

Skills development for employability and inclusive growth: emerging strategies and priorities in Asia's developing economies

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Outline of the Presentation

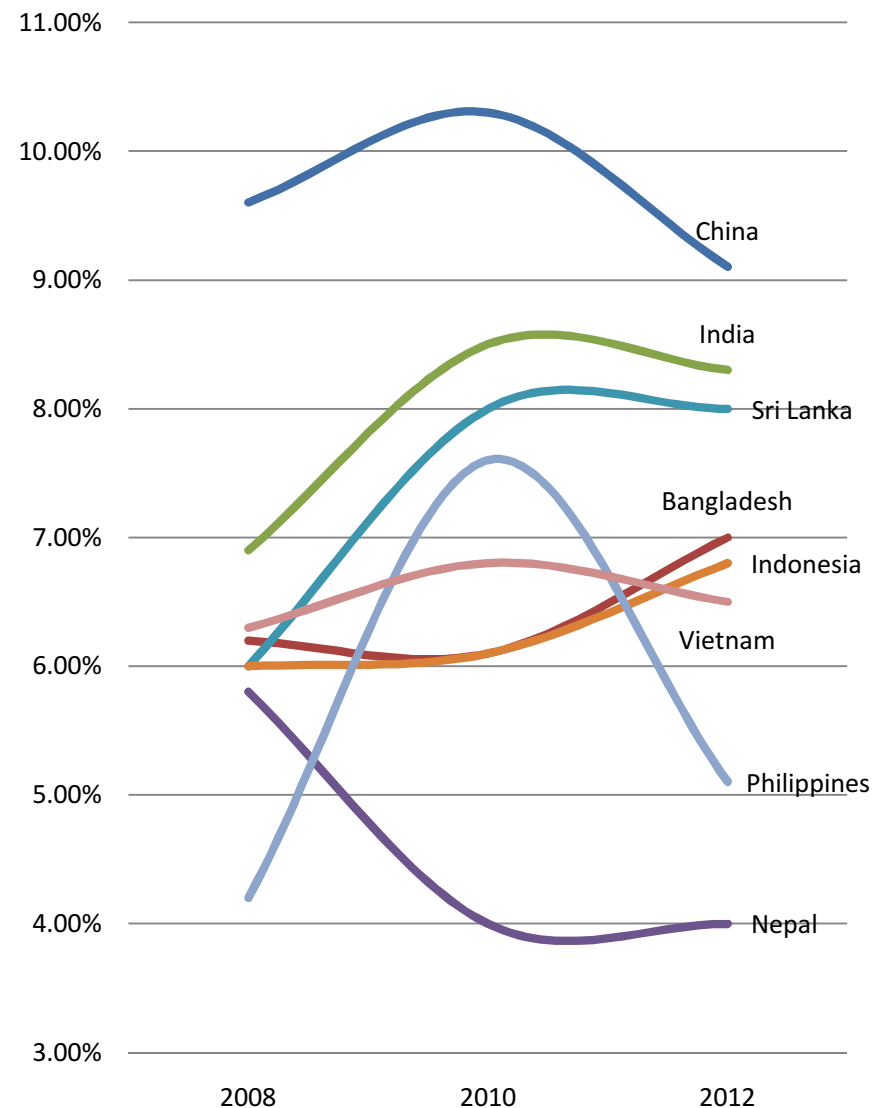
- Implications of Asia 2050
- Global/regional trends and drivers of change
- Holistic education: lifelong learning
- Analysis of skills development
- Emerging good practices
- Key questions arising from skills development
- Emerging consensus on skills development

Implications Asia 2050

- Asia has demonstrated its resilience to continue its path of high economic growth
- If the current growth trend is sustained over the next three to four decades, Asia's per capita income will reach Europe's levels of today by 2050
- To achieve this, Asia will have to overcome several interrelated risks and challenges:
 - increasing inequality within countries
 - rising income disparities across countries
 - the “middle income” trap
 - intense competition for finite natural resources
 - global warming and climate change
 - poor governance and weak institutional capacity

