International Forum On Skills for Inclusive and Sustainable Growth in Developing Asia Pacific:

Partnerships with the Private Sector for Skills Development: Lessons Learnt and New Departures

10 December 2013 **Manila**

ADB

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Agenda

The concept and model of a unique Public Private Partnership

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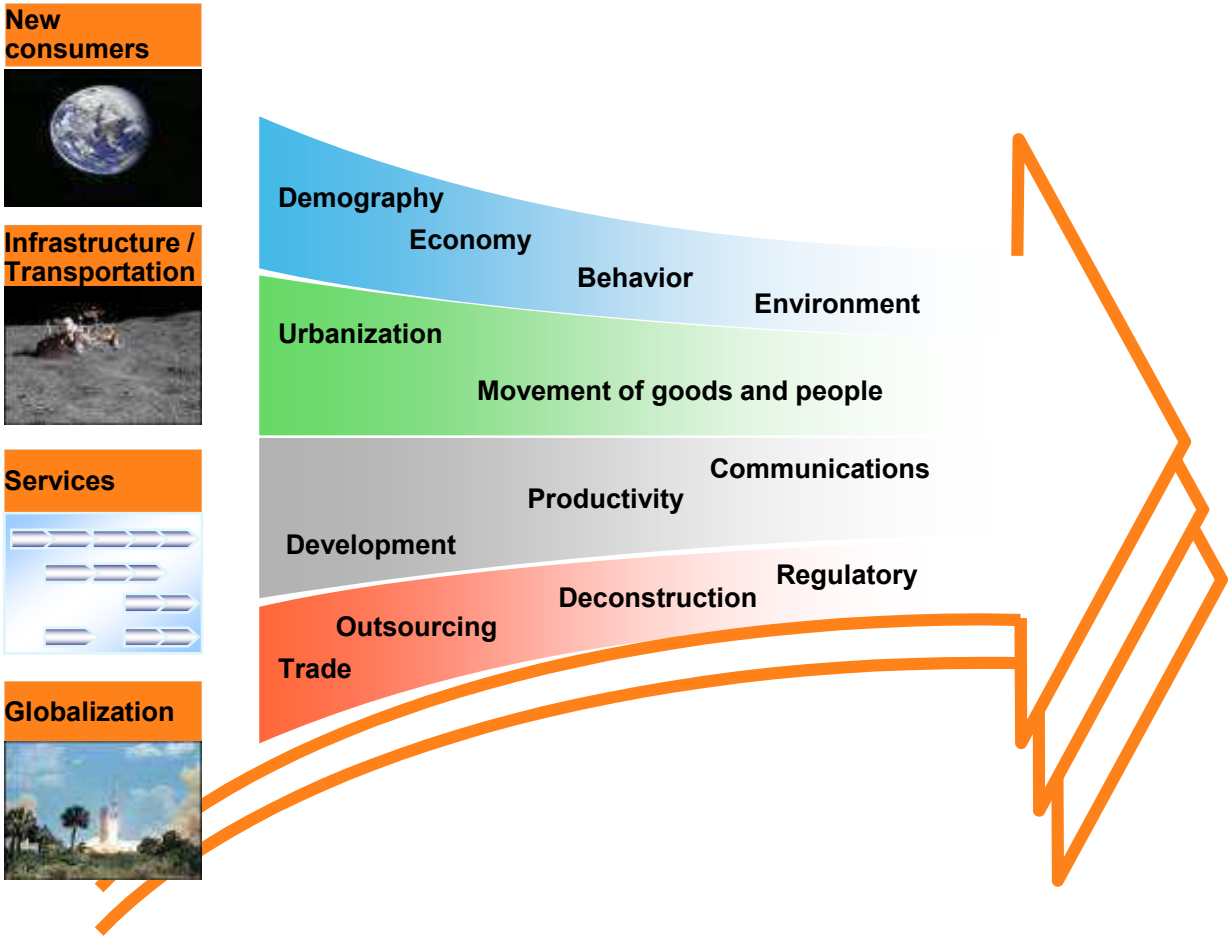
The world is changing and with it are the ways of doing business



