



# Skills Development as Part of Infrastructure Projects

**Sigrid Schenk-Dornbusch**

Head of Regional Development Banks and IFAD

German Ministry for Economic Cooperation and Development

---

2016 ADB International Skills Forum / 19-21 September 2016

ADB Headquarters (Manila, Philippines)

This is not an ADB material. The views expressed in this document are the views of the author/s and/or their organizations and do not necessarily reflect the views or policies of the Asian Development Bank, or its Board of Governors, or the governments they represent. ADB does not guarantee the accuracy and/or completeness of the material's contents, and accepts no responsibility for any direct or indirect consequence of their use or reliance, whether wholly or partially. Please feel free to contact the authors directly should you have queries.

# ADB Annual Meeting 2016-Frankfurt



**ADB and BMZ signed a declaration of intent to increase cooperation to promote TVET in Asia.**

BMZ



Federal Ministry  
for Economic Cooperation  
and Development



ASIAN DEVELOPMENT BANK



**Major aim:** To match education and training with the skills that employers are demanding, and to boost workplace-based training.

**Partnership is meant to create new synergies for innovative approaches.**



**ADB is an important financier of large infrastructure projects AND one of the largest multilateral donors for TVET in Asia, investment 2015-2017 estimated at \$1.75 billion.**



ASIAN DEVELOPMENT BANK

**Partnership is meant to create new synergies for innovative approaches.**



**Germany is the largest TVET donor worldwide.**

**2014: 105.5 Mio € bilateral cooperation include Indonesia, Myanmar, Laos, Timor Leste, Pakistan, India, Sri Lanka, Mongolia plus 5 regional cooperation projects with ASEAN and SEAMEO**



- **BMZ proposal for cooperating with ADB and its member countries:**

# **MAKING SKILLS DEVELOPMENT A PART OF INFRASTRUCTURE PROJECTS**



# How is vocational education and training system financed in Germany?

## Distribution of Costs in billion €

Federal Employment Office: 1.1

Federal government and federal states: 8.0

Companies: 25.6 but on average, a trainee generates €12,535 per year. The net costs are therefore significantly lower at €5,398 per year

# What are the drivers?

- Youth employment – enormous challenge in most Asian countries.
- Ongoing need to address education/skills and jobs mismatch; lack of skilled workers

- **Forecasts for more green jobs:**

Doubling the share of renewables in the global energy mix would result in more than 24 million jobs worldwide by 2030 (IRENA, 2016).

**Construction** is among the ten sectors with highest demand for labour projected over the next years.

# Fast track to address this challenge

Make skills development a part of infrastructure projects by **requesting contractors to engage in training activities.**



# Experiences from other countries with developing skills through public investment

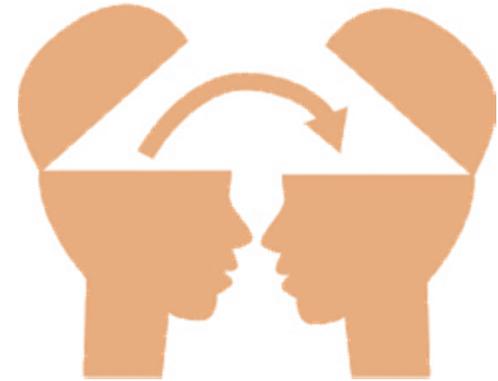
- **UK:** 2009 UK Government asked to specify in public contracts places for apprenticeships, Olympic Delivery Authority included a condition in new contracts
- **US; Australia:** related to aborigines
- **Papua New Guinea:** ADB Consultant Report by R. Curtain: Regional: Improving the Performance of Labor Market in the Pacific , Case Studies from ADB-financed Infrastructure Projects in Papua New Guinea, 3/2016

# **Contractors could contribute to Skills Development by...**

- **Apprenticeships for students from TVET schools (dual approach)**
- **Offering practical work experience for TVET teachers**
- **Providing training for a local partner firm's workforce**
- **Providing basic skills for casual day laborers (locally recruited)**
- **Providing expanded trainings for maintenance staff**

# Contractors could be mobilized to provide skills transfers:

- a) Mandatory clauses
- b) Training levy



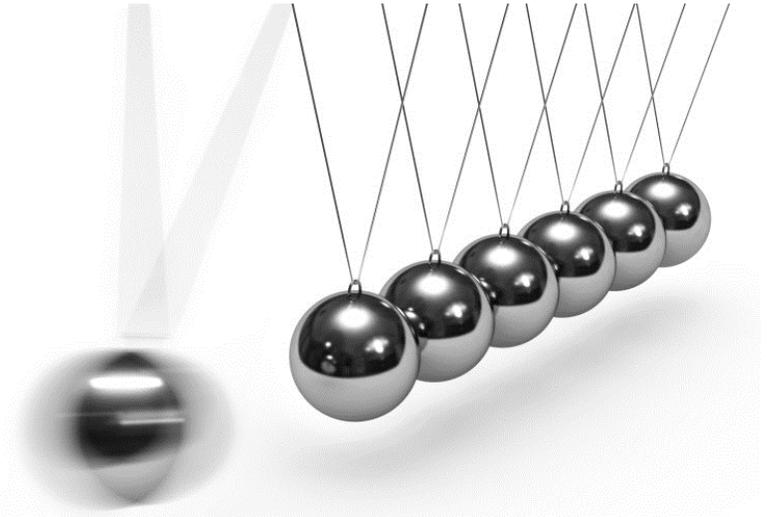
- **Extra budget for skills transfers**
- **Monitoring of expected outcomes needed**
- **How to link the contractor with training providers for a dual training approach?**
- **How to cope with increased project complexity?**

# Contractors to provide skills transfers could be mobilized by **INCENTIVE SCHEMES**



- To large companies to expand their training capacity to train workers beyond need
- To partner with industry associations - PPPs for TVET
- ADB could also develop a framework agreement encouraging firms to create shared value.

# Potential Impact



- 90,000 man-days of skilled/semi-skilled labour needed for every USD 1 million of construction expenses could provide 3% apprenticeships = 2700 man-days skills training
- Systemic impact to support
- Sustainable skills development TVET

# Proposal on how to further proceed:

Establish an international working group to identify a sound and workable approach.  
Germany is committed to contribute.

BMZ



Federal Ministry  
for Economic Cooperation  
and Development



Thank You  
for your attention.