Source: Asia 2050

GDP Growth, selected Asian countries, 2008-2012

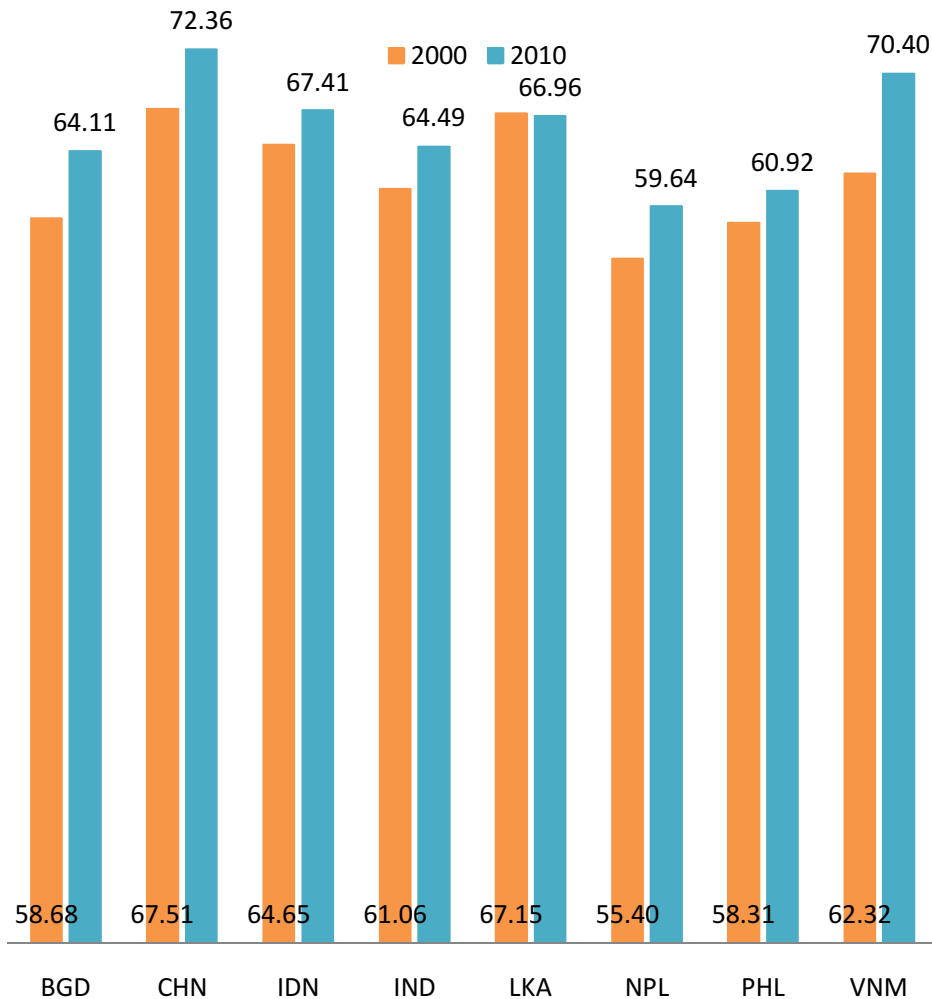


Global and Regional Trends: Drivers of Change

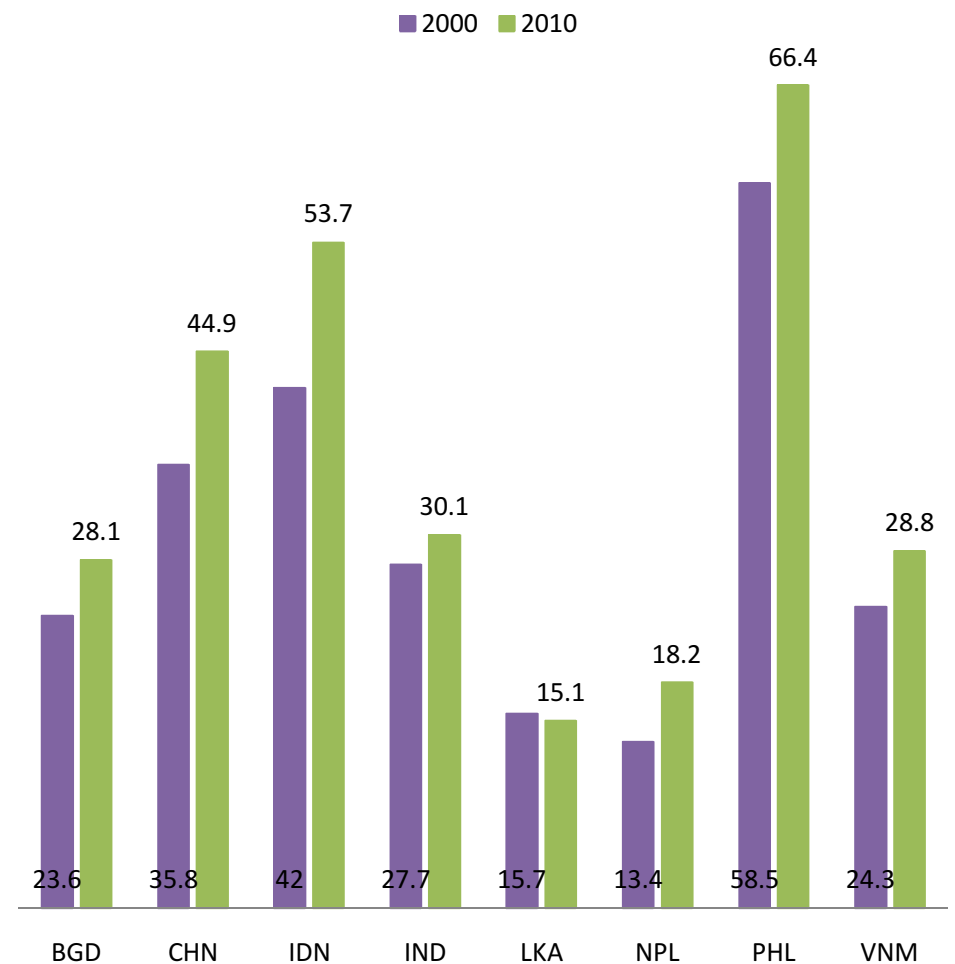
Global/Regional Trends	Drivers of Change
Population growth and more youths entering the labour force	Demographic transition and labor mobility
Rural to urban migration leading to rapid urbanization	
Growing and large informal economy	
International trade, liberalization, and globalization are having major impact on the workforce	Technological changes
Rapid technological change which requires continuous adaptation	Changing global power structure

The workforce is growing and workers are migrating to cities

15-64 Age Group as % of Total, selected Asian countries, 2000 and 2010



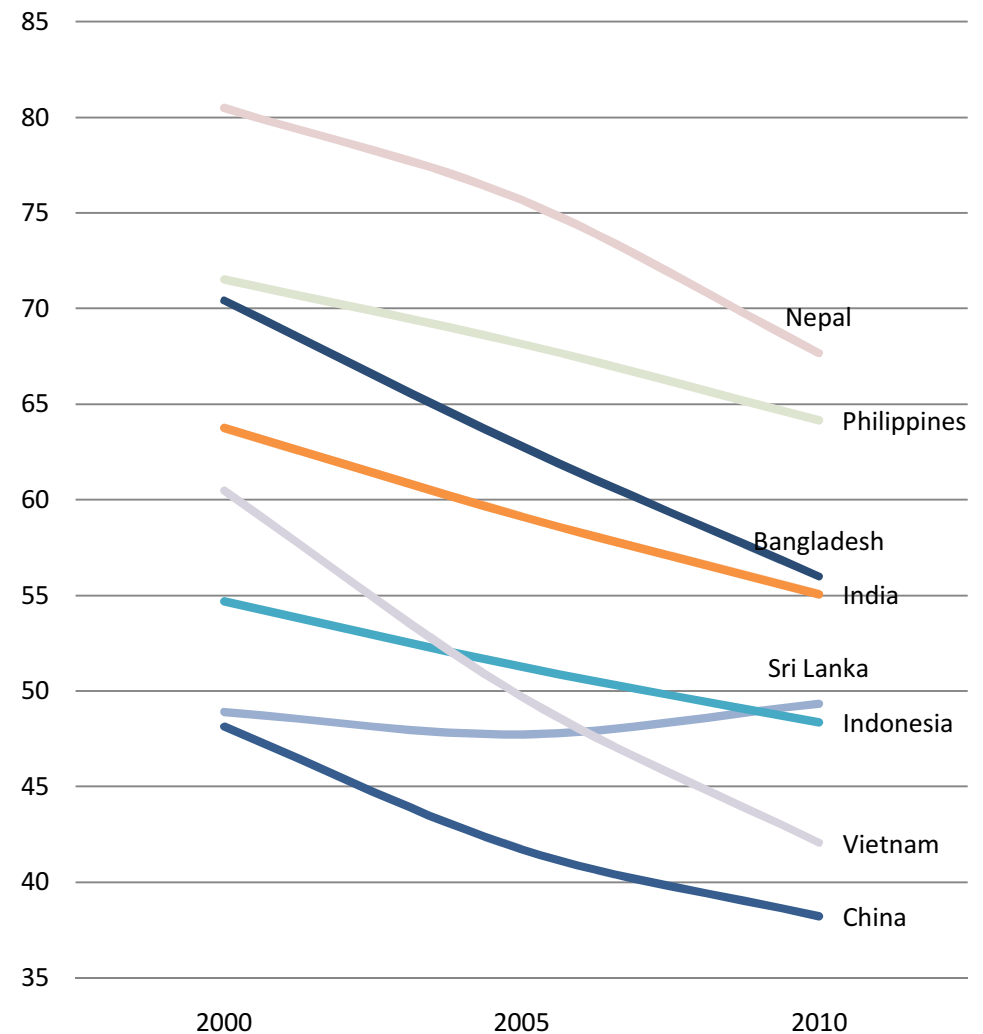
Urban population as % of Total, selected Asian countries, 2000 and 2010



