique in Allais (2012), the reforms assume that the developmental capacity of the implementing country is far higher than it will be and that there is a political consensus that will support the reforms – the latter is a replaying in less overtly Marxist language of much of her analysis. Simon McGrath, expert advisor.

cent increase in employment. SFJ 2012 also succeeded in reaching out to females who had not attended trainings previously. The training also successfully increased monthly income by 22.9 per cent. The authors conclude that it is imperative to complement training schemes with assistance in job search and self-employment endeavours to further improve labour market outcomes. Appropriate systems and processes must be in place to develop links between trainees and employers. Access to microfinance will benefit trainees who want to be self-employed. The results of the study underscore the need to improve the labour force participation rate and support the case for lowering educational entry requirements for vocational courses (PSDF 2015).

In general, the public sector has been slow to respond to demand for skills. The private sector has been shown to be more responsive and able to adjust faster to changing needs. Private skills providers need to play a larger role in delivery of demand led training to those in the informal sector. The delivery of short modular courses may be well suited to those who cannot afford long spells away from their work. In the context of demand-driven skills systems, many countries, including Botswana, Egypt, Ethiopia, Mauritius, Namibia, South Africa and Tunisia are working to establish new TVET national qualifications frameworks (NQFs). Along with occupational standards for sectors experiencing employment growth and skill shortages, NQFs seek to establish recognition for all education and training achievements within the broad perspective of lifelong learning (Kingombe 2012).

### 5.5 National qualifications frameworks

To improve skills capacity, relationships need to be developed between education and training systems on the one hand, and labour markets on the other. Qualifications frameworks are a useful policy tool to achieve these and other goals. NQFs are being implemented by national governments and encouraged by international organisations and bilateral agencies, despite the limited evidence of their impacts, strengths, and weaknesses. Key lessons and strategic priorities are not well documented in the literature. There has been little evidence that NQFs are achieving their goals. This is possibly due to the time lag between intervention and results, although it is more likely that NQFs have failed to deliver on skills development. In the case of the oldest low-/middle-income country - case, South Africa, it is very clear that the NQF has not achieved a skills revolution in 20 years. There is some specific evidence of qualifications frameworks failing to achieve their goals. Considerable evidence of difficulties associated with implementing qualifications frameworks is also available. Limited evidence exists to suggest that NQFs have substantially improved communication between education and training systems and labour markets. In the context of developing qualifications frameworks in several countries, most report a mismatch between educational provision and labour market needs as a major problem. A key aim of many of the qualifications frameworks is to improve employers' understandings of what qualifications mean. NQFs ensure that employers are involved in qualifications design, thus ensuring that qualifications are of the right standard (Allais 2010).

### 5.6 Capacity development for education for all (CapEFA)

The CapEFA programme currently operates in 28 countries and oversees five regional initiatives. It works with national governments, technical partners, civil society and private sector actors, and employing an explicit capacity development approach. An assessment is made of the existing education sector strengths to identify the country's 'capacity baseline'. Support is given to country leadership in the design, implementation and monitoring of strategies for reinforcing key EFA task areas. For skills, CapEFA supports reviews of current legislation and policy. Institutional frameworks for TVET are revised in light of relevance issues and widening skills, income generation and entrepreneurship opportunities for marginalised population groups, particularly girls and women. These reviews are based on a critical understanding of each countries' socio-economic development model, labour

markets, TVET traditions, skills, strengths and the articulation of TVET with other parts of the education system (Faccini and Salzano 2011).

### 5.7 Women's labour force participation

There is evidence that some developing countries have experienced increases in women's labour force participation in a relatively short period of time. In Latin America, since the 1980s, more than 70 million women have entered the labour force. This has raised the women's labour participation rate from 36 per cent to 43 per cent. In Colombia, the rate increased from 47 per cent in 1984 to 65 per cent in 2006. The growth has been much lower in the Middle East and North Africa, where women's labour force participation grew by 0.17 per cent per year over the last three decades. The rapid transformation has been attributed to increases in labour force participation among married or cohabiting women with children, rather than to demographics, education or business cycles. Changes in social attitudes may have contributed to the transformation. Evidence suggests that public policies have an important role to play. A combination of targeted investments and interventions in social and physical infrastructure may boost women's labour force participation and earnings. Policies can address the availability of services (such as lack of electricity or daycare facilities), make it easier for women to accumulate productive assets and can remove norms or regulations that imply biased or even discriminatory practices, preventing women from having equal employment opportunities. Public provision or subsidisation of child care can reduce the costs women incur at home when they engage in market work. Improvements in infrastructure services have been shown to free up women's time spent on domestic and care work. Correcting biases in service delivery institutions, such as the workings of government land distribution and registration schemes, allows women to own and inherit assets. Active labour market policies, the promotion of networks and the removal of discriminatory regulations can make work more rewarding for women (World Bank b. 2013).

### 5.8 Skills development for people with disabilities

Equality of opportunity in training and work for people with disabilities should be a basic principle. Lifelong learning can provide people with disabilities in developing countries the skills they need to escape from poverty and dependence. To access relevant training, efforts are needed to extend access to quality basic education. This will provide the foundation skills needed to go on to acquire more specialised skills. Access to mainstream education is essential. Ordinary secondary schools may offer vocational education courses, assessments, career guidance and counselling. Such services may be vital for people with disabilities to make the transition from school to work (Ransom 2010).

### 5.9 Emerging good practice

Stronger links between the public and private sector will be developed through improving the relevance of the skills that individuals acquire. Failures in current institutional arrangements must be addressed to improve accountability. Skills training should respond to market mechanisms, with training centres having more independence in the management of curricula, the selection of students, and human resource policies. However, relying on market mechanisms might not be enough. More information should be provided to potential students about career prospects and the quality of different providers. Training centres need to be certified to do this. Training authorities require strong partnerships with employers and other stakeholders to be successful. They also need decision-making powers and have the authority to oversee (without direct involvement in) the operations of individual TVET institutions (Almeida *et al.* 2012).

In Africa's least developed countries, successful entrepreneurship results from a need to survive, rather than a need to be involved in highly productive activities. Commencing new activities may not be possible without incentives and support from the state, due to the substantial fixed costs and risks involved. Well-targeted government interventions can ease the most binding constraints to productive entrepreneurship and facilitate private sector take-off (Brixiova 2010).

#### **5.10 Impact of training and skill-building programmes**

Evidence shows that the impacts of specific training and skill-building programmes have been mixed. A combination of classroom education and on-the-job training has proven to work best in the long term, especially for women and low-income youth. More evidence is needed on the impact of training programmes on quality of jobs. There is some evidence from Germany and Switzerland that unemployment may be reduced, especially among young people, by implementing a dual vocational training system. Country context and market needs must be considered when developing a dual vocational training system for a low-income country (World Bank a. 2013).

The dual system is grounded in Germanic historical socio-politico-economic evolution and is yet to be proved useful for other countries except as an ideal type. A comprehensive approach is needed whereby all stakeholders are included in the process. Funding for training must be made available and assistance with transition into the workforce provided. Efforts must be made to change the image of vocational programmes in some countries. Accreditation of programmes would make it easier for employers to recognise the training that has been completed. Employer associations could also be involved in administering final exams. Programmes that make it possible for graduates of vocational training programmes to move easily into higher education if they wish to do so are encouraged (World Bank a. 2013).

#### **5.11 Informal workers**

As many as 87 per cent of the global youth population work in the informal sector, many in vulnerable employment conditions. Informal workers are encouraged to complete training to become more productive and move to the formal economy. Apprenticeship programmes could benefit these workers by giving them access to training and to new technology. Working with the private sector to develop these programmes would also link them to market needs and reduce reliance on public sector financing (World Bank a. 2013). However, the evidence raises questions about the scope to expand apprenticeship schemes. As such schemes depend on employers, they are very limited by economic opportunities and by the state of the institutional training regime. This links back to the dual system point above. The division of wage work, farming, and self-employment differ greatly by gender and across countries. Non-wage work represents more than 80 per cent of women's employment in sub-Saharan Africa, but less than 20 per cent in countries of Eastern Europe and Central Asia (World Bank b. 2013). The variance is illustrated in the figure below:

## *A job does not always come with a wage*



Source: World Development Report 2013 team.  
Note: Data are for the most recent year available.

### 5.12 Skills training in the workplace

Involving employers in the design and delivery of training contributes to better outcomes for all, including the disadvantaged. Evidence shows that the engagement of employers in both formal and non-formal skills training improves the relevance of the skills offered and employment outcomes. There is some evidence to suggest that skills training in the workplace showed positive effects on employment, while classroom training tended not to have positive impacts on either employment or earnings. Training programmes that had employer sponsorship and were offered in enterprises have been shown to perform better (Adams 2011). Information failures and the lack of competition result in markets working inefficiently. Among the market institutions influencing the efficiency with which markets for skills work are those that provide information about jobs and skills in growing demand, the skill competencies required by different jobs, where and how the skills can be acquired, and the quality of skills produced by different suppliers. The institutions meeting the demand include those producing labour market information, career counselling, occupational standards setting, skills testing and certification, accreditation of providers, and qualification frameworks that provide recognition of past learning and assess the equivalency of learning acquired from different sources (Adams 2011).

### 5.13 Access to TVET

Evidence shows that skills programmes and other support services have been successful in improving employment outcomes for disadvantaged youths. In particular, vocational education and training can help widen the opportunities for young women. Research has shown that women are reluctant to enrol in courses where employment is traditionally male-dominated, and when they do, they often face discrimination in the labour market. Anti-discrimination measures and other demand side actions are likely to encourage women to enter non-traditional fields of study. In newer occupational specialisations such as information technology, gender-specific patterns may not have yet formed. In such cases, access to technical and vocational skills for young women can make a difference to their employment opportunities (Adams 2011).



### 5.14 Skills in the BRICS

Brazil, Russia, India, China and South Africa (BRICS) want to diversify their economic base and reduce their dependence on exporting raw materials, produce higher value-added goods and services, facilitate the creation of new economic activities, and foster innovation. To generate the educated and trained labour force this requires, they must:

- Improve the quality and relevance of TVET.
- Integrate inactive and unemployed youth into the world of work.
- Raise skills levels in the working-age population to enhance productivity and competitiveness.

Future economic growth and social cohesion depends on improving skills levels of a population that is either ageing or still increasing rapidly. Large numbers of youth and adults who live in BRICS need opportunities to acquire foundation skills. Brazil, China and South Africa have almost reached universal literacy among youth aged 15-24, but have high adult illiteracy, particularly in rural areas. India's youth illiteracy rate has been declining rapidly, and measures to universalise basic education and improve quality should ensure this progress continues. India must continue its literacy campaigns for the next few decades, and include literacy and numeracy modules in its skills development programmes, if it is to significantly reduce the high percentage of youth and adults without basic literacy skills. TVET development differs markedly across BRICS countries. A lack of data makes international comparisons difficult. To progress, BRICS need to develop systems for data collection and analysis to assess skills levels in their populations, identify skills shortages, gaps and mismatches, and forecast future skills needs (UNESCO 2014).

### 5.15 Other country examples

#### Ethiopia

In the Developing Entrepreneurship among Women with Disabilities (DEWD) programme, women played a central role in gathering information on the business aspirations of women with disabilities and women having a dependent with a disability. Business constraints and case studies were also recorded. Market surveys were conducted to identify new opportunities. Following this initial analysis, 20 women were trained to be trainers and a further 450 women were trained in basic business skills. Following the training, some of the women were given loans to implement their business plans through local microfinance institutions. The DEWD programme provided poor women with disabilities with business skills and assisted them to develop business activities (Ransom 2010).

#### Somalia

The Somali Youth Livelihoods Program (SYLP) – known locally as Shaqodoon (Somali for —jobseeker) successfully established systems that bridged supply and demand with necessary support to young people and employers. The programme provided Somali youth with greater opportunities to access work opportunities. The programme was found to be successful in providing internships or paid job placements in the private and public sectors for 87 per cent of the 9,280 youth who completed the training and placement component – exceeding targets. Youth, parents, business owners, and government authorities considered the training effective and the placement opportunities beneficial for youth's long-term employment prospects. Lessons from the programme include the importance of strengthening the capacities of the regional ministries of education to meet their role of leading the overall coordination of TVET sector activities. Priorities and capacity issues must be reviewed. External technical advice may be required. Programme staff and government authorities should jointly agree on monitoring mechanisms and useful indicators. It is advisable that systematic and ongoing research about market needs and

trends (formal and non-formal) is carried. Funding must be allocated to pay for it. The relevant government departments must support more effective skills training and market and entrepreneurial development (Cook and Younis 2012).

## **Côte d'Ivoire**

There are six ministries in charge of TVET in Côte d'Ivoire:

- 1) The Ministry of Culture and Francophonie (MCF)
- 2) The Ministry of National Education (MEN)
- 3) The Ministry of Higher Education and Scientific Research (MESRS)
- 4) The Ministry of Vocational Education and Professional Training (METFP)
- 5) The Ministry for Families, Women and Social Affairs (MFFAS)
- 6) The Ministry of Youth, Sport and Urban Health (MJSSU).

CapEFA has been working with stakeholders in Côte d'Ivoire to identifying what can be done to remedy the fragmentation of TVET in the country. Despite political instability, the government succeeded in establishing a coordination committee composed of 16 members from the six responsible ministries (Faccini and Salzano 2011).

## **Afghanistan**

CapEFA has been working in Afghanistan to strengthen the TVET Working Group (WG) which is the official forum in the country under the Human Resource Development Board. It is chaired by the Ministry of Education (MoE) and the Ministry of Labour, Social Affairs, Martyrs and Disabled (MoLSAMD). The purpose of the group is to coordinate joint activities towards the establishment of a modern TVET system in Afghanistan according to overarching national strategies, aligning the programmes with the sector and improving coordination among key donors and the Government of Afghanistan. The group's core functions include policy recommendations, technical advice, strategic alignment, coordination and resource mobilisation (Faccini and Salzano 2011).

## **DfID programme case study**

*The [Helmand Growth Programme](#) was funded by DfID between 2010 and 2014. The total programme spend was £16.6 million. The aim was to increase the potential for licit economic growth in selected districts of central Helmand. It was planned to achieve this by improving the job prospects and skills base of Helmand's youth. In addition the programme would improve market linkages for the agricultural private sector and improve the business community's capacity to support emerging businesses and potential investment in the province. Skills development for businesses would also be improved. When it closed, the programme activity included the following:*

- *Improved employment status or successful self-employment due to market-based skills training.*
- *Greater productivity through better business skills and more competitive industry clusters.*
- *Increased access to training and improved market linkages for farmers and agri-businesses.*
- *Increased potential for licit economic growth and improved livelihoods by continuing to provide development assistance in Helmand beyond the life of the Provincial Reconstruction Team (PRT)*
- *Private sector actors organised into an association or chamber of commerce based on a sustainable business model.*
- *Technical support to implement improvements in surrounding economic infrastructure (road, canals and irrigation, and power).*

*Through these activities, the programme achieved the following results:*

- *21,038 people trained through the INVEST project including 6,235 women.*
- *14,601 of people trained through the INVEST programme found full-time employment.*
- *Over 400 farmers report increased incomes as a result of improved market linkages.*
- *26 per cent increase in yield in per hectare for participating farmers.*
- *Systems developed for the rapid design and commission of key infrastructure programmes adapted to fluid and complex operating environments such as Helmand Province.*

*Now the programme has ended, it is clear that sustainability was not built sufficiently into the design or implementation. Future programmes should incorporate sustainability from inception or make it more explicit in programme design. Also, planning to ensure transition and maintenance of infrastructure investments needs to be in place prior to implementation or at least 12 – 18 months prior to cessation of donor funding. Another lesson learned is that the buy-in of key stakeholders in government, the private sector and civil society needs to be secured at design level, or at least, early in implementation. A detailed political economy analysis should also be a critical component of programme design, implementation and risk management.*

## **Rwanda**

The Ministry of Education in Rwanda aims to improve access to and quality of upper secondary schools, teacher training colleges, higher learning institutions (HLIs), and demand-driven TVET courses to supply the demand for the higher-level skills and competencies relevant to labour market needs. In 2010, the government announced that all students would be entitled to free education until the end of upper secondary school (or equivalent). Following the introduction of this policy, access to fee-free education beyond lower secondary is being phased in, starting in 2012. As of 2011, 144,695 students (of which 49 per cent were girls) were enrolled in upper secondary education, including technical secondary schools (55,033 students). An additional 11,315 students were enrolled in vocational training centers (VTCs), and 73,674 students were enrolled in higher learning institutions, of which 43 per cent were female. Curriculum development has also been improved. Some private sector partnerships have been developed to promote catalytic skill capacity and expand practice-based learning. The aim is to ensure that what training institutions offer is more closely aligned with labour market demands. The 12 Year Education Policy is a key element for national economic growth and job creation. Capacity development, financing mechanisms, infrastructure, equipment, teachers, and trainers will need to be increased to implement the policy. This implementation will be led by the Workforce Development Agency (World Bank d. 2013).

## **Pakistan**

The Sindh Technical Education and Vocational Training Authority (STEVTA) works to implement skills development programmes in the province. To expand access to skills development opportunities, the government has devised and started implementing a major youth training programme called Benazir Bhutto Shaheed Youth Development Program – BBSYDP. The BBSYDP has a major role in the skills acquisition strategy of the government. It is aimed at providing employment oriented skills training to 100,000 people in Sindh. The programme is being implemented through STEVTA technical institutions, training facilities in over 10 governmental departments as well as the private sector. The training courses offered last between 3 months and a year. Since its establishment, STEVTA is playing a pivotal role in bringing all the stakeholders together to reorient, reform, and deliver technical education in Sindh (World Bank 2010).

