



Skills for Growth & Development

A Technical and Vocational Education and Training (TVET)
Policy for Pakistan



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March 2015



Ministry of Federal Education and Professional Training

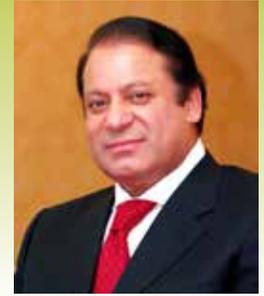
This TVET Policy was developed by a Task Force, established by the Minister of Federal Education and Professional Training. The Task Force was assisted by the TVET Reform Support Programme which is funded by the European Union, the Embassy of the Kingdom of the Netherlands, the Federal Republic of Germany and the Royal Norwegian Embassy. The Programme has been commissioned by the German Federal Ministry for Economic Cooperation and Development (BMZ) and is being implemented the Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH.

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Statement from the Prime Minister

H.E. Mian Mohammad Nawaz Sharif



Although rich in natural resources, Pakistan's greatest asset is its human social capital. We need to do more to equip young people, those in jobs and those seeking work with the skills to contribute to the country's economy, to contribute to their communities and to foster individual talent.

This National Policy for Technical and Vocational Education and Training (TVET), sets out – for the first time in our country's history – the commitment to invest in the development of skills that are necessary in our fast-changing and transforming global economy. The Government is committed to increasing access to, and the quality of, basic education. We are improving higher education provision. But as this TVET Policy document demonstrates so clearly, as a nation we must build the skills that are necessary to make the country more efficient and competitive, both at home and overseas. The Government of Pakistan has stoic resolve and commitment to ensure the implementation of the TVET policy, encouraging technical and vocational education for national and international labour markets.

Our ambitions for Pakistan are described in Vision 2025. The first pillar of this overarching economic and social development strategy is building our human capital. This TVET Policy recognises and gives appropriate emphasis to a component of education and training that has been too long neglected in our country. A fresh start is incessant to improve Pakistan's international competitiveness; benefit from our growing young population; seize the opportunities of an expanding international labour market and challenge individuals in the formal and informal sectors of our economy to hone their skills and seek advancement.

TVET reforms are being introduced in many countries around the world. The introduction of change is never easy and in Pakistan we shall have to confront a number of challenges. These include building partnerships between public and private sectors, based on trust and common goals, mobilising resources, establishing public confidence in an area of education and training that has been viewed as an inferior option and introducing different ways of doing things in a culture that tends to defend the status quo.

The Task Force that developed the National TVET Policy has recognised, quite rightly, that transforming our country's skills is not a job for the Government alone. Government and employers have a mutual interest to secure a more competent and confident work force that can meet the demands of increasing international competition. The Government is eager to develop a joint approach – to work in partnership with the private sector – to ensure that the skills for economic growth and social development are identified and put in place. The efforts

and hard work put in by the Task Force, set up by the Minister of State for Federal Education and Professional training, is appreciable.

It is clear that there is much to do to improve the country's skills. Our international competitors have treated this issue with more seriousness and focus; skills development is a neglected area in Pakistan and there are significant challenges to address. This TVET Policy sets out a 'road map' for change, but concerted and sustained action will be required to secure quality training and to create new opportunities for workers and for young people. It will take time to establish the programmes and systems that are needed. Already we lag behind other countries that are continuously improving and reinvigorating their skills development policies. Urgent action is required for which me and my Government stands committed. This policy signals a new approach to skills development and the sentiments of the Father of the Nation are salutary: failure is a word unknown to me.

Foreword by the Minister of State for Federal Education
and Professional Training

Hon. Eng. Muhammad Baligh ur Rehman



In June 2014, we established a Task Force to prepare a National TVET Policy. I had cogent reasons to do that, keeping in context the emerging needs for a skilled labour force at national and international levels.

First, there was no accepted vision about the future of skills development, around which government, employers and workers could unite. Second, given the demography of the country and the increasing numbers of young people who will join the labour market, the scale and efficiency of technical education and training required review, including consideration of who should be responsible for creating new and expanded provision. Third, the pace of reform of publicly-funded TVET, which was introduced with the adoption of the National Skills Strategy in 2009, has not been sufficiently robust, complicated by legislation and structures that have not encouraged national/provincial collaboration to the extent required. Finally, there are continuing concerns about the quality of technical education and training and the extent to which this is truly demand-led, and is meeting the needs of our economy.

The Task Force has fulfilled its remit and has presented the first National TVET Policy. I should like to pay tribute to the Task Force, its Chairman and members, for the work that has been completed. I welcome the analysis and the recommendations that have been made. The Task Force has worked quickly and efficiently and completed its deliberations in six months. I should like to thank as well, the TVET Reform Support Programme, which funded the Task Force, its meetings and consultation exercise and which provided a small technical and administrative team to provide practical assistance.

The National TVET Policy sets out an ambitious agenda and highlights related policy areas that still require further work.

The Government believes that increased attention to, and investment in, skills development is a national priority. It hopes that all TVET stakeholders will share this view, including the private sector and education and training providers.

My Ministry is now committed to the implementation of the Policy. This requires the introduction of new activities and structures, the adoption of a fresh way of working, based on collaboration and the creation of partnerships and the identification of additional resources, both personnel and financial. My promise is that implementation will proceed as quickly as possible and that every effort will be made to achieve the milestones that are defined in the TVET Policy.

This is a national policy that will affect training delivered in all parts of the country. Successful implementation will demand a national effort by Federal and Provincial Governments and their agencies and by other stakeholders. We hope, too, that international donors will appreciate the relevance of TVET to our economic and social development, and will continue their support and technical assistance.

It is my pleasant duty to place on record my appreciation for the hard work and the timely accomplishment of the assignment by the Task Force for TVET Policy headed by Dr. Allah Bakhsh Malik. I am cognizant of the practical assistance that has been provided by the TVET Reform Support Programme and its team of technical advisers and I appreciate their hard work.

Message by the Federal Secretary, Ministry of Federal
Education and Professional Training,
Government of Pakistan

Mr. Muhammad Ahsan Raja



The Ministry of Federal Education and Professional Training prepares and develops policy proposals to train the workforce to meet national and international standards for skilled labour along with other objectives.

The publication of the TVET Policy is a step forward. It provides a national framework for the design, quality assurance, assessment, and certification of qualifications in which the federal and provincial governments and their agencies can work together to produce the required 21st century skills.

The Ministry welcomes the implementation plan, included in the policy statement. Any policy is only as good as its implementation. The policy sets clear implementation priorities and milestones against which progress can be measured.

The national TVET Policy stresses, the need for all government ministries and agencies to work closely. This is to ensure that training provision is in line; with macro-economic and social development policies and that skills are available to implement infrastructure projects. Training, wherever provided, should be based on competency standards and aligned to the National Qualifications Framework. The Ministry is committed to develop collaborative working through cooperation of other ministries and agencies to develop national approach to TVET.

I wish all concerned success in their endeavours.

Introduction by the Additional Secretary of the Ministry of Federal Education and Professional Training, and the Chairman of the National TVET Policy Task Force

Dr. Allah Bakhsh Malik

PhD PAS, UNESCO Confucius Laureate



The National TVET Policy that is presented reflects the unanimous views of the members of the Task Force. They represent a broad range of national and provincial interests, from the public and private sectors and the education and training community. I place on record my thanks to them for their participation and expressions of views and to all those who attended our consultation meetings or who commented on the draft policy. I should like to acknowledge too the contribution made by our administrative and technical support team who assisted the Task Force in a most professional manner.

The National TVET Policy that is presented is based on a careful and critical review of the current state of training provision and the demands and challenges of our transforming economy and growing youthful population. The TVET sector is complex and nuanced, with good practice in both public and private sectors. But the private sector needs to train more and performance by publicly-funded agencies and institutions must be improved.

The Task Force readily and unanimously agreed on a number of key issues. These include the need for expansion of provision and a greater role for the private sector; the creation of a national quality assured qualification system, with a common approach to assessment and a single certification arrangement; that national standards are derived in a collaborative way, with provinces responsible for implementation and the continuing reform of public sector TVET provision. The importance of developing a new approach to planning and implementation was also agreed. This involves partnership working and greater emphasis on performance, accountability and evidence-based decision-making.

There are a number of new functions that must be introduced and additional skills that will be required to implement the TVET Policy. The Task Force debated extensively the arguments for and against the establishment of new organisations to be responsible for discharging new functions, as against existing bodies taking them forward. On balance, it was agreed that new structures, independent of government, would be most appropriate.

The TVET Policy defines a number of numerical targets, against which progress can be assessed. A major policy goal is to change attitudes towards monitoring and evaluation and to place more emphasis on performance and the outcomes of investment.

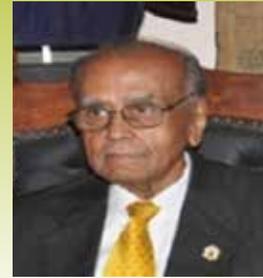
It has been a great pleasure working with our team of technical advisers, Dr. Julie Reviere, Mr Per Borjegen, Mr Qazi Farid Ahmed, Mr Mike Hanson and Mr Peter Hannigan - their

professionalism and indomitable belief in workmanship is highly appreciated. With their international exposure and experience; their contribution is huge and worthy of recognition. I am sure that this will go a long way to promote skills development for the amelioration of the people of Pakistan, ultimately helping them to decent livelihoods and to get out of the vicious circle of poverty.

The publication of the National TVET Policy marks the completion of one stage of work, but it begins the major task of implementation. Some reforms can be introduced relatively quickly, but the journey which now begins will be a long one. It will require sustained oversight and the enthusiasm and commitment to review progress constantly and to take remedial action to address any emerging problems. In this, we can take inspiration and comfort from the words of the Qur'an, God is with those who persevere.

Statement by the Chairman Workers and Employers Bilateral Council of Pakistan (WEBCOP)

Mr. Ehsanullah Khan



In 1947, when Pakistan was born, it had only about four per cent of the industrial capacity of the sub-continent. Impressive progress has been made to build factories, introduce new industry and commerce to enable the country to compete in world markets. The achievements in creating Pakistan's industrial and commercial base cannot be underestimated, but there are daunting challenges ahead. Globalization is creating more international competition. Our industry must be productive and efficient if it is to expand in world markets. Unfortunately Pakistan now ranks 129th out of 144 countries in the 2015 Global Competiveness Index and our share of world exports has fallen. There are new technologies to be developed and economic sectors that have the potential to grow. The Government has set ambitious growth targets and we have imaginative strategies for the economy and for the modernisation of our infrastructure.

This policy document – Skills for Growth and Development – argues that a better trained work force is necessary if we are to achieve sustained growth rates and fulfil the vision of a prosperous and stable society. The policy statement is clear that as a country we have paid too little attention to vocational education and training since this is seen by too many as a 'second rate' option and less desirable than academic education. This is not a view shared by our competitors, who invest more in training and take issues of skills formation seriously.

I welcome the emphasis which is given in the policy to the role that employers should play both in investing more in building the capacities of their own staff and in contributing to the formation and implementation of national skills development policies. I welcome, too, the recognition that employers' associations and representative organisations should support and assist employers to appreciate the benefits of investing in training and that technical assistance should be available to help them to fulfil this role.

The Workers and Employers Bilateral Council of Pakistan will ensure that skills development is an issue for priority discussion by its members and that it will consider the implications of the TVET Policy for its own work and organisation.

The systemic reform of TVET in Pakistan is a major challenge to our ingenuity, sense of purpose and energy. But as did our predecessors nearly seven decades ago, we must accept difficult challenges on the road of building a stronger, more cohesive and confident society.

Statement by the Chairman of Nestlé Pakistan Ltd
Mr. Syed Yawar Ali



The Nestlé Company was established some 140 years ago. It now enjoys an international reputation for the quality of its products and its business ethics and principles – to create shared value. The success of the company is based on its people. We seek to create a dynamic, passionate and professional workforce. I was nominated to serve on the National TVET Policy Task Force and I am happy to endorse and support its conclusions and the policy statement it has prepared.

The Task Force has made a mature and measured assessment of the economic and social challenges facing Pakistan and the inadequacy of the present training system to deliver the skills required to contribute to addressing them. As with Nestlé, the success of Pakistan will be based on its people – and their capacity and ability to contribute to its economic and social development.

The implementation of the National TVET Policy requires the active involvement of employers at various levels – national, provincial, institutional and in the determination of individual qualifications and programmes. This is a ‘Big Ask’, given the demands to maintain and expand businesses and create jobs in an increasingly competitive world. But I am confident that the business community will respond to the challenge of exercising an even greater role in the development of the country’s skills if its role is meaningful, influential and genuine. I welcome the emphasis that is given to building the capacity of employer associations and representative bodies to assist employers to engage with training issues and the commitment of the Government to review current apprenticeship legislation and the incentives and penalties to which enterprises are subject.

The challenges and opportunities to build a more skilled workforce are clear and addressing them requires sustained leadership and a realistic assessment of resource requirements. There are examples of good practice in the private sector that should influence the design and organisation of training and undoubtedly there is scope for greater private TVET provision. As the Policy states, the potential benefits to the country in terms of competitiveness and the generation of wealth are considerable if we train our young people. The consequences of not making this investment are grave.

I commend the National TVET Policy to my colleagues in the business community since investment in training will help them directly and support the creation of the social climate to enable business to flourish.

Statement by the President Federation of Pakistan Chambers of Commerce and Industry

Mr. Mian Muhammad Adrees



Sitara Chemical Industries Ltd, of which I am Chief Executive Officer, was established over forty years ago. It serves various manufacturing sectors of the national and regional economies, including textile, textile printing and processing, sugar, soap, petroleum and other related industries.

By virtue of running my own business, and representation on various local, national and international bodies, I understand that economic development and high economic performance have direct relationship with higher productivity of the workforce for which trained workforce in Pakistan is urgently needed.

The Federation of Pakistan Chambers of Commerce and Industry was established in 1950. Since then it has sought to be a bridge between the business community and Government to argue for policies that promote exports, encourage foreign investment and to stimulate economic growth in the country. As a country we face major challenges: international trade is more competitive; we have youth growing at 3.2% per annum but jobs provision is much below. By providing skills, we can transform this precious asset into a productive resource to support a big push to the economy. We have rich minerals and natural resources, a strategically significant geographical location close to some of the world's largest markets and a tradition of ingenuity and business acumen.

It is appreciative to note that the Government is creating an enabling environment and conditions for businesses to grow and to attract foreign investment. But we will not be successful if we believe that economic growth and transformation can be built on notions of affordable and enough workforce. We need more skilled manpower whereby Government and the business community must make a greater investment to provide a competent and adaptable work force that is able to meet the continued transformation of the economy.

2015 is declared as the Year of Economic Revival by FPCCI. Many initiatives are needed if we are to achieve and maintain the target levels of growth, to sustain and develop our services, infrastructure and to create employment opportunities - for those increasing numbers who will be looking for jobs over the next three decades. I believe that the rapid implementation of the TVET Policy is one such initiative, and it is one that the business community will support with enthusiasm.

Executive Summary

The TVET Reform Support Programme (TRSP) has been designed to implement the NSS in line with its three objectives and twenty key interventions. The development of the National TVET Policy has drawn on the work and experience of the TRSP, which seeks to assist the federal and provincial governments to implement the National Skills Strategy. In this context, a number of initiatives have been supported and piloted, which in turn have influenced the approach and design of the National TVET Policy. These include the introduction of a new planning system adopted by NAVTTC and the TEVTAs; the design of a management information system; capacity building throughout the public TVET system; new training programmes for TVET teachers; a fund to stimulate innovative training and a dual training programme to encourage employers and TVET providers to work together. In addition, the TRSP has promoted the introduction of competency-based training and the design of a National Vocational Qualifications Framework. The National TVET Policy builds on this work, which has demonstrated how systemic reform can be taken forward.

This document consists of a policy statement, implementation plan and supporting annexes, which consider and discuss aspects of the TVET Policy in greater depth.

Policy objectives

The National TVET Policy is based on eight objectives. These are to:

- Secure a national commitment to the importance of skills development to achieve sustained economic growth, to increase productivity and to provide opportunities for people to contribute to the economy and to their communities, particularly the country's growing youthful population;
- Increase the number and quality of training opportunities so that in the short-term at least one million will be trained each year. By 2025, the objective is to train 20 percent of all school-leavers, in addition to up-skilling and re-skilling existing workers. Such expansion will not be achieved by the public sector alone and the active engagement of the private sector will be required;
- Introduce a national standards-based qualification, assessment and certification system;
- Design and deliver competence-based education and training programmes that concentrate on the skills required to perform jobs;
- Forge new partnerships between the public and private sectors and to encourage employers to train more directly and to contribute to the reform of public TVET provision;

- Maintain and expand the export of labour by encouraging people to obtain internationally recognised qualifications;
- Encourage linkages with the informal sector of the economy by providing people with opportunities to gain formal qualifications;
- Continue the reform and revitalisation of the public TVET sector.

Rationale for TVET Policy

Whilst basic education is the foundation for long-term prosperity, greater attention to TVET is justified because:

- In an increasingly competitive world, a more highly skilled workforce is required if national economic and social goals are to be achieved, and the decline in productivity and exports is to be reversed;
- Over the next 35 years the working age population will double. If the youthful population can be found decent work, national wealth will increase, but there are economic and social costs if they are unable to find productive roles in society and their communities;
- Remittances from the six million Pakistanis who work overseas top PKR 150 billion. The export of labour is a legitimate labour market policy and demand is likely to rise. Increasingly importing countries will be employing only those with internationally recognised qualifications;
- Over 70 per cent of skilled workers are trained in the informal sector, through the Ustad-Shagird tradition and 'learning by doing'. Providing opportunities for people to gain formal qualifications will make the informal sector more productive and will encourage individuals to move into formal jobs.

A further factor that compels greater attention to skills development is the inadequacy of current arrangements to meet economic and social challenges. Although comprehensive data is lacking, the characteristics of current provision are:

- Publicly-funded provision is small, serving only some 7.3 per cent of 15-24 year olds involved in education and training, and only 0.7 per cent of the total age group. Provision is unequal across the country, with gender imbalances. The quality of provision is variable and there is no agreed quality assurance policy or practice and no common system for assessing and certifying training. Major criticisms include the failure to develop people with the skills required by a changing labour market and structural inefficiencies;

- A minority of private sector employers provide world-class training to their employees, but estimates suggest that less than 10 per cent of workers receive training. Apprenticeship legislation imposes obligations on employers of a certain size to provide training, off-set by tax and excise concessions. There are only some 22,000 apprentices and this policy approach has failed. Employers still need convincing of the investment value of training;
- There is some private TVET provision, but not on the scale of basic or higher education; currently 70 percent of higher education and 40 percent of schooling is provided by private institutions;
- There are non-governmental organisations that provide skills training, but there is no comprehensive information about their work, its scale and its effectiveness.

An integrated national TVET system

The development and implementation of the TVET Policy has both national and provincial dimensions. There is a national responsibility for standards and quality assurance. The implementation and management of the TVET systems is primarily a function of provincial administrations. Thus in-puts are required from both federal and provincial governments. Experience suggests that working relations between national and provincial TVET bodies need to improve; a hierarchical approach needs to be replaced by a more collaborative and consultative style of working. Tensions have been heightened when federal structures have provided training directly. In the future federal bodies will not provide training directly. A new Federal Technical and Vocational Training Authority (TEVTA) will be created to serve Islamabad Capital Territory, the Federally Administered Tribal Areas and Gilgit Baltistan, thus giving all provinces comparable structures and federal training facilities will be transferred to the provinces. Resources and TVET facilities vary between the provinces and this inequality will be addressed.

A national qualification, assessment and certification system

A national qualifications, assessment and certification system will be established. Qualifications gained in different parts of the country must be comparable. The design of qualifications and assessment processes will be quality assured and nationally accredited certificates will provide employers with a credible statement of competences and support the international acceptance of Pakistani qualifications.

To achieve these goals a Pakistan National Vocational Qualifications Framework will be created. This will provide the core standards to define an integrated national TVET system; it will provide a framework for quality assurance; the standards will be subject to review with foreign qualification authorities to ensure recognition and equivalency; new assessment arrangements will allow people to be tested and certified, whatever training route they have followed – in either the formal or informal sector – and a flexible system to support life-long learning is provided.