Regional Context

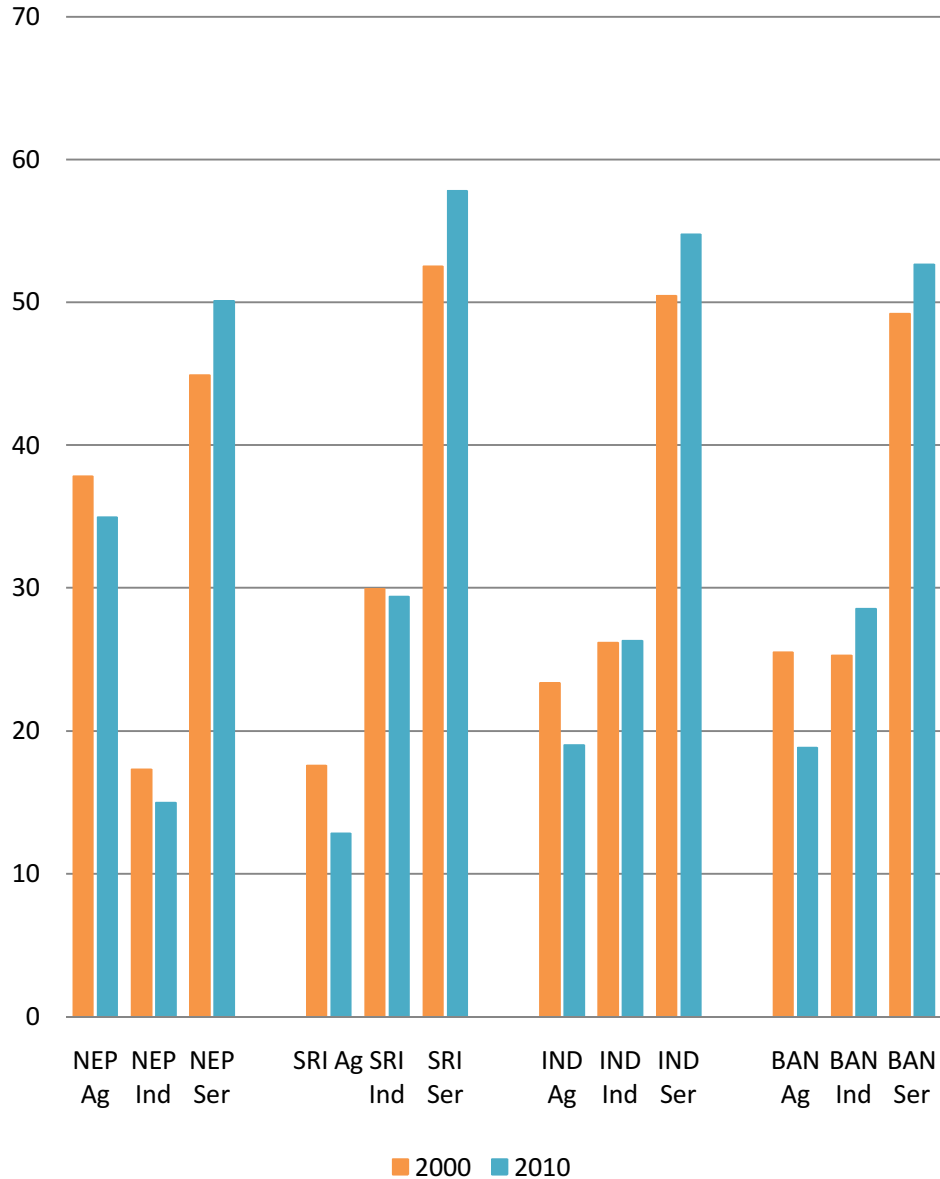
- Demographic dividend (or curse)
- Enhancing the image of TVET
- South Asia emerging as the supplier of labor force for the region and world
- Large remittances indicate the potential to reduce poverty and increase standards of living
- The shifting composition of the economy will have implications on labor market needs
- Addressing constraints facing TVET