## **DfID programme case study**

*The [Pakistan Skills Development Programme \(SDP\)](#) will receive £89.5 million from DfID. It started in July 2015 and aims to increase access to jobs/income earning opportunities for poor and vulnerable people. The main programme activities will be financial support to the Government of Punjab for training through the Punjab Skills Development Fund (PSDF), increasing the sustainability of the PSDF, assisting with legal, regulatory and structural reforms of the skills sector and delivering technical assistance to design a challenge fund-type facility to support innovative partnerships for skill delivery.*

*Businesses in Pakistan are declining in competitiveness. This is in part due to low labour productivity. Existing skills training programmes fail to take into account the different socio-economic contexts and learning needs of different segments of the population. The current skills sector is inadequate to support required growth. Existing trainings are of poor quality and lack relevance to market needs. Existing registered training capacity is only 24 per cent of what is needed. Most poor acquire training informally. Over 85 per cent of the public resources are channelled through public sector skill providers. Evidence indicates that the private sector could deliver skills training in a more effective way. The private sector lacks incentives to invest in skill training as returns on investment are low. PSDF's experience indicates that further support is needed to build the capacity of the skill providers to deliver better quality.*

## **Liberia**

Liberia's civil war, which came to an end in 2003, was hugely destructive, displacing the majority of Liberia's 3 million inhabitants, halting economic activity, deepening poverty, and depriving a generation of basic education. In the post war era, the bulk of Liberia's youth remain poor and underemployed. Despite the security situation improving, rural youth continue to make their living through unlawful activities, including unlicensed mining, rubber tapping, or logging. Many remain involved with armed groups. The government, the UN, and NGOs fear that these youth are a possible source of instability. Agriculture is regarded as a major source of employment and income for rural Liberians. Landmine Action (LMA - now known as Action on Armed Violence) runs an intensive, best practices agricultural training programme, targeting ex-combatants and other high-risk youth in rural hot spots. Ex-combatants are recruited and offered several months of skills training and psychosocial counselling, along with a start-up package, to give youth a peaceful, sustainable, and legal alternative to illicit resource extraction, ease their reintegration into society, reduce the risk of their re-recruitment into crime and insurrection in the future, and to improve security in hotspot communities. The programme had a large and significant impact on agriculture. More than a year after the completion of the programme, programme participants were at least a quarter more likely than the control group to be engaged in agriculture, and 37 per cent more likely to have sold crops. A high level of interest in agriculture among these rural youth was recorded in both those who received the programme and those who did not. Participation rates in illicit activities rates remained unchanged, but participation levels dropped. Prior to the programme, in 2009, 44 per cent of youth were engaged in illicit activities, falling to 42 per cent two years later (in both the treatment and control group). A qualitative study of the programme impact suggests that access to markets may have been an important constraint on success. To be most effective, agricultural training programmes need to stress to trainees the need for proximity to markets, and encourage graduates to settle closer to major markets both for inputs and produce. Skills training must link graduates to concession owners and agribusiness as employees, including through placement schemes in commercial farms or plantations (Blattman and Annan 2011).

## 5.16 Skills in the SADC region

There is widespread and genuine commitment to improve TVET systems within the SADC region. Progress has been made in this area, but the absence of strong independent evidence on the impact of specific reforms prevents a better understanding of best practices. The countries of southern Africa vary hugely in terms of size, both of their overall populations and their TVET systems. McGrath *et al.* (2013) details the current policy position of TVET in 13 countries:

### 1. Botswana

Botswanan TVET was reformed substantially in the 1990s with the establishments of the Tertiary Education Council (TEC) in the 1994 Revised National Policy on Education and the Botswana Training Authority (BOTA) under the Vocational Training Act of 1998. These two bodies responsible for vocational education and skills development have similar mandates but partly operate at different levels of the system and have two different target audiences. Concerns about this policy incoherence led to the National Human Resources Development Strategy of 2009, which sought explicitly to bridge the divide between education and training, and sector-based, labour-market orientated planning. This led, in particular, to the decision to establish a National Human Resources Council under the Ministry of Education and Skills Development, funded by the European Union (EU), which will absorb the functions of BOTA and TEC.

### 2. Democratic Republic of Congo (DRC)

Technical education and vocational training in DRC is managed by six ministries, hence the establishment of the Inter-Ministerial Commission for Technical Education and Vocational Training in 2006 to bring about synergy and regulation of TVET. The Inter-Ministerial Commission has, as specific objectives, an institutional framework for TVET; curricula and programmes to enhance employability; ongoing advocacy for TVET; and the mobilisation of resources for TVET. Vocational training is seen as an integral part of general education, which provides access to work and to further training.

### 3. Lesotho

Lesotho's TVET policy still follows the 1984 Act. Although a new policy was developed with World Bank support in 2004, this remains in draft form and it is unclear when, indeed if, it will be implemented. The Ministry of Education works, therefore, from the Education Sector Strategic Plan (ESSP) 2005-2015, which has specific TVET goals regarding access and equity in technical and vocational training; quality; relevance; the reduction of HIV/AIDS; and partnerships. Without a final policy in place, these goals, as well as a TVET vision advocating new governance arrangements, funding, provision, qualifications, quality assurance and traineeships, are compromised.

### 4. Malawi

Malawi embarked on a major reform of its TVET policies in the late 1990s, culminating in the TVET Act of 1999, which established the Technical Entrepreneurial and Vocational Education and Training Authority (TEVETA). The inclusion of 'entrepreneurial' in the agency's name was driven by the realisation that Malawi needed to do more to support self-employment and the informal economy, and that skills development was an important component of this. The goal of the TEVETA 2007-2012 Strategic Plan was to drive the TVET sector towards adequate and sustainable generation of an internationally competitive and skilled workforce capable of spearheading the country's production and socio-economic growth in a socially responsible manner. The current guiding policy for the education sector in Malawi is the National Education Sector Plan (NESP) 2007-2017, although recent policy support work has been done by UNESCO.

A notable strategy is the attempt to reintroduce TVET in some 24 model primary and 12 secondary schools that have technical and vocational wings, and the construction of five TVET wings in teacher training colleges.

#### **5. Mauritius**

The Mauritius Institute of Training and Development (MITD) was set up in November 2009 under the MITD Act through the merger of the Industrial and Vocational Training Board (IVTB) and as part of the Technical School Management Trust Fund. The MITD is responsible for the public TVET delivery system and has also been entrusted the awarding function for all local TVET qualifications. The MITD has as specific objectives achieving excellence in technical and vocational education and training; promoting research and knowledge; increased access to vocational education through the setting up of training centres; exchange of programmes and courses with other institutions of technology; and the apprenticeship of persons who are, or will be, employed in commercial, technical and vocational fields. Earlier reforms had led to the establishment of the Mauritius Qualifications Authority in 2001. The Education and Human Resources Strategy Plan (EHRSP) 2008-2020 underlines the importance of the quality of the workforce for sustaining economic and social development in Mauritius. Equally, the Government Programme 2005/2010 sets out clear objectives for TVET, including the establishment of new polytechnics specialising in areas of potential economic growth; a levy-grant scheme; and a review of the current training system to give new direction to TVET.

#### **6. Mozambique**

The 2001 Strategy for Technical and Professional Education in Mozambique 2002-2011 stated the goals of training more technicians, creating new jobs and improving training quality through competence-based technical and professional training with the participation of public and private sectors, and the creation of a qualifications framework. Moreover, the Public Sector Reform Strategy 2002-2011 promised the improvement of the quality of training institutions; the implementation of curriculum reform through modular courses addressing rural development; and the introduction of a qualifications system for professional skills from basic to higher levels. Three levels of TVET (elementary, basic and middle) are being developed for the technical training of school-age young people to prepare them for a vocational specialism.

#### **7. Namibia**

Namibia was an early introducer of a national qualifications authority in 1996 as part of a first wave of post-independence reforms that included the establishment of a Vocational Training Board. The most recent policies and legislation have been the Vocational Education and Training Policy of 2005 and the Vocational Education and Training Act of 2008. This Act established the Namibia Training Authority, which is responsible for regulation of TVET. There is a drive towards giving public providers more autonomy and to establish a registration and accreditation system that includes private providers.

#### **8. Seychelles**

Policy formulation and development on TVET in Seychelles has been undertaken in a variety of forms and by different sectors or sub-sectors, for instance by the Department of Education as part of its mandate for education and training and by the National Human Resources Development Council (NHRDC) as part of its mandate for human resources development. However, there is no integrated policy framework even though the need for such was articulated by the then Minister of Education in 2006. A draft Policy Framework on Technical and Vocational Education and Training was developed that year but has not been finalised. The process is also compromised by significant blockages linked with management/resource

capacity at sector and/or sub-sector level related to policy formulation and development. The need for coherence and coordination is seen as crucial. A Seychelles Qualifications Agency was established in 2005. A Tertiary Education Bill, envisaged for 2011, will legally define TVET in the tertiary sector.

## **9. South Africa**

South Africa has had a raft of legislation affecting TVET since 1994. One of the first Acts of the new government established the South African Qualifications Authority in 1995. In spite of its overarching vision, the departments of education and labour largely proceeded with parallel policy developments. The Further Education and Training (FET) Act of 1998 led to the reorganisation of 152 apartheid-era public technical colleges into 50 multi-site FET colleges and set out broad and long-term intentions for curricula transformation, learning and teaching, funding, quality assurance and institutional arrangements. The emphasis of the second FET Colleges Act of 2006 was on increased college autonomy illustrated largely by new staffing arrangements. A new curriculum policy framework was gazetted in 2006 ushering in a suite of FET National Certificates (Vocational) (NCV) as the official curricula for college learners. The National Plan of 2008 aimed to increase the number of college learners from around 400,000 in 2002 to 1 million by 2014. Colleges were recapitalised by the government in order to modernise and improve facilities, but the participation target was adjusted in 2010 to 650,000 learners. The Skills Development Act of 1998 established a parallel set of industry qualifications, called learnerships, as well as a National Skills Authority to advise the Minister of Labour, a set of Sector Education and Training Authorities and a National Skills Fund, underpinned by a new levy-grant system. In 2001, a Human Resources Development (HRD) Strategy was introduced to strengthen articulation between the two departments but major concerns remained regarding policy coherence. This has been addressed by a new HRD Strategy and a reform of the NQF architecture that has seen the establishment of a new Quality Council for Trades and Occupations (QCTO), mirroring existing structures for general and further education and for higher education. Perhaps most significantly, the second wave of reforms resulted in a new Department of Higher Education and Training being established in 2009. This is leading to a further wave of reforms that are still being developed.

## **10. Swaziland**

The key TVET legislation in Swaziland is the Vocational and Industrial Training Act (VITA) 1982, supplemented at the policy level by the National Education Commission Review in 1985. However, a new Technical and Vocational Education and Training and Skills Development (TVETSD) policy was implemented in 2010 with support from the World Bank. This has a vision of developing a quality, relevant, sustainable TVETSD system, including an NQF. Since this policy is in a very early implementation stage there is as yet no information on progress.

## **11. United Republic of Tanzania**

Mainland Tanzania and Zanzibar have different TVET policies, legislation, systems of national governance, quality assurance agencies and levels of development. Therefore, these two entities are dealt with separately.

- **Tanzania Mainland** - Tanzania has two separate vocational systems under different government ministries: Vocational Education and Training (VET) and Technical Education and Training (TET). VET is governed by the Vocational Education and Training Act of 1994, which covers training leading to a skilled occupation. TET is governed by the National Council for Technical Education Act of 1997, which covers tertiary education obtained in a non-university institution and refers to education and training undertaken to equip learners with higher levels of skill, knowledge and understanding and enable



them to take responsibility for an area of specialisation. There are draft policy plans to reorganise the two components into a single system.

- **Zanzibar** - VET in Zanzibar is governed by the Zanzibar Vocational Education and Training Policy of 2005 and the Vocational Training Act of 2006, which was amended by the Vocational Training (Amendment) Act in 2007. This legislation established the Vocational Training Authority (VTA) to supervise vocational training in Zanzibar by determining standards of training, assessing training centres, and by evaluating and approving the capacity and skills of trainers and trainees.

## **12. Zambia**

In 1996, Zambia reformed its TVET system and established the Technical Education, Vocational and Entrepreneurship Training Authority (TEVETA). During the period 2001 to 2007, Zambia, with the support of international cooperation partners, implemented the TEVET Development Programme (TDP). The TDP was created to act as a vehicle for the implementation of various interventions aimed at improving major components of TEVET reforms, including responsiveness to the demands of both the formal and informal sectors of the economy; improvement in the quality of training; greater equity (gender, disability and vulnerability) in the delivery of training; and mechanisms for ensuring the financial sustainability of the training system. However, implementation has been constrained due to an inadequate supply of mid-level management skills to administer the system.

## **13. Zimbabwe**

A systematic reform of the post-independence TVET policy in Zimbabwe has not yet taken place. However, a number of reform initiatives are noteworthy. In 2005, the Higher Education Examinations Council was established with responsibility for TVET programmes in polytechnics, to sit alongside the Apprenticeship Authority, which is responsible for lower-level TVET qualifications. A policy review of 2006 stressed the need for an overall human resources development strategy and this was followed by a draft skills policy in 2010. A qualifications framework and authority have been proposed but not yet implemented.

### **5.17 Quality of evidence**

Evidence on existing systems for skills training feature an extensive series of country-specific examples at policy and project level, drawn from a small number of high-quality systematic reviews published by UNESCO and World Bank. The cases cover a broad range of geo-political contexts. Further evidence includes similar, though less extensive, reviews of inclusive initiatives targeting skills training for the disabled, women and girls, and youth. In all cases, the evidence is of good quality, and is transparent in acknowledging gaps in evidence or cases of systemic failure or underachievement.

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## **6) Skills for employment, employability and higher earnings**

### **Key messages:**

- General training increases worker productivity, translating to higher earnings in a competitive labour market. It makes workers more employable. This may act as a disincentive for firms to pay for general training, preferring to pay for specific training.

- Productivity leads to higher earnings and more stable, less vulnerable, livelihoods. Earnings and employment challenges reflect the broader challenges and opportunities of a globalised world.
- Cognitive and socio-emotional skills must be developed in early childhood and during basic and secondary schooling. Acquiring these skills is an important determinant of employment dynamics and subsequent earnings later in life.
- Injections of capital (in the form of start-up grants, cash infusions and capital transfers, among others) stimulate self-employment and raise long term earning potential.
- Programmes that involve participatory methods of learning, technology development, and dissemination have greater success. In particular, these approaches can build women's skills.
- Foundational skills facilitate further learning. The basic school system must be effective to allow for acquisition of skills later on.

### 6.1 The impact of training on productivity and earnings

General training is understood to increase a worker's productivity and make them more employable, translating to higher earnings in a competitive labour market. It would therefore make sense for firms to only pay for specific training, rather than general training. However, in their classic theoretical account of the economics of enterprise-based training, Acemoglu and Pischke (1998) offer a theory of training whereby employers pay for general training.<sup>6</sup> For firms to invest in general skills provision, market imperfections must exist. Workers may not be willing to pay for general skills themselves, as at least part of the return will go to the firms that they work for. Filmer and Fox (2014) argue that productivity is the key to higher earnings as well as to more stable, less vulnerable, livelihoods. The challenge that young people face in terms of earnings and employment reflects the broader challenges and opportunities of countries themselves in a globalised world. The key employment issue is that productivity. Earnings are low and aspirations are higher than they have ever been. Despite some progress being made, most young people in Africa will not have an easy or structured path to a sustainable livelihood. Filmer and Fox (2014) call on all stakeholders, including governments, private firms, private and nongovernmental training providers, and young people themselves, to fulfil their role of contributing to this transition.

The lack of evidence on the impact of TVET programmes on labour market outcomes make it hard to draw conclusions about what works. Returns on investment in TVET vary widely across systems and over time. There is some evidence from OECD countries that the employability of students graduating from TVET and from general tracks are similar but students graduating from general tracks tend to earn higher wages. It is challenging to isolate the effect of TVET, as student characteristics influence path selection and level of earnings. Students entering TVET programmes typically have lower test scores and may have less family support than their peers in the general track. Available survey data on the impact of TVET on labour market outcomes in developing countries are mixed and inconclusive. Returns to pre-employment TVET have been shown to be positive, but are not consistently greater or worse than those associated with general education (Sanchez Puerta *et al.* 2015).

A review of programmes designed to raise incomes of the world's poor found that skills training and microfinance programmes have made little impact on poverty or stability. The most effective programmes to stimulate self-employment and raise long term earning potential appear to be injections of capital. Evidence suggests that start

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<sup>6</sup> Although focused primarily on the USA and other advanced economies, Acemoglu and Autor (2011) offer a further insight into the impact of training on productivity and earnings in their chapter titled *Skills, Tasks and Technologies: Implications for Employment and Earnings*, from the *Handbook of Labor Economics*, Volume 4b, Elsevier (<http://economics.mit.edu/files/7006>).

up grants, cash infusions, in kind capital transfers and other ‘hand-outs’ have a good record of increasing earning potential (Blattman and Ralston 2015). Evidence from European countries indicates that TVET has a positive and significant effect on the economic performance of firms. The effects of different types of training on productivity is unknown. A clear relationship between size of investment and size of the effect on productivity is hard to establish. Evidence from non-OECD countries indicates a positive significant effect of training for skilled workers, and no effect for unskilled workers. This is of concern, as many people in low-income settings have received a substandard initial education, and therefore may receive less benefit from further training than compatriots with better initial education (Cedefop 2011).