The development of the National Vocational Qualifications Framework will involve new functions. These are best carried out independently of direct government influence – to assure employers, learners/trainees and international qualification authorities of the integrity and credibility of processes being followed. New skills will be required to plan, maintain and develop the Vocational Qualifications Framework. Attracting, employing and retaining staff with the appropriate skills mix will be difficult if standard public service conditions of

employment are used. For these reasons a Pakistan National Vocational Qualifications and Quality Assurance Organisation will be established by legislation. Its precise legal form and title have yet to be determined, but it may be a Section 42 Company (Companies Act, 1984). It will be governed by a board of directors, the majority of whom will represent employers.

An invitation to the private sector to enter a partnership to build the country's skills

The expansion of training and reform of existing provision will benefit from the active involvement of employers and the private sector, because:

- Decisions about training should involve those who create jobs and who understand at first-hand the skills that are needed;
- They have practical experience and knowledge which should be used in the design of competency-based programmes and their implementation. There are business skills that could improve the management of public TVET institutions and agencies and training facilities that enterprises could make available to support the professional development of TVET teachers and to provide practical work experience to learners/trainees;
- A significant increase in training provision will depend on the growth of apprenticeships and employers providing more training, directly and through the establishment of new facilities.

There are compelling reasons why employers should take skills development more seriously:

- Investment in training improves productivity and contributes to increased profitability;
- They have a vested interest in ensuring that the conditions for economic growth and for 'doing business' are stable and robust. It is in the interests of the business community, for example, to help to provide opportunities for young people, to prevent the social unrest that increased unemployment might foster;
- Employers have the skills and knowledge to 'make a difference' to generate new training opportunities and to reform public TVET provision;
- Corporate social responsibility suggests that there is a contribution to be made to society beyond immediate business concerns.

The Government, for its part, will introduce a series of measures to encourage greater employer involvement in TVET. These will include:

- Abandoning the current 'carrot and stick' approach used by successive governments to coerce employers to offer apprenticeships. It is accepted that the policy based on legal obligations, mitigated by marginal incentives, has not worked. A more enabling environment is required and Government will seek to establish an early dialogue with employer representatives to discuss and agree how a new working relationship should be established;
- Developing a more supportive framework to encourage employers' representative bodies to support and advise employers on training issues;
- Reviewing the scope for financial incentives to encourage employers to train more;
- Introducing legislation to safeguard the employer role in determining and implementing TVET policy.

Legislation will be introduced to establish the Pakistan Skills Partnership. This will be a stakeholder, employer-led body with wide functions and powers to:

- Advise government on skills policy, priority sectors for intervention and labour market

needs - this would include the development and maintenance of the National Skills Information System;

- Oversee the implementation of the National Skills Strategy and integration with economic and social development policies and initiatives;
- Investigate funding options for TVET and undertake research into key areas for development;
- Bring employers and TVET institutions together, including through formal bodies such as Sector Skills Councils;
- Commission the development of competency standards and other national resources for TVET;
- Support and enhance apprenticeships;
- Develop human resources in the TVET sector;
- Promote skills development as a route to jobs, further education and training and self-employment and its investment benefits to employers;
- Administer the National Skills Fund (see below);
- Support active labour market initiatives;
- Develop and support national performance monitoring of TVET, in conjunction with federal and provincial governments.

Continuing and accelerating reform

The reforms proposed in the National Skills Strategy (2009) will be continued and accelerated and progress will be monitored by the Pakistan Skills Partnership. In the interim until this is established the Task Force established to develop the TVET Policy will undertake this role.

Collaboration across all government departments

If TVET is to contribute to the achievement of industrial and economic strategies and if the Pakistan National Vocational Qualifications Framework is to apply to all training, greater collaboration and cooperation will be required across and between ministries and government agencies. The Ministry of Federal Education and Professional Training will be responsible for initiating and maintaining dialogues at national level. Such a coordination and facilitation role might be a function of the TEVTAs, but it will be for each province to determine its own arrangements.

TVET and general education

The feasibility of establishing Technical High Schools will be examined in pilot activities to be introduced by the Ministry of Federal Education and Professional Training.

Governance and institutional structures of TVET

The determination of the most appropriate governance structures for TVET should be based on the following principles:

- The allocation of appropriate responsibilities and functions: these should be clear and unambiguous and avoid duplication and overlap;
- Accountability – individuals should be responsible for their decisions and performance;
- Autonomy and devolution: the operational goal to be achieved is that decisions are made, and activities managed, at the closest practical level to where implementation happens;
- Collaboration and achieving synergy;
- Avoidance of conflict: regulatory bodies should not be training provider organisations.

The structures that will be required to undertake new functions will have implications for current federal and national bodies, the functions and responsibilities of which will be realigned to enable them to contribute to the implementation of the TVET policy.

Apart from the creation of a Federal TEVTA, no specific proposals are made about provincial structures. The introduction of the National Vocational Qualifications Framework will affect the ways in which TEVTAs and provincial administrations currently operate, and they too will have new functions. Provincial Governments will have opportunities to review their TVET organisation, and in the drafting of new national legislation – in which the provinces will play a part – it is hoped that a coherent set of ‘fit for purpose’ structures will be established.

Funding and finance

The current funding system is characterised by its short-term nature and a lack of certainty about the levels and timings of transfer payments. Public investment is low – by international standards and having regard to the national challenges to be addressed – and the bulk of recurrent expenditure is consumed by staff costs. The scope for raising additional income in the short-term – for example by raising fees or setting up production units in training centres – is limited and an adjustment in the way fees are levied would require the creation of loan and bursary funds to assist the poor. In the medium-term there is scope to increase income from assessment fees.

TVET funding policies in a number of countries have been studied – including levy and grant systems – but the conditions do not yet exist to enable radical new funding approaches to be adopted. The Pakistan Skills Partnership will be charged to prepare funding options based on the following four principles:

- Funding should include performance criteria, with incentives and penalties;
- Funding should enable students/trainees from different backgrounds to access programmes equally;
- Funding to be adequate to enable the TVET Policy to be implemented and sustainable to support continuous improvements;
- Publicly-provided TVET funds to be available to public and private providers on a competitive basis, with annual increases in the proportion of funds allocated competitively.

In order to begin implementation of the TVET Policy and to demonstrate its commitment to reform, the Government will:

- Introduce a separate, ear-marked TVET budget;
- Commit to increasing this budget, provided that progress can be demonstrated;
- Establish a National Skills Fund, with any legal and able organization to bid for funds to introduce innovative training to increase the numbers of people with mid-level (artisan) skills.

The Government will also initiate discussions with international donors to seek technical and financial assistance to support the implementation of the TVET Policy.

A new legislative framework

A comprehensive Skills Development Bill will be introduced to give effect to provisions outlined in the TVET Policy.

The Agenda for Change: Pakistan's TVET Policy

Objectives

The objectives of the National TVET Policy are to:

- Secure a national commitment by federal and provincial governments, employers, workers and community organizations to develop the skills and talents of the people to enable them to contribute to the generation of national wealth and to make productive contributions to their communities.
 - Skills development and investment in the country's human capital is vital if an economic growth target of at least seven per cent is to be achieved and sustained. Basic education is the foundation for national economic and social development. Technical and vocational education and training should build on this, but special attention and focus must be given to skills development in addition to efforts to improve education, particularly for young people looking for jobs, for those people already in work and to improve linkages between the formal and informal sectors of the economy.
 - A strong commitment is needed if industrial development and infrastructure goals are to be attained, if opportunities provided by new technologies are to be seized and if the challenge and opportunity of a young, growing population is to be realised. The first pillar of Vision 2025 – Putting People First – recognizes the priority that must be given to human capital development. Skills development is crucial to the achievement of the national goals set out in Vision 2025.
- Increase training opportunities and programmes for young people, those seeking work and for workers already in jobs. At least one million training places, providing quality assured, competence-based training will be made available annually. This represents a three-fold increase on current provision. To provide more training opportunities, whilst improving their quality, is challenging, but possible. Given the numbers of young people who will be looking for jobs, training provision must be expanded even further, however. The longer-term objective is to provide quality training to 20 per cent of school leavers¹ by 2025, to encourage and incentivise employers to increase training opportunities for their employees and to commit to the principle of lifelong learning. Given the significant increase in the numbers of young people who will be looking for work, a number of interventions will be required to assist them. These might include remedial education, expanded micro-financing initiatives, public works programmes and other active labour

¹ There are different kinds of 'school leavers': those who complete successfully secondary education; those who drop out after primary school and those who never complete primary schooling. Skills programmes need to be developed to meet the varying needs of the increasing numbers of young people who will be looking for work.

market measures. Skills development alone is not the solution to the demands that an increasingly youthful population will make; it has an indispensable contribution to offer, however.

- Introduce a national standards-based qualification, assessment and certification system. Trainees and employers will be confident that training offered in Peshawar or Sialkot, Karachi or Quetta, will be comparable and that qualifications will be recognized internationally. All training providers will be accredited and certificates will be issued only on the successful completion of a recognized training programme.
- Design and deliver competence-based education and training programmes. People will be equipped with the skills and knowledge to obtain and perform jobs. This means they will be tested, not just on what they know in theory, but on how well they perform on job-related tasks. Competence-based training is being introduced in publicly-funded TVET programmes already, but it should be the approach adopted by all government departments and the private sector for the delivery of training.
- Forge new partnerships between the public and private sectors to develop the country's skills. Employers will be encouraged to increase their investment in building the skills of their own staff and additionally providing new opportunities for young people. Currently 70 per cent of higher education and 40 per cent of schooling is provided by private institutions. There is not a comparable engagement with TVET, and there is a greater role for the private sector to play, by training more of their own staff and by contributing to TVET reform more widely.
- Maintain and expand the export of labour by encouraging people to obtain internationally recognised qualifications, through training programmes and new assessment arrangements that will recognise and take account of prior learning and experience.
- Encourage linkages with the informal sector, by providing assessment opportunities that recognise prior learning and experience.
- Continue the reform and revitalization of the public TVET sector. The reform agenda will be committed to the continuous improvement of standards, the design and implementation of demand-led programmes, the development of a client-focused culture – for example, by addressing equity and access challenges and issues - and TVET will be promoted as a positive route to employment, further education and training or self-employment. Making publicly-funded TVET more efficient, professional and accountable supports the objectives of Vision 2025.

Rationale

Whilst quality basic education is the foundation for Pakistan's long term prosperity and security, greater attention must be given to training and the development of the country's skills – a long neglected area of public policy. The reasons for this can be stated simply:

- Skills development is vital to the achievement of economic growth, social development, poverty reduction and a stable and cohesive society. The economic fundamentals of the country are strong – large and diverse resources, a young population and a favourable location close to large regional markets. Emerging macro-economic policies are designed to achieve sustained economic growth of at least seven percent a year.² But growth will depend on increasing exports; raising productivity to improve international competitiveness; investing in energy and infrastructure; developing new technologies and economic sectors and attracting foreign investment. A better skilled workforce will be an asset and contribute to growth; a lack of skills will hamper and frustrate development. Training provision must be linked, therefore, to industrial and economic policies to meet the demands of a changing economy.
- In 1947, the population was 33 million. It is now nearly 184 million; the median age is 22 years and 60 per cent of the population is under 30 years of age. Although population growth cannot be predicted precisely, it is likely that by 2050 the working age population will double from its present 110 million, and the age group 15-49, which was 96 million in 2010, will top 180 million by 2050. If this young population is in productive work, and is trained to internationally recognised standards to enable jobs to be found overseas, the potential benefits are considerable. Wealth will be generated through production, trade, the provision of services, tax revenues and remittances from overseas workers. This demographic dividend provides a unique opportunity to transform the economy. Alternatively, there will be economic and social costs if the ambitions of young people are not addressed.
- Estimates suggest that six million Pakistanis are working overseas and sending money back to the country. In 2014 these remittances amounted to over PKR 150 billion, and Pakistan is ranked in the top ten countries for the value of officially recorded remittances. The World Bank is confident that the global migration of workers will increase, but that the export of labour is becoming more competitive. The growth in the numbers of Pakistanis working overseas cannot be guaranteed, therefore, and increasingly importing countries will be looking for skilled people with internationally recognised qualifications.
- Most skills are generated in the informal sector. Introducing opportunities for individuals trained in this way to have their skills assessed and be able to gain a certified qualification, perhaps after some additional training, will provide greater security and status to individual workers. This has two benefits: first, it will make the informal sector more productive and secondly, it will encourage individuals to move into the formal sector.

Skills development must be treated as a priority, because:

- In an increasingly competitive world, a more highly skilled workforce is required if national economic and social policy goals are to be achieved, and Pakistan's decline

² The forecast of the HSBC Bank is that by 2050 Pakistan will jump at least 14 places in international league tables for the size of its economy.

- in productivity and exports is to be reversed.
 - There are significant benefits to be gained if the country's young population can find decent work and costs if young people cannot play a productive role in their communities and in society.
 - The export of labour is a positive labour market policy. Increasingly importing nations will want workers with internationally recognised qualifications and Pakistan faces competition from countries that are investing in skills development.
 - A more productive informal sector will add to the country's wealth and access to assessment and certification will encourage job growth in the formal sector.
- (Annex 2 provides a more detailed discussion of the reasons why skills development is so important to Pakistan.)**

Current arrangements are inadequate to meet the challenges

There is no comprehensive data about skills development in Pakistan; even information about publicly-funded provision is not systematically collated and analysed. There is no formal and comprehensive census of TVET activity that includes the public and private sectors and the work of non-governmental organisations.

However, the principal characteristics of current skills development in Pakistan are:

- Publicly-funded provision is small, serving only some 7.3 per cent of people aged between 15-24 who are involved in education and training and only 0.7 per cent of this total age group. Access to training is uneven across the country and there are gender imbalances. The quality of provision is variable, with no agreed quality assurance policy and practice. There is little sustained evaluation of the investment in skills development, but complaints that those completing training lack the skills that the labour market requires are common. There is no national system to develop and validate qualifications or to certify the skills of those who complete training programmes successfully. The efficiency of public provision, assessed in terms of the utilisation of capacity and facilities is questionable. The major share of recurrent expenditure, which is historically based, is devoted to staff costs, leaving little discretion to allocate resources, provide materials used in practical training or meet the costs of replacing outdated equipment. Development budgets tend to be significantly lower than the bids made for them. Although budget allocations are made, transfer payments from national and provincial treasuries to training agencies can be irregular, creating uncertainties and affecting adversely the efficiency of planning and delivery.
- Some private sector employers, particularly exporters and those with international links, provide world-class training, but they are in a minority. Estimates suggest that less than 10 per cent of employed workers receive training. Government initiatives to stimulate training in the private sector are few. Apprenticeship legislation imposes mandatory obligations on employers of a certain size, off-set with tax and excise concessions. With only some 22,000 apprentices currently, the policy is not working. Many employers are reluctant to invest in training because of its perceived costs. Employer representative organisations have not yet promoted skills development as a major issue, but they lack the resources to provide advice and guidance to employers and to exercise a leadership role.
- Training is provided by some private providers on a fee basis, but not on the scale of private provision in basic, secondary and higher education.
- There are not-for-profit training providers, some with high reputations for the quality of provision and their ability to place students/trainees into decent jobs, but there is no

comprehensive information about their numbers or effectiveness.

- Most training is provided in the informal sector, through the Ustad-Shagird tradition and 'learning by doing'. Currently there are few mechanisms to recognise the skills acquired in these ways to encourage workers to gain formal qualifications.

There is a range of programmes and a variety of training providers, but provision is fragmented, of uneven quality, with poor access in some areas of the country and there are insufficient safeguards to protect the interests of learners/trainees to guarantee the integrity of the training that they receive. The term TVET sector is perhaps misleading. Training provision is not based on an agreed vision or a co-ordinated and harmonious set of institutional relationships.

The weaknesses in the scale and organisation of TVET were acknowledged in the National Skills Strategy, which was agreed in 2009. This set out an ambitious agenda for change. Innovations and initiatives have been introduced, many with the support of international donors, but progress has not matched the challenges that must be addressed.

Annex 3 describes the current state of TVET in Pakistan in greater depth.

Achieving the policy objectives

Five key principles will guide skills development in Pakistan in the future:

- The commitment to the development of a national integrated TVET system, with clear national and provincial roles and responsibilities. National standards to inform the design of qualifications and the arrangements to assess learners/trainees will be devised collaboratively by the federal and provincial governments and the private sector. A single, national certification system will be introduced to record and recognize qualifications and quality assurance standards and practices will be adopted. It will be a federal responsibility to ensure that standards are developed. It will be a provincial responsibility and function to ensure that training is provided to generate the skills that are required in the labour market and to offer positive opportunities to individuals.
- The expansion and development of TVET is not feasible without the greater involvement of the private sector, with employers encouraged to undertake more training directly themselves, and to be engaged in all aspects of publicly-funded skills development;
- Sustainable funding and financing is a key driver of reform. The Government will make additional resources available for the expansion and development of TVET, but public money will be linked increasingly to performance measures. Ways in which the current dependency on public funds might be diminished will be explored. The Government will continue to seek assistance from international donors to help fund the priorities set out in this TVET Policy;
- Reform of publicly-funded provision will continue and be accelerated, with an emphasis on evidence-based decision-making, performance monitoring and accountability;
- More collaborative and cooperative working relationships, based on mutual trust, will be encouraged between national and provincial TVET entities and amongst education and training providers. A more open, transparent and genuinely consultative approach to issues of policy and implementation will be adopted.

Annex 4 – Key Issues – outlines factors that have influenced the formation of the National TVET Policy.

Implementation measures

Federal and provincial responsibilities

There are both national and provincial dimensions to the design and implementation of TVET programmes and the creation of an integrated skills development system. The passage of the 18th Amendment to the Constitution may have led to a belief that the national role and perspective was diminished. There is a national responsibility for standards and quality assurance, for reviewing and assessing that national needs are being addressed and for providing assistance to address market failures. The implementation and the management of the TVET system is primarily a function of provincial administrations.

Figure 1 below describes the respective responsibilities and functions of federal and provincial levels in a national, integrated TVET system.

	Provincial role	Federal role	Comment and implications
Policy	<ul style="list-style-type: none"> Identification of issues and input into national policy Responsible for jurisdiction-based policy, plus application of national policy within the provinces' economic context and priorities 	<ul style="list-style-type: none"> National leadership and primary location for policy determination Identify national priorities Ensure policy agreed with and applicable to provinces 	<ul style="list-style-type: none"> Essential that both levels of government are involved and agree national policy
Regulation	<ul style="list-style-type: none"> Provide input into national standards, and share authorisation of those standards Apply standards in their own jurisdictions using institutions with delegated national regulatory authority Collaborate with national body to audit compliance and performance of bodies with delegated regulatory responsibility 	<ul style="list-style-type: none"> National standards developed by federal body with input from all stakeholders. Application of standards nationally overseen Delegation of most regulatory activity to provinces under agreed conditions Responsible for maintaining quality and national consistency through audits in collaboration with provinces 	<ul style="list-style-type: none"> Federal and provincial governments share responsibility for national standards and cooperate in regulation Audit role critical and has to be shared with provinces so problems are recognised and fixed
Funding	<ul style="list-style-type: none"> Determine budget and fund regulatory bodies and publicly owned TVET organisations (e.g. institutes) within their jurisdiction Fund agreed national priorities with support from federal government, plus province specific funding of local priority areas 	<ul style="list-style-type: none"> Determine budget and fund national and federal organisations. Advocacy for increased budget allocations Identify and agree national priorities in conjunction with stakeholders, plus determine budget and fund national priorities 	<ul style="list-style-type: none"> Both levels of government fund and support training. Primary support is within own jurisdiction Federal government supports national priorities by providing targeted funding to provinces
Delivery	<ul style="list-style-type: none"> Responsible for the application of standards for TVET both under national delegation and through own agencies. Also delivery of training through own publicly owned institutes Contract third parties, such as private training organisations, to provide training 	<ul style="list-style-type: none"> Responsible for the direct application of standards for TVET in federal jurisdiction. Also delivery of training through federal publicly owned institutes Operation of some services to support development of national TVET system 	<ul style="list-style-type: none"> There is scope for the development of cost-effective national services to support TVET development throughout the country which might include training of trainers; training of assessors and recognition of prior learning assessments

Tensions have been created when federal bodies, such as the National Vocational and Technical Training Commission (NAVTTTC), have provided training directly, particularly when the ways in which this has been implemented have been different to the policies of the provinces. A Technical Education and Vocational Training Authority (TEVTA) will be set up as a separate entity in Islamabad to serve the ICT, thus giving all provinces comparable TVET structures. This Federal TEVTA will be responsible for TVET provision in the Federally Administered Tribal Areas (FATA) and Gilgit Baltistan as well.