Dependency Ratios, selected Asian countries, 2000-2010

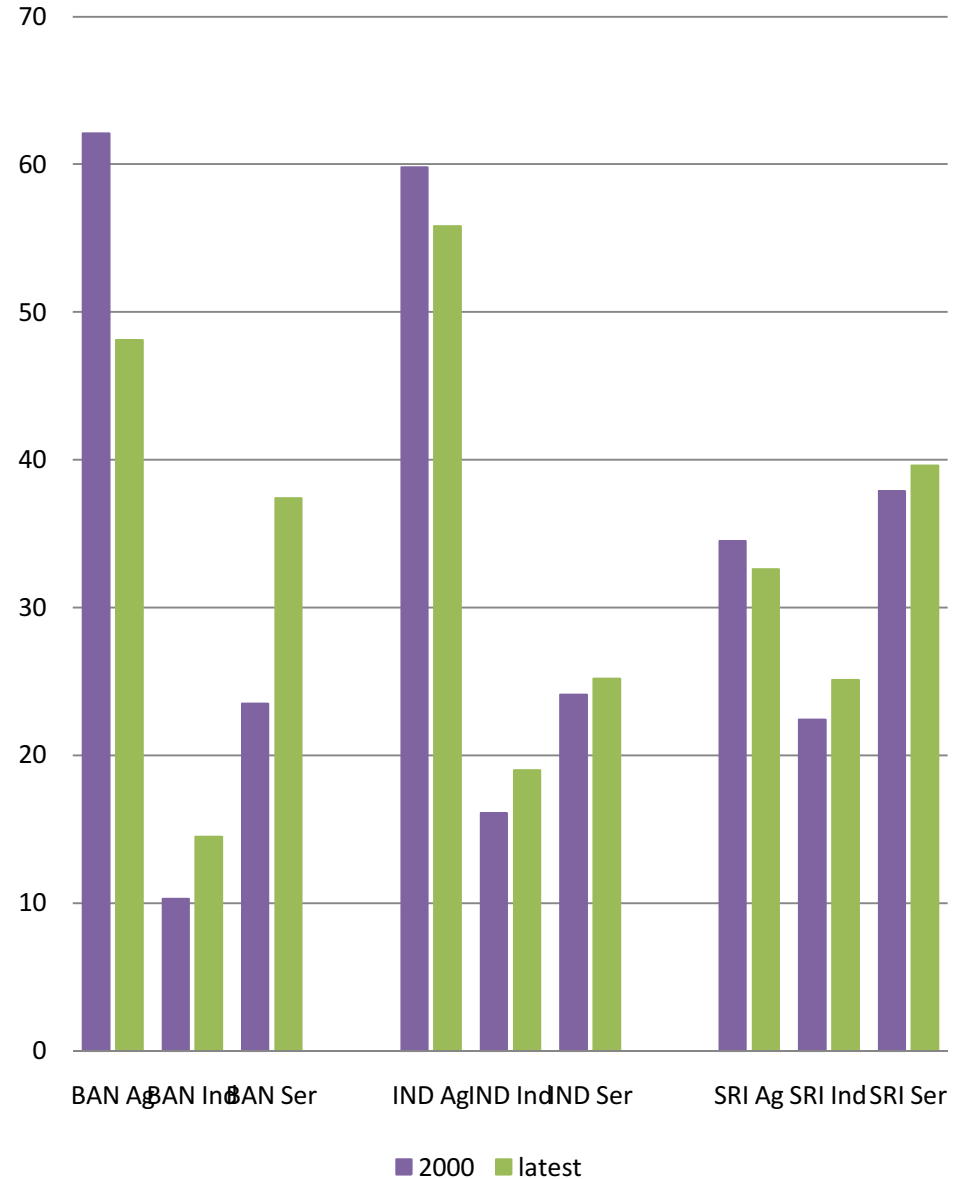


GDP Growth and Labor Composition (SA)