## 6.2 Pathways to productivity

Filmer and Fox (2014) provide detail on the two pathways to productive work:

- **Human capital**—the supply side, meaning the abilities, education, skills, family connections, networks, and other characteristics that are embedded in an individual and allow that person to find opportunities to be productive, increase earnings, and achieve income security
- **Business environment**—the factors outside the worker’s immediate control that affect productivity (access to land, capital, and finance; infrastructure; technology; and markets), as well as the government policies, regulations, and programmes that may affect the choice of economic activity and how the activity is conducted.

## 6.3 Skills in the agricultural sector

Developing countries face many challenges in the provision of job-relevant TVET, including offering quality programmes, a lack of industry experienced instructors, few industry partnerships, and lack of adequate resources to offer access to high quality workshops and equipment. In these contexts there is often limited training provision to promote productive employment in the agricultural and informal sectors (Sanchez Puerta *et al.* 2015). In the agriculture sector, farmers often learn from their neighbours. More educated farmers are more likely to adopt new technologies. To be productive as a farmer, specific skills are required, built on a foundation provided by basic education. Skills, such as processing, marketing, machinery operation and repair, transport, logistics, and quality control can be developed. In some countries, agricultural vocational training institutes traditionally have provided these skills. These institutes have a mixed track record, mostly owing to the disconnect between academic, lecture style teaching and the need for on-the-ground, practical training. Agricultural extension programmes have a disappointing history in Africa, mainly because of poor incentives and accountability. Evidence suggests that programmes that empower farmers by giving them a choice of providers and services from among a range of public, private, and non-governmental agencies are more successful. Research has shown that programmes that involve participatory methods of learning, technology development, and dissemination have greater success. In particular these approaches can build women’s skills. Business incubators and rural alliances that create relationships between commercial buyers and producer organisations can boost agricultural incomes. In addition, communication technology can benefit, and benefit from, the participation of young people (Filmer and Fox 2014).

## 6.4 Skills and schooling

As with the agricultural sector, an important step towards productivity in other sectors is to get basic schooling right. Foundational skills facilitate further learning (Filmer and Fox 2014). A good basic education and cognitive development is important for future skills development. Any strategy aimed at increasing and improving skills capacity must create the conditions for adequate early childhood development, laying a strong foundation in basic

and secondary education, and improving tertiary education (Sanchez Puerta *et al.* 2015). In low-income contexts, the majority of the labour force has very low levels of education. Even the minority of people who have degrees may not have acquired the skills necessary to succeed in the labour market. In particular, analytical and interactive skills may be missing. Employers frequently complain that workers' lack the required skills for their business. This skills mismatch appears pervasive across countries. Adequate primary and secondary schooling is necessary to develop cognitive and socio-emotional skills that are needed for employment and productivity in adult life (Sanchez Puerta *et al.* 2015). TVET outcomes in sub-Saharan Africa have been disappointing. Evidence has shown that secondary and post-secondary vocational training can cost three times more than basic secondary education, yet often provides no better foundation for private sector jobs. To be successful, training must be geared toward labour market demand. In the higher education sector, policies and curriculums must be geared toward private demand to ensure maximum employment of university graduates. Financing in public universities should include a private component to improve equity in access, as tuition payments become means-tested rather than free for all. Also, those who pay will demand value for money (Filmer and Fox 2014).

### 6.5 Government support for TVET

Governments in sub-Saharan Africa need to focus on support for public goods in TVET such as quality assurance and information. Access to training for poor and disadvantaged youths should also be a focus. Governments may need to provide financial support for training in either the public or the private sector. Governments support for training should aim to emphasise portable skills rather than the firm- or job-specific skills that employers should already have an incentive to provide. Results from programmes for disadvantaged youth that integrate training with internships indicate some success. Poor management practices in the private sector suggest considerable scope for improving productivity by investing in business and management skills training and perhaps even in individualised management consulting. The evidence for such programmes is mixed but promising (Filmer and Fox 2014).

### 6.6 Skills in rural areas

Evidence suggests that the education levels of working youth are consistently lower in rural areas (Elder *et al.* 2015). Youths in rural areas can increase their productivity with more and better schooling. Higher productivity increases demand for schooling, triggering a virtuous cycle (Filmer and Fox 2014). In low-income contexts, more young professionals in urban areas are better matched to their jobs than in rural areas. In low-income countries there is also a larger differential in the average education levels of youth working in rural and urban areas compared to the middle-income countries. Skills are central to improving employability and livelihood opportunities, reducing poverty, enhancing productivity and promoting environmentally sustainable development. Skills shortages halt the productive and sustainable transformations of rural areas. Rural disadvantages in education limit scope for employment among those youth remaining in rural areas who did manage to complete their education (Elder *et al.* 2015).

### 6.7 Country examples

#### Ghana

In Ghana, a national skills development strategy is in preparation under the auspices of the Council for TVET (COTVET). For the strategy to be successful, Darvas and Palmer (2014) recommend it is:

- Responsive to the challenges stemming from social demand (employment, equity)

- Relevant to the private sector and labour market demand
- Informed by market and nonmarket failures
- Harmonised with the national economic development priorities (diversification, shared sustainable growth)
- Effective in terms of incentivising the training providers to align with these expectations

The strategy should aim to complement, and be complemented by, related reforms in other sectors, such as the private sector, the informal economy, information and communication technologies, and agriculture. It must ensure that TVET stakeholders can coordinate, implement and monitor the development of policies to stimulate both demand and supply. COTVET must coordinate across sectors, government agencies, and various types of providers. Standards for training services and a qualification framework must be developed (Darvas and Palmer 2014). Training providers will benefit from a needs-assessment and rationalisation process. This will help to establish what support is needed and what incentives may be required to facilitate the change to a demand-driven approach. The rationalisation process would likely result in the institutions being more specialised. Courses that are not in demand may be stopped. Success will demand TVET institutes have sufficient autonomy and incentives to (re)connect with industry requirements. This process of decentralisation will bring training supply closer to market needs (Darvas and Palmer 2014).

Targeted scholarship schemes could promote access to TVET, especially for the poor, and for women, who could be enabled to enter trades that traditionally do not employ females. Improving junior high school (JHS) level education will help to make access to post-JHS TVET programmes more equitable. Reducing direct and opportunity costs of training will also help. The government should be less directly involved in training provision by taking more of a coordination role. It will need to provide incentives, standards, accreditation, quality assurance, and information. Any qualification system should be independent of government control, since the government cannot be expected to provide objective judgment over a service that it provides. The national qualification system will be more effective if focused on training and skills that help people get jobs and improve earnings, enterprise growth, and productivity. The qualification framework should be developed in sync with the competency-based training system that is being gradually introduced in Ghana (Darvas and Palmer 2014).

TVET financing will be more effective if funding is based on results and performance. Planners need to keep in mind that public funding can distort the training market or lead to market failures. Financing and incentive systems can be used to promote demand-driven training, to reward quality and productivity, and to promote equality and breaking out of a low-skills equilibrium. Incentives may help to improve the performance of trainee and instructor industry attachments and to encourage industry associations to provide employment (Darvas and Palmer 2014). Information systems can be utilised to assist with monitoring and evaluation. On the demand side, more (disaggregated) wage data need to be collected to reveal what the market is demanding in terms of skills. Effective data collection instruments that go beyond inputs, such as student numbers, would help. Data on outputs (such as the number that graduate) and outcomes (such as the proportion of graduates that find work) would be helpful to inform planning. Key stakeholders' capacities require strengthening, including at the institutional and district levels and within informal trade associations. The capacity of Ghanaian institutions, governmental and non-governmental, to conduct TVET research needs to be strengthened. Further research into the political economy of the TVET reform process is needed (Darvas and Palmer 2014).

## Ethiopia

Research in Ethiopia took nearly 1,000 unemployed and underemployed applicants and offered them low skilled jobs in five industrial firms. A lottery system was used to allocate the jobs and randomly offer cash and training to half of the unsuccessful job applications. The results indicate that most people quit the permanent industrial jobs within a few weeks as the work was unpleasant and risky. A year later, the people offered jobs were no better off economically than their peers in the control group. However, their health was worse. The cash and training group reported being happier, having started businesses and increasing their wages by a third (Blattman and Ralston 2015).

## Liberia

The Adolescent Girls Initiative in Liberia provided young women with six months of skills training followed by six months of active placement. Six months after the classroom sessions, women's earnings were about \$8 per week greater than the control group. Earnings were higher among women trained for self-employment rather than job skills (Blattman and Ralston 2015).

## Uganda

Blattman and Ralston (2015) describe two programmes in Uganda – WINGS and the Youth Opportunities Program (YOP). The WINGS programme in Uganda targeted 15 ultra-poor households in small war affected villages. Most participants were women. A not for profit organisation offered them five days of business skills training, \$150 in cash, as well as encouragement and support to become petty traders. Evidence suggests that those who started small trading enterprises nearly doubled their earnings. Household consumption increased by a third to \$39 per month. For the YOP, the Ugandan government invited men and women from 18 to 35 years old to form groups and prepare proposals for vocational training and enterprise development. The groups received grants of \$8,000, equating to \$400 per person. Evidence indicates that, four years later, the wages of members of the groups who had received grants had increased by 40 per cent and hours of work were up 20 per cent (Blattman and Ralston 2015).

## 6.8 Quality of evidence

Evidence on skills training for employment and higher earnings is based on a medium number of documents from a range of sources, and is of mixed quality. For example, Filmer and Fox (2014), Elder *et al.* (2015) and Cedefop (2011) present discussion and/or analysis drawing on substantial data sets, and Tripney *et al.* (2013) present a systematic review based on a detailed methodology and drawing on a broad spread of countries. Darvas and Palmer (2014) present discussion around a specific country-based context. Sanchez Puerta *et al.* (2015) present a briefing note with no examples or case studies, and no supporting bibliography. Acemoglu and Pischke (1998) is a peer-reviewed paper published by MIT, but dating from 1998.

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## 7) The geopolitical landscape - international players and skills training systems in developing countries

### Key messages:

- There is less support for TVET compared to other education sectors. Commitments and will to fund TVET is much weaker than efforts to fund schooling or higher education. New and innovative ways must be identified to mobilise financial support for TVET.
- There is a need for a radical shift in skills development to respond to the increasing demand for training opportunities with greater private sector involvement, better coordination, effective use of new technology and the media, and interventions with a sectoral focus.
- Private training providers have a role to play in skills development if the quality can be assured. The demanded skills training cannot be solely provided by the public sector. Alternative sources, including from the private sector, must be found and co-ordinated.
- Private financing of skills development is linked to the expected return in that investment and to greater involvement by those financiers in its development.
- There is a considerable knowledge gap regarding the effectiveness and efficiency of specific policy instruments to promote employer-provided training for employees. More research is needed.
- Education and training systems must be integrated into national skills strategies. This will ensure that, on completion of training, the economy can absorb the skilled workforce.

### 7.1 Financing TVE and TVET

Globally, commitments and will to fund TVET is much weaker than efforts to fund schooling or higher education. No fast track initiative exists to fund TVET. There has been neglect and conceptual confusion of EFA Goal 3, which is to ensure that the learning needs of all young people and adults are met through equitable access to appropriate learning and life-skills programmes. The perceived difficulty of engaging in this area has led to frustration with attempts to finance TVET. TVET has risen much higher up the agendas of both developing country and donor governments, largely as a response to the youth bulge described in the introduction. Despite this, there has not been a significant shift in funding. There is pressure on both donor and developing country budgets. New and innovative ways must be identified to mobilise financial support for TVET. Many developing country governments treat the financing of public TVET as they do academic schooling by using an input driven approach. Institutions receive budgetary allocations related to the number of instructors, number of trainees, previous year's budget etc. The allocations remain the same whether the institution is performing well or not, with no link to efficiency, attainment of minimum training standards, outputs, or outcomes. This encourages a culture of apathy since there are no incentives, or disincentives, for performing well or badly. Data on financing for TVET follows the bias towards Ministry of Education data, and the bias towards supply side data. Public expenditure on TVET should not only include data from ministries of education. Aggregated data from other public ministries responsible for TVET should be included. Estimates of private financing of TVET – both private formal providers, and enterprise based training, formal and informal – should be included (King 2011).



## 7.2 Private financing of skills development

A synthesis paper on the role of the private sector in skills development argues that a radical shift in skills development is both needed and is beginning to take place. To succeed, this shift must respond to the increasing demand for training opportunities with greater private sector involvement, better coordination, effective use of new technology and the media, and interventions with a sectoral focus. Private sector intervention will generally not happen without facilitation by another party, whether it be government, donor or non-government organisation. Employers are more likely to engage in skills development if the benefits of doing so are apparent, the business environment is favourable and there is minimal bureaucracy attached (Dunbar 2013). Private training providers have a role to play in skills development if the quality can be assured. More private finance is needed in the developing world to fund skills development. Governments cannot and will not provide all the funds for training. Alternative sources must be found and co-ordinated. The greatest challenges to skills development, including the funding issue, are found in countries with unstable governments and low-growth or stagnant economies and in remote agrarian communities with little industry. The private sector may be able to support learners financially while they are non-productive or partially productive (Dunbar 2013).

Dunbar (2013) offers the following analysis of the emerging policy consensus on financing training:

	Role of training finance in meeting policy objective	Explanation
1	Redefined government role	Redefinition of government role (diminished, but still critical), entailing reduced public budgetary support for formal sector institutional training.
2	Funding diversification	Diminished government financing role is to be accompanied by a diversification of sources of financing, greater cost recovery and cost sharing.
3	Cost sharing	Moves towards increased cost sharing, with higher, more realistic training fees (with scholarships for the needy) and perhaps state-backed student/trainee loans.
4	Training levies	Funding diversification measures to include training levies on enterprises.
5	Income generation	Funding diversification measures also include income generation by public training institutions.
6	Decentralisation	Income generation objectives would be furthered through decentralisation of control over public sector providers and greater institutional autonomy.
7	Private sector	Government to encourage private sector provision of training.
8	Funding public training institutions	Replace arbitrary, ad hoc funding arrangements by objective formula funding related to inputs, outputs and outcomes. Consider case for subsidy of selected private training institutions.
9	Trainee/consumer choice	More voice is to be accorded to trainee/consumer choice; vouchers may help develop the demand side of the market where subsidy needs to be retained.
10	Levy-grant	Levy-grant mechanisms to be introduced where formal sector enterprises under-train.

11	Training funds	National training funds to be developed, to take a broader and longer term view of training expenditures in a national context.
12	Training authorities	Where institutionally possible, fully-fledged, autonomous national training authorities to be established.
13	Stakeholders	Increased participation of stakeholders (especially employers) in national training policy formation and execution.
14	Disadvantaged groups	Continuing and enhanced government role in skills development as an integral part of a package of measures to assist disadvantaged groups.
15	Informal sector	Central attention to be paid to largely neglected training needs of small micro enterprises and informal sector producers.

The finance related issues are based on research by the World Bank. They all impact on reaching the main training policy objective of facilitating the development of effective, efficient, competitive, flexible, and responsive (demand-driven) training systems to meet national economic and social needs, and the needs of individuals (Dunbar 2013).

Private financing of skills development is intrinsically linked to the expected return in that investment and to greater involvement by those financiers in its development. The availability of reliable information is critical if learners are to access funds for training. The evidence suggests that levy systems and tax incentives are unlikely to work well in countries where industry is not well-developed and administrative or organisational capacity is weak. Also, levy systems and tax incentives tend to favour large companies unless mitigating measures are introduced. Evidence from voucher schemes shows mixed results but includes stimulation of the private training market and increased demand from learners. Student loans are high risk and work best when employment prospects of graduates are good and there is a strong likelihood of repayment (Dunbar 2013).

### 7.3 Policy instruments to promote training

Müller and Behringer (2012) found there to be a considerable knowledge gap regarding the true effectiveness and efficiency of specific policy instruments to promote employer-provided training for employees. A limitation of indirect subsidies, such as tax incentives, is that even if firms can be convinced to utilise tax incentives, unanticipated substitution effects may impair effectiveness. Tax incentives may be ineffective in targeting specific groups of workers or enterprises. Evidence suggests they favour large enterprises and highly educated individuals and therefore work best to overcome aggregate under-investment.

Direct subsidies allow more effective targeting. As with all subsidies, there is a risk that certain forms of learning may be favoured. With regard to training funds in combination with firm levies, compulsory schemes may be detrimental and erode employer investment, outweighing the potential benefits. In order to function well, levy schemes require a sufficient number of contributing firms and the administrative capacity for raising funds and disbursing them in line with specified criteria. Consequently, levy schemes have encountered serious problems in some developing countries. The most success has been reported in fast-growing countries (e.g. Singapore), where the positive development of training provision need not necessarily be attributed entirely to the functioning of the respective levy scheme (Müller and Behringer 2012).

## 7.4 Pre-employment and enterprise training funds

Johanson (2009) reviewed pre-employment and enterprise training funds in over 60 countries. The evidence suggests that national training funds are an increasingly common vehicle for financing training, despite a lack of rigorous evaluation of the impact of training funds on the skills and employability of the workforce in developing countries.

The three main types of training funds identified are:

- Pre-employment training funds
- Enterprise training funds
- Equity training funds

## 7.5 Strategic approaches to skills development

The OECD Skills Strategy (2012) provides a policy framework that guides countries on how to invest in skills for creating jobs and boosting economic growth. Although the strategy is focused on OECD member countries, it provides useful context that is relevant for non-member countries. Valiente (2014) explains how the strategy puts skills policies at the very centre of national strategies for economic recovery. Their positioning as such is particularly pertinent in the context of the global economic crisis. National strategies should be aiming to transform countries into internationally competitive high skills economies. Education and training policies can contribute to these strategies by:

- Developing the relevant skills for the knowledge economy
- Incentivising the participation of inactive individuals in the labour market through retraining and up-skilling.
- Fostering entrepreneurship and supporting employers in the creation of highly skilled jobs.