There is an important issue to address in relation to TVET within the Pakistan federation around the differences between the better resourced and the less developed provinces. This will require federal support to bring the smaller provinces up to an agreed national level of performance.

A national qualification, assessment and certification system

The arguments for a single qualification, assessment and certification system to support skills development throughout the country are overwhelming. The Pakistan National Vocational Qualifications Framework will be established as the core component of a national integrated TVET system.

The introduction of the National Vocational Qualifications Framework will address a number of critical concerns:

- It is the means to provide the standards to define an integrated national TVET system;
- It provides the framework for quality assurance that TVET has lacked;
- Its standards will be reviewed and discussed with foreign authorities responsible for national qualification frameworks to ensure that Pakistan's qualifications are recognised internationally;
- The assessment standards that it will develop will allow people to be tested wherever they have been trained – by education and training providers in the public and private sectors, by employers in the work place or in the informal sector;
- It provides a flexible system to support life-long learning.

National Qualification Frameworks

Over 100 countries have, or are developing, national qualification frameworks. Their main purpose is to show what a qualification is, so that individuals can understand what it is that they have to do to earn one. The framework demonstrates the relationship of one qualification to another. It consists of a single set of levels, each used to align a group of qualifications that broadly are equivalent. A national qualifications framework is:

*"An instrument for the development, classification and recognition of skills, knowledge and competencies along a continuum of agreed levels. It is a way of structuring existing and new qualifications, which are defined by learning outcomes, i.e. clear statements of what the learner must know or be able to do whether learned in a classroom, on-the-job, or less formally. The Qualifications Framework indicates the comparability of different qualifications and how one can progress from one level to another, within and across occupations or industrial sectors (and even across vocational and academic fields if the NQF is designed to include both vocational and academic qualifications in a single framework)."*³

3 Tuck, R. An Introductory Guide to National Qualifications Frameworks: Conceptual and Practical Issues for Policy Makers, ILO, Geneva, 2007.

The creation of the Pakistan National Vocational Qualifications Framework will involve a number of inter-related activities; the principal ones are:

- Defining qualifications, the competences required for an individual to become qualified, and the level of the qualification;
- Developing standards and processes for the design of qualifications, to include:
 - Establishing competence standards – what are the key skills that a person requires to be able to perform a job? For example, if qualifications are to be designed for electricians, what are the core skills required to work at a basic level (Level 1) and what are the skills needed for a supervisor responsible for a team of electricians (Level 3);
 - Determining learning outcomes: what a training programme needs to achieve;
 - Designing programmes, which may be for a whole qualification or might be designed as a unit or part of a qualification;
 - Defining assessment arrangements: how learners/trainees are to be tested and assessed to determine if they have achieved the necessary competences.
- Establishing standards for the accreditation of training providers and certification bodies. Accreditation is the process which gives an organisation the authority to act. The accreditation of training providers and certification bodies will enable only those with the facilities, equipment and personnel to undertake these functions and learners/trainees are given assurance that the training they receive is delivered by a competent and reputable organisation;
- Developing standards for the accreditation of TVET teachers and trainers;
- Determining standards for assessors;
- Ensuring the equivalency of qualifications with international standards;
- Creating quality assurance standards and procedures to ensure that TVET programmes and practices conform to performance and audit criteria.

Currently some of these activities are undertaken by a number of different organisations, but in an uncoordinated manner. This makes for inefficiencies and duplication, and there are no mechanisms to ensure that minimum standards are maintained throughout the country or that the interests of learners/trainees are safeguarded.

The establishment and operation of the Pakistan National Vocational Qualifications Framework is not, however a centralised function. The standards that are adopted will be developed by federal and provincial TVET stakeholders and governments. The standards that are created will have to be implemented and this will require the engagement of a range of different bodies. For example, the development of qualifications and programmes might be undertaken by TEVTAs, employer-led groups or by training providers. Assessments will have to be carried out throughout the country by approved and accredited centres. The difference between existing and future practice is not that all activities will be centralised, but that the planning, delivery, assessment and certification of TVET programmes will continue to be undertaken by a multiplicity of bodies, but these will function within a commonly agreed national framework, they will be accredited to perform their functions and will be accountable for their performance and delivery of services.

The creation of the Pakistan National Vocational Qualifications Framework will be a new initiative that will generate functions, some of which have not been undertaken before in Pakistan. Its introduction will require a new way of working. The establishment of the National Vocational Qualifications Framework is a major undertaking that will require a focused and dedicated approach. It will require the co-operation of federal and provincial TVET interests and the engagement of the private sector. It will demand, also, specialist skills and technical knowledge of a high order. The determination of standards should be – and be seen to be – independent of government, if they are to be credible to employers and to learners/trainees. Preliminary work to develop the National Vocational Qualifications Framework has been initiated. This includes drafting the outline architecture of the Framework and its functions; more detailed work on the accreditation of training providers has been completed and consideration is being given to the qualifications and training of assessors in a competence-based training system. This work will provide a useful foundation and could be the basis of pilot activities to test the feasibility of proposed approaches. But much detailed planning must be undertaken. This includes a nation-wide education and capacity development exercise to introduce education and training practitioners and TVET stakeholders, notably employers, to the concepts of the NVQF and the implications for them of its introduction.

An invitation to the private sector to enter a partnership to build the country's skills

The scale of expansion and reform that is contemplated to guarantee Pakistan the skills that it requires will not be possible without greater involvement by the private sector. The implementation of the TVET Policy is not a job for government alone.

An enhanced employer role is required for the following reasons:

- Policy, and the review of its implementation, should involve those who create jobs and who understand the skills that are required currently and which will be needed in the future. The generation of future jobs will depend largely on the efforts of employers. They are best-placed to assess demand;
- There are many ways in which employers can support the reform of TVET. For example, competency-based training will be realised only if employers are engaged in setting standards, programme design, the authentication of learning and teaching materials and assessment processes. Their participation in the management of TVET institutions will support the adoption of a more rigorous and professional management approach. They are in a position to develop partnerships with training providers to support the professional development of teaching and training staff and to offer work experience opportunities to students/trainees;
- Significant expansion in training programmes and places will depend on an increase in apprenticeships and employers providing more training opportunities, directly or through the establishment of new institutions.⁴

There are examples of the contribution that employers are making to raise the levels of skills

⁴ There is a major role for non-government organisations to develop training provision as well. This will be encouraged through the proposed National Skills Fund, which is discussed later.

in the country and the emergence of networks to develop new programmes and training facilities. But this activity and engagement needs to be taken to a higher level, to

- Encourage and support employers to undertake more training directly, including providing apprenticeships on a scale comparable to competitor countries;
- Incentivise and promote the establishment of more private sector, employer-led training centres and facilities;
- Facilitate the involvement of employers in the reform and management of publicly-funded TVET provision.

Arguments for greater employer engagement in TVET

- It is in the business interests of employers to invest in their own workers and their families and that improvements in productivity and quality will add to the 'bottom line' and increase profitability;
- Employers have a vested interest in ensuring that congenial conditions for business and economic growth are developed and maintained. Investment and business growth are not stimulated in societies which lack cohesiveness and where there are risks of civil disturbance. It is worthwhile for the private sector to try to defuse the 'demographic time-bomb', for example, and help to provide positive opportunities for young people;
- The private sector has the skills and knowledge to 'make a difference' and to inject energy and experience, both to generate new training opportunities and to support the reform of public TVET provision;
- There is a moral justification for enterprises to demonstrate corporate social responsibility and to contribute to economic and social growth beyond their immediate business concerns.

The Government believes that there is a series of practical measures that can be taken to encourage employers to join a national effort to strengthen Pakistan's skills. These are:

- **To create an enabling environment:** a 'carrot and stick' approach has characterised the ways in which successive governments have sought to engage the private sector in training. The Apprenticeship Ordinance, for example, requires enterprises of a certain size to provide apprenticeships, with tax and excise concessions available to them. The Government accepts that an approach based on coercion, mitigated by incentives, has not worked. It is not the most appropriate way to encourage employers to develop training opportunities. The Government is committed to the introduction of a more enabling environment and invites employer representative organisations to join discussions about how a new working relationship can be developed.
- **To develop a more supportive framework:** the range of potential demands on employers to contribute to skills development is broad. It is clear that not all employers are yet convinced of the benefits of investing in training. The Government believes that employers' representative organisations and associations could play a role in assisting employers to provide training and to become involved in different aspects of skills development (for example, in determining occupational standards or membership of the governing board of a TVET institution). Employers' organisations may not as yet have the capacity to undertake this advisory and supportive work and they may require additional resources and technical assistance to undertake this new role. The Government will explore with employers' representative bodies the scope for providing additional support to them, including access to international technical assistance.
- **To review the scope for financial incentives:** for many years, tax and excise relief has

been available to employers who provide apprenticeships and who purchase training equipment. These provisions are little used, however, in part because they are not widely known about and bureaucratic procedures deter the submission of claims. The Government accepts that incentives may be required to promote and expand training, and that the private sector should be able to access public funds that are available for training. These are significant issues that the Government wishes to explore further with employers.

- **To guarantee an employer role:** there are many skills development activities that will benefit from employer involvement. As discussed already, these include the determination of standards, the design of training programmes and the management of TVET institutions. The Government will include in new, comprehensive skills development legislation, the statutory right of employers, and other stakeholders, to be partners in decision-making and in the oversight of national and provincial TVET policy and its implementation. The legislation will include provision for the creation of the Pakistan Skills Partnership to institutionalise the partnership at national level, and this is discussed further below.

Continuing and accelerating reform

The reforms proposed in the National Skills Strategy (2009) will be continued and accelerated and the various interventions and initiatives that it sets out will be implemented by no later than 2020. The analysis and proposals set out in the National Skills Strategy have informed the preparation of this TVET Policy. The annual planning system introduced by the TEVTAs and NAVTTC is based on the objectives of the National Skills Strategy. Perhaps unsurprisingly there are marked variations across the provinces in achieving objectives due to the disparity of resources available to them. There is no formal mechanism for reviewing performance collectively or for the exchange of good practice and experience.

The Task Force established to develop the TVET Policy will be given the role to monitor the implementation of the National Skills Strategy in the immediate future.

Collaboration across all government sectors

Skills development is not a discrete and isolated policy area. Investment in training must contribute to the achievement of economic and social policy goals. The introduction of a national standards-based TVET system and competence-based training should include all skills development activities funded and supported by government departments.

This means that:

- Mechanisms will be established to determine the skills that will be needed to implement economic, social and infrastructure strategies to inform the design of training programmes to be offered by public and private training providers;
- Information dissemination and capacity development will be required in government ministries and agencies, to inform and support those responsible for the design and commissioning of training, to understand the National Vocational Qualifications Framework and its implications for their work.

The Ministry of Federal Education and Professional Training will take the lead in developing dialogue and collaboration between ministries and government agencies.

TVET and general education

Education strategies have argued for the greater inclusion of technical and vocational education in general school curricula. There is experience on which to build that suggests that the successful introduction of TVET in schools demands suitably qualified teachers, sufficient resources for the acquisition of equipment and materials and curricula that are relevant locally.

Two broad approaches are possible. The first concerns curricula that are concerned with introducing learners to the 'world of work', including information about jobs, guidance, 'taster' activities and introduction to basic techniques (for example, use of hand tools, maintenance). Such activities are concerned essentially with exposing learners to potential areas for further learning. The second is training-oriented, designed to provide marketable skills and to encourage self-employment.

The Ministry of Federal Education and Professional Training will initiate a pilot programme to establish Technical High Schools. This will test the feasibility of developing such institutions and provide experience and evidence on which to plan a national initiative. The introduction of the pilots will provide the opportunity for public-private partnerships to establish Technical High Schools.

Governance and institutional structures of TVET

The following principles have been adopted in reviewing the governance and legal structures that are required to bring about the systemic changes that are needed to increase training provision on a massive scale, whilst raising the quality of programmes and outcomes. These are:

- **Clarity about roles and responsibilities:** there are public TVET organisations with similar and overlapping functions currently and any doubts or ambiguity as to who is responsible for what must be eliminated. Successful TVET should be based on the creation of communities of trust and partnerships, and these are dependent on organisations understanding what is expected of them. However carefully functions may be defined, there are likely to be 'grey areas' where formal responsibilities have not been defined fully. Only discussion will resolve such issues and this needs to be based on mutual trust and respect, qualities that still need to be built, especially in the public TVET sector;
- **Accountable institutions and people:** institutions and individuals are responsible for the use of funds and other resources and for meeting operational targets and goals. This means that the relationships between organisations and their lines of reporting must be clear and transparent;
- **Autonomy and devolution:** decisions, especially operational ones, need to be made closest to where implementation happens. The TVET system is still relatively immature and capacity and systems need to be built before delegation and a complete network of autonomous TVET institutions can be created, but the goal should be clear;
- **Synergy and collaboration:** the challenge of expanding TVET provision and raising its quality will provide sufficient work to consume the energies and talents of all existing education and training organisations, but structures and systems are required to foster greater collaborative working;

- **Avoiding conflicts of interest:** functions need to be separated to avoid conflicts of interest. Thus, for example, the setting of standards should not be confused with the delivery of training; assessment and certification are functions that are linked to, but distinct from, the provision of training. These different accountabilities have become blurred and need to be differentiated clearly.

A new TVET landscape

The implementation of the national TVET Policy will require the development of new functions, the recruitment of high-level technical, managerial and professional skills and institutional arrangements that will secure the engagement of the private sector. It will require fit-for-purpose organisations that are focused on the execution of clear mandates. The institutional landscape will change, with revised functions for existing bodies and the creation of two new bodies. **Annex 5** shows the new landscape and the inter-relationship of organisations.

The **Ministry of Federal Education and Professional Training** will continue to be responsible for the development of national policy, the drafting of legislation and budgetary submissions and financial allocations. It will be supported by a reorganised **NAVTTTC**. This will be a policy and regulatory body that will oversee the implementation of policy, provide technical advice and support to the Ministry and will review the need for legislative or regulatory amendments. Its core task will be to monitor and review TVET developments from a national perspective to ensure that the skills needs of the country as a whole are identified and are provided. NAVTTTC will be restructured to enable it to fulfil this new role.

In order to develop and implement the National Vocational Qualifications Framework, an independent **Pakistan National Vocational Qualifications and Quality Assurance Organisation** will be established. This will not be a large, bureaucratic body, but a focused and specialist organisation. Its precise legal form has still to be decided, but it will probably be a Section 42 Company (Companies Act 1984). It will be governed by a board of directors, the majority of whom will represent employers. It will be able to establish its own terms and conditions for the employment of staff, so that it can attract and retain people with appropriate levels of knowledge and experience.

Key functions of the Pakistan National Vocational Qualifications and Quality Assurance Organisation

- Management of the National Vocational Qualifications Framework, including guidance for developing qualifications, their recognition and registration and record keeping for current qualifications;
- Support for the operation of the TVET system in specialist areas within the Qualifications Framework, such as Recognition of Prior Learning (RPL) and Credit Transfer;
- Development and oversight of the assessment processes, emphasising the integrity of outcomes achieved;
- Development and oversight of the certification system – the awarding of qualifications;
- Establishment of criteria and requirements for assessors to undertake competence-based assessments;
- Management of quality assurance for TVET components and products: many products, such as competence standards, will be developed externally, but

- ensuring that due processes have been followed will be the responsibility of those maintaining the National Vocational Qualifications Framework;
- Oversight of quality assurance of organisations that train and assess learners/ trainees, including accreditation of providers and training programmes;
- Delegation of roles in relation to quality assurance; many aspects of this work will be decentralised, particularly to provinces;
- Development of technical policy;
- Establishment of international equivalences of qualifications and enhancing the acceptance of Pakistani qualifications overseas;
- Liaison with international organisations responsible for National Qualifications Frameworks and regional bodies developing cross-national frameworks, such as ASEAN and the European Commission (European Qualifications Framework).

It will take time to establish formally the Pakistan National Vocational Qualifications and Quality Assurance Organisation organisation, but developmental work will continue under the auspices of the NAVTTC. The Government will provide funds to enable this important initiative to proceed and it will seek international donor assistance and technical support to help drive and sustain this work.

The agenda for this proposed new body is daunting in both its scale and ambition. It will have to seek to change attitudes and practices, especially in such areas as assessment and building links with the informal sector. International experience suggests that it will take time to establish such a body and to educate TVET practitioners and stakeholders about its purposes and functions.

In such a large and diverse country as Pakistan, it would be impossible for such an organisation to carry out all of its functions directly. It will need partners and the authority to delegate functions, particularly to the provinces. These will include, but not be limited to, the design of qualifications, accreditation of training providers and assessment of learners/ trainees.

The Government will legislate to establish the **Pakistan Skills Partnership**. This will be a stakeholder, employer-led body. The rationale for its establishment can be stated simply:

- The engagement of the private sector, which is necessary for the development of skills in Pakistan, is institutionalised and given formal, public expression;
- It is a practical demonstration that the Government is committed to a partnership approach;
- Current organisational arrangements have failed to provide a strategic focus and national profile for skills development.

The functions of the Pakistan Skills Partnership will be to:

- Advise government on skills policy, priority sectors for intervention and labour market needs - this would include the development and maintenance of the National Skills Information System;
- Oversee the implementation of the National Skills Strategy and integration with economic and social development policies and initiatives;
- Investigate funding options for TVET and undertake research into key areas for development;
- Bring employers and TVET institutions together, including through formal bodies such as

- Sector Skills Councils or Skills Development Councils;
- Support and enhance apprenticeships;
- Development of human resources in the TVET sector;
- Promote skills development as a route to jobs, further education and training and self-employment and its investment benefits to employers;
- Administer the National Skills Fund (see below);
- Support active labour market initiatives;
- Develop and support national performance monitoring of TVET, in conjunction with federal and provincial governments.

The Pakistan Skills Partnership Board will represent federal and provincial interests and the principal economic sectors, with the majority of members drawn from the private sector. It is not envisaged that the Pakistan Skills Partnership will require a large staff, since it is expected that it will achieve many of its objectives through topical working groups, many technical in nature, with expertise drawn from national and provincial government departments and agencies, the private sector and education and training professionals.

Although current legislation requires the majority of TEVTAs to co-operate with NAVTTC there is no formal mechanism to encourage and support a national dialogue on skills development issues. Interaction between national and provincial concerns, with stakeholders and social partners about skills development should be encouraged. The Pakistan Skills Partnership will fulfil this role.

The creation of the Pakistan Skills Partnership will have implications for the revitalised National Training Board/Bureau. This will continue to have a major role and its precise functions will be determined by the Ministry.

No specific proposals are made about provincial and regional structures, other than in relation to Islamabad Capital Territory, Federally Administered Tribal Areas and Gilgit Baltistan. The significant structural changes that we are proposing have consequences for the TEVTAs. Provincial administrations will have the opportunity to review their current arrangements for the oversight and management of TVET and skills issues, and it is hoped that any legislative changes that they may wish to introduce will be harmonised with the drafting of national legislation. One key issue that provincial TEVTAs will need to address is how the standards of the TVET sector, and in particular the operation of the Pakistan National Vocational Qualifications Framework, will apply across the skills development/TVET institutions and the training programmes of all ministries. The answer may differ between provinces, but the role of TEVTAs to promote standards and coordinate training should be part of the considerations.

Funding and finance

Perhaps the single most important factor that will contribute to the building of skills is to secure adequate and sustained funding so that medium-term initiatives can be embarked upon with confidence. The current funding regime is characterised by short-termism and a lack of certainty over the amounts and timing of transfer payments, particularly to fund development and innovation. Public investment in TVET is low, recurrent expenditure is

historically based and spent largely on wage costs. Within individual training institutions there is scope for savings if low occupancy levels are addressed and there should be opportunities for rationalizing management structures. At both national and provincial levels there are opportunities for reviewing the functions of existing bodies to explore possibilities for mergers or abolition.

It would be naive to suggest that proposing the allocation of additional resources to TVET by government is an easy decision, given the competing demands that the national and provincial governments face, but the case is persuasive, given the challenges to be addressed and the return on the investment – assessed in terms of increased productivity and competitiveness, growing remittances, lower poverty levels and greater social cohesion. A clear commitment by Government to the priority status of TVET is likely to leverage donor and international support.

