

LESSONS LEARNED AND INNOVATIVE FEATURES

1. All countries in South Asia are now discussing the critical importance of investing in human capital development to reap the benefit arising from demographic dividend, sustained economic growth and improved employment outcomes to reduce growing disparity. This requires a combination of good quality schooling to provide foundational skills and technical and vocational skills relevant to current and future labor market needs. Foundational skills which can be reinforced through good quality technical training such as team work, communication, problem solving and ability to adapt and apply new technologies are increasingly important to remain adaptable to changing job requirements.

2. In 2012 and 2013, there were four major studies that highlighted the importance of skills development and also pointed out how labor mobility has had serious impact on global competitiveness, poverty reduction and in helping countries to move up the value chain. Thus, infrastructure is critical but the return on investment will increase with commensurate investment in human capital. Against this backdrop, several important implications can be highlighted from the key reports that came out in 2012 and 2013¹:

- (i) Enhance evidence base to design and implement state-of-the-art skills strategies. Better information from skills-gap analysis is required to support planning and the transformation of information into skills development actions. Data about industry needs, industry development policies, scarce and critical skills shortages, training system characteristics and gaps, and industry recognition of skills is required from which educational planning and budgeting decisions can be made. A comprehensive labor market information system (LMIS) forms the backbone of any education and employment strategy.
- (ii) Countries should build “skills intelligence” to situate their strengths, weaknesses and options for skills development. It is proposed that government focus on system results and outcomes. Government can facilitate innovative and more flexible approaches through purchasing (Indian National Skill Development Corporation model for example) more employers into the system to improve the standard of training through better curriculum, more highly qualified trainers, whilst also systematically scanning the environment to add new occupations and remove old ones, and promoting greater permeability to higher level qualifications. Use incentives to stimulate stakeholders to achieve clear government policy objectives – rural, disadvantaged groups, critical skills, shortages, priority industry development objectives, etc.
- (iii) Prioritize the training needs of disadvantaged women so that the participation of women in the labor force increases and higher household income will lead to greater family support including better schooling and health of children.
- (iv) Harness the potential of technology to enhance opportunity of young people; Enterprise productivity improvement is very much linked to the use of technology and the relationship between technology usage and work organization.

¹ From McKinsey, *The World at Work: Jobs, Pay and Skills for 3.5 Billion People* (2012); OECD: *Better Skills, Better Jobs, Better Lives* (2012) and *Skills Development Pathways in Asia* (2012); UNESCO EFA Global Monitoring Report: *Youth and Skills-Putting Education to Work* (2012); and World Bank *World Development Report on Jobs* (2013).

Workforce skills very much drive efforts to introduce new systems of work organization and technology (e.g. lean production and management). Education and training curriculum must involve the use of technology to support learners to adapt technology and apply technology in a range of occupational settings. Curriculum in many countries continues to support occupation related skills development without reference to technology advances and without skills to equip trainees to use and apply technology.

- (v) Active labor market programs are needed to fill the gap when employers or workers underinvest in training. There is a lack of capacity of intermediary institutions in the skills development sector particularly public employment services providers who are unable to assist with job placement or skills matching services. The underdevelopment of continuing vocational training also hampers access for vocationally trained students to access higher education institutions to improve skills and increase employment prospects.
 - (vi) Policies need to focus on the number of jobs including expanding job opportunities for excluded groups to ensure inclusive growth.
 - (vii) New approaches to job creation for low- and middle-skilled workers are required. In South Asia there exist large informal labor markets associated with low labor productivity, ongoing structural change from agriculture to services, with internal migration from rural to urban centers. Employment exists within predominantly small and micro enterprises where production chains linking to a lead enterprise is common in which informal work practices are organized through low quality tasks. High levels of labor market segregation exist between those employed in informal vulnerable conditions in traditional sectors, and those employed securely in the public service or sections of the modern economy (banking and export-oriented businesses). Current training systems service the informal workforce with basic skills whilst modern economic sectors are unable to secure quality skills supply.
 - (viii) There is urgency to placing jobs at the top of the policy agenda and ensure coherence between macroeconomic, employment and social policies. There remains serious uncertainty over the future skills demand with weak labor market monitoring systems and low degrees of cooperation among education and economic actors. Devolution of responsibility to employers and industry bodies (Skills Councils, Employer or Industry Associations) to lead and manage the system at an industry level has proved successful in EU member states and other members of the OECD. Improved linkage between education systems and the world of work has become a priority for developed economies.
3. A regional study supported by ADB on technical and vocational education and training (TVET) in South Asia highlighted the following²
- (i) All countries have seen a reduction in population growth rates but the size of the annual new entrants to the labor market is significant in all countries and still