Source : Boston Consulting Group, Megatrends

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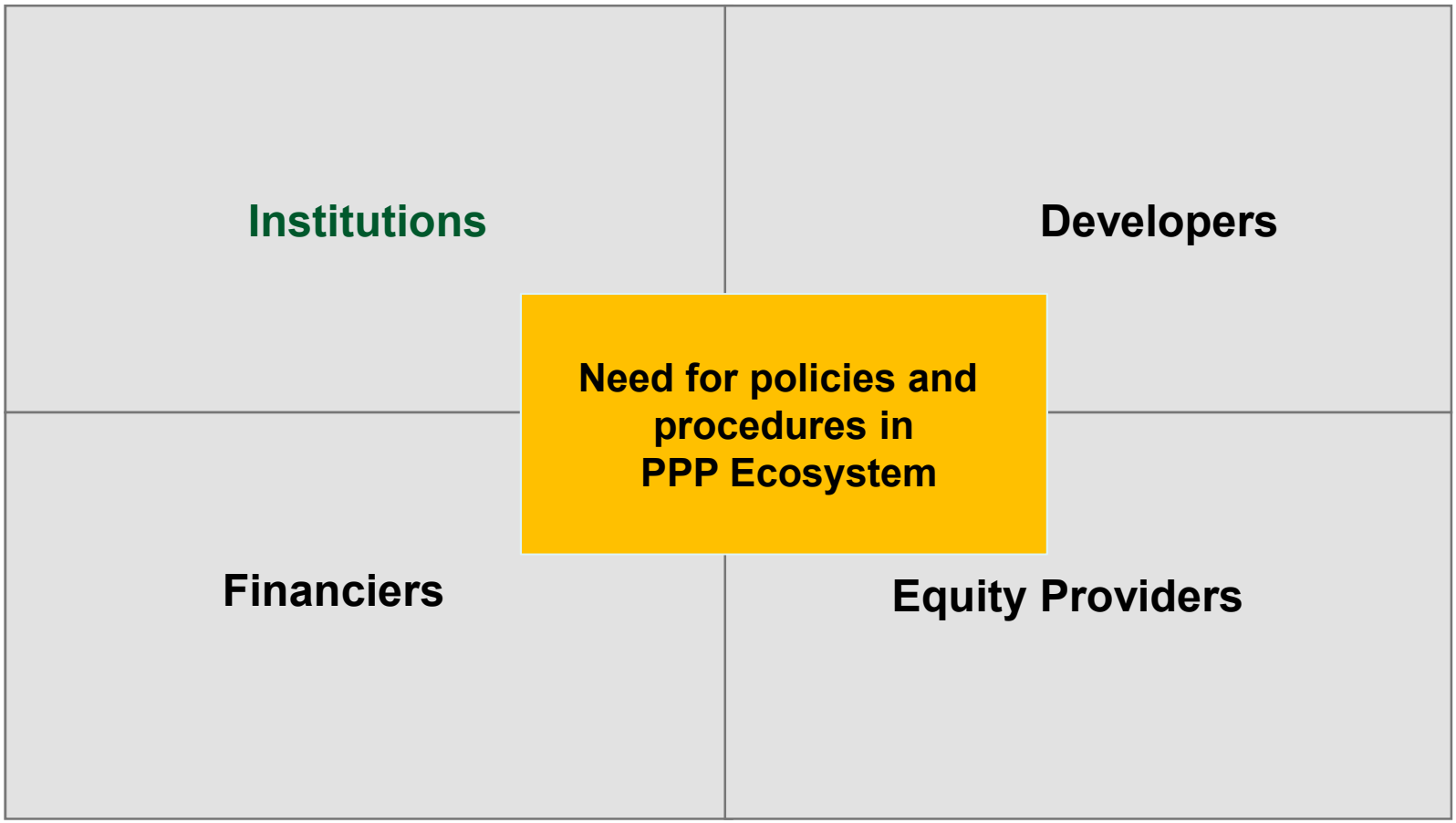
Public Private partnerships are emerging as a key implementation mechanism across industries



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Skill Development of the burgeoning youth population of India a key priority for the country