The scope for generating additional income within the TVET sector is limited. In addition to economies that might be made, income could be increased by requiring learners/trainees to pay realistic fees, with provisions to cater for poor and vulnerable groups; encouraging training providers to set up production units (e.g. a training centre that offers carpentry programmes might manufacture furniture for sale; a hospitality programme might run a restaurant). There are arguments for and against each potential revenue stream. Using fees as a more direct way to fund TVET may run counter to constitutional provisions for free education, but with adequate safeguards charging for TVET might make learners/trainees appreciate the experience more, and fees are a feature of the system already. The benefits of production units lie not just in the money they might generate; they provide practical work experience, contact with customers and opportunities for learners/trainees to have 'hands-on' experience of running a business. They can also be a distraction and divert training institutes from their principal purpose. However, entrepreneurship should be encouraged, and where feasible such units should be supported, but they are marginal in terms of generating additional funds.

In the medium term, there are prospects of additional funds, particularly from assessments and trade tests if the National Vocational Qualifications Framework is launched successfully. This particularly applies to people seeking certification of skills to help them access the overseas labour market.

International arrangements and trends in the funding and financing of TVET have been reviewed. These include sharing responsibilities between governments, employers and learners/trainees on the principle that the main beneficiaries of training should contribute to costs. Cost sharing involves charging realistic fees to be paid by learners/trainees, usually with loan or bursary arrangements to assist poorer people and so encourage access. Employer incentives include levy and grant schemes. International trends include innovative funding regimes for training providers, including incentive schemes to encourage improved performance and competitive tendering for training provision to encourage the growth of a TVET market as a strategy to improve performance.

The necessary conditions, however, do not exist for major innovations in TVET funding and finance in the short-term, for the following reasons:

- The tax collection system is not sufficiently robust to operate a training levy system that is based on payroll, contract values or other criteria. Its introduction would require detailed planning, both to operate a levy system and to tackle issues of non-compliance, policing and monitoring. To be successful, a training levy should have the support and cooperation of employers and the necessary groundwork and discussion will take time. At present the introduction of a training levy would be seen as simply a punitive tax; given the history of levies in the country it would be viewed with suspicion and would fail to provide the incentives to encourage employers to invest in TVET;
- Whilst there is accounting expertise in the public TVET sector, there is not enough in-depth financial management capability to administer sophisticated or complex funding regimes. The development of TVET Management Information Systems is underway but these need to be completed, along with additional capacity development in financial management and monitoring and evaluation processes before a performance-based funding system can be introduced;
- Radical changes to the fee arrangements in public TVET institutions and centres would require sensitive political preparation and should not be contemplated without the establishment of a loan and bursary system.

The design and implementation of a sustainable funding regime for TVET remains a priority, and there is much international experience on which to draw. The proposed Pakistan Skills Partnership will be charged to develop options for future funding, to reflect the following principles:

- Finance and funding arrangements to include incentives and penalties to encourage training providers to deliver programmes more efficiently, by maximising outputs and controlling unit costs, and which accord with economic priorities and objectives;
- Funding should enable learners/trainees from different backgrounds to access training opportunities equally;
- Funding to be adequate to enable the TVET policy to be implemented and sustainable to support continuous improvements in quality provision;
- Publicly provided TVET funds should be available to both public and private training providers on a competitive basis, with annual increases in the proportion of funds allocated on a competitive basis.

In order to promote skills development and demonstrate its commitment to TVET, the Government will:

- Introduce a separate, earmarked three-year budget for TVET. Funds for TVET have been part of the allocations made to education and other ministries and have not been identified separately. A defined medium-term TVET budget will show the importance attached to training, will enable more accurate allocations and expenditure reviews and should contribute to greater certainty in planning;
- Commit to increasing allocations to TVET from 2015 and in each of the succeeding three years, provided that progress in implementing reforms can be demonstrated;
- Establish a National Skills Fund in 2015, open to bids from any legal entity, to encourage

innovative training practices to increase the numbers of people with mid-level skills. Work will begin immediately to determine how the National Skills Fund will function and how bids will be made and assessed. The basis for allocations will be performance-based and payments will be linked to actual achievements. (Annex 6 describes the proposed fund in more detail).

These are significant innovations and demonstrate in a practical way the Government's intention to give skills development greater priority.

A new legislative framework

The Government will introduce comprehensive skills development legislation. This will give effect to the TVET Policy, define and clarify the functions of organisations and address existing anomalies and duplication in current legal instruments. A joint federal-provincial Task Team will prepare detailed proposals. This arrangement will ensure a national approach to skills development and will provide opportunities for provincial governments to review their TVET organisation in the light of national developments. Annex 7 outlines the possible scope of this legislation.

The Implementation Plan

The full implementation of the National TVET Policy will take many years to achieve. This Implementation Plan covers in broad terms the necessary activities for the next three years. Key activities are described with indicative timing, plus the organisations involved, targets/ milestones and the issues that will need to be considered in implementation.

Activities are grouped under five broad headings indicating different aspects of implementation. These are:

- Launch and introduction of the National TVET Policy – the initial activities to get implementation started – roughly running until 30 June 2015
- Development of institutional and legislative arrangements – sorting the roles and mandates of organisations and updating legislation and regulation to support implementation – roughly running to 31 December 2015, although some legislation may take longer
- Implementation of activities from Policy commenced and operational – getting key activities underway, including through interim arrangements – roughly running until 31 December 2015
- Undertaking priority activities in the Policy – the activities necessary to make TVET Policy operational are in place and working – roughly running until 31 December 2016
- Enhancing implementation of the Policy, including monitoring and evaluation – activities continue, but feedback is used to improve and redirect the process – roughly running until 31 December 2017

Launch and introduction of the National TVET Policy – to 30 June 2015

Key Activities	Timing	Organisations involved	Outcomes & Targets	Issues
Initial national announcement	Feb 2015	Ministry ⁵ , NAVTTC ⁶ , PMS office	Initial announcement to national audience	Coordination with other areas Suitable outline introductory material
Implementation Team established to coordinate government activity	March 2015	Ministry, NAVTTC	Establish coordination point for policy in or under auspices of Ministry	Provides support to implementation by coordinating government activity

⁵ Ministry refers to Ministry of Federal Education and Professional Trainings

⁶ National Vocational and Technical Training Commission

Key Activities	Timing	Organisations involved	Outcomes & Targets	Issues
Coordination workshop	March 2015	Ministry, NAVTTC and TRSP ⁷	Establish donor roles and extent of support desired and available	TRSP has been donor supported programme assisting development and implementation of Policy
Distribution of copies of National TVET Policy	March – April 2015	Ministry, NAVTTC and TRSP	To all major stakeholders	May also need a separate Urdu introduction/summary
National TVET Policy Implementation Group established	March – April 2015	Ministry, NAVTTC and TRSP	Steering group of stakeholders for implementation is in place	This is a revamp of the Task Force that developed the Policy
Briefing session for private sector, including employer and employee organisations	March – April 2015	Ministry, NAVTTC and TRSP	Introduce Policy to private sector and particularly start discussion on implementation of private sector role in skills development and TVET sector	
Conference and briefing sessions for international donors	March – April 2015	Ministry, NAVTTC and TRSP	Review progress of TVET reform and introduce Policy to all major donors in TVET sector	This will also enable coordination of donor activities and forward planning of donor projects
National TVET Policy conference	April 2015	NAVTTC, TRSP with provincial TEVTAs and private sector organisations	Introduce National Policy and implementation process to all major stakeholders	Support material needed Location Islamabad
Introduction and initial planning sessions	Late April – end May 2015	NAVTTC, TRSP, provincial and regional TEVTAs	Introduce National Policy and implementation process to all major stakeholders in each province Begin planning process for implementation in each province and region	Support material needed Link to plans and priorities in each province and region Will need to link to budget cycle for 2015 - 2016

7 TVET Reform Support Programme – donor funded programme for TVET in Pakistan managed by GIZ (German Development Agency)

Key Activities	Timing	Organisations involved	Outcomes &Targets	Issues
Policy outline available online	March 2015	NAVTTTC, TRSP	National Policy available with explanation for people in TVET sector and interested others	Clear summary essential

Development of institutional and legislative arrangements – to 31 December 2015

Establishing appropriate location for functions across federal organisations	March – May 2015	National TVET Policy Implementation Group with Ministry, NAVTTTC and TRSP	Functions allocated across organisations without duplication of mandates or gaps	Legislative change may be identified as necessary
Identify legislative requirements for operation of National Vocational Qualifications Framework (NVQF) & initiate development	February – May 2015	National TVET Policy Implementation Group with Ministry, NAVTTTC and TRSP, and provincial TEVTAs and other government agencies	Legislative and regulatory requirements for National Vocational Qualifications Framework ready for legislation and establishment	Requires agreement on institutional structures for operation of NVQF Requires drafting of legislation
Identify legislative requirements for National Skills Fund & initiate development	April – May 2015	National TVET Policy Implementation Group with Ministry, NAVTTTC and TRSP, and provincial TEVTAs and other government agencies	Legislative and regulatory requirements for National Skills Fund ready for legislation and establishment	Requires agreement on location of Fund Requires drafting of legislation
Identify legislative requirements for revising mandates of existing organisations and establishing new organisations & initiate development	May - August 2015	National TVET Policy Implementation Group with Ministry, NAVTTTC and TRSP	Legislative and regulatory requirements for organisations ready for legislation and establishment	Most of this will be updating existing legislation Requires drafting of legislation
Identify legislative requirements for establishing Federal TEVTA & initiate development of legislation	May – July 2015	National TVET Policy Implementation Group with Ministry, NAVTTTC and TRSP	Legislative and regulatory requirements for Federal TEVTA ready for legislation and establishment	Requires drafting of legislation
Review all legislative action required and identify potential for updating, revision and legislative consolidation	July – September 2015	National TVET Policy Implementation Group with Ministry, NAVTTTC and TRSP, and provincial TEVTAs and other government agencies	Extent to which legislative simplification and consolidation is possible identified and actioned	Requires a focus on achieving best outcomes as well as minimising disruption Includes considering areas like apprenticeship legislation
Identification and briefing of relevant government officials and parliamentary groups	September 2015	Ministry, NAVTTTC	Ensure scope of proposed legislative change is understood	
Completion of legislative development and submission to channels for consideration by Parliament	September 2015 – February 2016	National TVET Policy Implementation Group with Ministry, NAVTTTC and TRSP	Comprehensive legislative action prepared and submitted	The legislation will be considered by provincial authorities as well for implications
Legislation enacted	March 2016 on	Ministry	Comprehensive legislation in place	Depends on Parliamentary timing and views

Key Activities	Timing	Organisations involved	Outcomes &Targets	Issues
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Implementation of activities from Policy commenced and operational – to 31 December 2015

NVQF endorsed and established including any necessary regulation	February – April 2015	NAVTTTC	NVQF established so that implementation can commence	Critical starting point for policy implementation
Activity to implement NVQF gets underway	February – April 2015	NAVTTTC and TRSP	Implementation plan developed Staffing for functions initiated Interim structure linked to NAVTTTC established Arrangements with provinces developed Information program for TVET institutions and public developed	Implementation activity needs to commence ahead of establishment of final location in organisation – NAVTTTC can auspice and staff move to new structure when it is in place
Operational mechanisms for National Skills Fund developed	April – May 2015	National TVET Policy Implementation Group with Ministry, NAVTTTC and TRSP	Operational requirements for National Skills Fund ready for establishment	Requires agreement on location of Fund This links to any legislation required to establish Fund
National Skills Fund operational	August – December 2015	National TVET Policy Implementation Group with Ministry, NAVTTTC and TRSP	Fund is operational Funding received to distribute, with initial target 30 million Euros Grants program commenced	This will include donor coordination Criteria for funding and grant process will need to be publicised
Discussions with federal Ministries that have an interest/role in TVET	March – May 2015	Ministry	Introduce National TVET Policy and establish agreed coordination mechanisms	This particularly links to implementation of the NVQF and the need for all TVET agencies to use the resulting national standards and qualifications
Planning workshops with federal agencies and provinces to establish national and provincial priorities and budgets for funding of TVET	April – June 2015	NAVTTTC, TRSP and provincial TEVTAs and other relevant agencies with selected private sector input until Pakistan Skills Partnership in place	Priorities and funding for TVET sector identified Activities for the next year to support reform of TVET in each jurisdiction identified and budget sought	This will require sorting national, federal, provincial and regional priorities, and budget support required There will be variation depending on local circumstances
Annual briefing session and review of TVET reform with international donors	May 2016	Ministry, NAVTTTC and TRSP with relevant donors	Donors are briefed on progress with TVET reform and emerging priorities Areas for potential donor funding are identified and discussed	This provides a mechanism for bringing together Pakistan TVET reform activities and priorities with the activities of donors to ensure synergy and effective action
Development of approach to piloting introduction of Technical High Schools	April – July 2015	Ministry	Clear approach available to enable commencement of piloting project	Funding arrangements and potential locations will need to be part of the development

Key Activities	Timing	Organisations involved	Outcomes &Targets	Issues
Identification of priority economic sectors for full introduction of CBT ⁸	May – August 2015	National TVET Policy Implementation Group with Ministry, NAVTTC and TRSP in cooperation with provincial TEVTAs	At least 2 priority economic sectors identified for full CBT introduction Discussions initiated with private sector and training institutes serving those sectors	Full CBT introduction is targeted to sectors where there is an identified need for skilled labour to enhance activity
Regular discussions conducted with private sector leading into greater involvement with TVET	May – December 2015	Ministry, NAVTTC and TRSP	Areas for active involvement of private sector developed and introduced Pakistan Skills Partnership initiated Processes for increasing private sector direct involvement in training (such as through PPP) agreed and developed	Establishing private sector training institutions and recognition of in company training will be part of this Approach to reviewing and expanding apprenticeship system also a key element
Budget allocation to TVET from Federal Government planned and agreed	March – August 2015	Ministry	Budget for TVET clear as a separate expenditure item Increase is agreed	This will be the start of a change to TVET funding from the Federal Government

Undertaking priority activities in the Policy – to 31 December 2016

NVQF is being implemented and NVQF and Quality Assurance body established	January – December 2016	NAVTTC and TRSP in cooperation with provinces and regions (primarily through TEVTAs)	Development plan being implemented Staffing for functions is completed Final organisational structure and location is established Arrangements with provinces for operation of NVQF and quality assurance in place Information program for TVET institutions and public is fully operational	National standards for all aspects of operation of NVQF need to be in place – in particular covering qualifications, assessment and certification and the delegation of functions Existing processes and bodies integrated into operations e.g. Accreditation Council
Planning workshops with federal agencies and provinces to establish national and provincial priorities and budgets for funding of TVET	April – June 2016	NAVTTC, TRSP and provincial TEVTAs and other relevant agencies with Pakistan Skills Partnership	Priorities and funding for TVET sector identified Activities for the next year to support reform of TVET in each jurisdiction identified and budget sought	Review and evaluation of the previous years' experience will be part of this, plus any changes in approach to implementing TVET reform and full introduction of CBT
Support review of legislation and structures for TVET in each province	January 2016 – December 2016	NAVTTC, TRSP and provincial TEVTAs and other relevant agencies with Pakistan Skills Partnership	Provinces are able to review their own TVET legislation and structures in light of national changes flowing from Policy implementation	This is an opportunity to review – provincial governments will make their own decisions about how best to structure TVET in their jurisdictions given national Policy

8 CBT – Competency Based Training

Key Activities	Timing	Organisations involved	Outcomes &Targets	Issues
Pilot Technical High Schools are established and operating	January 2016 – December 2016	Ministry	At least 2 pilot Technical High Schools operating Criteria for evaluation of effectiveness of pilots developed	Additional pilots may be developed during this stage
Mechanism for providing a national Recognition of Prior Learning (RPL) service identified and established	January 2016 – December 2016	NAVTTTC, TRSP and provincial TEVTAs and other relevant agencies with Pakistan Skills Partnership	National mechanism for RPL service operating within NVQF identified Assessment and certification processes established Establishment commenced and pilots operational	This service is primarily targeted at people planning to travel overseas to work who need certification of their skills, and at people who obtained their skills in the informal sector and need certification to access employment or training
Formal coordination with private sector through meetings and then Pakistan Skills Partnership as it is established as peak private sector component in TVET operational system	January – December 2016	Ministry, NAVTTTC and TRSP	Active involvement of private sector increases Pakistan Skills Partnership established and operational Direct involvement in TVET through mechanisms such as Sector Skills Councils initiated as pilots Training by private sector through both institutes and companies formally part of TVET system and increasing	Private sector training institutions and in company training will be covered by the NVQF Approach to expanding apprenticeship system agreed and implementation commenced Includes development of mechanisms for private sector to develop national competency/skill standards for economic sectors
Investigation of possible mechanisms for funding the TVET sector and skills development	January – December 2016	Pakistan Skills Partnership with Ministry, NAVTTTC and TRSP	Scope of study on funding mechanisms for TVET in Pakistan developed Study initiated	This will commence once Pakistan Skills Partnership is in place and resources available
Establishing full CBT based training, assessment and certification for identified priority economic sectors	January – December 2016	National TVET Policy Implementation Group (and as replaced by it the Pakistan Skills Partnership) with Ministry, NAVTTTC and TRSP in cooperation with provincial TEVTAs	Full CBT introduction underway in the priority economic sectors Role of private sector and training institutes serving those sectors clear Timelines, resources and support agreed	Evaluation mechanisms for considering how full CBT introduction worked in these sectors will need to be developed This will include labour market analysis of impact of skilled labour and identification of priority occupations
Capacity building of all relevant TVET organisations in identified priority economic sectors	January – December 2016	National TVET Policy Implementation Group (and as replaced by it the Pakistan Skills Partnership) with Ministry, NAVTTTC and TRSP in cooperation with provincial TEVTAs	Full introduction of CBT supported by capacity development of relevant staff involved and improvement to organisations (institutes, company training arms)	Initial analysis of capability needed Key areas will not just be pedagogy but technical expertise in area training in, plus assessment skills. Also integrity of assessment and certification systems
Progress report on implementation of the Policy and the NSS	April 2016	Ministry, NAVTTTC	Review of implementation provides guidance on progress and on any adjustments required to approach	

Key Activities	Timing	Organisations involved	Outcomes & Targets	Issues
Budget allocation to TVET from Federal Government planned and agreed	March – August 2016	Ministry	Budget for TVET clear as a separate expenditure item Increase is agreed as part of progressively moving to TVET receiving at least 33% of overall federal education funding by 2025 3 year forward budget commitment introduced	This will be the start of a trial of forward budget commitments to TVET in funding from the Federal Government to provide greater security of funding
Federal TEVTA established	January – June 2016	Ministry	Federal TEVTA in place with clear mandate and access to facilities and resources	Legislative requirements will impact on the timing
Reform of apprenticeship system	January – December 2016	Pakistan Skills Partnership with Ministry, NAVTTC and TRSP in cooperation with provincial TEVTAs	Mechanisms and system changes to increase attractiveness of apprenticeship system put in place Progress occurring towards achieving target of 250,000 in apprenticeships by 2025	This may require a range of changes – to legislation, incentives and funding – plus expansion of the occupations covered by apprenticeships

Enhancing implementation of the Policy, including monitoring and evaluation – to 31 December 2017

NVQF and quality assurance arrangements are fully operational nationally	January – December 2016	NVQF and Quality Assurance body and NAVTTC in cooperation with provinces and regions (primarily through TEVTAs)	NVQF fully operational NVQF and Quality Assurance body fully staffed and operational Arrangements with provinces for operation of NVQF and quality assurance functioning effectively National Vocational Qualifications are recognised and valued by graduates and employers	National standards for all aspects of operation of NVQF are being adhered to. Evaluation of operation of NVQF commences to guide further operation. Labour market analysis commences to establish the value of National Vocational Qualifications in the labour market
Planning workshops with federal agencies and provinces to establish national and provincial priorities and budgets for funding of TVET	April – June 2017	NAVTTC, provincial TEVTAs and other relevant agencies with Pakistan Skills Partnership	Priorities and funding for TVET sector identified Activities for the next year to support reform of TVET in each jurisdiction identified and budget sought	Review and evaluation of the previous years' experience will be part of this, plus any changes in approach to implementing TVET reform and full introduction of CBT
Annual briefing session and review of TVET reform with international donors	May 2017	Ministry and NAVTTC with relevant donors	Donors are briefed on progress with TVET reform and emerging priorities Areas for potential donor funding are identified and discussed	This provides a mechanism for bringing together Pakistan TVET reform activities and priorities with the activities of donors to ensure synergy and effective action