² ADB. Forthcoming. Innovative Strategies in Technical and Vocational Education and Training for Accelerated Human Resource Development in South Asia. Manila (RETA-6337).

growing: 13 million in India, 2 million in Bangladesh, 450,000 in Nepal and 160,000 in Sri Lanka. The labor force is also growing faster than the population and majority are young. However, youth unemployment is generally much higher than overall unemployment by more than two times.

- (ii) The capacity to train is usually one fifth of the annual training need. In most cases (except for Sri Lanka), educational attainment of the labor force is still low and training remains insignificant. Due to continued dropouts in primary and particularly secondary level, it is crucial to align skills training with the educational profile of the population accordingly until average years of schooling improve so that people are not excluded.
- (iii) Although poverty level is declining in all countries, it is still relatively high. Rural areas predominate: 86% in Sri Lanka, 81% in Nepal and 72% in Bangladesh although the share of urban population will rise sharply in the next few decades. Agriculture as a percent of labor is quite high (75% in Nepal, 50% in Bangladesh and over 33% in Sri Lanka) although the share of agriculture's contribution to gross domestic product has declined sharply in all these countries. In all these countries the share of the labor force in the informal sector is very high (90% of Nepal, over 80% in Bangladesh; and over 60% in Sri Lanka). This means, skills training and employment strategies have to be aligned carefully to meet the current and future demand for skills.
- (iv) TVET is characterized by mostly long term, pre-employment training, restrictive access requiring basic education in most cases, formal TVET is small in relation to secondary education (1% in Nepal; 3% in Bangladesh) and education spending (1.2% of education spending in Nepal, less than 5% in Bangladesh), the system is strongly centralized and there is fragmentation of public provision (23 ministries and departments involved in TVET in Bangladesh, 10 in Nepal, and 21 in Sri Lanka although the Ministry of Youth and Sports Development has consolidated skills development to a large extent.
- (v) A major consequence of low investment in human capital development historically is that South Asian countries rank low in global competitiveness index. To correct this, large investments are needed in high quality schooling, targeted but large scale skills development and strategic and targeted investments in higher education.
- (vi) There is an absence of workplace curriculum that is current, accessible and able to be implemented in the workplace. Training curriculum lacks linkage with industry standards and required work practices. Employers who are dissatisfied with current training arrangements design their own training for their own particular labour force needs. These are often immediate which do not assist government and industry to address skills forecasts. Until recently there was little mechanism or provision for the registration of industry based training providers.
- (vii) In many other countries, a 'dual' model of apprenticeship training is offered. Apprentices attend a training provider on a regular basis, for example on 'day release' or on 'block release'. The arguments for such a system are that apprentices have a richer learning experience, a poorly equipped or staffed

workplace is compensated for, and apprentices learn from other apprentices. The system also lessens the need for employers to provide theoretical training or to provide space and equipment for off-the-job learning. The responsibility for ensuring that an apprentice is skilled at the end of his or her term is shared among two parties – employers and training providers.

- (viii) The absence of a well-developed national qualifications framework makes it difficult for vocational trainees to progress into higher level qualifications. Trainees that pass their tests (often determined by government training agencies without reference to employers) find themselves without integration into a national qualification framework with their certificates standing outside the formal educational system. In some cases the certificate is recognized and linked to the schooling system in which a trainee would still have to complete schooling requirements to access higher education.
- (ix) The role of state owned enterprises is mostly underutilized in skills development. State owned enterprises continue to dominate national infrastructure development with little policy incentive to develop sector skills for downstream maintenance, succession planning, improvements to competitiveness or service delivery, or in preparation for efficiency measures including PPP or broader corporatization.