Industry	Incremental requirement (in million)
Building and Construction Industry	33.0
Infrastructure Sector	103.02
Real Estate Services	14.0
Gems and Jewellery	4.6
Leather and Leather Goods	4.6
Organised Retail	17.3
Textiles and Clothing	26.2
Electronics and IT Hardware	3.3
Auto and Auto Components	35.0
IT and ITES	5.3
BFSI	4.2
Furniture and Furnishings	3.4

Industry	Incremental requirement (in million)
Tourism and Hospitality services	3.6
Construction Material and Building Hardware	1.4
Chemicals and Pharmaceuticals	1.9
Food Processing	9.3
Healthcare	12.7
Transportation and Logistics	17.7
Media and Entertainment	3.0
Education and Skill Development Services	5.8
Select informal employment sectors (domestic help, beauticians, security guards etc)	37.6
Incremental	347

Source: NSDC Skill Gap studies, 2008

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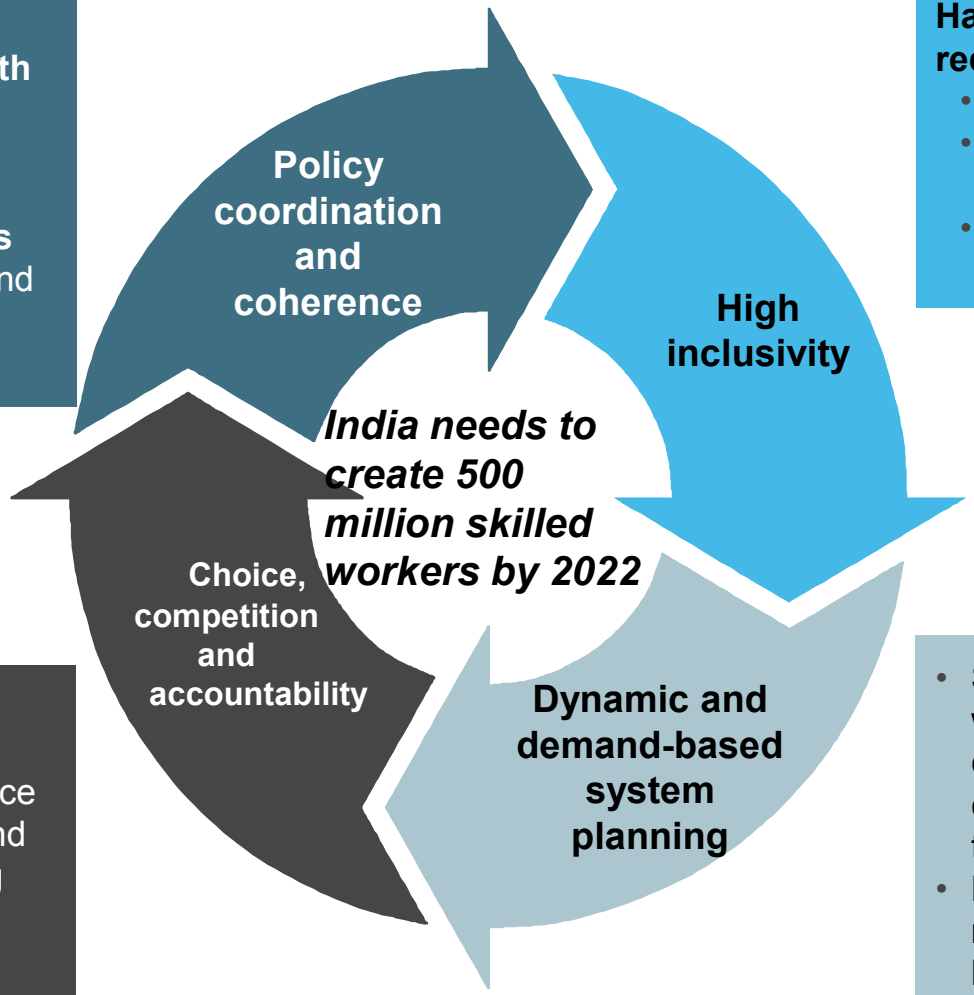
The National Skills Policy re-iterated the need for private sector participation to achieve the target of skilling 500Mn people

- Support **employment generation, economic growth** and social development processes
- A framework for **better coordination among various Ministries**, States, industry and other stakeholders will be established.