Key Activities	Timing	Organisations involved	Outcomes &Targets	Issues
National Skills Fund operating and distributing funds to improve TVET operation and quality	January 2016 – December 2017	Pakistan Skills Partnership with Ministry and NAVTTC	Fund is operational, has an increasing amount of funds to distribute Funding support is being developed towards target of 250 million Euros by 20125 Grants are being progressively evaluated for impact and to guide processes	This will include significant donor coordination Criteria for monitoring and evaluation of impact of funding and grant process will need to be in place
Full CBT based training, assessment and certification operating in identified priority economic sectors and new sectors identified	January – December 2017	Pakistan Skills Partnership with Ministry and NAVTTC in cooperation with provincial TEVTAs and NVQF and Quality Assurance body	Full CBT in place in the priority economic sectors Evaluation of approach and impact commencing Additional priority economic sectors identified (at least 2 more) and introduction of full CBT commenced Expanding provision will contribute towards the target of 1,000,000 training places being available annually by 2025	Role of private sector and training institutes serving those sectors clarified to find best balance of provision and value for money in funding Mechanisms are in place for private sector development of national competency/skill standards for the identified priority economic sectors
All relevant TVET organisations in identified priority economic sectors capable and offering full CBT	January – December 2017	Pakistan Skills Partnership with Ministry, NAVTTC and TRSP in cooperation with provincial TEVTAs and NVQF and Quality Assurance body	Capacity development of relevant staff involved and improvement to organisations (institutes, company training arms) now focussing on new priority economic sectors Organisations in priority economic sectors largely able to sustain own capability in future	There will need to be a continuing emphasis on the integrity of assessment and certification systems
Formal coordination with private sector through Pakistan Skills Partnership continues	January – December 2017	Ministry, NAVTTC	Active involvement of private sector increases Direct involvement in TVET through mechanisms such as Sector Skills Councils continue and pilot activities start to be evaluated Training by private sector through both institutes and companies increasing towards target of being 40% of TVET system by 2025	Private sector training institutions also offering innovative approaches Evaluation of effectiveness of funding mechanisms will also link to this Implementation of approach to apprenticeships continues

Key Activities	Timing	Organisations involved	Outcomes & Targets	Issues
Identification of feasible and effective mechanisms for funding the TVET sector and skills development	January – December 2017	Pakistan Skills Partnership with Ministry, NAVTTC and TRSP	Study report establishes suitable mechanisms Stakeholder consideration identifies those wish to proceed with Advice provided to government on action needed to implement new funding mechanisms for TVET in Pakistan.	There will be a focus on what will work and deliver worthwhile funding, and from what sources the funds will come
Pilot Technical High Schools are established and operating	January – December 2017	Ministry	Technical High School pilots operating effectively Evaluation underway Planning underway to support 10% of High Schools being Technical ones by 2025	Funding arrangements and agreements with provinces will need to be part of the expansion planning
National Recognition of Prior Learning (RPL) service operational	January – December 2017	NAVTTC and provincial TEVTAs and other relevant agencies with Pakistan Skills Partnership	National mechanism for RPL service operating effectively within NVQF in pilot form Expansion of service nationally underway	Evaluation will establish if assessment and certification processes are working and credible Commence evaluating acceptability in international labour market
Progress report on implementation of the Policy and the NSS	April 2017	Ministry, NAVTTC	Review of implementation provides guidance on progress and on any adjustments required to approach	At this stage some review of priorities is likely to be necessary
Budget allocation to TVET from Federal Government planned and agreed	March – August 2017	Ministry	Budget for TVET is clear as a separate expenditure item and in line with forward budget commitment plus any agreed increase	Budget allocations will be subject to achieving performance outcomes with previous activity
Reformed apprenticeship system operational	January – December 2017	Pakistan Skills Partnership with Ministry and NAVTTC in cooperation with provincial TEVTAs	Mechanisms and system changes to increase attractiveness of apprenticeship system in place Progress occurring towards achieving target of 250,000 in apprenticeships by 2025	Changes in place and evaluation of effectiveness of approaches developed and underway Expansion of the occupations covered by apprenticeships continues

Annex 1

National TVET Policy Task Force: Its Membership and Terms of Reference

Chairman: Additional Secretary, Ministry of Federal Education and Professional Training, Dr. Allah Bakhsh Malik	
Secretary, Ministry of Finance, Islamabad	Head of Punjab Medical Faculty, Lahore
Secretary, Ministry of Overseas Pakistanis & HRD, Islamabad	Chairman, Nestle Pakistan Ltd, Lahore
Chairman, TEVTA Punjab, Secretariat, Lahore	President, Employers' Federation of Pakistan, Karachi
Managing Director, Sindh TEVTA HQs, Karachi	President, Federation of Pakistan Chamber of Commerce & Industries, Karachi
Director Operations, KPK TEVTA, Peshawar	President, Sindh Women Chamber of Commerce & Industries, Karachi
Secretary, Labour & Manpower Department, Quetta	President, Islamabad Chamber of Commerce & Industries, Islamabad
Secretary/ Chief Operating Officer, AJK-TEVTA, Muzafarabad	President, Lahore Chamber of Commerce & Industries, Lahore
Member Social Sector, Ministry of Planning & Development, Islamabad	President, Karachi Chamber of Commerce & Industries, Karachi
General Manager, Technical, FDC, FATA	President, Quetta Chamber of Commerce & Industries, Quetta
Registrar, Pakistan Engineering Council, Islamabad	President, KPK Chamber of Commerce & Industries, Peshawar
Director General, National Training Bureau, Islamabad	CEO, Hashwani Hotels Ltd./Pakistan Services Ltd, Islamabad
Vice-Chancellor UET, Lahore	CEO, Engro (Pvt) Ltd, Lahore
Secretary, Education & Planning, Gilgit-Baltistan	Programme Officer, ILO Country Office, Islamabad
Chairman Pakistan National Accreditation Council, Islamabad	CEO, Nishat Group of Industries, Lahore
Secretary, Government of Sindh Finance Department, Karachi	CEO, Dewan Mushtaq Industries, Lahore
Ex-DG, NISTE, Islamabad	Chairman, Pakistan Business Council, Karachi
Head/CEO, Trade Development Authority of Pakistan, Karachi	Chairman, Pakistan Agriculture & Dairy Farmers association
Head/CEO, Small & Medium Enterprises Development Authority, Lahore	Vice-Chairman, FPCCI Standing Committee on TEVT + Science & Technology

Terms of Reference

1. The principal function of the Task Force is to prepare a consensus document that sets out a draft National TVET Policy for Pakistan for presentation to the Government.
2. The overall objective of the Task Force is to achieve national agreement about a workable National TVET Policy that aligns with the national development framework and the needs of the labour market - by making TVET more demand-driven and efficient through defined priorities and strategic direction including:
 - defining priority skill needs in Pakistan;
 - providing strategic directions for TVET reform;
 - identifying public investment priorities; and
 - establishing the major operational principles for the training and education system.
3. The objective of the Task Force is to lead a policy dialogue by formulating the draft policy document. This will involve:
 - A critical review of the current state of the TVET sector and progress in implementing the National Skills Strategy. This review will identify major challenges that need to be addressed;
 - The identification of skills to meet critical economic and social needs. The aim is:
 - to improve competitiveness in the agricultural, industrial and service sectors, including energy and the 'greening' of production;
 - to maintain and increase employment overseas;
 - to enhance the productivity of the informal sector; and
 - to stimulate gainful employment and economic opportunities for the poor and marginalised;
 - The definition of the overarching objectives of TVET based on national priority development needs;
 - The determination of priorities to re-orientate TVET in line with economic and social development policies over the next decade;
 - The identification of priorities for public investment in TVET, including increasing access to training;
 - The preparation of strategies to enhance the efficiency of TVET and to diversify funding sources to ensure the long-term sustainability of skills development;
 - The identification of realistic and appropriate mechanisms to encourage greater involvement and leadership by employers and workers in TVET policy-making and delivery and to increase the engagement of the private sector in TVET planning, implementation and quality assurance as well as establishing public-private partnerships;
 - The design of feasible mechanisms and approaches to ensure that TVET planning is based on thorough assessments of labour market requirements;
 - The development of certification and recognition processes that are consistent and transferable for people;
 - The definition of institutional responsibilities for TVET policy determination and its implementation in light of the 18th Amendment to the Constitution;
 - The determination of mechanisms to increase linkages and cooperation between TVET and related policy areas;

- The development of an implementation plan and monitoring framework for TVET reform;
- The determination of the legal and regulatory framework necessary to support TVET reform and development that identifies the responsibilities of stakeholders;
- The definition of the major operational principles for the implementation of the National TVET Policy.

Annex 2

Skills and The Economic and Social Development of Pakistan: Why Skills Development is Important

Skills development⁹ is important for Pakistan and is an issue that deserves a higher profile in determining its future social and economic development. Greater investment in skills development is necessary and essential:

- To contribute to economic reforms and to support the continuing transformation of the economy;
- To provide opportunities for the increasing numbers of young people who will be joining the labour market and to capitalise and benefit from the advantages of a young work-force. There are potential negative economic and social consequences if Pakistan's youthful population is idle and unable to play a positive role;
- To provide a skilled workforce to compete in the regional and international labour markets. The export of labour is a positive labour market policy, but Pakistan faces competition from other countries that are investing in skills. Increasingly importing nations will require workers with internationally recognised qualifications. The appropriate certification of workers will reduce the risk of redundancies and repatriation.

Economic reforms and sustained economic development

Increasing numbers of people are concerned about the state of the economy. In 2012 some 90 per cent of participants in a national survey described the economy as poor, a significant shift in opinion since 2007, when 59 per cent of people in a comparable survey thought that economic developments had been positive.¹⁰ As Table 1 shows there are good reasons for this pessimism:

Table 1: Economic Trends¹¹

	2002-2007	2008-2013
Average annual growth	6 per cent	3 per cent
Population in poverty	30 per cent	40 per cent
Fiscal deficit	4 per cent of GDP	7 per cent of GDP
Public debt	Rs 4.5 trillion	Rs 15 trillion
Rs:\$US exchange	Rs 60	Rs 100

In addition, despite increasing world trade, Pakistan's share of global exports dropped from

⁹ The terms 'skills development' and TVET (Technical and Vocational Education and Training) are used interchangeably.

¹⁰ Pew Global Attitude Surveys 2007 and 2012

¹¹ IMF, World Bank data

0.2 per cent in 1990 to 0.18 per cent in 2011. Its global competitiveness position has worsened from a rating of 130th to 133rd out of 148 countries.¹²

Yet Pakistan has abundant potential and capacity for growth, with strong fundamentals – mineral and agricultural resources, strategic geographical position and favourable demographics.¹³ Whatever assessments are made of macro-economic policies and their impact, there is no doubt that economic performance in recent years has been undermined by non-economic factors (political instability, security and vulnerability to natural events).

In the Budget Speech in June 2013, the Government introduced a number of fiscal and economic reforms designed to build an economy that is not dependent on others except through trade and investment. An annual growth target of 7 per cent by 2015 has been set and growth is to be achieved through competitive advantage.¹⁴ Vision 2025 sets the priorities for achieving sustained growth – energy security, adding-value in production units, modernising and improving the connectivity of infrastructure, promoting small and medium sized-enterprises and ensuring the democratic governance of institutional reforms.

Improving productivity

The report – Pakistan Employment Trends 2011¹⁵ – concludes that:

Pakistan has seen very low labour productivity over the last decade. In addition the relatively low growth in labour productivity has not gone hand in hand with the increasing labour force and employment growth. This development suggests that many new labour market entrants are taking on low-productivity, poorly remunerated work. The findings suggest that the problem in Pakistan is not so much the absence of economic activity but is more the low quality and low productive nature of these activities which lead to low incomes in the country.

The growth strategy recognizes that while improving the infrastructure, correcting market imperfections, strengthening institutions, and so on are vitally necessary measures, they are not enough. Productivity will never increase sufficiently unless the men and women who work the infrastructure, run the institutions, labour in field, factory, school, hospital, shop, and office are themselves healthy, trained, and efficient. The physical capital will come to naught unless backed up by adequate human capital. Human resource development thus plays a crucial role in the strategy.

Currently Pakistan is ranked as the second lowest of 24 Asian economies in measuring efficiency to convert inputs to outputs. The country is rated even lower in terms of human capital development.

12 Competitiveness Report, World Economic Forum 2014, comparison of 2013 and 2014 ratings

13 Asian Development Bank Country Review; Carnegie Foundation

14 The Punjab Strategy for Accelerating Economic Growth and Improved Service Delivery, 2009 is based also on productivity improvements.

15 Pakistan Employment Trends 2011, Bureau of Statistics, Ministry of Economic Affairs and Statistics, Islamabad March 2012

A clear national policy objective is to improve productivity. An influential study of the relationship of training to productivity, which analysed enterprise based training in five developing economies, demonstrated that formal training has a positive impact on the efficiency of workers, raises productivity and increases profitability. The study showed, however, that enhancing the skills of those with education and training had a greater return than training the unskilled, and that in-house training and training from private providers were the most effective ways to deliver training. The study concludes that for employers, the results should dispel any scepticism about the beneficial effects of training on productivity: for policy-makers, they form the basis for the design of appropriate training instruments to encourage a larger, private sector role in skills and productivity growth.¹⁶

Economic growth will depend on productivity improvements and the growth of value-adding enterprises in all sectors of the economy. Economic development, at its most basic, is a process of structural adjustment, and the availability of skills is critical to achieve structural change. As economies move from relative dependence on agricultural production to the manufacturing and service industries, workers and enterprises must be able to learn new technical, entrepreneurial, and social skills. Inability to learn new skills because of lack of opportunity slows the transfer of all factors of production from lower to higher value-added activities.

A study by the Rawalpindi Chamber of Commerce and Industry suggested that there are a number of constraints that affect adversely industrial growth.¹⁷ Amongst those cited is the lack of knowledge of new technologies and the under-utilization of labour. The study argues that Pakistan is not addressing the challenge of international competition and that too many of its industries suffer from high costs, low productivity and inefficient production methods.

There is a good deal of international research and literature that confirms a positive correlation between education and training and increased productivity in enterprises. The Organization of Economic Co-operation and Development (OECD) stated in 2004 that each additional year of education and training increased productivity by 5 per cent; the UK's Commission on Employment Skills has analysed international research and argues that the evidence of a positive correlation between training and productivity is over-whelming; the German Federal Institute for Vocational Education and Training (BIBB) has conducted enterprise-based and aggregate studies to show the benefits of training in terms of increased outputs and profitability.

The business case for greater investment in training is strong.

16 Tan, HW & Bata, G. Enterprise Training in Developing Countries, World Bank 1996. The five countries involved in the study were Mexico, Indonesia, Taiwan, Colombia and Malaysia.

17 Pakistan's Industrial Growth, Rawalpindi Chamber of Commerce (Sadaf Jaleel), 2012

Skills Deficiencies as impediments to growth

Pakistan has been granted GSP Plus¹⁸ status by the European Union until 2017, which means that 20 per cent of exports are tariff free with preferential treatment for 70 per cent. This provides an opportunity to further increase exports to the EU, already Pakistan's largest market. Textiles accounts for about 49 per cent of the country's exports and international sales increased in 2013. A recent survey of employers, the largest number drawn from the textile sector, said that if more skilled labour was available they would be able to increase productivity and reduce costs.¹⁹

The current Government announced in its first Budget its intention to strengthen Pakistan's infrastructure, with an emphasis on energy (improved transmission and distribution, new sources of energy to reduce reliance on thermal fuel generation), improvements to the railways and highways – an ambitious civil engineering agenda. In 2007, the then Government planned large-scale infrastructure projects. It asked the World Bank to review national capacities to undertake this work. The Infrastructure Implementation Capacity Assessment Report, which reviewed four areas – business environment, plant and machinery, materials and human resources - concluded that appropriate and adequate skills at most levels of operation were deficient or lacking, and that 67 per cent of stakeholders shared this assessment. It stated that Investment in human capital always pays dividends and does not depreciate. It is not clear if the various recommendations that were made in 2007 have been implemented, but the current Government's commitment to infrastructure development, for which investment is being attracted, could be in jeopardy if local skills are not available, or might be possible only with a reliance on imported skills.²⁰

The lack of skills can be an impediment to growth and can frustrate the achievement of national policy goals.

Skills availability and inward investment

Dr MA Khan, a former Chief Economist of the Pakistan Planning Commission, has analysed the relationship of the availability of skills to direct foreign investment.²¹ He argues that human resource development and foreign investment have been key drivers of change in South East Asia. He describes their complementary character: investment in human capital contributes towards the creation of a climate that is favourable to investors: inward investment support human development since new skills and technologies are added to the economy and international companies are sources of education and training. Reviewing economic developments in South East Asia, he concludes: available capital formation is among the most important requisites for direct foreign investment.

18 Generalized System of Preferences

19 Amjad, R et al, Export Barriers in Pakistan, Lahore Journal of Economics, September 2012

20 Such projects provide opportunities for training themselves.

21 The Role of Human Capital in Attracting Foreign Direct investment, SAARC Human Resource Development Centre, Islamabad

A skilled work-force – of itself – is insufficient to attract foreign investment, but it is an important contributor to creating a positive environment for investment.

Raising the level of debate

There is not a great deal of research and informed debate about the role of skills development in contributing to economic growth and social cohesion in Pakistan. There is little research from employers' federations and Chambers. In a survey undertaken for the Support to TVET Reform Programme, Trade Associations did not highlight skills deficiencies and training as major concerns.

Information about skills deficiencies in the economy is patchy.

In a study based on 2005 data, it was argued that the enrolments of students in higher education showed a serious mismatch between their qualifications and the needs of the economy and labour market.²² The majority of students opted for Arts and Commercial courses, with only 1.6 per cent of enrolments in agricultural and veterinary subjects, 5.6 per cent in undergraduate engineering studies and 3.2 per cent in higher engineering degrees – despite the importance of these sectors to the economy and the continued reliance on the import of engineering skills.

The then Governor of the State Bank of Pakistan, Dr Ishrat Husain, in a speech at the Institute of Bankers in November 2005, spoke of the high skills deficit in emerging sectors of the economy, such as phone technology, agro-processing and energy exploration. In his role as Director of the Institute of Business Administration he has repeated his concerns about the serious mismatch between the jobs demanded by the emerging needs of the economy and the skills produced by education and training providers, including higher education.

An Economist survey of 600 Asian CEOs in 2007 showed that their greatest concern was skill shortages and this problem was likely to worsen because of increasing levels of investment, the growth of enterprises and the high expectations of inward investors. Changing demographic patterns, especially in Europe and North America will increase the global demand for skills.

Within the context of major macro-economic and fiscal policy reform the Election Manifesto of the ruling party, New Framework for Social Change, recognises the importance of human capital development. A number of proposals are made, including legislation to require major industrial employers and service providers to ensure that appropriate vocational education and training is given to workers and the creation of one million apprenticeships. The Manifesto calls for a skills based school curriculum and greater integration of vocational and more academic studies in schools. More TVET provision is proposed, particularly in rural areas and at least one technology university is suggested for each province.

22 Atiq Rahman, Hafsa Anis and Saud Ahmed Khan, *Skill Shortages versus Subject Choice*, Pakistan Development Review, Winter 2009, pg 487 ff.

A National Manpower Plan will be prepared to investigate supply and demand in the labour market, and proposals are made about incentives to encourage labour intensive enterprises and job creation.

The challenges of addressing the needs of a young and growing population and creating a more productive and efficient economy are recognised

Demographic Challenge: Dividend or Time Bomb?

In 1947, the population was 33 million: with annual growth rates of 2.1 per cent a year it is now closer to 184 million, making Pakistan the sixth most populous country in the world. The median age is 22 years of age and 60 per cent of the population is under 30. The rate of population growth will ease, but will continue to increase.

There are varying estimates about population growth, influenced by different interpretations of fertility and mortality rates and the assessment of population momentum – factors that influence human behaviour, such as the age at which young people marry and have children. Population projections for 2050 range from 270 million²³ to 302 million;²⁴ the National Institute of Population Studies has limited its forecast to 2030, and it seems to agree with the UN assessment.