Lessons from Public–Private Partnership Initiatives and Evolving Models

4. Governments are increasingly looking towards successful policy interventions adopted in many countries that have successfully reduced youth unemployment and improved the competitiveness of enterprises. Most importantly has been the internationalization of systems governments are increasingly using to shift the focus of skills formation towards industry development ensuring inclusive growth, gainful employment and decent incomes. A proliferation of research into the early identification and anticipation of skills from EU member states (most prominent being German, France, Denmark, the UK, Austria, the Netherlands) and other OECD countries – particularly USA and Australia is increasingly informing less developed countries of the need “stressed unreservedly, that a comprehensive labour market information system forms the backbone of any education and employment strategy”.³ The EU 2020 Strategy and the “New Skills for New Jobs Initiative” (EU 2008) and the recently released World Economic Forum ‘Matching Skills and Labour Market Needs: Building Social Partnerships for Better Skills and Better Jobs 2014’ provide useful lessons and examples to develop models that can work in South Asia. Key features of a modernization strategy include:

- (i) **Revival of Apprenticeship Training.** The most obvious public private partnership model in vocational education and training is where employers and training providers share the delivery of training and skills assessment within a defined occupational skills set. Updating and broadening of apprenticeship programs has occurred in developed economies since the 1980s. The ILO and the World Bank have recently completed a review of ‘new apprenticeship’ programs in a report to be published titled “Towards a model apprenticeship framework: A comparative analysis of national apprenticeship systems”. South Asian economies, with the exception of Sri Lanka, have not updated

³ See CEDEFOP Skills Net <http://www.cedefop.europa.eu/EN/about-cedefop/networks/skillsnet/index.aspx> and see also WEF http://www3.weforum.org/docs/GAC/2014/WEF_GAC_Employment_MatchingSkillsLabourMarket_Report_2014.pdf

apprenticeship modalities and do not utilize the facilities available in industry for imparting skills training to meet the requirements of industry.

- (ii) **Lack of incentives for in-company training.** Enterprise training remains largely unrecognized by government. Enterprise training provides a means through which larger companies secure adequate supply of skills. Enterprise training can be recognized and mobilized to strengthen quality and improve productivity of suppliers and distributors in maintaining company standards. Skill development using a value-chain approach can increase skills and employment levels.
- (iii) **Learning from international experiences.** South Asian countries are increasingly financing partnerships with overseas country systems to improve quality and relevance of training. Bangladesh, Sri Lanka and India finance partnerships with Australia and the United Kingdom to improve curriculum, train trainers, strengthen Skills Councils and improve national qualifications frameworks for example.
- (iv) **The importance of Sector Skills Councils or Industry Skills Councils.** South Asian governments are financing the establishment of industry skills councils to better address skills mismatches. Governments have supported sectoral approaches in which industry are grouped into economic sectors. Employers, industry and trade associations, professional and certification bodies, licensing bodies and labor organizations are mobilized into skills councils to discuss and address sectoral skills needs and prepare skilling plans to be monitored by industry and reported to government. Governments increasingly use these plans to allocate financial assistance and provide incentives to industry and training providers to ensure priority skills needs are addressed. This enables industry ownership in the (i) setting of standards and approval of training courses; (ii) validation of LMIS findings, surveying industry employers to ascertain skills needs and determining needs and priorities for government and industry financing; (iii) quality assurance of training providers, trainers and assessors; and (iv) job placement and skills matching services. Currently skills councils are financed by governments with the expectation that industry contributions will increase over time reducing the dependency on government financing. Although in more developed economies skills councils still receive funds for specific services from responsible government agencies. In India, government provides opportunities for industry and skills councils to loan funds to address skills gaps and improve skilling systems to be relevant to industry needs. India and Bangladesh currently provide grants to industry to establish skills councils within given frameworks. Sri Lanka is proposing to establish skills councils from July 2014 and will also contract these for specific services.
- (v) **Purchasing Models.** Governments increasingly purchase services to achieve policy objectives and targets. Funding is aligned to achieving government determined result areas. In TVET this has been proactively applied in many economies since the 1980s as part of public sector reforms designed to improve service provision, performance and accountability of public funds to meeting policy objectives. In TVET this includes increasing participation in critical skills and scarce skill areas required by key industry sectors of a given country, providing access to disadvantaged groups to the benefits of TVET, up-skilling and labor market adjustment of the existing workforce and skills formation most likely to support gainful employment or new venture creation.