Education and training systems must be integrated into national skills strategies to upgrade the demand for skills of an economic structure that is unable to absorb a highly skilled workforce. These systems must no longer be regarded as passive recipients of the demands from employers and markets (Valiente 2014). The following best practices allow countries to adopt a comprehensive and systematic approach to skills policies, and are based on lessons learned by developing the OECD Skills Strategy (2012):

- **Prioritise investment of scarce resources:** Since it is costly to develop a population's skills, skills policies need to be designed so that these investments reap the greatest economic and social benefits.
- **Combine short- and long-term considerations:** Effective skills policies are needed to respond to structural and cyclical challenges, such as rising unemployment when economies contract or acute skills shortages when sectors boom, and to ensure longer-term strategic planning for the skills that are needed to foster a competitive edge and support required structural changes.
- **Build a case for lifelong learning:** By seeing skills as a tool to be honed over an individual's lifetime, a strategic approach allows countries to assess the impact of different kinds of learning – from early childhood education through formal schooling to formal and informal learning later on – with the aim of balancing the allocation of resources to maximise economic and social outcomes.
- **Foster a whole-of-government approach:** If skills are to be developed over a lifetime, then a broad range of policy fields are implicated, including education, science and technology, employment, economic development, migration and public finance. Aligning policies among these diverse fields helps policy

makers to identify policy tradeoffs that may be required and avoid duplication of efforts and ensure efficiency.

- **Align the perspectives of different levels of government:** With major geographical variations in the supply of and the demand for skills within countries, there is a strong rationale for considering skills policies at the local level. This would help countries to align national aspirations with local needs.
- **Include all relevant stakeholders:** Designing effective skills policies requires more than co-ordinating different sectors of public administration and aligning different levels of government: a broad range of nongovernmental actors, including employers, professional and industry associations and chambers of commerce, trade unions, education and training institutions and, of course, individuals must also be involved.

The OECD skills strategy (2012) states that to achieve a high-quality pool of skills, a country must consider three main policy levers:

- 1) Those that improve the quality and quantity of skills
- 2) Those that activate the skills for the labour market
- 3) Those that ensure that skills are used effectively

## 7.6 Country examples

### Nicaragua

Macours *et al.* (2013) analyse the potential returns for targeting mechanisms in poor rural communities in Nicaragua. As interventions aimed at increasing the income generating capacity of the poor have a potentially important role to play in reducing poverty, the findings are relevant to many developing countries. In Nicaragua, skills interventions resulted in increased participation in non-agricultural employment and higher income from related activities. Investing in targeting would not increase the impact of the programmes. Pro-poor targeting does not come at the cost of reducing the overall impacts of these interventions. Self-targeting, that is based on baseline demand, can lead to important exclusion errors. Self-targeting may reduce the poverty-reduction potential of these types of interventions, especially when low aspirations limit the poor's ex-ante demand for productive interventions, and when the interventions have the potential to increase those aspirations. However, self-targeting may have limited poverty reduction by excluding the poorest (Macours *et al.* 2013).

### South Africa

In South Africa, during the Mbeki Presidency, skills development was regarded as central to improving social and economic performance. 'Skill' took a key role in the debate on international competitiveness, economic growth and poverty reduction. Through the 2003 Immigration Act, a new strategy for attracting such skills from outside the country has been developed, as well as forming the core of the 2001 Human Resources Development Strategy. In their book, McGrath *et al.* (2004) examine the multiple and shifting meanings that 'skill' has taken on in South Africa. There is a particular focus on unpacking the notion of 'skill' as ways of supporting the national project and suggesting how best to deal with the issue of 'skill' in South Africa. The authors explain how 'skill' is included in contemporary policies and practices, and frame the historical and international contexts.

## 7.7 Quality of evidence

The evidence presented on the current status of skills development includes a medium number of high-quality systematic reviews published by the World Bank and OECD, each describing detailed methodologies and drawing on substantial data-sets and case studies, and which can be regarded as highly reliable sources. In some cases, these publications have a lower focus on analysing TVET-related policy in LMICs. Further evidence on new approaches to focussing on TVET is drawn from a proposals report produced for UNESCO ahead of EFA Global Report 2012, a published peer-reviewed research paper, and a country-specific analysis of TVET policy published in 2004, each of which are of high quality. There are a small number of country case studies featured: due to various geographic, social and/or political factors, the countries selected could be regarded as atypical.

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## 8) Conclusion

### 8.1 Introduction

This topic guide focused on skills immediately necessary for employment and increased productivity in low-income settings. It focused on TVET skills, which are concerned with the acquisition of knowledge and skills for the world of work. The importance and value of obtaining basic skills is recognised as these are a pre-requisite for higher order skills development. The purpose of this guide is to introduce the reader to relevant ideas, concepts and theories relevant to skills development. It serves to point the reader in the right direction to relevant sources for further details. For the purpose of this paper, skills are understood to be competencies that can be gained from experiences during and after childhood, especially through education. This paper focused in particular on skills concerned with the acquisition of knowledge and skills for the world of work.

The evidence that does exist shows the positive impact of training on future employment and earnings. Young people require skills that prepare them for decent jobs so they can thrive and participate fully in society. A global effort is required to improve training that develops foundational skills for entering the workforce, allowing young people to actively participate in society. Skills training can also improve self-awareness, empathy, decision making, goal setting, and communication skills for youth. Skills development is needed for both formal and informal employment. However, the data suggests there is a positive link between education and training and working in a job that is not farming. Formal education, therefore, is likely to lead to formal employment. Basic skills are needed to perform basic tasks or acquire further skills. High skills are needed for critical thinking and decision making. Although there is a global paucity of reliable data on skills development, the evidence that does exist suggests that provision and access to skills is unequal in different countries, regions and contexts. It is known that marginalised groups are less likely to be able to access skills. In the past, TVET has received less attention than other education sectors such as primary and secondary schooling. However, in recent times, there is increasing momentum behind the skills development agenda. This groundswell of support is highlighted by the fact that there is likely to a specific target to measure skills development in the SDGs, which is testament to the increasing support for further development in this area.

### 8.2 Skills and development

This topic guide has highlighted evidence that indicates that TVET is shown to be more effective when focused on skills closely linked to market demand. However, a solid general education is required as a prerequisite. Youth

development, skill acquisition and future employment opportunities depend in part on youths having a solid academic foundation. This is shown to be particularly significant for those members of communities who are socially disadvantaged. Women have been shown to benefit more than men from skills training, as in the labour market they are often starting from a greater state of disadvantage. There have been mixed reports about the impacts of training and skill-building programmes. Although there is some evidence available about the benefits of developing TVET systems, TVET does not guarantee a solution to youth unemployment. Other factors must be addressed, such as economic growth, cost of labour, legislation, and unrealistic wage expectations. Increased productivity is often viewed as the goal of skills development. However, considering TVET solely through a productivism lens may not address all the issues and challenges. To successfully develop or reform training systems, other theories and paradigms, including a rights based perspective, are required. Evidence has shown that in many countries there is a mismatch between the supply and demand of skills both within countries and in the global economy, with demand for skilled workers outstripping supply. There may be resistance from the private sector to invest in training due to uncertainty over the returns. Evidence illustrating the benefits may need to be produced. Involving all stakeholders, including employers, in the design and delivery of training contributes to better outcomes for all. It may be appropriate for the private sector to offer apprenticeship programmes to provide access to training and to new technology. In some countries, clusters of specialised businesses may facilitate knowledge-sharing and provide training.

### 8.3 Market failures

The mismatch between the supply and demand of skills must be addressed for progress to be made. In many cases, the private sector will have a better understanding of what skills are needed for the workplace. Training provided by the private sector may also allow for smoother transitions into employment. However, training provided by the private sector may need regulating, which can be challenging. The private sector will expect to recoup the return on investment in training. If they cannot, they will not be willing to finance training in the future. Governments are therefore encouraged to set policy frameworks that allow for competition and encourage innovation and technological change as well as in correcting market failures. It is a challenge to persuade individuals that it is worth their effort, time and resources to invest in their own training. Individuals may not invest in training for many reasons, including a lack of information, limited cognitive capacity, psychological factors, inaccurate information on returns to training and misunderstandings regarding employment prospects once trained. Individuals may also lack the incentive to invest in their own training if employers have market power and are able to keep future wages down. Targeted subsidies can correct market failures or improve incentives to invest in training. In particular, vulnerable groups may need to be targeted. Other government interventions can help to correct market failures. Such interventions include increasing the bargaining power of workers, reducing barriers to entry in markets, facilitating the diffusion of new technologies to create demands for skilled labour, reducing poaching of labour, credit for training, and providing information about labour market conditions and the quality of various training providers.

Evidence suggests that entrepreneurship leads to growth, job creation, technology adoption, innovation and poverty alleviation, all of which drives economic development. Well-targeted government interventions can ease constraints on entrepreneurship and facilitate private sector take-off. Where possible, policy makers are encouraged to remove obstacles to entrepreneurship such as poor business climate, excessive taxation and other prohibitive start-up costs. To improve the delivery of TVET systems, better planning is needed, based on solid data. Poor data can result in skills gaps and further entrench the mismatch between supply and demand. If policy makers have access to improved data and respond to it appropriately, this situation will improve.

Technological advances, such as the internet, have revolutionised education including skills training. Learning from a distance has brought the cost of training down as well as increasing choice of the content, schedule, pace, duration and recruitment criteria. One area where technological advances may improve service delivery is in overcoming gender barriers to training.

Different countries are likely to face different gender challenges regarding training. To be successful, TVET programmes must address gender disparities, inequalities and stereotypes. Gender barriers may exist for both accessing TVET programmes and accessing employment. TVET policies must address these barriers. Girls and women may require special attention in TVET programme planning to take into account that they are at the lower ranks of skills development, employment and income generation. Gender discrimination may prevent women from obtaining the training necessary for obtaining better paid jobs. Stereotypes about jobs may channel boys and girls into different training programmes and reinforce enrolment patterns. Government interventions may help overcome some of the gender challenges, by encouraging girls to enrol in certain programmes. Financial incentives may help channel female enrolment. Offering distance education may reduce problems associated with travelling to training locations.

#### 8.4 Existing systems

There is a current drive amongst most countries in the world to improve skills and training systems. There are many examples of reform of existing systems and interventions to provide a level playing field. To be successful, training must deliver the skills that are required. Local people are often in the best position to both advise on what skills are needed, but also to help deliver the training that is required. Special attention must be paid by policy makers to the needs of people with disabilities to access the skills and training they need to improve their situation. Skills provide a route to escape from poverty and dependence, and the barriers people with disabilities face to entering the training market must be overcome. Efforts need to improve access to quality basic education, which provides the foundation skills needed to go on to acquire more specialised skills.

#### 8.5 Skills for employment, employability and higher earnings

Evidence shows that general training increases worker productivity, translating to higher earnings in a competitive labour market. General training also makes workers more employable. This may act as a disincentive for firms to pay for general training, preferring to pay for specific training. Productivity leads to higher earnings and more stable, less vulnerable, livelihoods. Earnings and employment challenges reflect the broader challenges and opportunities of a globalised world. Early childhood development, including cognitive and socio-emotional skills, are essential for future employment and subsequent earnings later in life. When youths lack of the means, skills and knowledge to make the transition from school to work, or between sectors of employment, they may end up not fulfilling their potential, both in terms of productivity and contribution to society. The basic school system must be effective to allow for acquisition of skills later on. Evidence for the returns on investment from TVET systems varies widely across contexts and over time. More research is needed to show what works. There is some evidence that start-up grants, cash infusions and capital transfers stimulate self-employment and raise long term earning potential, but more research is needed.

There are many challenges to establishing a TVET system. For example, in some countries there is a lack of industry experienced instructors, few industry partnerships, and lack of adequate resources to offer access to high quality workshops and equipment. The more local members of society can be involved in programmes, the better. In fact, evidence has shown that programmes that involve a level of participation have greater success. In particular, these



approaches can assist with developing women's skills. To improve TVET systems, governments and policy makers are advised to focus on quality assurance and improving the quality of information available. Higher education must be geared toward private demand to ensure maximum employment of university graduates. Also policy makers are advised to consider geographical characteristics. Youths in rural areas often have consistently lower education levels. Rural disadvantages in education limit scope for future employment among those youth remaining in rural areas who did manage to complete their education.

## 8.6 The geopolitical landscape

As mentioned above, traditionally there has been a lower level of support for TVET compared to other education sectors. Commitments and will to fund TVET is much weaker than efforts to fund schooling or higher education. To make a difference, new and innovative ways must be identified to mobilise financial support for TVET. Skills development programmes must shift and focus on responding to the increasing demand for training opportunities with greater private sector involvement, better coordination, effective use of new technology and the media, and interventions with a sectoral focus. As long as there is a level of regulation and quality assurance, private training providers have a major role to play in skills development. Evidence may be needed to encourage the private financing of skills development, as there is likely to be an expected return on investment by those providing the financing. There is currently a considerable knowledge gap regarding the effectiveness and efficiency of training. More research is needed. To be successful, education and training systems must be integrated into national skills strategies. This will ensure that, on completion of training, the economy can absorb the skilled workforce.

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## 9) Annotated bibliography

**Acemoglu D and Pischke J-S. 1998. 'Why Do Firms Train? Theory and Evidence'. *The Quarterly Journal of Economics*; 113(1)**

<http://economics.mit.edu/files/3806>

This paper offers a theory of training whereby workers do not pay for the general training they receive. The superior information of the current employer regarding its employees' abilities relative to other firms creates ex post monopsony power, and encourages this employer to provide and pay for training, even if these skills are general. The model can lead to multiple equilibria. In one equilibrium quits are endogenously high, and as a result employers have limited monopsony power and provide little training, while in another equilibrium quits are low and training is high. Using microdata on German apprentices, the authors show that the predictions of the model receive some support from the data. Although published in the late 1990s, it offers important theory that is still relevant to the discussion on skills.

**Adams A. 2008. *Skills Development in the Informal Sector of Sub-Saharan Africa*. The World Bank. Washington DC.**

<http://info.worldbank.org/etools/docs/library/251006/day3SkillsfortheInformalApril1Se2.pdf>

The informal sector of sub-Saharan Africa is comprised of small and household enterprises that operate in the non-farm sector outside the protected employment of the formal wage sector. The sector was identified 40 years ago by the International Labour Organization (ILO) representing a pool of surplus labour that was expected to be absorbed by future industrialisation, but rather than gradually disappearing, it has become a persistent feature of

the region's economic landscape accounting for a majority of jobs created off the farm. Acknowledging its potential as a source of employment for the region's expanding workforce and improving its productivity and earnings is recognised as a priority for poverty reduction. This study examines the role played by education and skills development in achieving this objective. Until now, few studies have used household labour force surveys to capture the skills profile of the informal sector and study how different means of skills development - formal education, technical and vocational education and training, apprenticeships, and learning on the job - shape productivity and earnings in the informal sector as compared with the formal wage sector. This study uses household labour force surveys to look at the experience of skills development in five African countries - Ghana, Kenya, Nigeria, Rwanda, and Tanzania - that together account for one-third of the nearly 900 million persons living in SSA. The study defines the non-farm informal sector as the self-employed (own account and with workers), contributing family members, and wage workers in small and household enterprises. Of the nearly 36 million working off the farm in the five countries, 7 out of 10 are working in the informal sector. The importance of this study is its quantitative assessment of how different sources of skills development are related to the sector in which one works and the earnings received in that sector. It further highlights a set of economic constraints to acquiring skills in the small and household enterprises of the informal sector that will have to be overcome if skills are to become a means for improving productivity and earnings in this sector. The study offers a comprehensive strategy for improving employment outcomes in the informal sector through skills development with examples of successful interventions taken from international experience and the five countries.

**Adams A. 2011. *The Role of Skills Development in Overcoming Social Disadvantage. Background paper prepared for the Education for All Global Monitoring Report 2012.* UNESCO, Paris**  
<http://www.18ccem.orange.mu/download/The%20Role%20of%20Skills%20Development%20in%20Overcoming%20Social%20Disadvantage%20by%20Avril%20V%20Adams.pdf>

This paper was written as part of the planning phase for the *Education for All Global Monitoring Report 2012*. Its objective is to highlight current policies that support skills development and to identify gaps that present potential for progress. Theories of skills acquisition have moved on from being exclusively linked to formal education settings. Other sources of skills development are now considered. This includes skills development through informal at work learning, apprenticeships and enterprise-based training. It also includes government and non-government funded training and education institutes. Past policy interventions and country experiences can provide important lessons on past policies and inform new ways of thinking. The first section of this paper explores definitions and theories about skills development. It considers measuring and monitoring of success. The second section provides an overview of evaluating skills development implementations. The third section reflects on reform trends and challenges in reaching the socially disadvantaged with skills and the policy gaps that need to be filled.

**Adams A, Johansson de Silva S and Razmara S. 2013. *Improving Skills Development in the Informal Sector Strategies for Sub-Saharan Africa.* The World Bank. Washington DC.**  
<http://elibrary.worldbank.org/doi/pdf/10.1596/978-0-8213-9968-2>

This study examines the role played by education and skills development in achieving sub-Saharan Africa's full potential. It uses household labour force surveys to look at the experience of skills development in Ghana, Kenya, Nigeria, Rwanda, and Tanzania. The household labour force surveys capture the skills profile of the informal sector and study how different means of skills development - including formal education, technical and vocational education and training, apprenticeships, and learning on the job - shape productivity and earnings in the informal sector as compared with the formal wage sector. It quantitatively assesses how different sources of skills development are related to the sector in which one works and the earnings received in that sector. It highlights

economic constraints to skills acquisition. It delivers a comprehensive strategy for improving employment outcomes in the informal sector through skills development with examples of successful interventions taken from international experience and the five countries.