% of GDP

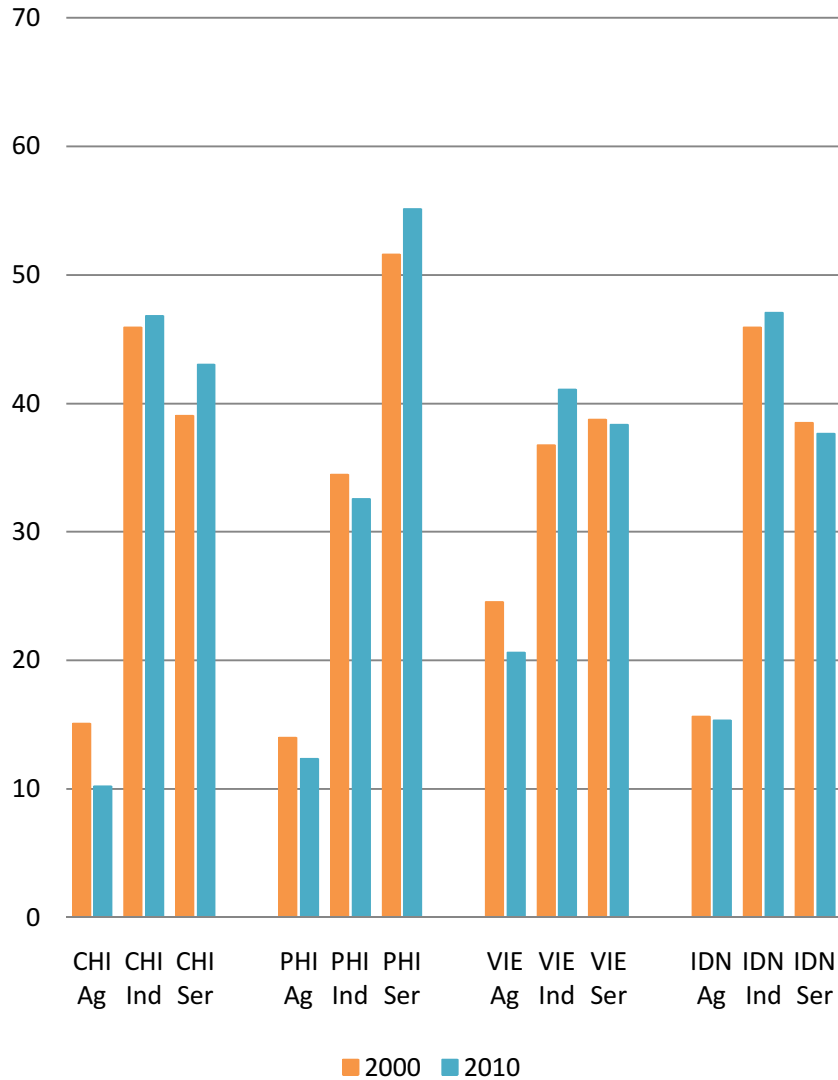


% of Total Employment

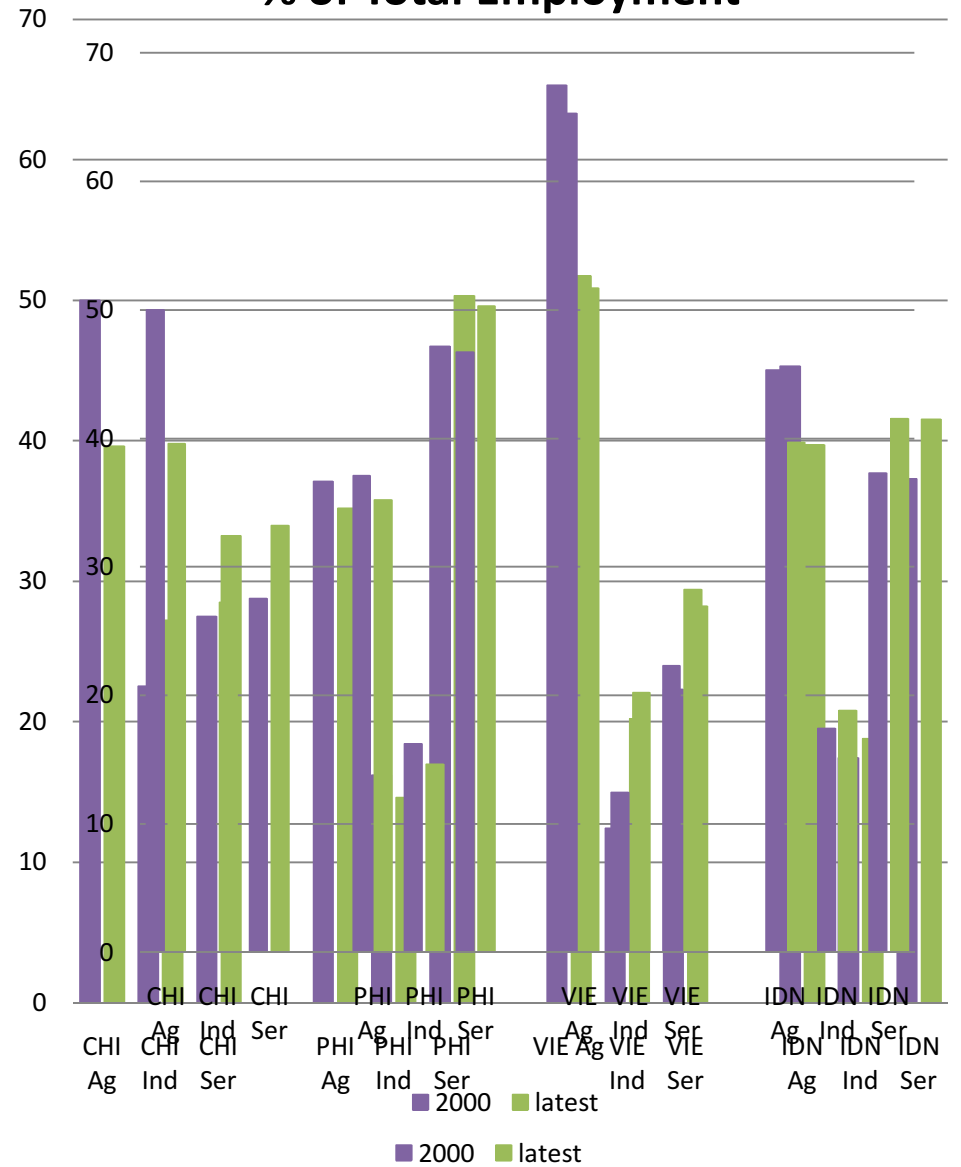


GDP Growth and Labor Composition (SE)