Purchasing Services as Performance Based Financing

5. In TVET, responsible government agencies or ministries increasingly purchase services from training markets to achieve policy objectives and government targets. The creation of a training market takes time and involves the recognition of private training service providers, enterprises and industry associations that provide training. Governments have increasingly established 'industry skills councils' to provide industry advice and guidance on how to address skills gaps and mismatches and to provide industry with a more dedicated voice in the governance of vocational training services provided by public funds. Governments are encouraging increased industry involvement in TVET and provide incentives to stimulate increased investment from employers to improve the relevance of vocational training, support industry growth and improve employment. Incentives to employers provide a means through which disadvantaged groups are trained and provided with on job training. Incentives also ensure that training quality and relevance reflect industry needs and support industry growth. Financing skills development is very much linked to the issue of responsiveness to market needs, to adaptation and relevance. Financing enterprises and industry skills councils can strengthen a results-oriented outcome by encouraging greater competition in economic areas of importance to industry and government.⁴

6. Industry advisory and consultative structures have not rendered greater industry leadership or investment in skills development as employers often complain that their advice is not reflected in public skills provision. The introduction of industry standards in which occupational training reflects specific industry outcomes and packaged into qualification frameworks has improved relevance⁵ as has improved apprenticeship training programs that require 70% of skills training to occur in the workplace. But direct funding support to both industry skills councils and employers has increasingly been a feature of training reform agendas. This ensures industry leadership but also strengthens training markets which provide government with increased options in addressing policy objectives which remain intractable through public sector training provision. In TVET this has been proactively applied in many economies since the 1980s as part of public sector reforms designed to improve service provision, performance and accountability of public funds to meeting policy objectives. Often access to public funds is a preliminary step towards the establishment of a successful training levy or skills taxation scheme in which employers have to contribute towards the skilling agenda of a country. In his review of national skills funds, Johanson notes that some 72 countries have funds in which employers can access support to develop productive work skills⁶.

7. The need to incentive employer involvement in design and delivery of TVET services are also evident in a review of TVET systems across 90 countries which found that programs that enabled employer support (along with a combination of on job training, technical and soft skills development) have significant impacts on employment and earnings of program participants.

8. There are several successful models in which enterprises and industry skills councils are financed to deliver skills training. A GIZ commissioned study⁷ identifying TVET financing options for the Government of Bangladesh highlighted successful government systems in Malaysia, Singapore, Cambodia (Garment Employee Development Fund), Egypt and India in which

⁴ Dunbar, Muriel. *Engaging the Private Sector in Skills Development*. Oxford Policy Management, DFID. 2013

⁵ Allais, Stephenie. *The Implementation and Impact of National Qualifications Frameworks: Report of a Study of 16 countries*. International Labour Organization. 2010. Geneva.

⁶ Johanson, R. *A Review of National Training Funds*. World Bank, 2009. Washington, D.C.

⁷ *Identifying Alternative Financing Mechanism for Skill Development Training in RMG Sector: Towards an Autonomous National Fund and Financing Modalities*. GIZ, Dhaka. 2009.

government provides various funds to support industry to address skills needs. In Malaysia and Singapore these have evolved into payroll levy schemes where employers pay a percentage of payroll into a workforce development fund through which they can access funds to support skills development in the workplace. The report notes that “seed money from the government should be the first source of funds” which can then be converted over time with matching funds or concessional loans and that the period in which government financing could be for a “minimum of 10 years” to support and mobilize the private sector.

9. A review of ‘innovative implementation mechanisms’ commissioned by the Government of Sweden⁸ confirms that direct financing of employer associations and other private sector actors to stimulate skills development and employment initiatives showed success across many countries. This review examines research from World Bank, OECD, ILO and extensive literature from national systems and research agencies. ‘Challenge fund’ systems supported by development partners, including USAID and the Government of Australia in developing countries, show particularly high success in matching skills needs and improving employment particularly amongst smaller businesses. PKSF in Bangladesh is also cited as a successful example in which government provides seed funds to support skills training and micro credit for small business development and to assist disadvantaged groups access skills and employment initiatives. PKSF is a legal entity which is separated from Government and operates on a corporate model.