Harness inclusivity and reduce divisions such as

- male/female; rural/urban
- organized/unorganized employment
- traditional/contemporary workplace

- **Does not discriminate between private or public delivery** and places importance on outcomes, users choice and **competition among training providers and their accountability**.

- Support the supply of trained workers who are **adjustable dynamically to the changing demands** of employment and technologies.
- **Promote excellence and will meet the requirements of knowledge economy**.

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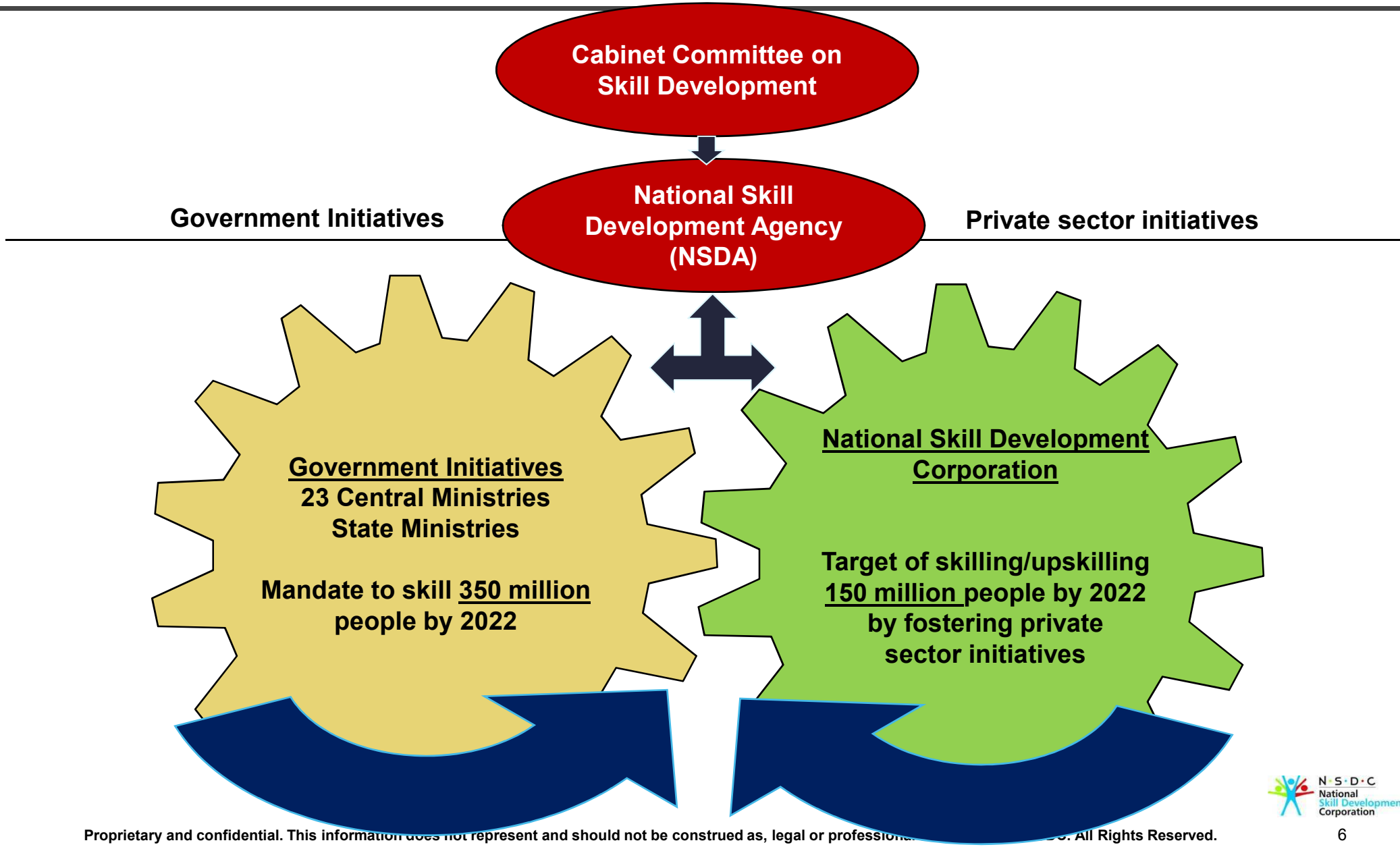
The institutional framework for skill development has been created in the country