Although the growth of the population cannot be predicted precisely, a number of assumptions can be made. The working age population is likely to double, from its present level of 110 million. Similarly, the core of the working age population (15-49 years) will grow from the estimated 96 million in 2010 to about 180 million by 2050. This young population of potential workers could be a major asset to the country. If such numbers of young people can be found productive work, or be trained to internationally recognized standards, the wealth that could be generated – through production and the provision of services, tax revenues and remittances from those working overseas – could be considerable and transform the economy. This demographic dividend provides the opportunity to increase per capita output: benefits are enhanced further if this growth is accompanied by productivity improvements as well.

23 UN Biannual Updating, 2010

24 Population Council of Pakistan

Figure 1: Projected changes in the age structure of the working age population²⁵

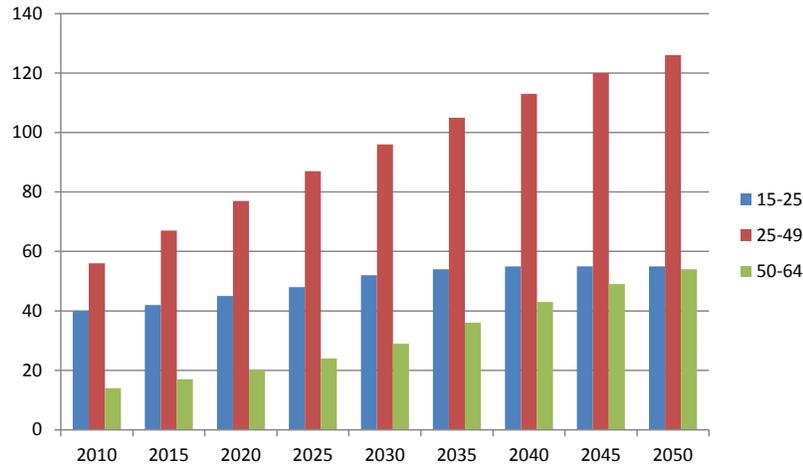
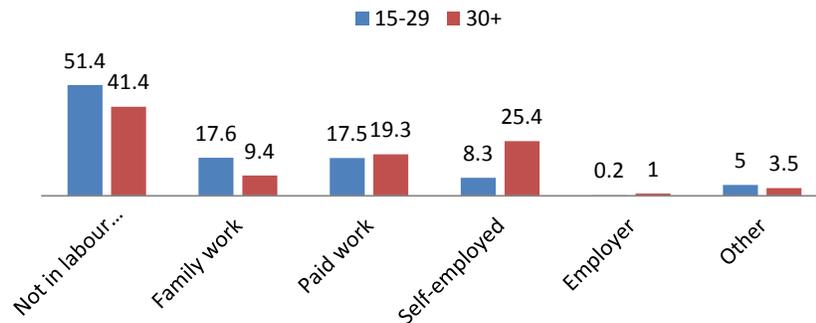


Figure 2 presents an analysis of the labour market for those between the ages of 15 and 30.

Youth Labour Market (% figures)



It is disingenuous to seek to draw parallels between the challenges of youth unemployment and under-employment in different parts of the world, and the risks that disaffected youth present to their societies. But imbalances in wealth and opportunities for advancement are potentially corrosive and disruptive. Many young people in Pakistan lack basic education and the requirements to enter formal training programmes. There is a market failure in the education system that justifies redress.

Greater priority to investment in TVET is justified on the two grounds that:

- The demographic dividend should be exploited
- Young people deserve a 'second chance' to support them to play a productive role in their communities.

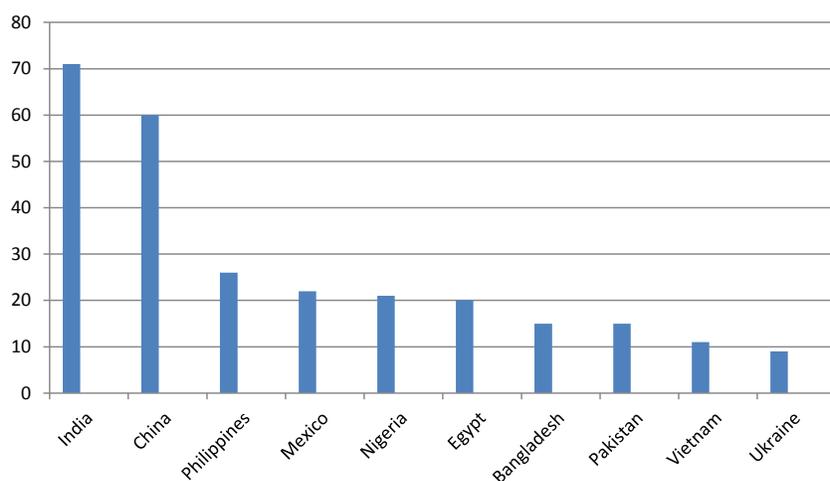
²⁵ Based on Planning Commission Projections

Labour Migration

The export of labour is a significant feature of the labour market and an important component of the economy. It is estimated that in the period 2008 – 2013, some 2.7 million people left Pakistan to work overseas, and up to 6 million are currently working in other countries.²⁶ The remittances earned by international migrant workers are significant, and in 2013 topped US\$ 15 billion, more than the country's foreign exchange reserves.²⁷

There has been a steady increase in the money sent home by Pakistani working overseas and Pakistan ranks in the top ten countries for the value of officially recorded remittances.

Figure 3: Remittances (US\$ billions)



The export of labour is competitive, and is likely to become more so. Countries with large young populations view the export of labour as a positive component of employment policy and not a reflection of the failure of the domestic labour market.

A 2008²⁸ study of Pakistani migrant workers states that about 50 per cent are unskilled or illiterate; over 80 per cent of them work in Saudi Arabia or the United Arab Emirates and only 0.12 per cent are women.

The World Bank is confident that global migration of workers will increase, due to global medium-term expansion, ageing populations in many countries and the demand for skilled workers. The continuing growth in the numbers of Pakistanis working overseas cannot be assumed, however, and there are four major vulnerabilities to address:

- Localization: importing countries with growing problems of unemployment, particularly amongst young people, are likely to want to find local work opportunities, especially at unskilled and semi-skilled levels, rather than import unskilled labour

26 Based on Planning Commission Projections

27 Migration and Development Brief, World Bank, October 2013

28 Overseas Pakistani Workers: Significance and Issues of Migration, Pakistan Institute of Legislative Development and Transparency, Islamabad 2008

- International competition: countries like Sri Lanka, Bangladesh and the Philippines are aggressively marketing their labour and providing training to match the requirements of importing countries. For example, the Sri Lanka Bureau of Foreign Employment has opened a specialist language training school; Bangladesh provides customised training for people going to work in Malaysia and the Philippines Overseas Employment Administration delivers a range of pre-employment training programmes.
- Immigration policies will increasingly be based on the skill requirements of importing countries that will be defined in terms of internationally recognized qualifications.
- Pakistan's export of labour is highly dependent on a few countries.

In 2013 the Government of Pakistan published a policy on overseas working, which in addition to addressing issues of worker protection, promised the introduction of specialized training to meet the standards of overseas employment.

If the promotion of overseas working is to be a component of an active labour market policy, regard needs to be given to the changing demands of importing countries, their labour requirements and stipulations about skill standards, which are likely to tighten in the future.

The International Labour Organization paints a vision of a development strategy based on quality TVET that can engender... a virtuous circle in which skills development fuels innovation, productivity increase and enterprise development, technological change... and competitiveness that are needed to sustain and accelerate the creation of more and better jobs.²⁹ It is a vision that is worth pursuing.

29 ILO, 2008

The Current Status of TVET

Skills development in Pakistan is complex and multi-layered. However, there is little comprehensive information and analysed data about skills and training. In the public sector, training is funded by a number of ministries, but its aggregate scale has not been measured. Although initiatives are being taken to improve the quality of information in the public TVET sector, through the development of a management information system, it is not possible yet to determine the unit costs of training, to assess adequately the effectiveness of training programmes or the efficiency of different providers. Whilst there are examples of good practice, public perceptions of TVET are generally poor. More academic education routes are preferred and employers continue to complain that young trainees lack the skills required in the labour market.

Similarly, information is patchy about enterprise-based training and the extent of private sector investment in skills development. It is clear that some employers provide world-class training, but too many, it seems, regard training as a cost, rather than an investment

The main provider of skills is the informal sector, but there is no detailed information about the numbers of people trained or their subsequent progression.

Who is providing skills development?

The principal sources of TVET provision currently in Pakistan are :

- Programmes provided by public and private training providers, supported to a significant extent by public funds;
- Skills training given to their staff by employers and funded by them, usually enterprise-based but which can involve education and training providers;
- Training provided by non-governmental organizations;
- Training offered by for-profit private providers;
- Informal training, typified by the Ustad-Shagird tradition of vocational training in the informal sector.

Publicly-funded provision

Publicly-funded provision is small in scale: it offers opportunities for about 7.3 per cent of those aged between 15-24 who are involved in education and training and for only 0.7 per cent of those in the 15-24 age group. Publicly-funded provision covers a range of programme from three-month basic training to certificate, diploma and degree level three and four-year programmes. The quality of publicly-funded training is variable. Within the publicly-funded TVET sector reforms are being introduced, designed to improve quality and to raise perceptions of the value of vocational – as well as academic – education and training, but the

reform agenda lacks leadership and sustained commitment. The following Table provides an overview of provincial activities.

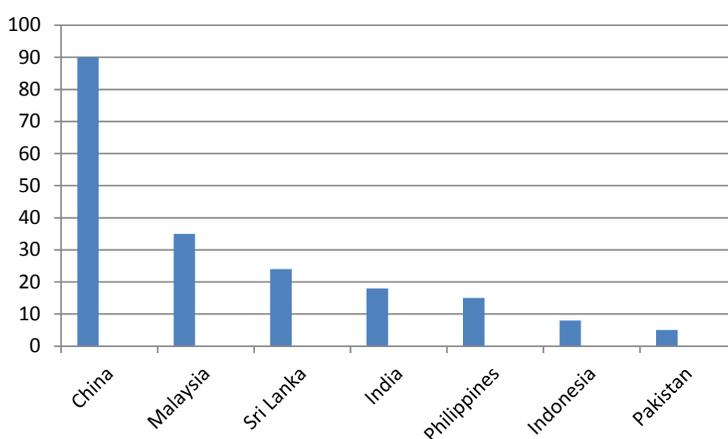
Table 2: Overview of provincial TVET³⁰

Azad Jammu & Kashmir	Facilities for 9,245 learners in public institutions: 2,900 trained in private centres
Balochistan	Between 2008-2011, 9,792 trained by public and NGO providers and 5,315 by private providers
FATA	About 4,000 young people trained in centres throughout country; 1,500-2,000 women trained annually; 500-600 young people on internship programme
Gilgit Baltistan	N/A but large scale informal sector training
Islamabad –Capital Territory³¹	
Khyber Pakhtunkhwa	20,000+ learners annually
Punjab	240,000 learners annually (TEVTA 131,000; Punjab Vocational Training Council 35,000; NGOs 5000; private providers 68,035; apprentices 6,000)
Sindh	Capacity in public provision for 94,000 and 62 per cent occupancy ³²

Enterprise-based skills development

There is no hard data about the extent of enterprise-based training in the country. NAVTTC has estimated that less than eight per cent of private sector employees receive training; that much of the training is not certificated and skills gained were relevant primarily to the enterprise in which they were acquired.³³ Figure 4 shows estimates of the percentage numbers of enterprises providing training. This confirms the NAVTTC assessment of low levels of training in Pakistan, but the data was compiled in 2003 and the position may have improved.

Figure 4: Numbers of enterprises providing training (%)³⁴



30 Data derived from Skills Development Plans 2013-2014

31 Responsibility of NAVTTC. There are federally administered training centres in FATA and G-B as well.

32 This is due to a number of factors, including turnover of teaching staff and vacancies.

33 National Skills Strategy 2009-2013

34 Cited in Good Practice in TVET, Asian Development Bank, 2009

In 2013 a study on enterprise-based training was completed as part of the TVET Reform Support Programme. This involved a review of skills development in one hotel and eight manufacturing enterprises from different economic sectors, but all were export-oriented. The sample was small and involved large enterprises (250-10,000 employees) but it offers useful insights into approaches to skills development:

- All enterprises have human resource development plans based on training needs analyses and designated HRD personnel
- Eight provide apprenticeship training, but were critical of its operation
- All have links with TVET institutions/providers
- Five have fully equipped training departments
- All operate continuous personal development programmes for their staff.

The enterprises have not undertaken cost-benefit studies but value their investment in training.³⁵ It is impossible to assess if these enterprises are typical of the private sector.

National research on the benefits of training to enterprises, in terms of increased productivity, is lacking. There has been a study on the benefits to non-governmental organizations of investment in training, however. This showed a positive correlation between training and 'competitive edge' and worker satisfaction.³⁶

A recent employer survey carried out by the World Economic Forum asked employers to what extent enterprises invested in employee development. Some 44 per cent of Pakistan employers interviewed said that they are moderately satisfied with investment levels and six per cent said they were greatly satisfied. (World averages are 62 per cent and 14 per cent respectively). In reply to the question How well does your education system meet the needs of a competitive society, 45 per cent of Pakistani employers said they were moderately satisfied (world average 51 per cent) and eight per cent claimed to be greatly satisfied (world average 14 per cent).

Throughout the world there is a tendency for small and medium sized firms to pay less attention to training than large enterprises. A 2013 study suggests that SMEs in Pakistan would like to train more but that costs are prohibitive and an obstacle to development.³⁷

There are private sector for-profit training organizations offering fee-paying programmes, in such areas as ICT, language skills and business studies, particularly. In the absence of a fully comprehensive system for the accreditation and registration of training providers it is not possible to state the number of such organizations or to assess their quality of their work.

A new programme – German-Pakistani Training Initiative (GPATI) - is seeking to establish a cooperative approach to training involving employers and training providers. This dual training approach will consist of two-year technical programmes and one-year commercial programmes that will include a mix of theoretic, practical and work-based training. This should provide useful information about private sector employer attitudes to training and highlight issues around the development of partnerships between them and training providers.

35 All are critical of publicly-funded TVET provision, though aware of the constraints that providers face. They are all critical of the operation of the apprenticeship system.

36 Batool, A and Batool, B. *Far East Journal of Psychology and Business*, Vol 6, Issue 1, January 2012

37 Syed Kamran Sherazi et al, *Obstacles to SMEs in Pakistan*, *Middle East Journal of Scientific Research*, 13 (10), 2013

Training by Non-Governmental Organizations

The Punjab Vocational Training Council, which trains about 35,000 people each year, funded principally by zakat donations is an example of a not-for-profit organization. There is no comprehensive data about the number of such organizations and their contribution to skills formation in the country but this category of providers includes local community-focused training as well as larger organizations like the Hunar and Aman Foundations that offer large-scale training programmes. A training fund has been established in the Punjab, funded by the Government and the UK's Department for International Development. One purpose of this initiative is to increase the number of providers and to test a competitive tendering approach to the provision of training.

Informal Training

Since entry to formal TVET programmes requires minimum education qualifications and involves costs as well, many people cannot get access to them.³⁸ The informal sector is important for employment (78.8 per cent of 15-24 year olds and 68.4 per cent of people aged over 25 not involved in agriculture work in it)³⁹ and it is estimated that it trains twice as many people as formal TVET.⁴⁰ There is scope for positive interventions to strengthen training in the informal sector and to build linkages with the formal sector (for example, through the recognition of prior learning and experience to assist people to get formal qualifications).

What are the costs of skills development?

Most information about the financing of skills development relates to publicly-funded provision.

Government allocations to TVET are principally through annual grants to the National Vocational and Technical Training Commission (NAVTTTC) and to Technical Education and Vocational Training Authorities (TEVTAs) or to provincial government training departments. Some ministries and departments continue to provide training in specialist areas (agriculture).

TVET allocations are made in two broad budgetary categories:

- Recurrent expenditure: to cover staff and operational costs. Although budget submissions are made, allocations are based on historic expenditure with adjustments for inflation. There does not seem to have been any zero-based budgeting in recent years; it is an incremental process. At institutional level, up to 90 per cent of the recurrent budget can be consumed on salary and staff costs.
- Developmental expenditure: to finance new developments and to encourage innovation. These budgets are based on submissions, but allocations are discretionary and reflect national and provincial priorities and political decisions. There are marked discrepancies

38 Average costs for females are estimated to be Rs 11,153 and males Rs 10,951. Over 78 per cent of 15-24 year olds and 68.4 per cent of those over 25 have reached the necessary level of education to join formal TVET programmes, according to a study by the Mahbub-ul-Haq Resource Development Centre (see note 7 below)

39 Pakistan Employment Trends 2008: Youth, Ministry of Labour, Manpower and Overseas Pakistanis

40 Education Outcomes and Poverty, Mahbub-ul-Haq Human Resource Development Centre, RECOUP, 2007

between the levels of funds requested by NAVTTC and TEVTAs and the allocations that are made. The bulk of provincial development funds has been spent on 'bricks and mortar'.

Although annual budgets are agreed with government (at both national and provincial levels) there is no guarantee that funds will be transferred, and financial transfers can be irregular. This lack of security over funding poses challenges for the efficient management of funds, though there is an improving record of allocated funds being spent.

NAVTTC and each TEVTA or provincial administration has prepared a skills development plan, in line with the National Skills Strategy. This could provide the basis for future budget submissions and fits well with the Government's intention to introduce a Medium Term Framework for financing and budgeting.

Fully established TEVTAs are able to manage their own budgets, with virement powers to adjust spending as budget allocations are made by provincial governments. In those provinces where TEVTAs are not established fully, there is not always the same discretion. All TEVTAs have staff dedicated to financial and accounting issues, many with professional qualifications, but it is recognized that additional skills are needed, for example, in performance auditing and the integration of financial and management systems.

Public TVET providers function on an annual budgeting basis, using historic costs with adjustments for pay increases. In 2013, a survey of publicly-funded providers was undertaken by the TVET Reform Support Programme. No significant comments were made about the processes for submitting budgets, but there were criticisms about the regularity of the transfer of funds. The institutions responding to the questionnaire showed that between 2005-2006 and 2012-2013 their recurrent budgets increased from between 60 to 300 per cent. It is impossible to state if special factors affected the highest rates of increase, but the data suggests that annual budgets are in line with inflation. Only a minority of respondents claim to charge fees, usually for specific courses, but it is not clear if other charges are levied, for example, to cover registration and administrative costs. Only one reported on the receipt of income from the sale of goods produced during training. Currently, zakat funds are not used to any significant extent by public providers.

Details of expenditure are patchy, but the average expenditure on staff costs is in excess of 90 per cent of income. There is little allocated to the maintenance and replacement of equipment and the upkeep of buildings. The most significant demands from publicly-funded institutions are for additional funds for training materials for practical work and for staff training and development, including capacity-building in financial management. There is no analysis of the unit costs of training.

Publicly funded institutions have little discretionary money for development and limited powers of virement to reallocate funds.

The private and NGO training providers who took part in the survey tended to have larger

budgets and provided more detail about income and expenditure. Income is derived principally from fees and charges for services. Average expenditure on personnel was 66 per cent of total recurrent budgets, and specific allocations were made for equipment and training materials. This group of training providers allocated between 3 and 15 per cent of budgets to marketing and promotional activities. One major provider is funded principally from zakat revenues.

Training providers, in both the public and the private sectors, have funding constraints. For example, a training provider in the NGO sector may have benefited from donor aid in the past, which provided the latest machinery and plant. Over time this has become outmoded, but the training centre may employ qualified and experienced staff, is well-regarded by trainees and employers and has the capacity to deliver more training if only its equipment could be up-graded.

The differentiation that is made between recurrent and development funding reflects the practice of the Government of Pakistan in determining annual budget allocations. It has benefits but within the TVET sector this approach tends to reinforce the status quo, particularly when development budgets are limited. The recurrent budgeting process does not require stringent activity reports to justify expenditure and the process seems mechanistic rather than inquisitorial. Anecdotal evidence, confirmed by aggregate provincial data, suggests that some publicly-funded training providers continue to operate below capacity and others fail to deliver market skills. The comments gathered in the 2013 funding survey suggest that the current budget mechanism encourages complacency since the government will always provide – even if only at minimal levels.