10. Additionality and wider market impact should be important criteria to access government or donor funding. Funding should harness core business activities and apply value chain development methodology aimed at promoting productive employment. Funding windows should also support civil society and NGO players to promote micro level approaches focused on employment as opposed to livelihoods. Linking skills development with industry and productive employment should guide public grant financing. And equally important is to support research, improved labour market analysis and provide capacity building of the importance to improving productive employment. Examples provided in this study include the U.S Department of Labour ‘Workforce Innovation Fund’ and the Australian ‘Workforce Productivity Fund’.

11. Direct financing by governments to employers and industry skills councils is common across Europe, the Middle East, China, India, Africa and the Americas. New Zealand has been a pioneer of purchasing services from industry. In the early 1990s the New Zealand government allocated public funds to industry skills councils who would identify priority needs and contract public and private training providers to address these. This included enterprise based training and a range of flexibly delivered training approaches. Public training providers had to partner with employers and address identified industry training needs to access training funds. The experience of the New Zealand experience has been well documented and has informed systems in Australia, Asia, the Pacific and Southern Africa. Lessons learnt from these systems include (i) the need for a solid quality assurance requirement on training delivery; (ii) quality skills forecasting and identification of gaps; (iii) monitoring and reporting of results linked to financing. Financing agreements used in these systems are proposed to underpin the assistance to be provided to employers and industry associations through SEIP.

12. The key features of purchasing training services from industry include:

- (i) Addressing critical skills gaps and scarce skill areas required by key industry sectors in Bangladesh;

⁸ Swedish Institute for Public Administration. *Study on Existing Models for Productive Employment and Possible Models for Funding*. 2013.

- (ii) Providing access to disadvantaged groups to the benefits of TVET and productive employment;
- (iii) Supporting industries in transition with up-skilling, labor market adjustment, changes in work organization or with the introduction of new technology; and
- (iv) Employment generation programs.

13. The distinguishing features of the SEIP program are attached in Annex 1.

14. Bangladesh requires an approach that delivers results but at the same time builds or strengthens the system. In this way it is a developmental approach that uses industry associations and private training providers as well as public training providers. ADB is supporting the introduction of a purchasing model in the Philippines (Project Number 46480-001) in which employers and industry associations will be funded to deliver vocational training to improve skills as a central strategy to improve the competitiveness of the tourism industry.⁹ Under revised legislation tourism employers will receive grant financing from the Department of Tourism to improve the skills of the existing workforce and to improve supply of new entrants into the industry. ADB is also supporting the introduction of purchasing model in Sri Lanka to catalyze the private sector to address skills shortages and improve employability of TVET graduates.

⁹ ADB. Report and Recommendation of the President to the Board on the Proposed

SUMMARY OF KEY FEATURES OF PURCHASING MODELS

1. Governments increasingly purchase services to achieve policy objectives and targets. Funding is aligned to achieving government determined result areas. In technical and vocational education and training (TVET) this has been proactively applied in many economies since the 1980s as part of public sector reforms designed to improve service provision, performance and accountability of public funds to meeting policy objectives. In TVET this includes increasing participation in critical skills and scarce skill areas required by key industry sectors of a given country, providing access to disadvantaged groups to the benefits of TVET, up-skilling and labor market adjustment of the existing workforce and skills formation most likely to support gainful employment or new venture creation.