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Various public private partnerships in the skilling ecosystem

Industry led ITIs – ITC's	State skill mission affiliated VTPs	International support to skill development programmes
ITCs were introduced in 1980 by the ministry of labor and Employment 6498 ITCs all over India in 2010 In 2008-09, 1396 ITIs to be converted into centres of excellence with private Participation Eg - CII adopted 300 ITIs FICCI adopted 120 ITIs	Each state has a skilling target under the state's Skill Mission States are fulfilling these by tying up with private Vocational training providers Eg – 69 private VTPs are registered in the state of Chhattisgarh 32 private VTPs are registered in the state of Rajasthan Modular Employable Skills	In 2005 under the Centre Of Excellence scheme, World bank funded up gradation of 400 ITIs ADB providing technical assistance to various state governments and Government programmes

Model 1 : Government organisations management by Private Sector
Model 2 : Government pays delivered by Private Sectors

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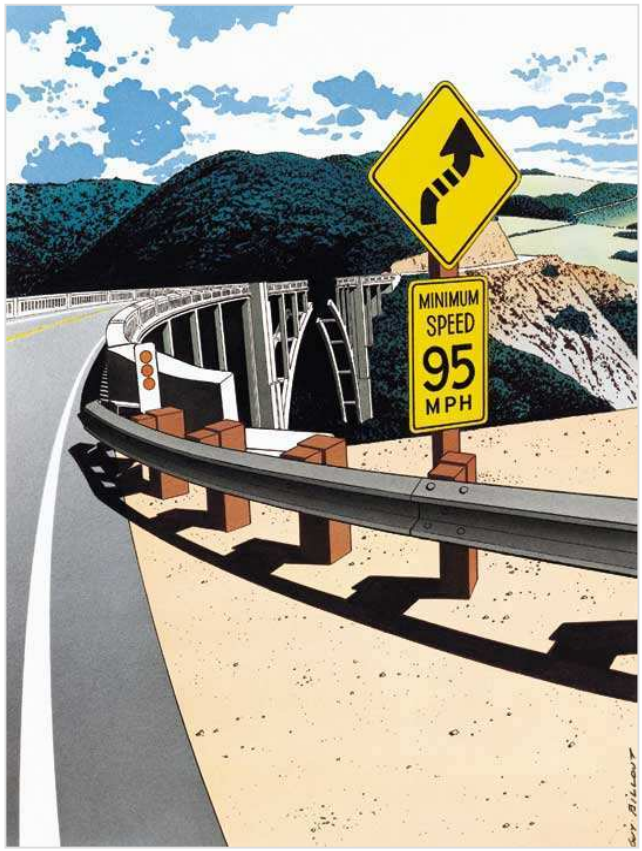
NSDC – a unique PPP model created with a well thought through underlying philosophy : The New Model



Certainty comes from the courage to follow uncertain paths

Key elements of NSDC's underlying philosophy

1. **To encourage private sector to participate in skill development for 2 reasons:**
   - Need to drive the quality of trained manpower
   - Need private sector participation to create capacity

2. **As private sector needs commercially attractive models, NSDC to provide "patient funding" to encourage private sector to enter this space**

3. **NSDC's mandate to extend to the development of the ecosystem for the fledgling skill development space**

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Choices were made at the time of creation of NSDC

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WILL BE ✓	WILL NOT BE ✗
A provider of "patient funding" to private sector for skill development across all industries and for all sections of society	Only a donor organisation catering to select groups or industry verticals
An organisation that helps in development of the private sector skills ecosystem through various interventions	Only a funding organisation that does not provide support to it's partner entities
An innovative model co-ordinating the private sector efforts in the space	Another "Me Too" player in the space