% of GDP

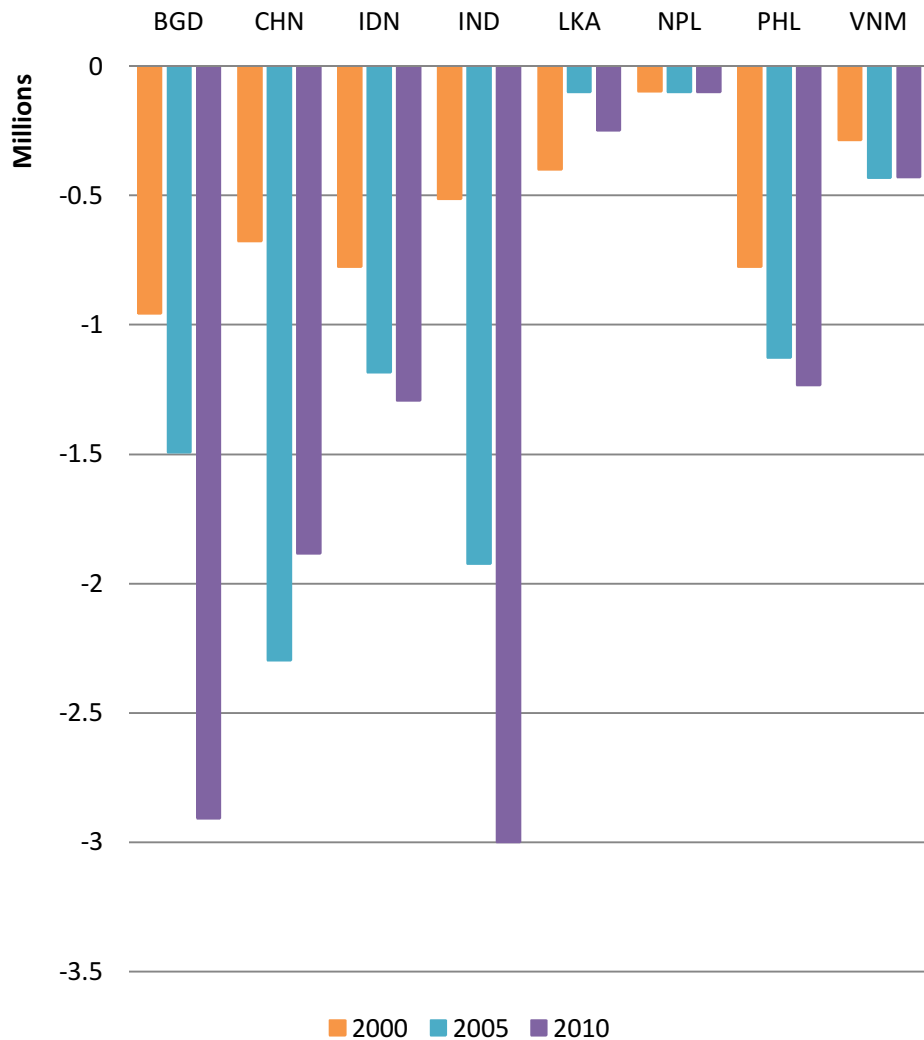


% of Total Employment

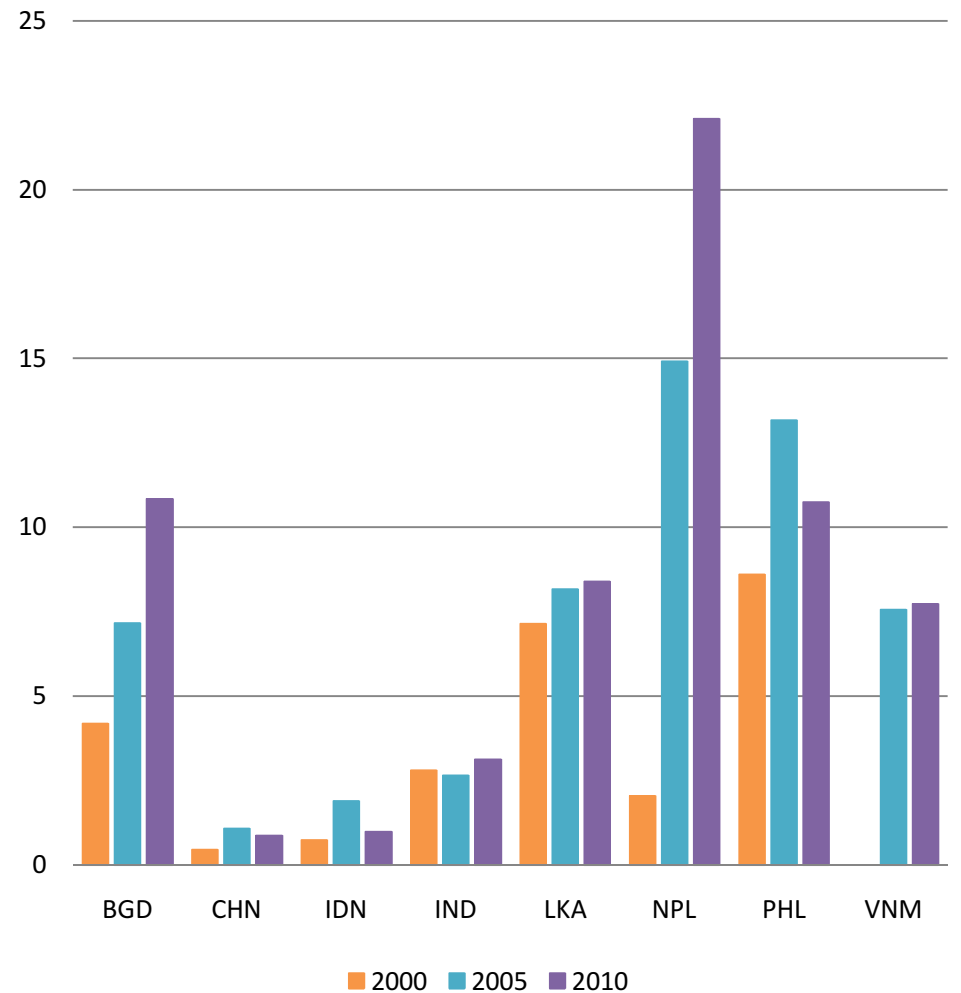


Labor mobility is keeping some economies afloat

Net Migration in selected Asian countries, 2000-2010



Remittances (% of GDP), selected Asian countries, 2000-2010



Holistic Education: Lifelong Learning

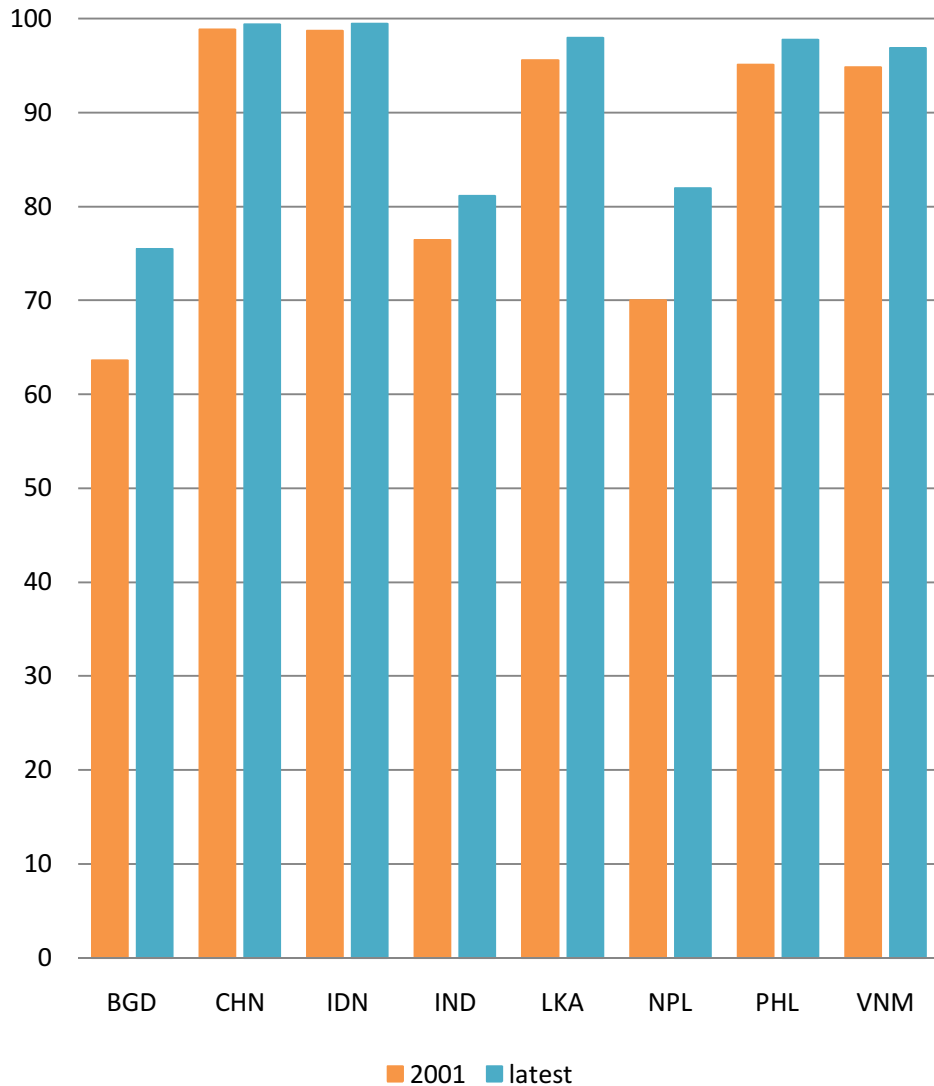
Impressive quantitative progress but.....

- Efficiency and equity: dropout and low cycle completion, public-private divide
- Quality and relevance: student learning
- How to stimulate teaching and learning?
- Emerging e-learning platform transformational
- Linkages across education system crucial
- Governance: incentives and motivation, institutional leadership