**Allais S. 2010. *The implementation and impact of National Qualifications Frameworks: Report of a study in 16 countries*. International Labour Office, Geneva.**

[http://www.ilo.org/wcmsp5/groups/public/@ed\\_emp/@ifp\\_skills/documents/meetingdocument/wcms\\_126589.pdf](http://www.ilo.org/wcmsp5/groups/public/@ed_emp/@ifp_skills/documents/meetingdocument/wcms_126589.pdf)

This report aimed to produce empirical evidence and analysis of countries' experiences of introducing a qualifications framework as part of a strategy to achieve skills development and employment goals. A qualifications framework is intended to improve understanding of qualifications (degrees, certificates, or recognition of experiential-based learning and capabilities) in terms of the information they convey to an employer about prospective workers' competencies. Frameworks can also explain how qualifications relate to each other. This study aimed to develop an understanding of how employers are using qualifications frameworks in their hiring decisions and whether qualifications make a difference to workers in the job market.

This report reviewed existing research on the English National Vocational Qualifications (NVQs) and the early reforms leading to the Scottish Credit and Qualifications Framework, as well as the other three 'early starter' qualifications frameworks (Australia, New Zealand, and South Africa) in five case studies based on existing research and documentation. A further 11 case studies were based on new fieldwork. Chile and Mexico were researched as these countries started work on the development of Labour Competence Frameworks in the late 1990s, even though they do not yet have NQFs per se. Botswana, Malaysia and Mauritius can be described as 'second generation' NQFs. Bangladesh, Lithuania, Russia, Sri Lanka, Tunisia, and Turkey have more recently started developing qualifications frameworks, with Russia being the most recent. The study also involved a review of available literature, a critical analysis of the different roles of qualifications in educational reform, and the development of a proposed typology of qualifications frameworks.

**Allais S. 2012. 'Will skills save us? Rethinking the relationships between vocational education, skills development policies, and social policy in South Africa'. *International Journal of Educational Development* 32(5)**

<http://www.sciencedirect.com/science/article/pii/S0738059312000028>

This paper explores skills development in South Africa. It considers the relationships between vocational education and development. Policy interventions and new institutions and systems for skills development have failed to increase the number of skilled workers in South Africa. South African media and policy circles report that a skills shortage and an inflexible labour market are causing unemployment. Skills are being included as part of a 'self-help' agenda, alongside wage subsidies and a reduction of protective legislation for young workers, instead of collective responsibility for social welfare. Skills policies are founded on state regulation and qualification and quality assurance reform. Little emphasis has been placed on building provision systems and on curriculum development. The South African experience exemplifies how difficult it is to develop robust and coherent skills development in the context of inadequate social security, high levels of job insecurity, and high levels of inequalities. The weaknesses of market-led vocational education are detailed.

**Almeida R, Behrman J and Robalino D. (eds). 2012. *The Right Skills for the Job? Rethinking Training Policies for Workers*. The World Bank, Washington DC.**

[https://books.google.co.uk/books?id=ZTrM4EcAYOMC&printsec=frontcover&source=gbs\\_ge\\_summary\\_r&cad=0#v=onepage&q&f=false](https://books.google.co.uk/books?id=ZTrM4EcAYOMC&printsec=frontcover&source=gbs_ge_summary_r&cad=0#v=onepage&q&f=false)

This book is concerned with upgrading job relevant skills. It focus on three types of training programmes relevant for individuals who are leaving formal general schooling or are already in the labour market. These are

- 1) Pre-employment technical and vocational education and training (TVET). TVET is usually offered within the formal schooling track and tends to be administered by the ministries of education.
- 2) On-the-job training (OJT).
- 3) Training-related active labour market programmes (ALMPs). ALMPs do not take up much time and target low skilled or informal workers who do not have access to TVET or OJT.

The book discusses the strengths and weaknesses of these programmes and contextualises them with market failures that can lead to underinvestment in training and misalignment between supply and demand for skills. Examples are given of programmes that are part of the problem and not the solution. Recommendations are made to improve the design and implementation of current skills development systems. Important design features are reported, as are gaps in the evidence.

**Altenburg T. 2010. *Industrial policy in Ethiopia*. German Development Institute, Bonn**

[http://edoc.vifapol.de/opus/volltexte/2011/3323/pdf/DP\\_2.2010.pdf](http://edoc.vifapol.de/opus/volltexte/2011/3323/pdf/DP_2.2010.pdf)

This report assesses industrial policy in Ethiopia. Industrial policy is a contested issue, especially for low-income countries. Proactive policies are required to make the transition from low-productivity resourced-based societies with large informal sectors to more productive, knowledge-based and formalised patterns of productive organisation. However, channelling resources into preferential activities may reduce allocative efficiency. This can create perverse incentives for stakeholders including investors and bureaucrats. This problem is exacerbated in low-income settings, where political checks and balances may be weak. The Ethiopian government has created the preconditions for a market-based and socially inclusive industrial transformation. It has demonstrated commitment to investing in technological learning in order to build new competitive advantages through programmes to strengthen the technical and vocational education system. Universities and specialised supporting institutions have been established. Diversification and industrial development are the objectives. Agricultural demand-led industrialisation and export promotion are central in its strategy. For the last ten years, the Ethiopian economy has grown at 11 per cent annually, mainly due to favourable agro-climatic conditions, high coffee prices, considerable inflows of aid and remittances, and a boom in construction. However, the economic structure has not changed much and competitiveness has not increased. This study focuses on the policymaking process in the leather/leather products and the cut flower industries.

**Arbache JS, Kolev A & Filipiak E (Eds). 2010. *Gender Disparities in Africa's Labor Market*. World Bank, Washington DC.**

<http://elibrary.worldbank.org/doi/pdf/10.1596/978-0-8213-8066-6>

Evidence indicates that in several countries in Africa, women's earnings are a fraction of male's earnings. It is argued in this book that the gap is not simply the result of discrimination in the labour markets, but rather the result of multiple factors, including access to education and credit, cultural values and household duties and labour market conditions. Gender disparities are shown to grow when economies are not functioning well and labour markets are very small. Job rationing causes those with better human capital and those with more power in the

household—usually the men—to take the few jobs that are available. In regions with small formal sectors, gender disparities in earnings are high. Firm-level and sector characteristics are additional powerful factors in explaining the gender disparities in the labour market. Multifaceted strategies are required. Governments must actively encourage environments that support economic growth and job creation, as well as by promoting equal access for women to education. Attitudes that limit what women may achieve must be addressed. *Gender Disparities in Africa's Labour Market* helps to fill the knowledge gap and identify the links between gender disparities and poverty reduction.

**Blattman C and Annan J. 2011. *Reintegrating and Employing High Risk Youth in Liberia: Lessons from a randomized evaluation of a Landmine Action agricultural training program for ex-combatants***

<http://www.p2zen.org/uploads/1/0/0/7/10071632/undpreintegrationliberia.pdf>

Despite a lack of rigorous evidence, states and aid agencies encourage employment programmes to rehabilitate men who are at risk of returning to violence, in the belief that peaceful work opportunities will deter them from crime and violence. This paper presents an evaluation of a programme of agricultural training, capital inputs, and counselling for Liberians who had previously been involved in fighting and who were illegally mining or occupying rubber plantations. Men who accepted the programme were shown to increase the time they spent employed on farms. Their profits also increased as they shifted work hours away from illicit activities. Mercenary work was also reduced. Some men did not receive their capital inputs but expected a future cash transfer instead, and they reduced illicit and mercenary activities most of all. Relatively small changes in returns to peaceful work, especially future and ongoing incentives led to a change in illicit and mercenary labour supply. However, the evidence also indicates that the impacts of training alone, without capital, appear to be low.

**Blattman C and Ralston L. 2015. *Generating Employment in Poor and Fragile States: Evidence from Labor Market and Entrepreneurship Programs*. World Bank, Washington DC.**

[http://papers.ssrn.com/sol3/Delivery.cfm/SSRN\\_ID2633266\\_code843999.pdf?abstractid=2622220&mirid=1](http://papers.ssrn.com/sol3/Delivery.cfm/SSRN_ID2633266_code843999.pdf?abstractid=2622220&mirid=1)

This paper reviews the evidence on what interventions designed to raise incomes in fragile states work, and whether stimulating employment promotes social stability. Skills training and microfinance have shown little impact on poverty or stability, especially relative to programme cost. In contrast, the evidence suggests that injections of capital (cash, capital goods, or livestock) may stimulate self-employment and raise long term earning potential, often when partnered with low-cost complementary interventions. Such capital-centric programmes, alongside cash-for-work, may be the most effective tools for putting people to work and boosting incomes in poor and fragile states. Such programmes could help to reduce crime and other materially-motivated violence modestly. However, a degree of caution should be taken regarding the effects of employment on crime and violence, as some forms of violence do not respond to incomes or employment.

**Brixiova Z. 2010. 'Unlocking Productive Entrepreneurship in Africa's Least Developed Countries'. *African Development Review*; 22(3)**

<http://onlinelibrary.wiley.com/doi/10.1111/j.1467-8268.2010.00255.x/epdf>

Structural transformation and productive entrepreneurship can create jobs and accelerate growth. For many people living in poverty in Africa's least developed countries, subsistence agriculture is the main source of employment. Jobs and growth will improve their chances of increasing their standard of living. However, progress of a dynamic private sector in industry or high value-added services remain elusive. This paper develops a theoretical framework to examine the main obstacles to entrepreneurship in Africa's poorest countries. There are clearly skill shortages in these economies. Development of entrepreneurship cannot be left to markets alone. The

state has a role to play as well. Carefully conceived and implemented state interventions including training can help to establish small and medium enterprises that are required.

**Cedefop. 2011. *The impact of vocational education and training on company performance*. European Union, Luxembourg**

[http://www.cedefop.europa.eu/files/5519\\_en.pdf](http://www.cedefop.europa.eu/files/5519_en.pdf)

This study presents a meta-analysis of the evidence available in literature on the economic benefits of VET at company level. It includes 62 studies and 264 estimated effects, covering many different company performance and training indicators. The meta-analysis concludes that VET has a positive and significant effect on the economic performance of firms. The effects of different types of training is hard to assess as the evidence is limited. This is due to this aspect not being recorded in most studies. Similarly, a clear relationship between the size of investment and size of the effect on productivity was hard to establish for the limited comparability of the VET variables and estimated effects collected.

**Cheema A, Khwaja A, Naseer M F and Shapiro J. (date unknown). *Designing active labor market policies in Southern Punjab - Evidence from household and community surveys*. Centre for Economic Research in Pakistan, Pakistan.**

[http://ideaspak.org/wp-content/uploads/2015/09/Peop\\_Skills\\_Report.pdf](http://ideaspak.org/wp-content/uploads/2015/09/Peop_Skills_Report.pdf)

The Punjab Economic Opportunities Program (PEOP) is a flagship programme of the Government of Punjab being implemented in partnership with DfID. PEOP aims to alleviate poverty and create inclusive growth in the province's high poverty districts – Bahawalnagar, Bahawalpur, Lodhran and Muzaffargarh – by increasing the employability and earnings of poor and vulnerable families. This report summarises the design-relevant findings using a random district-representative sample of 10,946 households in 709 Primary Sampling Units (PSUs) surveyed (out of a total 809 PSUs to be surveyed as part of the Baseline Household Survey Activity) in the programme districts. The contribution of the report is ultimately to prioritise between a set of possible interventions (i.e., arguing there is more support for some versus others) and in providing analysis that informs design specific programme features.

**Cook G and Younis A. 2012. *Somalia youth livelihoods program - Final evaluation*. USAID, Somalia.**

[http://pdf.usaid.gov/pdf\\_docs/pdacy127.pdf](http://pdf.usaid.gov/pdf_docs/pdacy127.pdf)

The objective of the Somali Youth Livelihoods Program (SYLP), known locally as Shaqodoon, was to establish systems that bridge supply and demand with necessary support to young people and employers. It aimed to provide Somali youth with a greater opportunity to access work opportunities. This evaluation presents quantitative and qualitative information and data that indicate that it was largely successful. The programme succeeded in providing internships or paid job placements in the private and public sectors for 87 per cent of the 9,280 youth who completed the training and placement component – exceeding targets. Youth, parents, business owners, and government authorities considered the training effective and the placement opportunities beneficial for youth's long-term employment prospects. This evaluation provides information and lessons learned to USAID on both the programme and the implementer (the Education Development Center).



**Darvas P and Palmer R. 2014. *Demand and Supply of Skills in Ghana: How Can Training Programs Improve Employment?* World Bank, Washington DC**

<https://openknowledge.worldbank.org/bitstream/handle/10986/18866/890640PUB0Dema00Box385269B00PUBLIC0.pdf?sequence=1>

As many as 24 million youths live in Ghana. In the last 20 years it has shown impressive gains in economic growth and in poverty reduction. Sustained growth requires three steps:

- Increase productivity in the strategic economic sectors
- Diversify the economy
- Expand employment

Raising the quality and quantity of skills provides a contribution to these drivers of sustained growth. Skills development in Ghana encompasses foundational skills (literacy and numeracy), transferable and soft skills, and technical and vocational skills. These skills are acquired throughout life through formal education, training, and higher education; on the job through work experience and professional training; through family and community; and via the media.

This paper is concerned with TVET in Ghana at the pre-tertiary level. TVET alone does not guarantee productivity gains or job creation. A mixture of cognitive, non-cognitive, intermediate, and higher technical skills is required to enhance competitiveness and contribute to social inclusion, acceptable employment, and the alleviation of poverty. The public financing approach and general lack of incentives to improve TVET in Ghana help to perpetuate a supply-driven, low-quality skills system that responds very poorly to the needs of the economy, and especially its growth sectors. It is recommended that the national skills strategy in Ghana should aim to complement, and be complemented by, reforms that are underway in related sectors (for example, private sector development and employment, the informal economy, information and communication technologies, and agriculture). Sustainable financing for the skills development fund (SDF) is an example of an innovative reform. Channelling TVET resources through a SDF facilitates the allocation of funds in line with general national socioeconomic priorities and specific priorities identified by the Council for Technical and Vocational Education and Training (COTVET).

**Depover C and Orivel F. 2013. *Developing countries in the e-learning era*. UNESCO, Paris**

<http://unesdoc.unesco.org/images/0021/002180/218002e.pdf>

Digital technologies provide opportunities for rural and remote populations. In the education context, digital technologies permit the development of adapted and diversified pedagogical models, with an economic approach aiming at more than just economies of scale. In many developing countries, needs often exceed resources. In these contexts, distance education provides many benefits. Digital technology can reduce geographical isolation, improve education cost structures. They can also allow for monitoring of social and economic remoteness.

**Dunbar M. 2013. *Engaging the private sector in skills development*. HEART, Oxford**

[http://www.heart-resources.org/doc\\_lib/engaging-the-private-sector-in-skills-development/](http://www.heart-resources.org/doc_lib/engaging-the-private-sector-in-skills-development/)

This report aims to provide an understanding of the role of the private sector in skills development, both as employers and as skills providers. The objective was to find potential opportunities to support private sector integration in all aspects of skills development, particularly in low-income contexts. In addition, the research explored the twin issues of access to finance for skills development stakeholders; and financial support from the private sector for skills development programmes. The volume of recent work focused on skills is considerable. It



is clear that a radical shift in skills development is both needed and is beginning to take place. To succeed, this shift must:

- Respond to demand for training opportunities with greater private sector involvement
- Improve co-ordination efforts between stakeholders
- Make effective use of new technology and the media

Private sector interventions generally need facilitation either by a government, donor or NGO. Employers are more likely to engage in skills development at any level, if the benefits of doing so are apparent, the business environment is favourable and there is minimal bureaucracy attached. Their engagement is being proactive.

**Dustmann C and Schönberg U. 2012. 'What Makes Firm-based Vocational Training Schemes Successful? The Role of Commitment'. *American Economic Journal: Applied Economics*; 4(2)**  
<http://pubs.aeaweb.org/doi/pdfplus/10.1257/app.4.2.36>

This document focuses on possible market failure in the firm-based vocational training market. It considers that training requirements may be complex. If this is the case, they will be unlikely to be specified in a legally enforceable contract. This makes it hard for firms to commit to training provision. Training tends to be lower where there is no commitment. Firm based vocational training schemes tend to be more successful in locations where commitment to training provision is established. The authors present a model of firm provided training, illustrating best practice.

**EFA GMR. 2012. *Youth and skills - Putting education to work. Education for All Global Monitoring Report 2012*, UNESCO, Paris.**  
<http://unesdoc.unesco.org/images/0021/002180/218003e.pdf>

This report focuses on skills and education. It examines how skills development programmes can be improved to boost young people's opportunities for decent jobs and better lives. Many young people leave the education system without the necessary skills to find work and contribute to society. These education failures impact on economic growth and social cohesion. Poor and inadequate training prevents many countries from realising potential benefits of their growing young populations.