Key features from Overseas Examples: ¹⁰	Bangladesh Skills for Employment Investment Program:
<p>1. Government purchases services from approved training providers</p> <ul style="list-style-type: none"> • Government identifies what it wants to achieve reflecting approved policies and regulations. This is normally reflected in purchasing of training places from the training provider market (accredited public and private) to address a critical skills gap, provide access to skills for disadvantaged groups, ensuring supply of skilled workforce to key industries, provide access for rural and remote communities, support training linked with employment, ensure skills are available to implement government policies and budgeted programs and support value adding and improved productivity in key industries. • Purchasing services remains additional to public technical education and vocational training (TVET) financing in many countries (Australia, Malaysia, India, Sri Lanka, Philippines, Fiji, Germany and France for example) but is increasingly used to replace traditional funding of services to improve performance and accountability of public funding provision. • Public provision is linked to performance based financing in these contexts but public and private training providers can access additional funds from government through a purchasing of service modality based on their 'scope of coverage' monitored through their registration and accreditation system. • Training providers can still generate income 	<p>1. Sector Road Map and Policy</p> <ul style="list-style-type: none"> • National Skills Development Policy (NSDP) adopted in 2012 specifies training system reforms and sector performance targets. NSDP makes provision for greater leadership across the whole skills development system by the private sector. • Current training capacity does not meet demand or industry expectations of quality. Training provision is not currently accountable to system users – employers and trainees. • NSDP Action Plans have been prepared for many sectors that identify skills gaps that can be addressed through skills development. • Public providers are not funded on the basis of performance or achievement of results. Reform initiatives have commenced in terms of Bangladesh Technical Education Board's (BTEB), the apex body for quality assurance (QA), requirements but not yet in terms of funding modalities. • Targets for increased participation adopted, including for disadvantaged groups and people with disabilities. • NSDP promotes catalyzing private sector involvement particularly employers in training provision and skills assessment/certification to improve employment outcomes and relevance. • Enterprise delivery, assessment and mentoring

¹⁰ SAHS has reviewed purchasing systems operating in Australia, Fiji, India, Malaysia, New Zealand, Philippines, Singapore, South Africa, Sri Lanka, United Kingdom, France, Germany and United States of America. New Zealand has been a pioneer in enabling employers, employer associations and 'Industry Training Organizations' to purchase entry-level, off-the job- training since 1992.

Key features from Overseas Examples: ¹⁰	Bangladesh Skills for Employment Investment Program:
<p>from other sources. Government audit extends to services purchased with public funds. Training providers are required to report on the use of public funds and to provide evidence in meeting government policy objectives.</p> <ul style="list-style-type: none"> • Planning responsibility is shifting in many economies to employer associations and skills councils for ensuring that appropriate training arrangements are in place to meet the demands of operating in the global economy. Funding and choice is increasingly placed in the hands of industry to promote partnerships and improve responsibility and accountability for system outcomes. <p>2. <u>Government assures quality and value for money.</u></p> <ul style="list-style-type: none"> • Government decisions to finance reflect labor market analysis, industry development policies, trade agreements and social policy objectives. Most often reflected in a national skills development strategy periodically updated by responsible government agencies. This informs and prioritizes purchasing decisions and is used to fast track responsiveness, address capacity gaps in existing systems and ensure policy objectives are realized within a given time frame. • Performance agreements or financing agreements are approved to monitor funds flow and achievement of results. The emphasis on results reinforces the signals to teaching staff that their funding base depends on achieving certain standards of service. This includes assurances on course completions, qualifications obtained and skills certified and job placements rather than merely enrolments. • Funding allocations are not only based on cost considerations but are supported by a system of clearly specified quality standards. Though purchasing these systems are no longer divorced or self-serving but are integrated enabling industry users some power to influence decisions on how funds are allocated and for what purposes. • Government regulatory and quality assurance role is increased and better integrated. 	<p>of workforce development are central to TVET reform initiatives described in the NSDP.</p> <ul style="list-style-type: none"> • Public training providers to be supported to shift towards performance based funding. • Accreditation and registration systems have been updated to improve quality. Consistent rules for both public and private providers have been adopted. • Bangladesh not been able to fund private TVET training providers in a systematic way and in a scale needed. NSDP enables funding of accredited training providers (which could be enterprises, trade or industry associations, and NGOs). <p>2. <u>Government Quality Assurance System</u></p> <ul style="list-style-type: none"> • BTEB QA system has been revised. Providers have to comply with quality requirements and standards specified otherwise they cannot receive public funds or be recognized by the government as a supplier of training services. Courses will not be recognized for employment in Bangladesh or through government supported overseas employment initiatives/memorandum of understandings (MOUs). • QA system strengthened (BTEB) through new legislation with new QA systems for provider registration, course accreditation, trainer and assessor registration and skills certification developed and in the early stages of implementation. • NSDP promotes apprenticeship type systems that require on job training and workplace experience prior to skills certification. Industry training and assessment is increasingly becoming a mandatory feature of vocational training provision in Bangladesh that will require active engagement of employers in the skills development system. • Government, through the ministry of finance (MOF) and NSDC, reviews cost implications based on unit cost training (by course) for existing public provision. • Business plans and funding agreements prepared modelled on experience from India