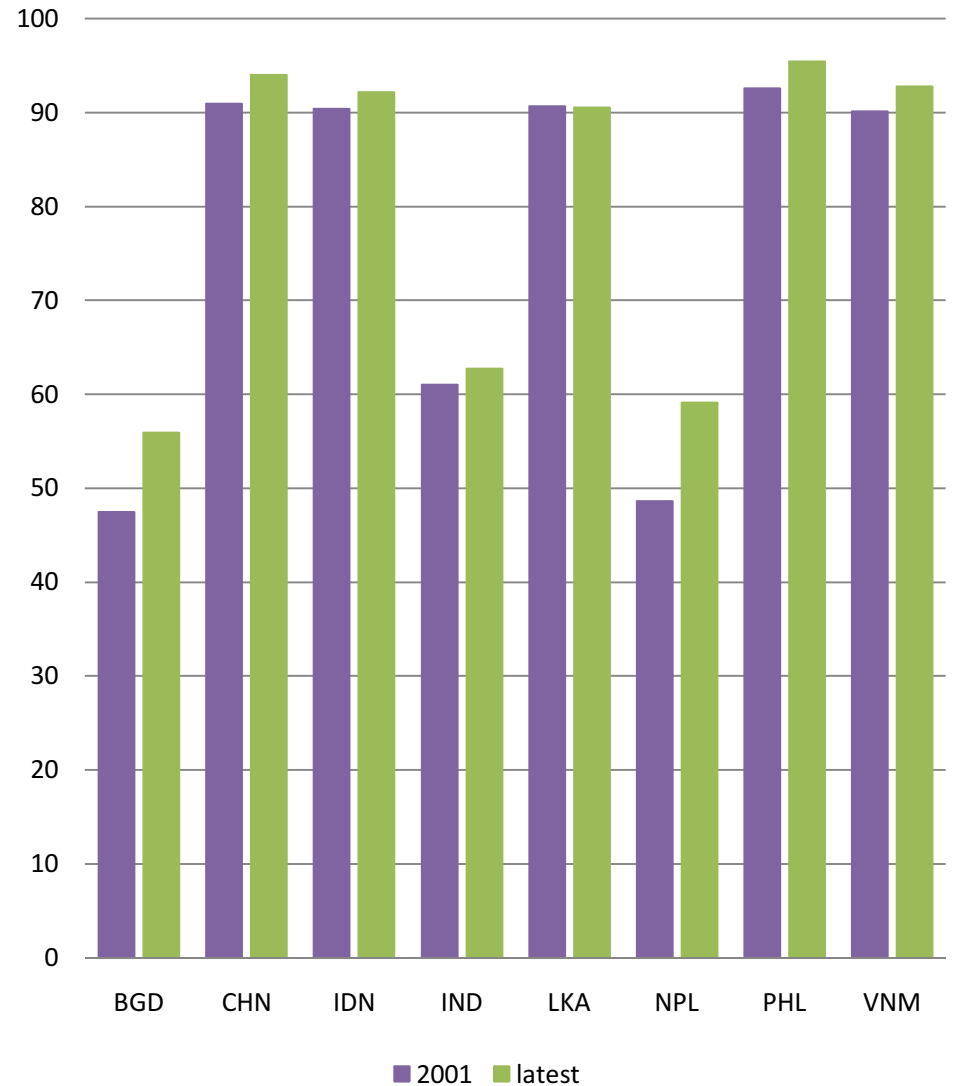
□ Lifelong learning

Impressive quantitative progress...