**EFA GMR. 2015. *Education for All 2000-2015: achievements and challenges. Education for All Global Monitoring Report 2015*, UNESCO, Paris.**  
<http://unesdoc.unesco.org/images/0023/002322/232205e.pdf>

In 2000, at the World Education Forum in Dakar, Senegal, 164 governments agreed on the *Dakar Framework for Action, Education for All: Meeting our Collective Commitments*, launching an ambitious agenda to reach six wide-ranging education goals by 2015. This report provides a complete assessment of progress towards the Framework's goals. Looking forward, the report also identifies key factors that must be considered when planning and implementing the post-2015 global education agenda. Chapter 3 focuses on youth and adult skills. Young people need decent jobs. Global efforts are needed to ensure that young people have the foundational skills required to enter the workforce and actively participate in society. The focus of this chapter is access and barriers to secondary education. It analyses which skills and values are required for social progress. Education alternatives are suggested for people who have left school but still require skills development. The changing discourse on TVET and adult education is discussed.

**ETF and World Bank. 2005. *Reforming Technical Vocational Education and Training in the Middle East and North Africa: Experiences and Challenges*. Luxembourg, Office for Official Publications of the European Communities.**  
[http://www.etf.europa.eu/pubmgmt.nsf/\(getattachment\)/1ca4f509e4ea94a7c125718e005867f4/\\$file/note6qsluq.pdf](http://www.etf.europa.eu/pubmgmt.nsf/(getattachment)/1ca4f509e4ea94a7c125718e005867f4/$file/note6qsluq.pdf)

This report by the European Training Foundation (ETF) and the World Bank is the result of a joint analysis of the main challenges for the reform of technical and vocational education and training (TVET) in the Middle East and North Africa. The role of TVET in the provision of quality and relevant learning opportunities in the region is explored around five themes: improving governance, financing, quality and relevance, the role of the private sector and the acquisition of skills in the informal sector. Key findings from country reviews of Egypt, Jordan, Lebanon and Tunisia are presented in the report.

**Elder S, de Haas H, Principi M and Schewel K. 2015. *Youth and rural development: Evidence from 25 school-to-work transition surveys*. International Labour Office, Geneva**  
[http://www.skillsforemployment.org/KSP/en/Details/?dn=WCMSTEST4\\_141854](http://www.skillsforemployment.org/KSP/en/Details/?dn=WCMSTEST4_141854)

This report uses data from the school-to-work transitions surveys (SWTSs) from 2012-2013. It assesses the labour market conditions of youth in rural and urban areas. From this perspective it offers insights into prospects for fundamental transformations of rural sectors within the development process. While confirming some blurring between rural and urban areas in terms of sectoral distribution of employment, it is concluded that low-income countries in particular have a long way to go in the diversification of rural economies beyond agriculture and petty trades and even further in building the capacity of rural labour markets to generate decent employment opportunities for young people.

**Faccini B and Salzano C. 2011. *Capacity development for education for all (CapEFA): Translating theory into practice*. UNESCO, Paris**  
<http://www.unesco.org/new/fileadmin/MULTIMEDIA/FIELD/Brussels/pdf/capacity%20development%20for%20EFA.pdf>

UNESCO's 2011 *Education for All Global Monitoring Report* suggests that national barriers to EFA have been largely under-estimated and that, over the past decade, insufficient attention has been paid to strategies for overcoming them. This report offers reflection upon UNESCO's capacity development approach and details achievements and lessons learned through the CapEFA programme. Examples are given on how specific capacity challenges to EFA are being addressed through nationally owned and driven capacity-development strategies, multi-stakeholder partnership arrangements and platforms for South-South cooperation.

**Filmer D and Fox L. 2014. *Youth employment in Sub-Saharan Africa*. World Bank, Washington DC**  
[http://www.skillsforemployment.org/KSP/en/Details/?dn=WCMSTEST4\\_107248](http://www.skillsforemployment.org/KSP/en/Details/?dn=WCMSTEST4_107248)

This report examines obstacles faced by households and firms in meeting the youth employment challenge. Its main focus is on productivity in agriculture, nonfarm household enterprises (HEs) and in the modern wage sector. Productivity is linked to higher earnings as well as to more stable, less vulnerable, livelihoods. Specific areas are identified where government intervention could reduce those obstacles to productivity for households and firms, leading to brighter employment prospects for youth, their parents, and their own children.

**George G, Surgey G and Gow J. 2014. 'South Africa's private sector investment in training and its erosion as a result of HIV and AIDS'. *South African Journal of Economic and Management Sciences*; 17 (2)**  
[http://reference.sabinet.co.za/sa\\_epublication\\_article/ecoman\\_v17\\_n2\\_a1](http://reference.sabinet.co.za/sa_epublication_article/ecoman_v17_n2_a1)

The South African economy is dependent on the productivity of its labour. To maximise productivity the labour force must possess the appropriate skills. The private sector invests more funds than the government on training. However, the HIV and AIDS epidemic is eroding this investment. Based on an estimate of the HIV and AIDS death rate and data on training expenditure by the private sector, this study concludes that the loss for all sectors was estimated at almost R10 million (R9,871,732) during the study year, equating to USD1,183,661 per annum. This represents on average 0.73 per cent of the investment in training. The real costs of HIV and AIDS on business, which includes absenteeism, declining productivity and other costs, are difficult to quantify, but they are likely to significantly exceed this lost training investment as a result of increasing morbidity and mortality rates due to HIV. It is in the private sector's best interest to ensure that a sound HIV and AIDS policy is in place. Companies must also invest in effective prevention programmes and provide the appropriate treatment to employees if needed or unavailable through the public health sector.

**Glick P, Huang C and Mejia N. 2015. *The Private Sector and Youth Skills and Employment Programs in Low- and Middle-Income Countries*. RAND Corporation, USA.**  
[https://www.s4ye.org/sites/default/files/S4YE\\_Report\\_1603414\\_Web.pdf](https://www.s4ye.org/sites/default/files/S4YE_Report_1603414_Web.pdf)

This paper provides a comprehensive look at the way the private sector is involved in youth skills and employment in low- and middle-income countries, considering the broad range of programme types and firm types. It presents and interprets the available evidence of the effectiveness of this involvement. It also presents an understanding of where the private sector has been most effective at promoting young people's labour market success, and what could be done to enhance the role of the private sector to achieve this objective. In attempting to understand firms' engagement and effectiveness, the authors draw on a basic economic framework that considers this behaviour in light of factors such as costs, perceived returns, information, and externalities.

**Green F. 2011. 'What is Skill? An Inter-Disciplinary Synthesis'. *LLAKES Research Paper 20*. The Centre for Learning and Life Chances in Knowledge Economies and Societies, London**  
<http://www.llakes.org/wp-content/uploads/2011/02/Green-What-is-Skill-reduced.pdf> After some adaptations this paper formed Chapter 2 of: **Green F. 2013. *Skills and Skilled Work An Economic and Social Analysis*, Oxford University Press, UK.**  
<http://ukcatalogue.oup.com/product/9780199642854.do#.Ub9yFdgvyiY>

This synthesis is concerned with the definition of the word 'skill'. It argues that the word skill often has different meanings when being used in different contexts. Economists, sociologists and psychologists all ascribe high importance to skills, yet frequently define skills in different ways. Skill and competence are often interchanged. A simple functional concept is suggested that offers the prospect of dialogue and progress in skills analysis. The author argues that skills have three key features: they are productive, expandable and social.

**Huxley S. 2010. *Youth Participation in Development: A Guide for Development Agencies and Policy Makers*, DfID-CSO Youth Working Group, London UK.**  
[http://www.youtheconomicopportunities.org/sites/default/files/uploads/resource/6962\\_Youth\\_Participation\\_in\\_Development.pdf](http://www.youtheconomicopportunities.org/sites/default/files/uploads/resource/6962_Youth_Participation_in_Development.pdf)

This guide has been developed to assist donor agencies (multilateral and bilateral) and policy advisors in a range of organisations working with and for youth. It will also be useful for government, NGO and civil society partners. This guide aims to increase understanding of the growing importance of, and greater potential for, youth participation in development practice and to explore key issues and approaches. But it goes beyond the rhetoric of many policy advocacy papers, which simply argue for a focus on youth participation. Rather, this guide provides information on how to actually work with youth at a practical operational level in respect of policy and programming. It does this through the provision of promising practice case studies (and their associated resources), and a number of quality standards that will help organisations to get started. Central to this guide is its focus on working with excluded sub-groups of young people, and the importance of building partnerships between adults and youth in a culturally sensitive manner. This is the foundation for all youth mainstreaming work. The guide draws on and synthesises the experience of a wide range of institutions, donor agencies and practitioners.

**Jackson T. 2012. 'Cross-cultural management and the informal economy in sub-Saharan Africa: implications for organization, employment and skills development'. *International Journal of Human Resource Management*; 23 (14)**  
<http://www.tandfonline.com/doi/abs/10.1080/09585192.2012.671510>

The informal economy has grown in importance within sub-Saharan Africa, yet there are debates about its role within national economies that appear not to take cognisance of the interests and the weak power base of those working within the informal economy. This article argues that a cross-cultural perspective should be taken in understanding the geopolitical context of informal organisations, the power relationships involved and how the contributions and future of skills development, employment and organisation within the informal and wider economies can be better understood and researched. It initially alludes to the informal sector being closer to local communities, and more appropriate to developments in Africa, but draws on postcolonial theory to better understand the nature and role of such organisation within an interface of structural and phenomenological influences that question the nature of the 'indigenous' as an artefact. Some of the parameters of research in this area are drawn within this work while recognizing that further development is needed in both theory and methods. This article thus attempts to lay the foundations for a cross-cultural conceptual framework leading to a methodology that can inform both practice and policy in this neglected but important area.

**Johanson R. 2009. *A Review of National Training Funds*. The World Bank, Washington DC**  
<http://siteresources.worldbank.org/SOCIALPROTECTION/Resources/SP-Discussion-papers/Labor-Market-DP/0922.pdf>

This review presents pre-employment and enterprise training funds from over sixty countries. The characteristics, advantages, and limitations of each are presented. Key design questions are discussed and examples of good practice illustrated. National training funds are increasingly used to finance training. This paper presents a typology of three main types of training funds by purpose:

1. Pre-employment training funds
2. Enterprise training funds
3. Equity training funds

It highlights a lack of rigorous evaluation of the impact of training funds on the skills and employability of the workforce in developing countries.

Johanson R and Adams A. 2004. *Skills Development in Sub-Saharan Africa*. World Bank Washington, DC.  
<http://info.worldbank.org/etools/docs/library/235731/Skills%20Development%20in%20Sub%20Saharan%20Africa.pdf>

In no region other than Africa is the trade-off drawn more sharply between the achievement of skills development with technical and vocational education and training (TVET) and providing universal basic education. Both are important to economic growth and poverty reduction, but the fiscal and administrative capacity of the state to meet both goals is limited. The presence of HIV/AIDS and its deskilling of the labour force compounds the problem. Defining the role of the state more strategically in the provision and financing of TVET is essential to achieving Education for All and the poverty reduction goal of the Millennium Development Goals. Confronting this trade-off is the objective of Skills Development in sub-Saharan Africa. Written to inform clients, donors, and World Bank staff about TVET experiences over the past decade, *Skills Development in Sub-Saharan Africa* builds a dialogue around this experience. The study sets out to update knowledge and explore issues and recent developments in TVET and distil lessons as a guide to future skills development in the region. The focus of the analysis is on the economics of skills development. Provision of financing of TVET are examined through the lens of economic efficiency, balanced with attention to social equity.

Kamoche K, Chizema A, Mellahi K and Newenham-Kahindi A. 2012. 'New directions in the management of human resources in Africa'. *International Journal of Human Resource Management*; 23 (14)  
<http://www.tandfonline.com/doi/full/10.1080/09585192.2012.671504#abstract>

The last decade has witnessed a notable increase in the volume of publications on human resource management (HRM) in Africa, particularly in reputable management journals. Yet, within the broader context of the mainstream HRM debate, advances in research and theoretical sophistication have not quite kept pace with the actual practice of management. This is particularly notable when it comes to the progress that organisations in Africa have made in product innovation and service delivery, the creation and application of advanced technology, as well as in the adoption of progressive/innovative HRM practices.

Ki-Moon B. 2014. *The road to dignity by 2030: ending poverty, transforming all lives and protecting the planet*. United Nations General Assembly Sixty-ninth session Agenda items 13 (a) and 115  
[http://www.un.org/ga/search/view\\_doc.asp?symbol=A/69/700&Lang=E](http://www.un.org/ga/search/view_doc.asp?symbol=A/69/700&Lang=E)

This is a synthesis report of the UN Secretary-General on the post-2015 sustainable development agenda. It details a universal and transformative agenda for sustainable development of people and the planet, underpinned by rights. In the report, the Secretary-General makes the point that for progression, it will be essential that young people receive relevant skills. These can be delivered through quality education and lifelong learning. Skills developed at an early age are important, as are life skills and vocational education and training.

King K. 2011. *Eight Proposals for a Strengthened Focus on Technical and Vocational Education and Training (TVET) in the Education for All (EFA) Agenda*. UNESCO, Paris  
<http://www.unesco.org/new/fileadmin/MULTIMEDIA/HQ/ED/pdf/gmr2012-ED-EFA-MRT-PI-06.pdf>

This paper presents eight proposals that are based on several bodies of work on skills development. They aim to incorporate the detail of the discussion on skills development, some new ways of thinking about the topic, some priority areas and neglected issues, key topics, as well as data and research needs. The eight proposals are as follows:

- 1) Moving towards conceptual clarification of skills

- 2) Skills development for poverty reduction
  - 3) Technical and vocational education and training and the enabling environment
  - 4) Training in the informal or unorganised sector
  - 5) School-based technical and vocational education
  - 6) Improving the monitoring of low-hanging fruits in relation to TVE, and noting the higher-hanging fruits in vocational training and in the informal sector
  - 7) Financing TVE and TVET
  - 8) Identifying the situation of the poorest young people in the global politics of skills development
- Section 7 is of particular interest for this chapter.

**King K. 2012. 'The geopolitics and meanings of India's massive skills development ambitions'. *International Journal of Educational Development*; 32(5)**  
<http://www.sciencedirect.com/science/article/pii/S073805931200020X>

This study considers the drivers and meanings behind the dramatic rise of TVET in the policy and political agenda of India. It explores assumptions about the existing traditions and character of India's culture and cultures of skills development. There is a paucity of long-term research on the TVET/skills development sector, although the recent growth in interest may remedy this in the long term. Skill acquisition in the informal sector may lack an explicit commitment to train, but may facilitate learning on the job.

**Kingombe C. 2012. *Lessons for Developing Countries from Experience with Technical and Vocational Education and Training*. International Growth Centre. Working Paper; 11 (1017)**  
<http://igc.soapboxserver.co.uk/wp-content/uploads/2014/09/Kingombe-2014-Working-Paper.pdf>

Globalisation and technological changes to economies necessitate enhancement of literacy education and training. This paper focuses on the Draft National TVET Policy for Sierra Leone (DNTVET). This has been described as a high priority for the Government and all the skills development (SD) stakeholders in the Second Poverty Reduction Strategy Paper (PRSP-11, 2009-2012). Enterprise and skills development, including the focus on youth employment, were emphasised. If Sierra Leone is to successfully make the transition to a middle-income country, successful skills development will be essential. Based on frontier research on the lessons learned from recent TVET reforms in other developing countries, this paper aims to inform the future comprehensive design and implementation of strategies for TVET in Sierra Leone. It suggests how to address future challenges and opportunities to ensure that the good performance of TVET reforms contribute to the promotion of sustainable growth through private sector development.

**Macours K, Premand P and Vakis R. 2013. *Pro-Poor Targeting of Business Grants and Vocational Skills Training*. World Bank Policy Research Working Paper 6389. World Bank, Washington DC**  
<http://siteresources.worldbank.org/INTLACREGTOPPOVANA/Resources/840442-1365690301720/WPS6389.pdf>

Various interventions aim to increase the capacity of poor people to generate income. Vocational training, micro-finance or business grants are commonly implemented. If perceived returns from these interventions differ from actual returns, individuals who put themselves forward to participate may not be those for whom the programme is the most effective. This paper details an unusual experiment with very high take-up of business grants and vocational skills training, randomly assigned among nearly all households in selected poor rural communities in Nicaragua. On average, the interventions resulted in increased participation in non-agricultural employment and higher income from related activities. It is investigated whether intervention targeting could have resulted in



higher returns by analysing heterogeneity in impacts by stated baseline demand, prior participation in non-agricultural activities, and a wide range of complementary asset endowments. The results show little heterogeneity along observed baseline characteristics. However, the poorest households are more likely to enter and have higher profits in non-agricultural self-employment, while less poor households assigned to the training have higher non-agricultural wages. This heterogeneity appears related to unobserved characteristics that are not revealed by stated baseline demand, and more difficult to target. In this context, self-targeting may reduce the poverty-reduction potential of income generating interventions, possibly because low aspirations limit the poor's ex-ante demand for productive interventions while the interventions have the potential to increase those aspirations. To summarise, the paper finds that targeting productive interventions to poor households would not have come at the cost of reducing their effectiveness. By contrast, self-targeting would have limited poverty reduction by excluding the poorest.