Key features from Overseas Examples: ¹⁰	Bangladesh Skills for Employment Investment Program:
<p>Qualifications Authorities are vested with significant powers to monitor quality and performance. Training providers have to be accredited and subject to audit from government for compliance with specified quality standards. Registration and accreditation involves organizational requirements (building and facilities, occupational health and safety (OH&S), governance and financial management systems, staffing capacity, codes of practice, international organization for standardization (ISO) certification, student management system and services, management information system (MIS) and membership of professional associations relevant to occupational/industry areas), and also specified training delivery capacity. A provider is granted a 'scope' of modules or training courses they are approved to deliver with public funds. Delivery is monitored by relevant training authorities/agencies. Training scope can be expanded but the requirements include qualified trainers and assessors, linkages with industry and employers, learning materials and delivery tools, relevant equipment and training capacity to manage and implement accredited training.</p> <ul style="list-style-type: none"> • Performance targets are more transparent with performance agreements and annual reports made public. Comparative performance data is made public including student success in completing courses, pass rates, employment outcomes related to qualifications etc. <p>3. Financing Vocational Training</p> <ul style="list-style-type: none"> • Governments increasingly rely on registration and accreditation of training services suppliers under a qualifications and regulatory body. Governments most often purchase critical skills development services directly from the training market whilst making funds available for regular training places through hybrid competitive bidding (not always on cost in many countries but on approach/method) to support and nurture innovative training initiatives from the training provider network. Governments most often specify unit costs to maintain minimum quality requirements as practiced in schooling systems and will adjust costs based on approach and methodology and also depending upon the priority given through industry demand. A scarce skills gaps 	<p>and Australia.</p> <ul style="list-style-type: none"> • BTEB has registered more private training providers than public training providers. • Quality audit systems to be further strengthened with additional staff to support system expansion and assist transition towards an industry led TVET system. • The proposed national human resource development fund (NHRDF) will operate a number of funding windows through which government can support skills development – including grants to employers, funding government agencies delivering programs aligned with the NSDP, vouchers or targeted stipends to support the most vulnerable and disadvantaged. • Bangladesh does not have a training market. Through SEIP a training market will be established which Government can incentivize in different ways to secure quality results aligned to government skills policies. A foundational feature will be private sector ownership and accountability for the success of the skills development system. <p>3. Government Support for Cost Sharing</p> <ul style="list-style-type: none"> • NSDP proposes establishing an NHRDF to pool funding and support quality assured training provision across public and private sector. Government benchmarking of skills training with Malaysia, Singapore, Australia, Philippines, Sri Lanka and India would help to standardize quality of training. Training partnerships exist across these countries with major employers seeking to improve workforce skills in Bangladesh drawing from models and services available in those countries. • Government NSDP policy seeks partnerships with employers/industry to address skills needs central to continued growth and development