Youth Literacy Rates, selected Asian countries, 2001 to latest data

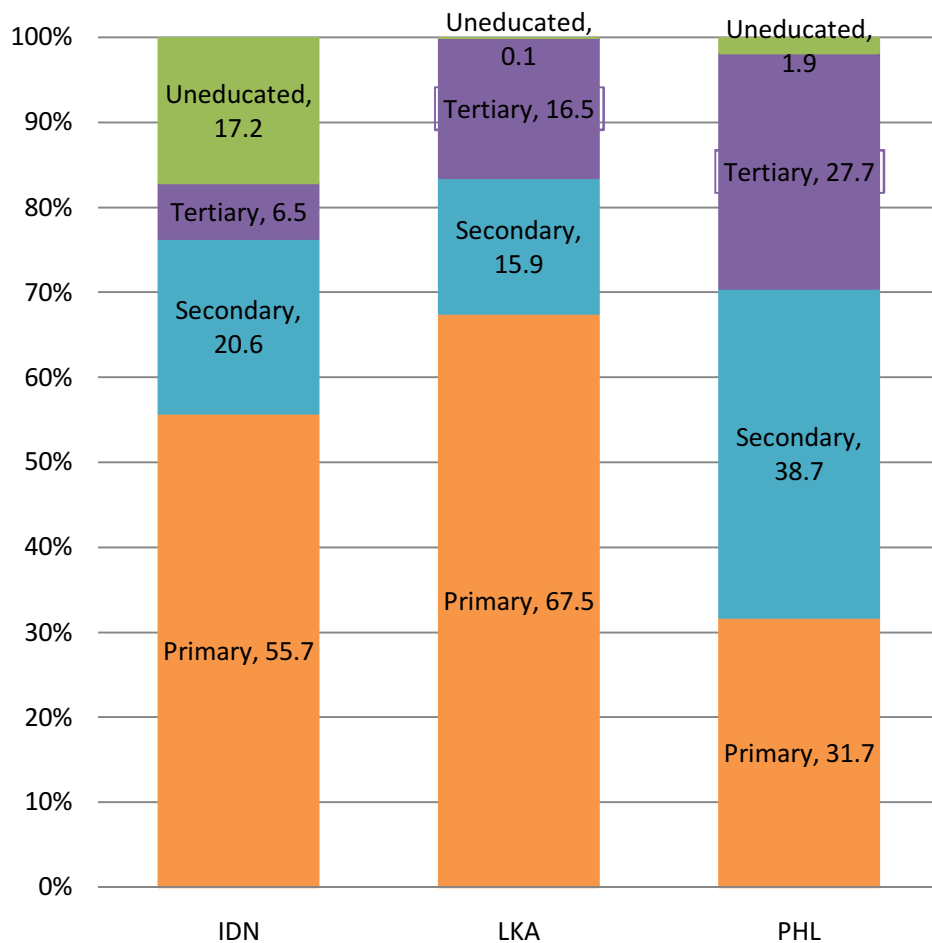


Adult Literacy Rates, selected Asian countries, 2001 to latest data

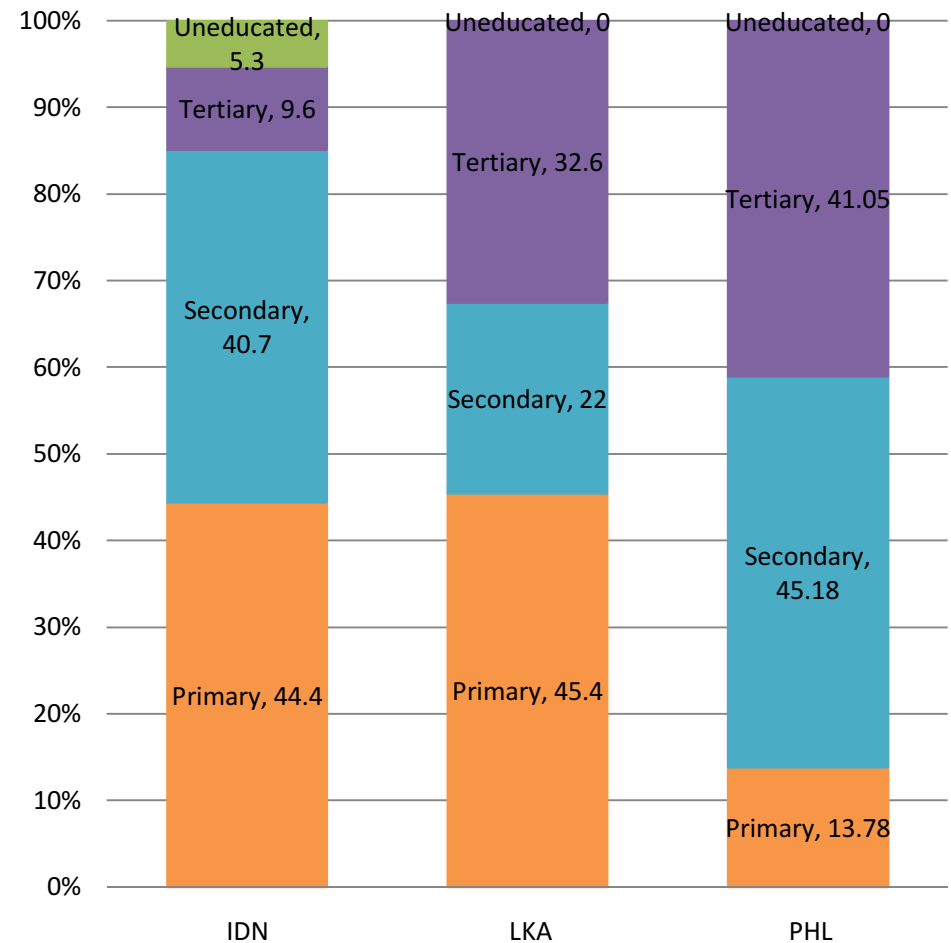


...but literacy does not always translate into employment

Distribution of Educational Attainment of Labor Force, selected Asian Countries, latest available data



Distribution of Educational Attainment of Unemployed, selected Asian Countries, latest available data



Analysis of Skills Development

TVET System Analysis	Standards	Operations	Linkages
Economic Relevance: Training for what?	NVQF and SSC	Autonomy	Financing
Access and Equity: Training for whom?	Occupational standards	Training of Trainers	PPP
Organization & Mgmt Effectiveness: who organizes and delivers?	Entry requirements	Career Counseling and guidance	Coordination
Quality of Skills Acquisition: Training to what standards?	Recognition of prior learning	Accreditation and quality assurance	Vertical and horizontal mobility
Cost, financing and efficiency: at what cost and who pays?	Competency-based training and curriculum	LMIS, Research, M&E, impact analysis	E-learning platform and unique ID
Lessons learned, good practices and innovations			

Responsive Skills Development

Paradox	Limitations	Option
Developing countries: Limited resources but need substantial investment in responsive skills development to move up the value chain	Many TVET institutions are government-run and suffer from weak relevance and high inefficiency	Autonomy: fiscal, administrative, flexibility to offer courses; targeted private provision; targeted high return skills
Private sector keen to seek a strong voice in policies and standard setting but often reluctant to contribute	National standards being developed but smaller providers unable to access capital to meet these standards	Innovative training funds tied to stimulate demand, placements and private sector participation
The more TVET targets those most in need, the more it suffers from negative perception	TVET continues as second-class education, with difficulty to reduce demand & supply mismatches	Marketing TVET as a viable option: horizontal and vertical mobility, lifelong learning, reputed providers
Increasing economic modernization but majority labor force still trapped in Agriculture	Low overall labor productivity Industry and/services not growing at a desirable rate Potential overall economic growth slower	* Target migrant workers (domestic/overseas with a clear pathway to move to higher skills/value chain to fuel overall growth
Decreasing dependency ratios but persistent high levels of youth unemployment	Limited opportunity in demographic dividend	** Better linkages between formal and informal education and training
Increasing number of school graduates but difficulty increasing TVET enrolment in high demand areas	Poor quality and lack of linkages and mobility lead to unchecked quantitative growth	*** Innovative funding to incentivize private/NGO sectors

Global Context: Different Models

Skills Requirements Pyramid			Potential Areas
	Public Model		
Level 4	Highly Skilled	Universities Institutes	emerging technologies/R&D/innovation
Level 3	College Educated	Engineering Co	staff development
Level 2	Vocationally Skilled	Polytechnics	high quality relevant skills - infrastructure sector skills councils - infrastructure
Level 1	Minimally Educated/Requiring Modular Skills	Vocational MES	innovative skills provision employer participation sustainable financing basic skills, testing, certification RPL, MES, basic social services
	Outsourcing Model	Enterprise Model	Monitoring and evaluation Piloting and taking to scale
	Source: IMaCS Analysis		Standardization and replication
All three required: labor intensive ↔ capital intensive ↔ knowledge intensive			

Key Challenges

Challenges	Issues
Mismatches	Demand & Supply, Geographic, dynamic and integrated LMIS
Educational attainment and efficiency	Solid basic education to provide foundational skills and opening access for all
Large informal sector	Economic composition shifting but large population still stuck in agriculture
High youth unemployment	Risk of destabilization, fuels discontent, mismatch: career guidance and counseling combined with foundational skills
Demographic shift and implications	Demographic shift is a double-edged sword; only a 20-year window; social security, overseas and domestic employment ?
Image and Mobility	TVET is second class, how to rebrand, multiple pathways
How to stimulate private sector	Why should the private sector participate, how to incentivize them, capitalize on potential innovations: Levies, Tax Credit, Unemployment Insurance, Student Loans
Balance between existing and emerging jobs	Matching skills opportunities with priority investments and growth potential, more reliable LMIS
Middle income trap	investment in skills to move up the value chain; focus on inclusive growth and expanding opportunities/economic pie

Emerging Good Practices and Innovations

Good Practices	Implications
Canadian Community Colleges	Highly relevant in orienting skills development through business enterprise and demand driven approach
China	National Council Policy to ensure that teachers have at least two months industry experience every two years; close relationships between TVET schools and industry; 1.5% tax on employers to specifically support adult training
Korean Experience	Alignment between economic growth and education and training: evolution demonstrates high level coordination and interventions
Singapore Workforce	Highly responsive workforce management system
India's NSDC Outsourcing	From government dominance to highly market responsive approach to strike a balance between government and private sector role; evolving with high potential for major transformation
Sri Lanka NVQF and Univotec	Major shift desired from government dominated system to market responsive system: major transformation also needed in some leading developments
Bangladesh UCEP, MAWST, marine	UCEP: accelerated grade 8 completion in 4.5 years followed by skills development with high placement; MAWST, ship building
Emerging technologies	Mobile phones, common learning platforms, portability of training, unique IDs
Philippine National Certificate	TVET Department working hard to make certificates recognized worldwide; even results in degree holders going back to training centers to obtain certificates

Key Questions in Skills Development

- What are the implications on inclusive economic and social development?
- What is the role of the government?
- How to incentivize private sector participation to stimulate demand driven skills development?
- How to raise and distribute funds for skills development in ways that improve performance?
- What are the policy directions and implications for skills development?

Emerging Consensus in TVET

- There are many routes to skills development that should be considered.
- The TVET system must be flexible to respond to emerging labor market needs.
- Incentives must be changed to stimulate enterprises and employers to do more to respond to skills needs.
- There is a need to benchmark quality standards and ensure performance assessment.
- The use of technology and open learning systems provide opportunities to target training flexibly for effective lifelong learning.
- Labor market analysis and graduate destination surveys are essential for proper direction and feedback.