**McGrath S, Badroodien A, Kraak A and Unwin L (eds). 2004. *Shifting Understandings of Skills in South Africa Overcoming the historical imprint of a low skills regime*. Human Sciences Research Council, Cape Town**  
[http://www.hsrcpress.ac.za/downloadpdf.php?pdffile=files%2FPDF%2F2040%2F2040\\_00\\_Shifting\\_Understandings\\_of\\_Skill\\_in\\_SA~19112004110356AM.pdf&downloadfilename=Shifting%20Understandings%20of%20Skills%20in%20South%20Africa%20-%20Entire%20eBook](http://www.hsrcpress.ac.za/downloadpdf.php?pdffile=files%2FPDF%2F2040%2F2040_00_Shifting_Understandings_of_Skill_in_SA~19112004110356AM.pdf&downloadfilename=Shifting%20Understandings%20of%20Skills%20in%20South%20Africa%20-%20Entire%20eBook)

The objective of this ebook is to critically engage with South Africa's current skills development strategy and to analyse the prospects for a successful upskilling of the population. It contains chapters written by leading South African academics. It also includes content from skills formation systems experts. This ebook attempts to examine what is understood by the term 'skill' in the South African context. It does so in relation to how skill and skills are being employed in contemporary policies and practices within South Africa. It affirms the need to see such debates in both historical and international contexts. The authors share the policy concern with how to facilitate development and the role of skill and skills development in that focus. How skill supports the national project is a focus. Recommendations are made for how best to deal with the issue of skill in South Africa.

**McGrath S. 2012. 'Vocational education and training for development: A policy in need of a theory?' *International Journal of Educational Development*; 32(5)**  
<http://www.sciencedirect.com/science/article/pii/S0738059311001696>

This paper argues that the role of vocational education and training in development needs to be considered from a theoretical standpoint. Current approaches in vocational education are outdated. Recent theoretical thinking about development offer a new perspective through which to understand the value of vocational education and its role in developing countries. There is a paucity of research into TVET. In particular, research into its theoretical foundations is particularly lacking. The implications for implementing TVET programmes in developing countries need to be readdressed in light of recent approaches to human rights, capabilities and human development.

**McGrath S, Lugg R, Papier J, Needham S and Neymeyer S. 2013. *Status of TVET in the SADC Region*. UNESCO, Paris.**  
<http://unesdoc.unesco.org/images/0022/002256/225632e.pdf>

This report focuses on TVET in the South African Development Community (SADC). It finds that there is a very weak current knowledge base for TVET in the region. This report is a first step towards better knowledge on TVET



for better policies and practices. TVET is recognised as important in SADC's protocol on education and training (1997) as well as by the Education for All agenda. The benefits of TVET are known to include:

- Economic growth and poverty alleviation
- Facilitating the transition of young people to decent work and adulthood
- Improving productivity
- Helping the unemployed to find work
- Assisting in reconstruction after conflicts and disasters
- Promoting social inclusion.

Major concerns exist about the progress of TVET in southern Africa. SADC and UNESCO intervened by commissioning a pilot TVET monitoring tool. A regional review of TVET fed into a new strategic programme of action for regional cooperation. Although the available data presented some limitations, the report provides a foundation for future strategic interventions based on the evidence available. The definition of TVET was a key challenge. TVET can be replaced by other concepts such as human resources development or skills development, which are seen in some contexts as being broader notions. A better inter-regional understanding of definitions is needed. A glossary of key terms and a taxonomy of how these relate to each other theoretically could feed into the theory of how their acquisition and development should be sequenced and structured. The challenges around understanding TVET, and how it can be measured, have required a pragmatic definition of TVET to be adopted for this report that largely focuses on initial vocational education and training within dedicated provider institutions that engage with the lower and intermediate levels of national qualifications.

**Merensky-Hartinger T. 2014. *Greening TVET Colleges Initiative in South Africa*. Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ), Bonn.**

[http://www.giz.de/en/downloads\\_els/Greening\\_TVET\\_Guide1410516748731\\_40\(1\).pdf](http://www.giz.de/en/downloads_els/Greening_TVET_Guide1410516748731_40(1).pdf)

South Africa is making policy efforts to invest in a green economy. It is hoped that the green economy will drive growth, provide jobs and ultimately reduce poverty. It has been identified as a key sector for employment creation with the potential for creating at least 300,000 additional direct jobs by 2020. Job creation is expected in the fields of natural resource management, waste management, green energy generation and energy and resource efficiency as well as emission and pollution mitigation. TVET is recognised as an important step towards sustainable development. TVET programmes must educate and train people to meet the new skills requirements arising in both the green economy as well as economic sectors which are greening. TVET must provide a skilled and capable workforce that contributes to and benefits from a growing greening economy towards the sustainable development of planet earth. TVET must provide adequate skills development to meet the requirements of a greening economy, and contributes to achieving the national and international targets of sustainable development and climate protection.

**Middleton J, Zideman A and Adams A. 1993. *Skills for productivity*, Oxford University Press, Oxford.**

[http://www-wds.worldbank.org/external/default/WDSPContentServer/WDSP/IB/2000/07/19/000009265\\_3970128105228/Rendered/PDF/multi\\_page.pdf](http://www-wds.worldbank.org/external/default/WDSPContentServer/WDSP/IB/2000/07/19/000009265_3970128105228/Rendered/PDF/multi_page.pdf)

This study discusses the need for developing countries to improve economic productivity. It draws on lessons from successful country experiences with skills training to develop an approach to the development of public training policies. The authors suggest that improving the job skills of the work force in developing countries is necessary if they are to compete in today's economic climate. The book is written for policymakers, academic and professional advisers, training professionals, and the staff of international agencies supporting economic and social

development. A flexible, trained workforce can greatly improve economic efficiency and appropriate policies can greatly improve efficiency and equity of skills development. The main focus of the study is on programmes offered by private and public pre-employment vocational and technical schools and vocational training centres. The study provides options for public policy and strategies for reform.

**Müller N and Behringer F. 2012. *Subsidies and Levies as Policy Instruments to Encourage Employer-Provided Training*. OECD Education Working Paper 80. OECD, Paris**

[http://www.oecd-ilibrary.org/subsidies-and-levies-as-policy-instruments-to-encourage-employer-provided-training\\_5k97b083v1vb.pdf;jsessionid=1u38wwslm2el8.x-oecd-live-02?contentType=%2fns%2fWorkingPaper&itemId=%2fcontent%2fworkingpaper%2f5k97b083v1vb-en&mimeType=application%2fpdf&containerItemId=%2fcontent%2fworkingpaperseries%2f19939019&accessItemIds](http://www.oecd-ilibrary.org/subsidies-and-levies-as-policy-instruments-to-encourage-employer-provided-training_5k97b083v1vb.pdf;jsessionid=1u38wwslm2el8.x-oecd-live-02?contentType=%2fns%2fWorkingPaper&itemId=%2fcontent%2fworkingpaper%2f5k97b083v1vb-en&mimeType=application%2fpdf&containerItemId=%2fcontent%2fworkingpaperseries%2f19939019&accessItemIds)

This paper presents evidence of policy instruments intended to promote employer-provided training. This includes the stated rationale and objectives of the training, the target groups and operational design. It also presents a summary of the evaluative evidence regarding their operation. The analysis focuses on policy instruments providing financial assistance or incentives, specifically, subsidies (including tax incentives and grants) and levy schemes that devote at least some share of their resources to continuing training. Training leave regulations are considered only to the extent that they can be treated as a form of subsidy or a levy scheme, depending on the main financing mechanism involved. Instruments are only concerned with improving the quality of training or enhancing transparency in the training market are not addressed in this report. The paper discusses the strengths and weaknesses (or risks and opportunities, respectively) of different types of instruments or particular elements of instrument design. It also details successful instrument design.

**OECD. 2012. *Better Skills, Better Jobs, Better Lives - Highlights of the OECD Skills Strategy*. OECD, Paris**

<http://skills.oecd.org/documents/SkillsHighlightsEnglish.pdf>

Skills transform lives and drive economies. Skills have become the global currency of 21st-century economies. There is evidence that countries can do better in developing and using the skills that are available to them. Building on its whole-of-government approach to policy making and its unique evidence base, the OECD has developed a global Skills Strategy that helps countries identify the strengths and weaknesses of their national skills systems, benchmark them internationally, and develop policies that can transform better skills into better jobs, economic growth and social inclusion. The Skills Strategy supports countries in adopting a systematic and comprehensive approach to skills policies that can:

- Prioritise investment of scarce resources
- Combine short- and long-term considerations
- Build a case for lifelong learning
- Foster a whole-of-government approach
- Align the perspectives of different levels of government
- Include all relevant stakeholders

To reach the goal of having and making the best use of a high-quality pool of skills, a country must consider three main policy levers: those that improve the quality and quantity of skills; those that activate the skills for the labour market; and those that ensure that skills are used effectively.

Olenik C. and Fawcett C. 2013. *State of the field report: Examining the evidence in youth workforce development*. USAID youth research, evaluation and learning project. USAID, Washington DC.

<http://www.youtheconomicopportunities.org/sites/default/files/uploads/resource/USAID-Examining%20the%20Evidence%20in%20Youth%20Workforce%20Development.pdf>

This paper provides information on the latest research and evaluation of workforce development programming for youth. While the focus is on work done in developing countries, results from a handful of particularly relevant studies in the United States are also included. The paper presents a framework for guiding the interpretation of the impact that workforce development has on youth outcomes. An analysis of the trends in the field that increase positive youth employment outcomes is also included. The latest evidence of what works in achieving these outcomes, along with a discussion of gap areas in need of further investigation is also presented.

Olenik C. and Takyi-Laryea A. 2013. *State of the field report: Examining the evidence in youth education in crisis and conflict*. USAID youth research, evaluation, and learning project. USAID, Washington DC.

<http://www.usaid.gov/sites/default/files/documents/1865/USAID%20state%20of%20the%20field%20youth%20education%20in%20conflict%20final%202011.pdf>

This paper summarises evidence on youth education in crisis- and conflict-affected settings. The role of education and youth engagement in these contexts is discussed. A summary of the research available indicates that life skills training has resulted in increased self-awareness and empathy, as well as, decision making, goal setting, and communication skills for youth. It focuses on research and evaluation of workforce development programming for youth. It is focused on developing countries, but some case studies from the United States are included. A framework for guiding the interpretation of the impact that workforce development has on youth outcomes is presented. Trends in the field that increase positive youth employment outcomes are analysed. Evidence of what works in achieving positive outcomes are provided, as well as evidence gaps.

Page J. 2012. *Aid, structural change and the private sector in Africa*. WIDER Working Paper; 21

<https://www.econstor.eu/dspace/bitstream/10419/80929/1/687582083.pdf>

This paper argues that foreign aid is partly responsible for the lack of structural change in Africa. Africa's development partners have devoted too few resources and too little attention to two critical constraints to private investment, infrastructure and skills, focusing instead on easily understood, but potentially low impact regulatory reforms. The author argues that a new aid strategy that catalyses private investment in high value added sectors, is needed. Support for strategic interventions to push non-traditional exports, support industrial agglomerations, build firm capabilities, and strengthen regional integration should anchor a new donor agenda to create good jobs and sustain growth.

Palmer R, Akabzaa R, Janjua S, King K and Noronha C. 2012. *Skill acquisition and its impact upon lives and livelihoods in Ghana, India, and Pakistan*. In Colclough C (ed). 2012. *Education Outcomes and Poverty, A reassessment*. Routledge UK

<https://www.routledge.com/products/9780415582025>

This book examines the impact of education on the lives and livelihoods of people in developing countries, particularly those living in poorer areas and from poorer households. This chapter outlines the different national contexts of skills development in India, Pakistan and Ghana. It assesses how accessible the skills systems are for the poorest members of society. The authors draw on field data to comment on the relationships between formal

schooling and access to and acquisition of and utilisation of TVET. It was found that traditional gender roles limit female participation in the skills systems of all three countries analysed.

**Psacharopoulos G. 1981. 'Returns to education: an updated international comparison', *Comparative Education*; 17 (3): 321 – 341.**

<http://www->

[wds.worldbank.org/external/default/WDSPContentServer/WDSP/IB/2005/10/14/000178830\\_98101903355433/Rendered/PDF/REP210000Retur0rnational0comparison.pdf](http://wds.worldbank.org/external/default/WDSPContentServer/WDSP/IB/2005/10/14/000178830_98101903355433/Rendered/PDF/REP210000Retur0rnational0comparison.pdf)

The question of the profitability of investing in human capital remains controversial. Three main methods for estimating the rate of return to investment in education are described: the elaborate method, the earnings function method, and the short-cut method. Application of cost-benefit analysis measures in 44 countries yields four patterns that have important policy implications: (i) top priority should be given to primary education as a form of human resource investment due to high returns, both social and private; (ii) secondary and higher education should also be pursued in a programme of balanced human resource development; (iii) the larger discrepancy between the private and social returns in higher education indicates room for private finance at the university level; and (iv) falling returns to education that result as a country develops and/or the capacity of its educational system expands are minimal under time-series analysis and do not warrant abandonment of educational expansion.

**Psacharopoulos G. 1985. 'Returns to education: a further international update and implications'. *Journal of Human Resources*; 20 (4): 583 - 604.**

<http://www->

[wds.worldbank.org/external/default/WDSPContentServer/WDSP/IB/2005/10/14/000178830\\_98101903364777/Rendered/PDF/REP362000Retur0ate0and0implications.pdf](http://wds.worldbank.org/external/default/WDSPContentServer/WDSP/IB/2005/10/14/000178830_98101903364777/Rendered/PDF/REP362000Retur0ate0and0implications.pdf)

This paper updates evidence on the returns to investment in education by adding estimates for new countries and refining existing estimates to bring the total number of country cases to over 60. The new cross country evidence confirms and reinforces earlier patterns, namely, that returns are highest for primary education, the general curricula, the education of women, and countries with the lowest per capita income. The findings have important implications for directing future investment in education which, for efficiency and equity purposes, should concentrate on these priority areas.

**Psacharopoulos G and Loxley W. 1985. *Diversified secondary education and development*. Johns Hopkins University Press, Baltimore.**

<http://www->

[wds.worldbank.org/external/default/WDSPContentServer/WDSP/IB/2000/07/08/000178830\\_98101911134959/Rendered/PDF/multi\\_page.pdf](http://wds.worldbank.org/external/default/WDSPContentServer/WDSP/IB/2000/07/08/000178830_98101911134959/Rendered/PDF/multi_page.pdf)

Secondary schools that offer prevocational courses in conjunction with traditional ones have flourished over the past decade in many developing countries. In fact, interest in these “diversified” schools seems to be growing because more and more governments are seeking assistance to establish diversified curricula. Although the World Bank has been investing heavily in these educational programmes, there have not been any studies on the impact of diversified education on economic development. This study was intended to begin a comparison of the advantages accruing to students and graduates of diversified schools and those with more traditional types of formal training. The report describes the research design of the two case studies in Colombia and Tanzania and discusses sampling and survey instruments as well as the results of the case studies of both countries.

**Punjab Skills Development Fund (PSDF). 2015. *Tracer Study of Skills for Jobs 2012*. PSDF, Pakistan**  
<http://psdf.org.pk/wp-content/uploads/2015/12/SFJ-Final.pdf>

Punjab Skills Development Fund (PSDF) commissions vocational training by engaging training service providers (TSPs) through a competitive bidding process. It designs training schemes that allow for quality and cost competition among training providers from different sectors. Skills for Job 2012 (SFJ 2012) was one of the schemes that had been designed by PSDF to expand publicly-subsided and accredited training provision. The first phase of the scheme ran from September 2012 to December 2013 and trained 18,500 individuals. In April 2015, Research Consultants (RCons), a survey firm, was commissioned by PSDF to conduct a tracer of a randomly selected female sample of 685 trainees of SFJ 2012. The trainees were interviewed in person by RCons for collection of data. The study primarily examines the labour market outcomes of the trainees under this scheme in four districts of southern Punjab, namely Bahawalpur, Bahawalnagar, Muzaffargarh and Lodhran. This report presents the findings of the tracer study.

**Ransom B. 2010. 'Lifelong learning in education, training and skills development'. In Barron T and Ncube J (Eds). 2010. *Poverty and disability*. Leonard Cheshire Disability, London.**  
<https://www.leonardcheshire.org/who-we-are/publications/publications-buy#.VZvvqPIVhBc>

This chapter considers the lifelong learning that people with disabilities in developing countries need to escape poverty. These include both competencies and qualifications. People with disabilities require skills to reach their potential. This potential refers to economic potential (earning a living) as well as social potential (contributing to society). Skills can be acquired in various ways through non-formal and formal channels and in a variety of settings. A number of case studies are provided.

**Rubagiza J. 2010. *Gender Analysis of the Technical and Vocational Education and Training (TVET) Policy in Rwanda*. Forum for African women educationalists (FAWE Rwanda)**  
[http://www.skillsforemployment.org/wcmstest4/idcplg?IdcService=GET\\_FILE&dID=205376&dDocName=WCMSTEST4\\_144854&allowInterrupt=1](http://www.skillsforemployment.org/wcmstest4/idcplg?IdcService=GET_FILE&dID=205376&dDocName=WCMSTEST4_144854&allowInterrupt=1)

Rwanda has in recent years has made progress in promoting gender equality and women's empowerment. 56 per cent of the parliamentarians in Rwanda are women – the highest in the world. Rwanda has managed to close the gender gap in gross and net enrolments in primary education. Despite these achievements, challenges remain. For example, it is still a challenge to achieve gender parity and equality in the TVET sector, which is characterised by gender inequalities and stereotyping. Girls and boys are channelled or channel themselves into different paths, which result in different outcomes and in particular different earnings. This report considers the 2008 TVET Policy in Rwanda from a gender perspective. It outlines gender and education related interventions for the policy with emphasis on girls and young women.