Key features from Overseas Examples: ¹⁰	Bangladesh Skills for Employment Investment Program:
<p>would be incentivized to ensure industry needs are addressed quickly.</p> <ul style="list-style-type: none"> • All Governments reviewed provide funds to employers, industry associations and sector skills councils who select training services from accredited networks of training providers or are themselves registered as training providers. This modality introduces a notion referred to as 'user choice' and 'user buys' in which system users (trainees and employers) have greater choice of services from the recognized training system. This modality co-exists within a framework of the following funding options commonly used by governments: <ul style="list-style-type: none"> (i) The allocation of funds by government to semi-autonomous agencies within the public sector through regular performance agreements based on specified goals and targets to be achieved within an agreed timeframe; (ii) The allocation of funds by government through competitive tendering under specified conditions from both public and private sector service providers; (iii) Franchising by Government of intermediary bodies to act as purchasers of services from service providers; (iv) Funding intermediary bodies to purchase services on behalf of their members; and (v) Direct purchasing of services for consumers (giving direct purchasing power to demand side of the market for services). • Competitive tendering processes have not always delivered results as it is always difficult to determine how public training providers participate in the tendering processes. Determining costs (full cost or marginal cost) and therefore prices for the services of publicly funded training providers, remains a challenge in many countries. And many have noted that unit cost reductions diminish quality and are responsive to price not client orientation. A balance is often struck through negotiation with a focus towards achievement of results given primacy. • Public training provision is strengthened through performance based financing with 	<p>and to improve the productivity and competitiveness of the private sector. Policy promotes cost sharing but also acknowledges that initial skills development is a cost to government.</p> <ul style="list-style-type: none"> • The government wants employers to have a greater say in TVET and provide sector leadership. Employer contributions can be generated when employers know what they are getting and are satisfied that their identified needs are addressed by the TVET system. SEIP has cost sharing arrangements ensuring employer contributions and ownership. • Industry associations have been identified as they have employer members and have developed necessary communities of trust to recruit and train a skilled workforce. These systems will be recognized by BTEB and are prescribed in the NSDP. Employers are more likely to work with industry association training institutions or endorsed training providers and provide financial commitments. • Industry funding contributions also recognizes the costs associated with workplace supervision, on job training, job rotation to improve skills, occupational health and safety, materials handling and equipment usage. • QA systems are being strengthened resulting from changes to BTEB legislation. SEIP will support BTEB to implement requirements particularly supporting enterprise based training and greater employer involvement in skills development. • Department for International Development of the United Kingdom (DFID), the World Bank and the Department of Foreign Affairs, Trade and Development, Canada are funding programs to secure vocational training services from industry associations, large employers and private training providers. <p>Annual skills reports will be generated for reporting progress in meeting national policy objectives and targets. Monitoring and reporting systems will be strengthened to validate trainee selection, training provision, skills certification and initial employment outcome. Systems to be regularly reviewed and updated to support achievement of government</p>

Key features from Overseas Examples:¹⁰	Bangladesh Skills for Employment Investment Program:
<p>some governments moving to a full scale purchasing model underpinned by employer user choice (New Zealand, South Africa, Malaysia, France and Germany for example where employers are financed and then choose from a network of accredited training providers. Employers are also registered as training providers in many industries – construction, hospitality and tourism, mining, automotive, etc.). In these contexts the state still purchases services as well, and incentivizes industry to address access and equity considerations and address skills needs of small employers or other policy objectives.</p> <ul style="list-style-type: none"> • Many countries purchase training places from employers, industry associations and private training providers including Australia, India, Sri Lanka, Philippines, Singapore, Malaysia, Fiji, Vanuatu, the United Kingdom, the United States, and South Africa but continue to use other financing modalities – mixed approach. This provides government with a number of options through which to utilize a country's skills development resources. Many countries export this capacity globally to support transnational companies and to strengthen country systems to improve bilateral ties, skilled migration and trade. Australia purchases training places through the Australia Pacific Technical College which operates in 16 Pacific Island States to address skills needs of major regional pacific employers and address critical skills gaps in Australia and New Zealand. • Eligibility requirements are strengthened (meeting requirements of the qualifications authority) so that training providers have to meet criteria to be eligible for funds from government. This is managed through provider registration requirements and accreditation of training services/programs. Quality assurance systems become better integrated with the needs of users who participate in setting of standards, approving of training courses and directly fund service provision. • Transparency is improved with reporting and public disclosure of results. • Skills provision is regarded as a public service to support industry competitiveness, productivity improvement and increased 	<p>policy objectives.</p>

Key features from Overseas Examples:¹⁰	Bangladesh Skills for Employment Investment Program:
<p>employment. Subsidized training is not excluded from World Trade Organization (WTO) rules or trade agreements.</p> <ul style="list-style-type: none">• Cost sharing is improved with government support identified and often pegged to industry/employer contributions. In some cases this is linked to a skills fund in which employers have contributed, in other cases government funds are available based on employer financial commitments. It is also important to note that in all cases Government still fully purchase services in cases deemed as strategic for national development, to improve access and equity and in areas where there are critical skills shortages. Funding is periodically reviewed and changed to reflect changing policy objectives and priorities.	