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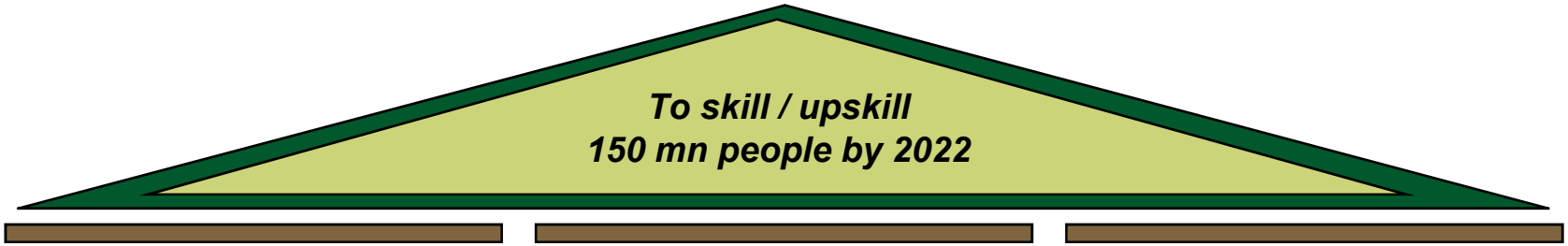
NSDC to achieve mandate through three key pillars



A . Create the vision

i. Advocacy in public forums

ii. Connect with organisations

iii. Other outreach measures– business plan competition, national campaign etc

B. Support through funding

i. Support through funding

ii. Monitoring the projects funded to ensure on ground implementation

C. Enable the ecosystem

i. Sector skill councils
ii. Research base
iii. Marketing and branding
iv. International Support
v. Management Systems

D. Special Projects – Udaan, STAR

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Key Elements of NSDC Funding

Elements	Description
Who gets funded?	• Any organization with scalable, sustainable business model that ensures employability of the resources trained • Including start ups
Amount of funding	• ~Up to 75% of the project cost
What is the form of funding ?	• Debt at subsidized rates ; other features like moratorium built in depending upon nature of project • Equity • Grant funding (only in very select cases)
Is there special focus?	• NSDC is looking to fund businesses that seek to create employable people across all sections of the society

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Agenda

Lessons from the ground

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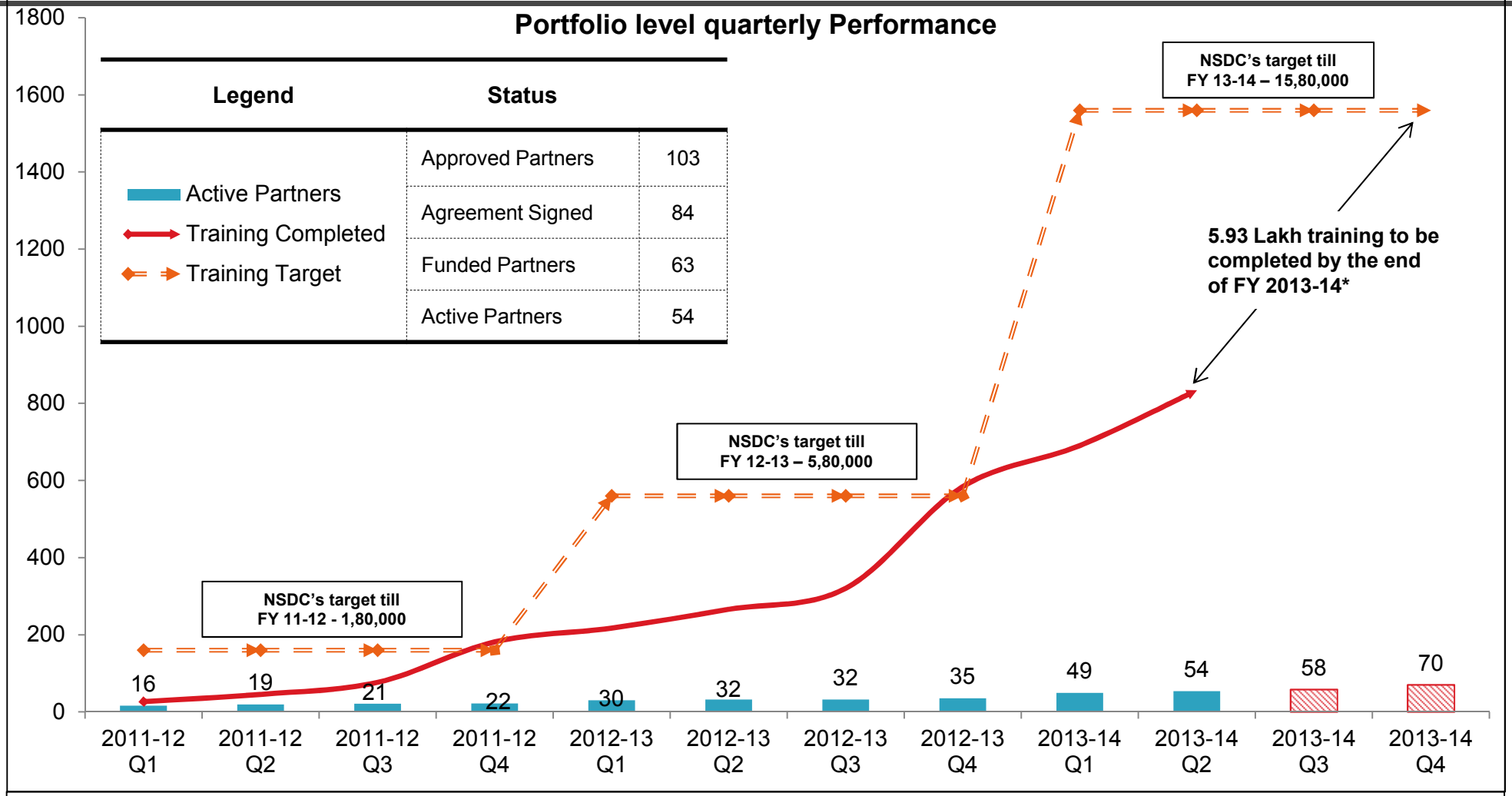
The NSDC experience is from learning's from 103 approved partners and 54 partners who are operating on the ground