**Sanchez Puerta M. 2010. *Labor Market Policy Research for Developing Countries: Recent Examples from the Literature What do We Know and What should We Know?* The World Bank, Washington DC.**  
<http://siteresources.worldbank.org/SOCIALPROTECTION/Resources/SP-Discussion-papers/Labor-Market-DP/1001.pdf>

This paper is focused on research in developing countries into labour market institutions, behaviour and policies. Theoretical and empirical implications of employment protection legislation on labour outcomes are analysed. Issues that exist around shifting from job to worker protection are discussed. Particular focus is given to the

different alternatives to severance pay, including unemployment insurance and unemployment insurance savings accounts and their application to developing countries. The paper also includes an analysis of the effect of active labour market programmes, particularly of training, on labour market outcomes. Finally the causes and consequences of informality in the labour market are explored. Efforts to model the informal sector are highlighted. Evidence gaps are presented, suggesting directions for future research.

**Sanchez Puerta M, Robalino D, Strokova V, Lord N and Perinet M. 2015. *Skills and jobs – lessons learned and options for collaboration*. World Bank, Washington DC**

[http://www-wds.worldbank.org/external/default/WDSPContentServer/WDSP/IB/2015/05/29/090224b082edadac/2\\_0/Rendered/PDF/Skills0and0job0ns0for0collaboration.pdf](http://www-wds.worldbank.org/external/default/WDSPContentServer/WDSP/IB/2015/05/29/090224b082edadac/2_0/Rendered/PDF/Skills0and0job0ns0for0collaboration.pdf)

Knowledge and skills acquisition is central to human capital development and economic development. Workers with more education have better employment opportunities, have the potential to earn higher wages and have more stable and rewarding jobs. Skills can improve how adaptable and mobile workers are. The more skills present in an economy, the more productive other workers and capital becomes. Skills facilitate the adaptation, adoption, and ultimately invention of new technologies, leading to economic diversification, productivity growth, and raising the living standards of the population. This paper examines the different types of market failures, and subsequently reviews the role that governments have played in training systems around the world. It presents a set of proposals for reforming and improving these systems to improve labour market outcomes.

**Tripney J, Hombrados J, Newman M, Hovish K, Brown C, Steinka-Fry K and Wilkey E. 2013. *Post-Basic Technical and Vocational Education and Training (TVET) Interventions to Improve Employability and Employment of TVET Graduates in Low- and Middle-Income Countries: A Systematic Review*. Campbell Systematic Reviews; 9**

[http://www.campbellcollaboration.org/lib/download/2977/Tripney\\_TVET\\_Review.pdf](http://www.campbellcollaboration.org/lib/download/2977/Tripney_TVET_Review.pdf)

The dramatic increase of low-income, low-skilled youth in labour markets is of concern, particularly in developing countries. In some of these countries, young people are nearly three times as likely as adults to be unemployed. Youths are also more likely to work in the informal labour market than adults, in low quality jobs that offer limited socio-economic security, training opportunities, and working conditions. There is unlocked potential that would benefit both individuals and society. TVET is regarded as a means to expand opportunities for marginalised youth. This review systematically examines the evidence base to provide a picture of the types of TVET interventions being used to raise employment. It aims to identify TVET programmes that are effective and ineffective, and to identify areas in which more research needs to be conducted.

**Tomaševski K. 2001. *Removing obstacles in the way of the right to education*. Swedish International Development Cooperation Agency (Sida), Stockholm**

[http://www.right-to-education.org/sites/right-to-education.org/files/resource-attachments/Tomasevski\\_Primer%201.pdf](http://www.right-to-education.org/sites/right-to-education.org/files/resource-attachments/Tomasevski_Primer%201.pdf)

This publication begins with the need to dismantle prevalent misconceptions because they hinder the advancement of education as a human right. Those conceptual obstacles which are particularly widespread are tackled, and their dark sides highlighted. This publication strives to provide food-for-thought because there are reasons for denying that education is a human right and these have to be brought into the open and countered effectively. Although published in 2001, this publication raises important theoretical arguments regarding access to education. In particular, the assessment of gender dimensions for access to education are relevant to this topic guide.



**UNESCO. 2012. *Shanghai Consensus: Recommendations of the Third International Congress on Technical and Vocational Education and Training ‘Transforming TVET: Building skills for work and life’ Shanghai, People’s Republic of China 14 to 16 May 2012.* UNESCO, Paris.**

<http://unesdoc.unesco.org/images/0021/002176/217683e.pdf>

The 3rd UNESCO TVET Congress was held in Shanghai in May 2012. More than 500 representatives from 117 countries attended the Congress, which looked at ways of transforming TVET to make it more responsive to the needs of 21st century societies. The Shanghai Consensus details the recommendations to come out of the Congress, based on the discussions that were held on the challenges faced by TVET systems. It comments on the appropriate responses aimed at building a better understanding of the contribution of TVET to sustainable development and at defining strategic directions for cooperation among countries and with the international community to support TVET for all. The Consensus makes recommendations within the framework of the overall efforts in favour of access, inclusion and equity, education for sustainable development and a culture of peace.

**UNESCO. 2014. *BRICS Building Education for the Future.* UNESCO, Paris**

<http://unesdoc.unesco.org/images/0022/002290/229054e.pdf>

This paper reports a comparative analysis of education trends in Brazil, Russia, India, China and South Africa. Collectively these countries have emerging economies and are known as BRICS. The analysis indicates that the BRICS have shared aspirations but different development trajectories. There are good opportunities for educational progression through knowledge exchange and joint activities. Following an overview of BRICS education systems, major policy issues related to quality and equity are highlighted. BRICS are seeking to sustain and widen the benefits of growth. In this context skills development and TVET are explored. TVET has been identified by all BRICS as a vital ingredient of more inclusive and sustainable development. The paper considers how BRICS are charting new approaches to international development cooperation in education. Due to the varied experiences of individual countries, there are opportunities for BRICS to cooperate in several areas of education. Collaboration could lead to enhanced quality of education data, facilitate student mobility, improve the relevance of skills training to the labour market, and deepen the knowledge base on BRICS development cooperation in education.

**UNESCO. 2015. *Unleashing the Potential - Transforming TVET.* UNESCO, Paris**

<http://unesdoc.unesco.org/images/0023/002330/233030e.pdf>

This publication takes stock of the steadily increasing demands and expectations on TVET systems around the globe and presents recent policy trends in the field of TVET. The authors provide insights into what it takes to unleash the potential of TVET systems around the world. They propose an integrated analytical approach that takes into consideration such factors as economic growth, social equity and issues related to sustainability so that TVET can contribute more effectively to contemporary policy issues such as youth unemployment, gender disparities and climate change. The book calls for a transformation of TVET systems to enable them to respond to the demands of their contexts. This transformation should enable TVET systems to acquire agility to stay current and responsive to the rapidly changing demands of the twenty-first century.

**United Nations. 2014. *Report of the Open Working Group of the General Assembly on Sustainable Development Goals. United Nations General Assembly Sixty-eighth session Agenda items 14, 19 (a) and 118***

[http://www.un.org/ga/search/view\\_doc.asp?symbol=A/68/970](http://www.un.org/ga/search/view_doc.asp?symbol=A/68/970)



This document details the report of the Open Working Group of the UN General Assembly on the SDGs. It details recommendations for the post-2015 development agenda. A total of 17 SDGs are recommended. Goal 4 is to ensure inclusive and equitable quality education and promote lifelong learning opportunities for all. Target 4.4 is focused specifically on TVET, aiming to increase the number of youth and adults who have relevant skills, including technical and vocational skills, for employment, decent jobs and entrepreneurship. Target 4.7 more generally on skills, aiming to ensure that all learners acquire the knowledge and skills needed to promote sustainable development, including, among others, through education for sustainable development and sustainable lifestyles, human rights, gender equality, promotion of a culture of peace and non-violence, global citizenship and appreciation of cultural diversity and of culture's contribution to sustainable development.

**Valiente O. 2014. 'The OECD skills strategy and the education agenda for development'. *International Journal of Educational Development*; 3**

<http://www.sciencedirect.com/science/article/pii/S0738059314000881>

There is increased recognition of the importance that skills policies need to play in the post-2015 agenda. International organisations are presenting their views on the global situation of skills and the policies that should be implemented. The article reviews the policy framework of the OECD Skills Strategy and its implications for the education and development debate in the post-2015 scenario. This strategy introduces two main innovations compared to the previous work of the OECD in education and skills. The first one is the integration of analytical contributions from the new political economy of skills in a policy framework traditionally dominated by the human capital orthodoxy. This shift has important implications for how the OECD understands the relation between education and work in capitalist societies and on the policy recommendations they make to countries. The second innovation is the extension of the geographical focus of the organisation in order to assess the situation of skills and skills policies not only in high-income countries, but also in low- and middle-income countries as well. The article argues that, despite these two salient innovations, there remain some absences and shortfalls in the policy framework of the OECD Skills Strategy that will limit its effectiveness, particularly in low- and middle-income countries.

**World Bank. 2010. *Institutional Assessment of Sindh Technical Education and Vocational Training Authority*. World Bank, Washington DC**

<https://openknowledge.worldbank.org/bitstream/handle/10986/17964/621490NWP0Repo0Box0349464B00PUBLIC0.pdf?sequence=1>

Quality training that allows young people to find work is essential for economic and social development. This working paper assesses the strengths and weaknesses of the Sindh Technical Education and Vocational Training Authority (STEVTA) as a provincial apex body in technical education and vocational training (TVET). STEVTA has reduced fragmentation of training policies and programmes. This paper assesses the STEVTA's legal foundation, governance, management, organisation, human resources, financial resources and management, and networking with external organisations. The assessment recommends that the Government of Sindh and STEVTA need to:

- Strengthen its governance by establishing a clearer reporting structure for the management of the authority's director, and by increasing the involvement of the private sector in the board
- Enhance its institutional capacity through hiring of teachers in its institutions based upon increased funding and a sustainable human resources rationalisation plan for the system that is coordinated with planned physical investments in institutions
- Build strong operational capacity by establishing rules of business and management information systems, and drafting a strategic plan.

- Provide continued and consistent governmental support to give STEVTA stability and funding to fulfil its mandate: employment through skills.

**World Bank. a 2013. *IFC jobs study - Assessing private sector contributions to job creation and poverty reduction*. World Bank, Washington DC.**

<http://www->

[wds.worldbank.org/external/default/WDSPContentServer/WDSP/IB/2013/12/20/000356161\\_20131220163832/Rendered/PDF/835080WP01FC0J00Box382079B00PUBLIC0.pdf](http://wds.worldbank.org/external/default/WDSPContentServer/WDSP/IB/2013/12/20/000356161_20131220163832/Rendered/PDF/835080WP01FC0J00Box382079B00PUBLIC0.pdf)

This report focuses on the direct and indirect effects of private sector activity on job creation. It examines the conditions under which the private sector can best contribute to job creation and poverty reduction. This report also provides estimates of the magnitude of the employment-generation effects. The private sector provides approximately 90 per cent of jobs in developing countries. It is essential to understand the constraints that private companies face in creating jobs. The public sector and development finance institutions must assist by creating an environment without obstacles that is conducive to employment and productivity. This report considers how the private sector generates jobs, what constraints limit job creation, and how these problems can be mitigated. There is a double challenge in terms of creating both quality and quantity of jobs. In 2011, there were 200 million people unemployed worldwide. As many as 600 million jobs must be created in the next decade to ensure that unemployment does not increase even further as millions of young people enter the workforce. Evidence suggests that private sector job creation can improve development and lead to poverty reduction. The public sector must provide a supporting role to provide the necessary macroeconomic environment and a supportive investment climate. To achieve this, the public sector may need support from development finance institutions, who can also work directly with private companies. Job creation, socioeconomic development, and poverty reduction are not independent. Policies focused on these themes must be integrated. Job policies should be a central part of any development policy.

**World Bank. b. 2013. *Jobs. World Development Report*. World Bank, Washington DC.**

[http://siteresources.worldbank.org/EXTNWDR2013/Resources/8258024-1320950747192/8260293-1322665883147/WDR\\_2013\\_Report.pdf](http://siteresources.worldbank.org/EXTNWDR2013/Resources/8258024-1320950747192/8260293-1322665883147/WDR_2013_Report.pdf)

The World Development Report 2013 focuses on jobs. Jobs stresses the role of strong private sector led growth in creating jobs and outlines how jobs that do the most for development can spur a virtuous cycle. The report finds that poverty falls as people work their way out of hardship and as jobs empower women to invest more in their children. Efficiency increases as workers get better at what they do, as more productive jobs appear, and as less productive ones disappear. Societies flourish as jobs foster diversity and provide alternatives to conflict.

**World Bank. c. 2013. *Strategic Reform Road-map for the Technical and Vocational Education and Training Sector in West Bengal*. World Bank, Washington, DC.**

<https://openknowledge.worldbank.org/bitstream/handle/10986/20135/ACS46420WP0P120t006023020130P129852.pdf?sequence=1>

The focus of this report is human development and skills development in West Bengal, in the context of economic growth. The current status of skills development are presented, along with potential ways aligning the production of skills and economic growth needs. Characteristics of the technical and vocational education and training system that produces skills are analysed in terms of their synergy with what is in demand from employers in the organised and informal sectors, governance and quality assurance systems, emerging partnerships between the government and private providers of skills, and the availability of financial resources for skills development. Primary surveys,

secondary data analysis, in-depth consultations with stakeholders, and declared policy priorities provide the data upon which this report is written. A strategic framework is presented including a road-map for reforming and reorienting technical and vocational education and training in West Bengal.

**World Bank. d. 2013. *Post-Basic Education and Training in Rwanda: Skills Development for Dynamic Economic Growth*. World Bank, Washington DC**

<https://openknowledge.worldbank.org/bitstream/handle/10986/16452/793000WP0Rwand00PUBLIC00Box0377368B.pdf?sequence=1>

This report details the key aspects of the Rwandan education sector. It highlights quality improvement in basic education. It takes the perspective that Rwanda's Post-Basic Education and Training (PBET) system is main method of skilled labour force generation, helping Rwanda with the transition towards a middle-income, knowledge- and expert-based economy. PBET is defined as all formal education and training for which the entry requirement is the completion of at least basic education. The first chapter describes Rwanda's recent growth trends, ambitions for the future, and the role that skills development must play to ensure that these ambitions can be reached. The following chapter shows an analysis of the Rwandan labour market, exploring trends in both labour supply and demand, with an emphasis on the educational attainment of the labour force. Chapter three describes the context of PBET policies and strategies and the structure of the PBET system, highlighting the key features of its various segments. The fourth chapter focuses on the governance, management, and financing of the PBET system. The final chapter describes suggested policy options that would contribute to the promotion of a well-integrated and managed system.

**World Bank. 2014. *Youth employment in Sub-Saharan Africa (Vol. 2)*. World Bank, Washington DC**

[http://www-wds.worldbank.org/external/default/WDSPContentServer/WDSP/IB/2014/04/04/000442464\\_20140404115619/Rendered/PDF/840830v20REVIS0I0Report0ER0English.pdf](http://www-wds.worldbank.org/external/default/WDSPContentServer/WDSP/IB/2014/04/04/000442464_20140404115619/Rendered/PDF/840830v20REVIS0I0Report0ER0English.pdf)

Sub-Saharan Africa has just experienced one of the best decades of growth since the 1960s. Between 2000 and 2012, gross domestic product (GDP) grew more than 4.5 per cent a year on average, compared to around 2 per cent in the prior 20 years. In 2012, the region's GDP growth was estimated at 4.7 per cent- 5.8 per cent if South Africa is excluded. About one-quarter of countries in the region grew at 7 per cent or better, and several African countries are among the fastest growing in the world. Medium-term growth prospects remain strong and should be supported by a rebounding global economy. The challenge of youth employment in Africa may appear daunting, yet Africa's vibrant youth represent an enormous opportunity, particularly now, when populations in much of the world are aging rapidly. Youth not only need jobs, but also create them. Africa's growing labour force can be an asset in the global marketplace. Realising this brighter vision for Africa's future, however, will require a clearer understanding of how to benefit from this asset. Meeting the youth employment challenge in all its dimensions, demographic, economic, and social, and understanding the forces that created the challenge, can open potential pathways toward a better life for young people and better prospects for the countries where they live. The report examines obstacles faced by households and firms in meeting the youth employment challenge. It focuses primarily on productivity, in agriculture, in nonfarm household enterprises (HEs), and in the modern wage sector, because productivity is the key to higher earnings as well as to more stable, less vulnerable, livelihoods. To respond to the policy makers' dilemma, the report identifies specific areas where government intervention can reduce those obstacles to productivity for households and firms, leading to brighter employment prospects for youth, their parents, and their own children.

World Bank. 2015. *The role of skills training for youth employment in Nepal: an impact evaluation of the employment fund*. World Bank Group Results Series, February. World Bank, Washington DC

<http://www->

[wds.worldbank.org/external/default/WDSPContentServer/WDSP/IB/2015/02/09/000477144\\_20150209083940/Rendered/PDF/941570BRI00PUB00AGI00results0series.pdf](http://wds.worldbank.org/external/default/WDSPContentServer/WDSP/IB/2015/02/09/000477144_20150209083940/Rendered/PDF/941570BRI00PUB00AGI00results0series.pdf)

The Employment Fund Project (EF) was founded in 2008 and is currently one of the largest youth training initiatives in Nepal. 15,000 youths are engaged with annually. EF competitively contracts training and employment service providers. Training courses are market-driven. Providers must complete a Rapid Market Assessment during the competitive bidding process. Services include formal technical and vocational education and training (TVET) institutions, public and private providers, as well as skilled artisans. In 2010, in partnership with EF funders, the Adolescent Girls Employment Initiative (AGEI) was launched. The objective was to expand the programme to reach an additional 4,410 Nepali young women aged 16 to 24 over a three-year period. Evaluation of the programme indicates it had positive impacts on the following labour market outcomes:

- Employment rates
- Finding employment
- Earnings