The current funding regime is essentially short-term and limited to an annual cycle. The national Government is committed to the development of a medium-term financial cycle and the TVET sector should press for, and plan on the basis of three-year funding arrangements. There is an inconsistency between medium term strategic planning, and the systemic reform of TVET – which is necessarily a long-term commitment – and annual, sometimes erratic funding.

TVET does not function in an integrated way. The distinctions between public and private provision are strong. The two are different: although there are more private providers, including NGOs, their focus is basic vocational, commercial and IT skills. There is limited provision for technical skills training. But there is scope for greater collaboration and networking amongst providers and for the investment of public funds to increase private provision. Partnership working in the TVET sector remains immature but the country's economic and social challenges confirm the need for a wholly integrated TVET system.

The national investment in skills development is low – compared to international trends and the challenges that Pakistan must address. Table 3 provides some international comparisons of budget allocations to skills development.

Table 3: International investment in skills development

Country	Population	TVET Budget	Comment
Bangladesh	159 million (2007)	US\$ 1.5 billion	14.9 per cent of education and training budget in 2008-2009
Indonesia	230 million (2009)	US\$ 90 million (2009)	Education and training represents 20 per cent of total government expenditure
Philippines	89 million (2007)	US\$ 88m (2009)	2.6 per cent of education and training budget
Lao PDR	6 million (2007)	US\$ 15.7 (2009)	Estimated cost of TVET reforms 2009-2015 US\$ 157million
Mongolia	2.7 million (2007)		Education and training accounts for 17 per cent of government expenditure and 6 per cent of this is TVET
Vietnam	86 million (2008)	US\$ 260 million	20 per cent of national budget is allocated to education and training and 7.5 per cent of this is for TVET
Malaysia	28.7 million	US\$12.27 billion	Total education budget, which is 22 per cent of all government expenditure
Hong Kong (SAR)	7.1 million	US\$ 16 million (2013)	Education and training accounts for 17.4 per cent of government expenditure
South Africa	53 million	US\$ 2 billion (2013)	About 50 per cent is raised from a skills levy

How is TVET governed and managed?

The main organizations concerned with TVET are the National Vocational and Technical Training Commission and the provincial Technical Education and Vocational Training Authorities (TEVTAs). There are other bodies, such as the National Training Board and provincial organizations that provide assessment services. Some Federal and Provincial Ministries provide training as well, for example in agriculture, and the military is engaged in the training of its personnel. Although publicly-funded provision is small, it is a complex sector.

The National Vocational and Technical Training Commission (NAVTTTC) was established in 2005, but its powers were re-defined in legislation in 2011. The legislation establishes NAVTTTC as the apex body for TVET and gives it 22 wide-ranging functions. (Section 6 of the Act). These include the determination of policy, the preparation of development plans and responsibility for:

- The establishment of national occupation standards
- Curriculum development
- The creation of the National Qualifications Framework
- Labour Market Analysis
- Capacity building, including the training of trainers
- Public-private partnerships
- Accreditation of institutions
- Monitoring and evaluation.

The legislation requires NAVTTC to coordinate its work with Provincial Governments, but there is no formal linkage between NAVTCC and the provinces defined in legislation.

Technical Education and Vocational Training Authorities (TEVTAs) have been established formally in each Province⁴¹, but in some functions continue to be carried out by provincial administrations. Autonomous TEVTAs operate in the Punjab, Sindh and are establishing themselves in Azad Jammu and Kashmir and Balochistan. The Punjab TEVTA was created in 1999 and its functions were redefined in legislation in 2010. The Sindh TEVTA was established in 2008 and its functions were confirmed in legislation, also in 2010.

The principal function of the TEVTAs/provincial administrations is to provide – or ensure the provision of technical and vocational education and training. They have different powers in relationship to training institutions and providers, but the development and implementation of quality programmes is the major thrust of their work. There are potential overlaps with the remit of NAVTTC, particularly in the design of curricula and institutional accreditation. The legislation that governs the Sindh TVETA requires it to consult with NAVTTC on policy matters and NAVTTC has a seat on its Board.

The 18th Amendment to the Constitution, and the authority this gives to provinces in relationship to TVET, initially at least, prompted questions about the relative authority of NAVTTC and the TEVTAs. Was there a role for a national body anymore and could not all the responsibilities for training provision be carried out by the TEVTAs or provincial administrations? The respective responsibilities of Federal and Provincial Governments in relation to education have been tested in the Supreme Court, which has affirmed that a national dimension is required.⁴²

This national dimension is necessary for the further development of TVET, for the following reasons:

- The establishment and maintenance of a National Qualifications Framework, to which the Federal and Provincial Governments are committed requires a national perspective;
- The development of occupational standards, which will form the basis of programme and curriculum design. A welder is a welder, whether trained in Sialkot or Quetta;
- Qualifications and certification, to ensure that the successful completion of training anywhere in the country carries a common value and acceptance. An employer recruiting plumbers needs to be confident that training in Sindh or Balochistan produces comparable levels of skills. The integrity of national qualifications must be significant for an economy that relies heavily on the export of labour and the remittances this earns. This suggests that a common approach to assessment and

41 Their establishment has been announced in official Gazettes

42 Judgment of 25 November 2011

certification is required.

- Shared policies on a number of issues are desirable as well. These include quality assurance; provider accreditation and fee-charging.

There are additional areas where a collaborative approach would make for efficiencies and savings. These include capacity-building and the professional development of TVET personnel; research and development; the preparation of guidance and educational literature; the drafting of learning and teaching materials and the promotion of training and skills development.

Matters of implementation and the management of provision are the responsibility of the provinces.

For a skills development system to function effectively, however, greater collaboration and mutual respect needs to be encouraged and fostered. The development of national policies requires the engagement of the provinces; a hierarchical approach needs to be replaced by one of collaboration and partnership.

Private Sector Involvement in TVET

Traditionally TVET has been the responsibility of the public sector and the private sector's commitment to training has been limited. Employer representatives are members of NAVTTC and are involved in its Industry Advisory Groups. Employer representatives are included in the governing bodies of TEVTAs, institute management committees and Skills Development Councils.⁴³ Increasingly employers are involved in the development of competence-based training programmes and TEVTAs are establishing sector-focused groups, involving employers. A key issue for the future is the extent to which employers and the private sector advise about TVET issues or lead and shape its development.

Quality, efficiency and effectiveness

There is as yet no agreed national approach to quality assurance and the absence of a comprehensive information system make assessments of efficiency and effectiveness difficult.⁴⁴ There remains criticism of the TVET system and it is not possible to determine the extent to which this is anecdotal or based on current or previous experience that does not take account of the initiatives to improve provision and training delivery that have been introduced.

The National Skills Strategy discussed the weaknesses of TVET and the challenges of reform. Briefly these are:

⁴³ TEVTAs are strengthening their capacity to analyse the effectiveness of their programmes. For example, the Punjab TEVTA has instituted tracer studies to track the progression of trainees. Its 2012 analysis of 30,930 people who completed training showed that 48.3 per cent were in jobs or further studies; 25.6 per cent were self-employed and 22.7 per cent were unemployed or not interested in work,

⁴⁴ The five Skills Development Councils were established to assess training needs, prioritize them in terms of market needs and facilitate the provision of programmes. They work in different ways to assess and meet skills demands with a different balance of activities between the provision of training programmes, counselling and guidance and linking individuals with training providers and employers. They have been ingenious in raising funds to finance their work and operate without core, guaranteed funding.

- The lack of labour market relevance of much of the training that is provided, with a failure to deliver the skills that the economy requires, This mismatch is due to a number of factors, including weak links between TVET institutions and employers; outdated technologies used for training; the continued provision of training in occupations that are becoming less relevant; the lack of trainee/learner exposure to the realities of working life and inadequate training in soft skills (communication, problem-solving). The Provincial Skills Development Plans continue to reflect the concern about the relevance of current programmes to the developing labour market. Although efforts are being made to introduce demand-led competency-based training,
- Low and irregular levels of public investment in training. Although there is no consolidated figure for public investment in TVET, it is lower than in comparable countries and allocations have been lower generally than budget submissions made by NAVTTC and TEVTAs. Funds are required both to maintain training programmes and to pay for the reforms introduced by the National Skills Strategy.
- Quality standards and certification arrangements were introduced in the 1990s. These continue to be used, but they require development if Pakistan's qualifications are to gain regional and international recognition and if links between TVET and further and higher education are to be enhanced.
- Major efforts have been made at provincial level to improve the governance of TVET. The establishment of TEVTAs should secure a more coordinated and integrated approach to skills development planning and implementation. With the exception of the Punjab, the TEVTAs are relatively new and there is scope for capacity-building to improve the management of large-scale and complex operations. Support to strengthen the TEVTAs is being provided.
- There is little investment in the continuous professional development of TVET administrators, teachers and trainers, yet they are crucial to introducing and sustaining reform. An in-service teacher training programme is underway, but this needs to be sustained and developed. Currently public sector TVET employees can be either civil servants or direct employees of training bodies. They enjoy different service regulations, a factor that contributes to low motivation and poor organisational performance. There are conditions of employment issues that require amendment as well. Human resource development strategies and programmes are not well developed, with insufficient attention given to career and performance management and succession planning.
- In many TVET institutions equipment is out-dated and even obsolete and available budgets are insufficient to replace old equipment and to keep pace with new technologies. The need for equipment updates can be exaggerated and developing links with employers is one strategy to improve practical training. The high percentage of recurrent budgets devoted to staff costs means that there are limitations on the purchase of materials for practical training.

What steps have been taken to reform and improve TVET?

In 2009, a National Skills Strategy (2009-2013) was agreed. It presents the case for radical reform based on the imperatives to:

- Provide skills to improve economic performance in an increasingly competitive environment

- Address the needs of, and benefit from the investment in, a growing young population
- Support the export of labour by ensuring that workers have internationally accepted qualifications and certification
- Tackle perceived challenges in a training system that was lagging behind competitor countries.

The Strategy defines three objectives and 20 key interventions: see Box 1.

Box 1: The National Skills Strategy

<p>Objective 1: Providing Relevant Skills for Industrial & Economic Development</p> <ul style="list-style-type: none"> • Introducing competency-based training • Establishing industry specific Centres of Excellence • Increasing the role of the private sector • Reforming the apprenticeship system • Encouraging entrepreneurship <p>Objective 2: Improving Access, Equity and Employability</p> <ul style="list-style-type: none"> • Expanding geographical provision • Making training delivery flexible • Focusing on skills for women • Training for disadvantaged groups • Integrating informal economy workers • Enhancing the mobility of skilled workers • Providing career guidance and placement services • Offering vocational education in schools • Improving the status of skills development <p>Objective 3: Assuring Quality</p> <ul style="list-style-type: none"> • Streamlining policymaking • Establishing a National Qualifications Framework • Registering and accrediting institutes • Reforming the management of training institutes • Training of Trainers • Undertaking research.
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The issues and priorities that are addressed in the Strategy remain relevant. Its emphasis on issues of equity and access is well-judged.

However, progress has not been as rapid or as comprehensive as might have been hoped. There are a number of reasons for this:

- Over-optimism in the ambitions set, given the complexity of concepts and the scale of the envisaged reform
- Although there have been some increases in budget allocations to TVET, there has been inadequate investment
- The continued lack of clarity over governance roles and responsibilities has frustrated progress. The National Strategy has not been a focus of united action by NAVTTC and the provinces; the reform process has lacked effective leadership and its implementation has not been comprehensively monitored.

TVET Reform has attracted international donors, particularly to finance the introduction of competence-based training programmes; to attract new providers and to introduce a greater degree of competition. Many of the innovations that are being introduced, for example, the design and piloting of a TVET management information system, development of the national qualifications framework, have technical support and funding from the Support to TVET Reform Programme. These initiatives will require funding, if they are to be implemented fully and sustained in the future.

Skills Development – The Key Issues

There are a number of key issues that a National TVET Policy must address, and these are now considered:

- Creating greater awareness of skills development as a national priority
- Increasing access and equity
- Introducing Competency Based Training as set out in National Skills Strategy
- Reforming public sector TVET provision
- Assuring quality and raising standards
- Improving planning and budgeting, and accountability for decisions
- Improving the public image of TVET
- Engaging the private sector in TVET policy, planning and implementation
- Introducing sustainable funding and finance for TVET
- Opening up pathways for people to gain qualifications, wherever they have been trained
- Establishing an organisational structure for TVET that is ‘fit for purpose’
- Developing TVET services that meet the needs of clients
- Adopting a realistic timetable.

Creating greater awareness of skills development as a national priority

There are three separate, but interrelated issues to consider:

- The position of Federal and Provincial Governments
- The attitudes of employers
- Public perceptions.

The position of Federal and Provincial Governments

A number of reports prepared for Government in recent years have cited the importance of skills for the implementation of economic and social development strategies. Vision 2025 places the development of the country’s human capital at the forefront of its proposals. But the rhetoric of policy documents has not yet resulted in significant action. Although welcome increases to the national education budget have been signalled, and TVET budgets have been increased in some provinces, the investment of public resources to raise the level of skills remains low. Second, the influence of Government – at national and provincial levels – has not been exercised sufficiently to link key economic and social policies with improving the skills of the country’s workers and young people. Third, the legislative framework that might encourage greater participation by employers in training has not been created. The ‘stick and carrot’ approach that has been followed has failed demonstrably. Government – collectively at all levels – must take a lead to change opinions about skills development issues and raise the national debate about the importance of investing in training.

The attitudes of employers

It is clear that some employers offer world-class training and are committed to developing their personnel. This is not primarily for reasons of altruism, though a strong sense of corporate responsibility may be present, but because improved skills add to productivity and efficiency. This lesson needs to be publicised and communicated. Assistance may be needed to engage employers more directly in training, particularly those running small and medium sized enterprises. Employers' Associations and Chambers have not yet promoted skills development and are not yet in a position to offer guidance and practical support to their members who may wish to offer training. A dialogue with the private sector is required to enlist its support to build the nation's skills and to determine the incentives that may be required to trigger the greater participation of employers. Generally they seem to be critical of much publicly-funded training, criticising the quality of provision and its inability to generate work-ready people with the skills that are in demand in the labour market. They have a role play in transforming public sector TVET as well.

Public perceptions

As in many other countries, TVET is regarded as the option for the less-able, rather than as a positive route to work, with opportunities for further education and training. TVET has a status-problem that needs to be addressed. Similarly there are perceptions amongst young people and their parents about types of jobs. Some are considered to be inappropriate, with many expressing a preference for 'white-collar' employment, when in fact there are greater prospects for rewarding work for those with artisan and mid-level skills. There is a major challenge to better inform people about the realities of the labour market and the dignity of labour.

The pivotal role of human capital development in the implementation of economic and social policies cannot be over-emphasised and the contribution that skills development can make must be placed higher on the national agenda.

Increasing awareness and access

The argument for expanding TVET provision and widening access is persuasive. A number of barriers need to be overcome if more opportunities for individuals are to be created. These barriers need to be addressed realistically, recognizing that it will take time to achieve the levels of participation in meaningful training that economic and social imperatives suggest are necessary. For example:

- Training programmes are not distributed evenly throughout the country. Effective training does not necessarily mean a training centre 'everywhere'. Increasing opportunities may involve a number of strategies. For example, more people travelling to training programmes in other provinces; greater coordination across government departments to share resources and equipment; competitive tendering to encourage new training providers; mobilising cadres of peripatetic trainers.
- The entry requirements for training programmes debar many. The remedy is not to lower entry standards, but to adopt new criteria for assessing potential competence and the design of introductory and remedial education 'bridging' programmes.

- Publicly-funded provision needs to be reformed before it is expanded. Reform means the introduction of demand-led, competency-based programmes and new assessment arrangements. It means developing funding policies that enable training providers to buy materials so that trainees can receive practical exposure. It means building the capacity of managers and administrators to guide and sustain reform. It means ensuring that teachers and trainers have the theoretical and practical knowledge to impart skills, as well as the ability to teach them.

There are resource constraints that must be addressed. Money and access to funds is one, but of equal importance is capacity, particularly in the public sector, and how the capacity in the private sector might be mobilised. ‘Throwing’ money at the problems will not secure long-term and systemic change. A focused approach to build skills in key sectors of the economy may be the best way forward, and one which will provide experience on which to accelerate the reforms that are being introduced.

Introducing competence-based education and training

The National Skills Strategy that was agreed in 2009 committed Pakistan to the introduction and development of competence-based education and training (CBET). The core features of a CBET system are summarised in Figure 1.⁴⁵

Figure 1: The structure of CBET

It is outcomes based
Programmes are designed to meet national standards, developed in collaboration with relevant industrial/commercial/service-sector partners and endorsed by a national authority
A particular curriculum
This gives learners/trainees a clear idea of what is expected of them in terms of performance and standards and they are told how they will be assessed.
Delivery of programmes
This should be flexible and be learner/trainee centred.
Assessment
This measures performance against an agreed standard and can be applied to competences gained in a formal training programme or by other means
Recording
Competences gained are provided to learners/trainees, and this may be modules or whole competences.
Certification
Those who demonstrate prescribed competences gain a certificate or statement of what they can do which is recognised nationally and internationally.

Figure 2 summarises the major differences between traditional TVET and CBET and the potential benefits of the new approach to education and training.

⁴⁵ Based on criteria developed by the Victoria State Training Board in 1992.

Figure 2: Traditional versus CBET approaches

Traditional approaches	CBET approaches
Qualifications	
Different qualifications in different parts of the country. Similar qualifications known by different names.	Qualifications are registered and recognised nationally.
Potential benefits: National consistency as to what qualifications mean. Qualifications are portable across sectors and are better understood internationally.	
Certification	
Certificates indicate that a person has completed a programme.	Certificates show that specific competences have been achieved to specific standards.
Potential benefits: Certificates show that a person is able to perform a range of jobs and give proof that specific knowledge has been acquired.	
Accreditation	
Regional or provincial decisions	Undertaken by, or on behalf of, a single nationally recognised authority
Potential benefits: Consistent, nationally recognised standards of accreditation.	
National Standards	
Curriculum based on the time spent in training and the expectation that knowledge will be acquired	Curriculum based on competences derived from industry needs and based on endorsed national standards
Potential benefits: Learners/trainees acquire competences that are based on national standards; the competences gained reflect industrial/commercial needs; the learner's/trainee's progress is based on acquisition of competences.	
Consistent Outcomes	
Programmes dependent on individual trainers and providers	Programmes centre on achievement of competences
Potential benefits: More efficient, demand led programmes	
Registration of training providers	
Public sector providers automatic recognition; private providers minimal standing; regional variations in registration arrangements; in-company and enterprise-based training has little formal status	Training providers registered and the quality of their work monitored Registration valid nationally Training programmes require accreditation
Potential benefits: a wider range of training providers and greater integration of public and private provision. Better use of resources and expertise.	
Assessment	
Various examination and assessment arrangements	Related directly to the achievement of specified competences
Potential benefits: an approach that guarantees that a trainee/learner can undertake defined tasks.	

The development of CBET is a considerable challenge, but is one that is being accepted by an increasing number of countries. As well as addressing the resources and capacity-building required to implement CBET, there are other implications that have to be taken into account. These are:

- The TVET system must be market-oriented, with employers exercising a major influence;
- The prevailing philosophy to underpin TVET policy and its development should be workplace-based training. Government is the ultimate authority for the determination of policy, but industry/commerce play a major role;
- TVET is standards-driven, with providers accredited to deliver approved programmes, with designated organisations authorised to carry out assessments;
- A legal and regulatory framework is required to make these developments possible. It needs to be limited in scope and flexible in operation to be responsive to changing demand.

Reforming public sector TVET provision

A continued and enhanced role for public TVET provision is inevitable, given the investment that has been made and it remains a major source of expertise and knowledge. But accelerating the pace of reform is required. The following list of issues is presented in no priority order, but it underlines the nature and scope of the systemic reform that must be undertaken.

Capacity-building

A human resource development strategy for the TVET sector is required. This will need to define pre-entry training for teachers and trainers, their in-service training and requirements and arrangements for teachers and trainers to maintain their professional development. Useful developments to strengthen teaching capacity have been introduced by the Support to TVET Reform Programme and these need to be consolidated and developed. However, the technical skills and knowledge of teachers and trainers to deliver competence-based training and to support learners/trainees to gain 21st century skills must be questioned. Up-grading the technical skills of existing staff, and attracting those with up-to-date skills into TVET teaching, will be a significant challenge. Capacity-building should not be limited to teachers and trainers, however. Competent and confident managers and administrators are required if a reform agenda is to be followed.

Other aspects of human resource management need to be tackled as well. These include reviewing the terms and conditions of employment to encourage innovation and to reduce anomalies in the employment terms of civil servants and people employed directly in TVET agencies. Public bodies, such as the TEVTAs, are constrained in their ability to deploy staff and to move personnel to meet operational demands. Greater flexibility and authority to manage public officials is required if TVET is to develop as a professional sector. Similarly, managers will need greater discretion to employ contract staff. Some of these receive technical training and the benefits of this investment cannot be realised in all cases, because of barriers to awarding new contracts. Little attention is paid to performance management to make TVET more efficient and responsive.

Assuring quality and raising standards

The establishment of a National Vocational Qualifications Framework will be a major step to authenticate the quality of qualifications. But a commitment to the continuous raising of standards will require a more stringent approach to performance monitoring, including the development of management information systems and the critical analysis of data; the regular review of training providers, including internal and external audit and review and the more regular use of surveys and tracer studies to assess the impact and effectiveness of training.

Improving planning and budgeting and accountability for decisions

The Support to TVET Reform Programme has assisted NAVTTC and the TEVTAs to develop operational plans, based on the priorities set out in the National Skills Strategy. The objective should be the introduction of three-year strategic plans and annual operational plans. Increasingly funding decisions should be linked to the strategic and operational plans, with a shift from annual allocations to three-year budgets. A mechanism is required to reconcile

provincial and national plans to avoid duplication and to ensure that key issues, such as the skill needs of an emerging sector, are not overlooked.

Greater accountability

National and provincial TEVTA bodies have taken steps to promote and publicise their work, but they need to be held publicly accountable for their stewardship of resources and their progress in meeting objectives. This accountability can be secured in a number of ways:

- Regular meetings of governing boards, with members who are trained to fulfil their primary duty of holding executive officers accountable for their performance;
- The publication of annual reports and financial accounts;
- Stakeholder meetings to review performance and forward plans and priorities.
- The dissemination of information on websites and in publications.

Improving the public image of TVET

Public sector TVET does not have a good image. It is criticised by employers for its failure to deliver relevant skills. It is not perceived as a positive route for personal advancement. The critics may have an imperfect and outdated view of TVET provision, but attitudes and perceptions are important. The adoption of a national skills development policy should provide the opportunity to rebrand TVET, address public perceptions and develop a communications strategy.

Engaging the private sector in TVET policy, planning and implementation

There are many roles that individual employers and their enterprises can play in a vibrant TVET system. These include:

- Involvement in national and provincial policy and decision-making structures;
- Membership of governing bodies of TVET institutions;
- Releasing staff to take part in standards setting and programme design;
- Making staff and facilities available to provide work experience for learners/trainees;
- Enabling TVET teachers and trainers to update their practical skills;
- Offering apprenticeship programmes;
- Upgrading the skills of their own staff.

If the policy objective is demand-led, efficiently provided training the argument for a greater role for the private sector in TVET design and delivery is over-whelming. The engagement of employers cannot be assumed, however. Their priorities lie in generating wealth and creating jobs and involvement in TVET may be seen as a distraction. There is likely to be an antipathy to working with the public sector. National and provincial governments must be enthusiastic about developing a partnership with the private sector and must agree roles for employers that give them genuine authority and the ability to contribute to decision-making – at national, provincial and local levels. A dialogue with employer representative bodies, and with individual major employers, needs to be established, to define the agenda to increase skills development activities in the country. Second, the Government, perhaps with the support of international donors, should agree to provide support and technical assistance to employer bodies, such as the sector associations and Chambers to support them to galvanize and give advice to their members about the value of investing in training and how they can do this most effectively.

International experience suggests that partnership working between the public and private sectors is not always easy or straightforward. There are different, and sometimes conflicting, philosophies to reconcile; ways of working and approaches to problem-solving tend to be different; partnerships are not always equal, with governments citing their electoral mandates as a superior source of authority. But the effort and commitment is necessary, especially in Pakistan where the expertise and resources of the private sector are needed if training provision is to be expanded and improved.

Many countries are adopting a sector approach to the identification of training needs and to mobilise and stimulate training activity. A sector approach is relevant to Pakistan and would provide another way to establish good working relationships across and between provinces and to identify national skills needs as well.

Introducing sustainable funding and finance for TVET

Sustaining reform and increasing provision will require additional resources – and these will need to be planned for. The respective responsibilities of government, employers and learners/trainees to fund and finance skills development must be addressed, and difficult decisions may have to be taken. The conditions to discuss these issues and to build consensus about how to move forward do yet exist, but they must be created and work commissioned to explore further sustainable funding strategies.

There is scope for greater efficiency in the public TVET sector, but its realisation depends on improved management information and greater discretion for managers in the deployment of personnel.

The government and individual TEVTAs have been successful in attracting international donor support. Agreement to a national TVET policy would provide a platform to seek additional support, which needs to be linked to the goals and timetables of the TVET policy rather than the internal concerns of individual donors.

Opening up pathways for people to gain qualifications, wherever they have been trained

Currently the informal sector provides the bulk of the country's skills. Encouraging more employers to pay tax and to be part of the formal system is a macro-economic goal. The TVET system should be ready to help individuals who have been trained informally to gain qualifications and to enhance their life chances. Many initiatives have been taken in other countries to 'tackle' the informal sector. The creation of the National Vocational Qualifications Framework, with competence-based assessment arrangements, with recognition of prior learning and experience opportunities, is a positive and constructive way to improve the prospects of the many people trained in the informal sector.

Establishing an organisational structure for TVET that is 'fit for purpose'

Organisations and structures are necessary for implementation. Their effectiveness is dependent, however, not so much on structure as on the good will and professionalism of those

who run and manage them. There are powerful arguments for changing the present structure. This is to focus attention on defined functions; to encourage greater collaborative working and to contribute to the 're-branding' of the sector. But organisational change requires new approaches and attitudes; simply creating new structures is insufficient.

Developing TVET services that meet the needs of clients

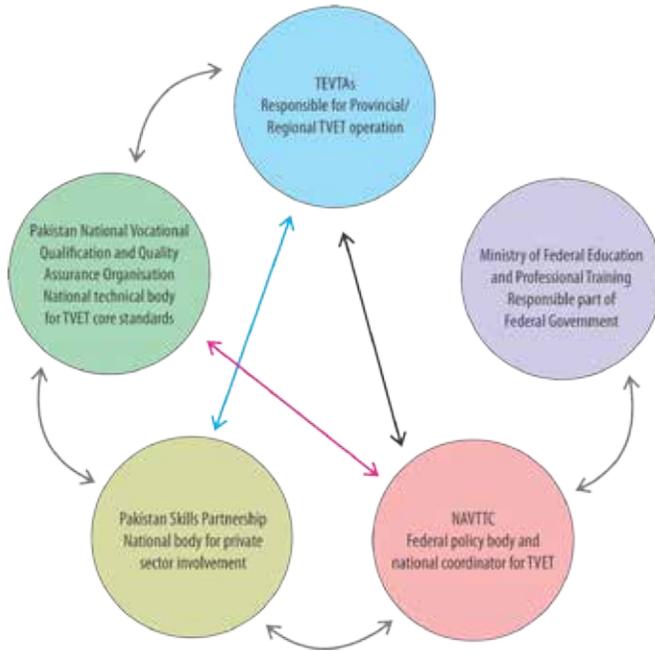
TVET has three principal client groups. The first is the government, which is anxious to ensure that its economic and social development policies are implemented; TVET has a role to play in their implementation. Employers form the second group. They are seeking the skills to be more productive and want an efficient skills development system, which they help to finance through taxation. The third group is arguably the most important – learners and trainees. They place trust in a system that they hope will provide them with a route to decent work and prosperity. To fulfil their expectations reforms to training programmes are required, but other services are needed as well. These include better information about training opportunities, counselling and job placement once training is completed. A holistic approach to the needs of young people particularly is needed, but older trainees would also benefit from guidance and placement services.

Adopting a realistic timetable

The need to improve Pakistan's skills is urgent, but the systemic reform of the skills development system will take time – probably a generation. This suggests a two-tier approach to reform and growth. The first tier is to identify the key skills that are in short supply and that if not provided will impede growth. These need to be 'fast-tracked', with programmes developed and implemented by no later than mid-2016. The second tier is the longer-term reform agenda. This will build on the fast-track programme. The final section of this Policy Document sets out a road map for implementation.

Annex 5

The New TVET Landscape



Neither the PSP nor the proposed PNVQ Organisation would provide training directly. The establishment of two organisations is designed to take forward and implement new policies and functions, for which additional resources would be required in any event. Their establishment will affect the functions of the Ministry of Federal Education and Professional Development and the NAVTTC. The ongoing functions of these organisations are summarised below:

Ministry of Federal Education and Professional Training	NAVTTC
<p>Roles: Responsible part of Federal Government</p> <ul style="list-style-type: none"> Responsible federal Ministry Coordination between sectors of education (formal and non-formal schools, TVET, universities) Negotiates overall federal government funding for TVET 	<p>Roles: federal body for TVET and national coordinator</p> <ul style="list-style-type: none"> Federal TVET policy development National TVET policy coordination with provinces TVET system coordination – including with the two independent federal agencies and with the provincial TVET agencies (mainly TEVTAs)

National Skills Fund

Introduction

A National Skills Fund (NSF) will be established. There is both national and international experience on which to draw in designing the NSF and its operational procedures and these are described briefly.

National Experience

Punjab Skills Development Fund (PSDF)

The Government of the Punjab and the UK's Department for International Development (DfID) have jointly established the Punjab Economic Opportunities Programme. This is a four year initiative that was launched in January 2011, with funds of Rs 8,250 million. One of the two components of the Programme is the Punjab Skills Development Fund (PSDF); the other component is concerned with livestock.

The PSDF has been established as a section 42 not-for-profit company, under the Companies Ordinance of 1984. The PSDF funds vocational training organizations to provide skills training; some Rs 3,800 million has been allocated to the Fund.

The work of the Fund is overseen by a Board of Directors, the majority drawn from the private sector (seven of the 11 Directors). The Board is chaired by a prominent representative of the business community.

The business model adopted by the Fund is to make grants to training providers on a competitive basis. Through advertisements training providers are invited to submit expressions of interest to provide training. From these, short lists are compiled and selections made. The overall objective of the Fund is provide training for 80,000 people by June 2015, and targets have been set that 40 per cent of trainees should be women and 10 per cent be from marginalized groups. The PSDF covers the costs of training, (initially set at Rs 30,000) but does not contribute to capital costs.

The Fund finances two principal schemes:

- Skills for Employment: the provision of standard programmes with external certification. Programmes are in a number of sectors, including Agriculture, Commerce, Construction, Electrical, Health, Hospitality, Information Technology, Media, Services and Textiles.
- Skills for the Market: programmes to meet local labour market needs with a focus on trades which open up opportunities for self-employment, informal contractual employment/piece work and small/micro-businesses.

The PSDF claims that the training it funds is more cost effective than that provided⁴⁶ by the public sector or by other donor schemes. The administrative costs of the Fund are low, seven per cent of total expenditure.

The First Annual Review of the Fund suggested that:

The business model of PSDF represents a paradigm shift in how public and development assistance is typically invested in the skills sector. Instead of directly training and building the capacities of a few public sector service providers, the Fund's support for all skill providers is contingent upon fulfilling competitive output based criteria. Equally, on demand side, financial support (vouchers, scholarships or stipends) to students will be provided only on the back of baseline data that helps design support instruments, if required, which are carefully targeted and help create genuine demand for skills rather than attraction for financial subsidies. By building on the momentum being created, the Fund's model has strong sustainability prospects, of becoming a one-stop window through which all public, development and private sector funding support to the skills sector is funnelled in Punjab.⁴⁷

Fund for Innovative Training

This is an initiative of the TVET Reform Support Programme to stimulate innovative approaches to skills development. It is seeking to encourage the development of programmes relevant to the country's economic and social development; to increase access to training by marginalized groups; to strengthen employer involvement in TVET and to promote skills development for self-employment.

The 1.5 billion PKR Fund has four 'windows' or grant categories:

- **Green skills:** to support the creation of jobs and self-employment in renewable energy; promotion of sustainable agriculture and agro processing and dissemination of green technologies.
- **Access for Marginalized Groups:** to increase job-orientated training for groups with high incidence of poverty (single mothers; young people from poor areas; internally displaced persons; people with disabilities and transgender men and women). Support is available for money to enable people to take part in skills development programmes; to develop distance and e-learning and to introduce new market models, such as franchising.
- **Get Enterprises on Board:** the objective is to make training more relevant to the labour market by getting employers involved, for example, through recognition of prior learning schemes; encouraging cooperation between TVET providers and enterprises and industry associations; piloting modern apprenticeships in the formal sector and training schemes within enterprises and their supply-chains,
- **Self-employment promotion.** Stimulation of new approaches through development of new products and services; incubators and micro-financing; value-chain development and support services for new enterprises.

46 PEOP Annual Assessment (Year 2), July 2012, DfID.

47 PEOP Annual Assessment (Year 1), July 2011, DfID

Although operating in different areas, the objectives of these two funding initiatives share common features – to increase the amount of training; to improve its relevance and to extend skills development opportunities – both to TVET providers and to learners/trainees. They are designed on a competitive basis and are encouraging the growth of a TVET market. They are inclusive in their approaches, welcoming applications from the public, private and NGO sectors and they are flexible in their approaches. Funding agreements are based on contractual arrangements that stipulate reporting requirements and which set out targets for performance.

International Experience

A number of countries have created National Funds to foster training and to finance skills development priorities. A 'training fund' is a dedicated stock or flow of money outside normal government budgetary channels. Many Training Funds are financed by levies on enterprises, but may also be based on public contributions and donor financing. National training funds are an increasingly common vehicle for financing training.

In Malaysia, the Human Resource Development Fund (HRDF) was established in 1992. Its main source is a payroll levy of up to 1%. Initially government contributed a grant that matched the projected levy income in the first year and supplementary grants during the following three years. The fund is governed by the Human Resource Development Council with representatives from the private sector and responsible government agencies. A secretariat administers the scheme. The HRDF is aimed at stimulating employers' investment in training. Resources of the HRDF are used to reimburse part of the training expenses of companies which have paid the training levy. The Council has set different reimbursement rates for different kinds of training and different types of employers. The fund has three main windows, or training schemes that are eligible for reimbursement: the ATP (Approved Training Program) for approved training in registered institutions, the SBL (Skim Bantuan Latihan) scheme for ad-hoc in-plant or external training from non-approved institutions and the PLT (Pelan Latihan Tahunan) scheme for firms that train regularly and do not want to submit applications every year. The HRDF also sponsors special programmes. To respond to the shortage of skilled workers in specific industries, the Human Resource Development Council has established an apprenticeship fund, which covers 95% of actual costs of HRDC-initiated apprenticeship schemes. Costs include apprentices' monthly allowances, insurance premiums and consumables for training.

In South Africa, 20 per cent of the skills levy is allocated to a National Skills Fund. Priority windows for expenditure are determined and grants are made to fund national skill priorities. Funds are used to support major developments in higher and further education, to promote artisan skills and to finance bursaries and scholarships for individuals.

In 2003, in Egypt the Training and Rehabilitation Finance Fund, commonly known as the Manpower Fund was established. Its purpose is to be concerned with financing the establishment, development and modernization of training centres and programmes that aim at harmonizing the local and foreign labour market needs. Revenue for the fund is generated by a 1 per cent levy on the net profits of employers. Enterprises with less than 10 employees are exempt from the levy

Examples of national training funds can be found in South Korea and a number of African countries. In Macedonia, Albania, Poland, Hungary and Turkey, they have been established as combined employment and training funds.

The potential benefits of national training/skills funds

Training Funds have a number of benefits over more conventional TVET funding allocations:

- They are ring-fenced, established for defined purposes and their funds cannot be easily diverted to other activities
- The funds can have several funding sources (levies, government allocations, donor grants) and they provide a secure and stable source of funds
- Training funds are able to target various sub-systems of the TVET system, therefore promoting and facilitating integration and co-ordination of training development
- Training funds make it easy to allocate national training resources according to nationally agreed and changing training objectives. This may also include a re-allocation between different training sub-systems. For example, parts of levy income may be used for sponsoring training for the informal sector or for the unemployed
- Training funds allow for stakeholder participation in management and funding decisions
- Training funds make it easier to employ modern and unconventional transfer methods, such as performance-based or outcome-based financing of training providers.

Experience suggests that the governance structure of training funds is crucial for their success. Transparent decision-making and management is important for creating and maintaining legitimacy and trust among enterprises and those who contribute. Training funds are usually governed by boards, which may at the same time be national training boards or national training authorities with wider responsibility in TVET policy making. In these cases fund decisions are assumed to be in line with national training priorities. Experience has shown that funds are more successful and sustainable, where the composition of the boards reflects major funding sources and beneficiaries, ensuring a broad stakeholder representation in policy making, supervision and spending decisions. A tripartite composition with equal representation of the social partners, but also a wider stakeholder involvement including training providers and representatives of civil society is common. In South Africa, for example, the National Skills Authority, which includes employer, worker, government, training provider and community stakeholders, advises on the priorities and criteria of disbursements from the National Skills Fund. The Manpower Fund in Egypt is administered by a single ministry. The operation of the Fund has been the cause of criticism and even legal dispute.

The main operating features of the NSF will be:

- Objectives: to be a new funding source to finance innovative training programmes and initiatives that further the objectives of the TVET Policy and which build the country's artisan and mid-level skills.
- Characteristics: This will be a competitive fund, applications judged on merit, according to pre-determined criteria. Payments will be linked to achievements and outputs wherever feasible and practicable. Different priority activities will be determined from time to time and these will form the categories or windows on which applications will be based. For example, categories might be the development and implementation of new

apprenticeships, skills development in a priority economic sector (say agro processing), or training programmes linked to exports.

- **Eligibility:** Applications will be considered from any legal entity in the public, private or NGO sectors. The consideration of applications will include due diligence exercises.
- **Management:** Responsibility for the management of the NSF will be vested in the Pakistan Skills Partnership, which will be established as a body independent of the government, perhaps as a Section 42 not-for-profit company. The administration of the NSF will be the responsibility of a dedicated team, to include experienced financial management and audit personnel.
- **Operations:** the NSF will make both grants and loans.
- **Establishment:** the NSF will be established as quickly as possible. Initially it will be financed from by the Government. National and international donors will be invited to contribute to the Fund and employers will also be asked to donate. There are three funds that might be explored as possible additional sources of revenue:
 - **The Workers Welfare Fund:** established in 1971 to provide low-cost housing and other amenities for industrial workers. It has funded educational initiatives, including scholarships and bursaries, and it has recognized the importance of technical education in its literature.
 - **The Export Development Fund** was established by legislation in 1999.⁴⁸ Its functions include the establishment of training institutes for export oriented trading and industrial sectors. It provides grants and in 2012 funded 44 projects, including skills development programmes of the Trade Development Authority.
 - **The Human Development Fund** was created in 2002. This is a Public-Private Partnership to mobilize global resources for Human Development following the Monterrey Conference for the International Financing of Development.

It is not the intention to create the NSF as an endowment fund, however – although donations will be used to establish it. It is planned that this should be a long-term, dynamic, revolving fund. The Pakistan Skills Partnership will be charged to develop proposals and recommendations about the generation of funds to sustain the NSF.

48 Act VI of 1999, amended by Act VIII of 2005

Outline of Proposed Comprehensive Legislation

Chapter One

- Definitions
- Purpose
- Interpretations

Chapter Two: Pakistan Skills Partnership

- Establishment
- Functions
- Composition
- Constitution
- Funding

Chapter Three: Pakistan National Vocational Qualifications Organisation

- Establishment
- Functions
- Composition
- Constitution
- Funding

Chapter Four: Establishment of Federal TEVTA

- Establishment
- Functions
- Composition
- Constitution
- Funding

Chapter Five: Apprenticeships

- Objectives and parties
- Apprenticeship Agreements
- Registration of Apprenticeships
- Obligations of Parties
- Incentives

Chapter Six: Funding (if a separate financial bill is not required)

Chapter Seven: Miscellaneous

Schedule 1: Repeal of Existing Laws and Amendments to Legislation

Schedule 2: Transitional Provisions

The PSP and the PNVQ Organisation will be accountable in the first instance to the Ministry of Federal Education and Professional Training, which will be responsible for their budgets and oversight of performance.

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