- **Out of 103 approved partners, only 54 partners are active and are reporting training to NSDC. Delay in first disbursement of the partners after approval making it difficult to forecast the training numbers from new partners**
- **NSDC has to complete approximately 5.93 Lakh training in order to achieve its target for FY 2013-14**

* Taking into account 54,003 training completed in October and 1 Lakh expected from SSCs.

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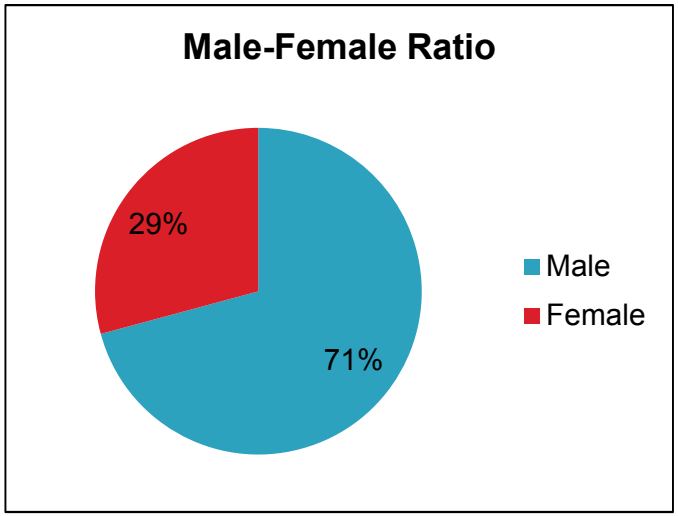
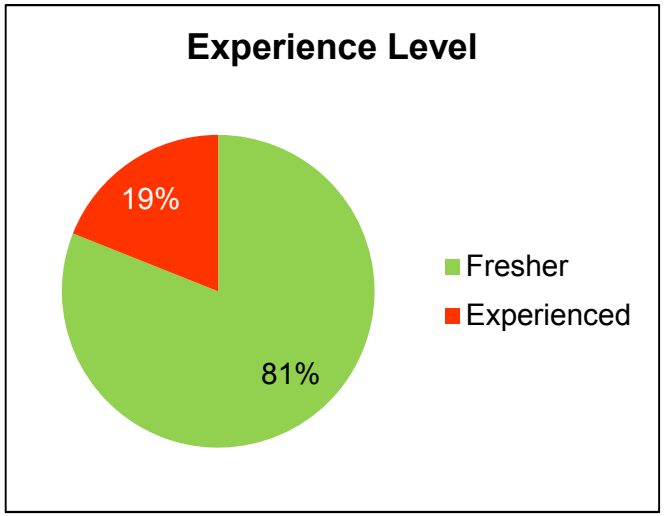
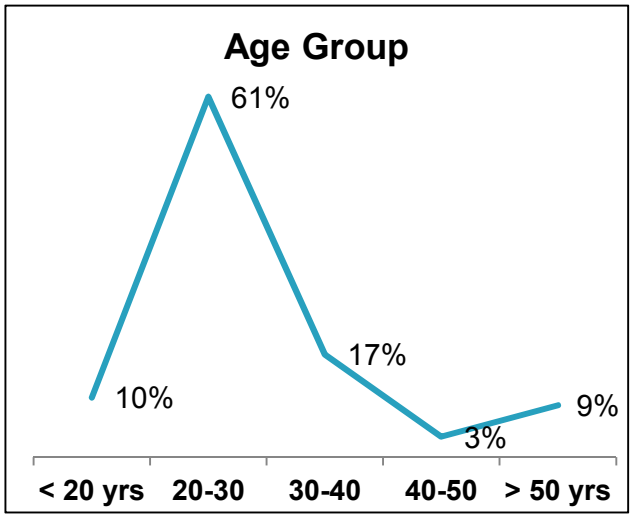
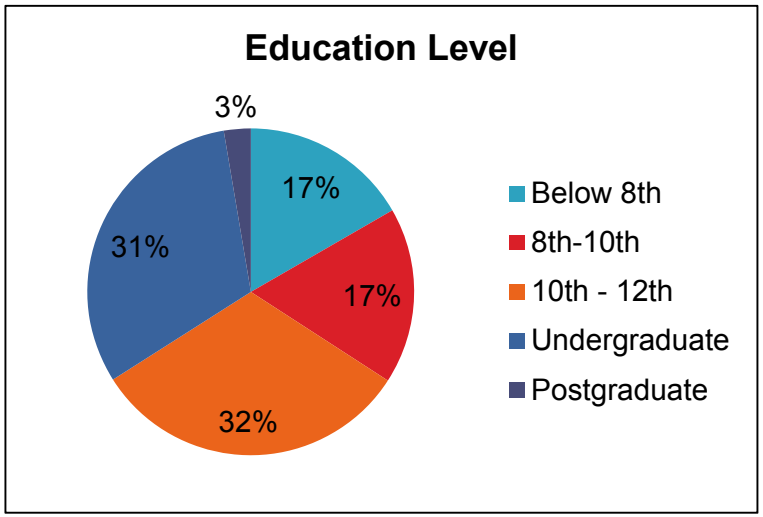
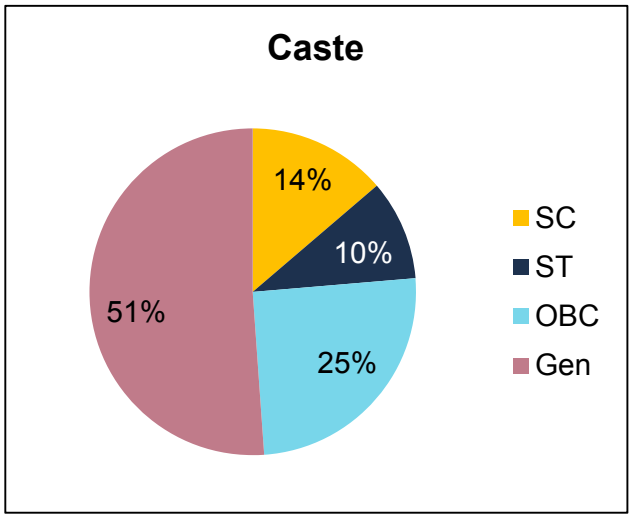
The demographics of the trainees are a healthy mix of gender, education and experience levels with a dominance of youth in the age group of 20-30

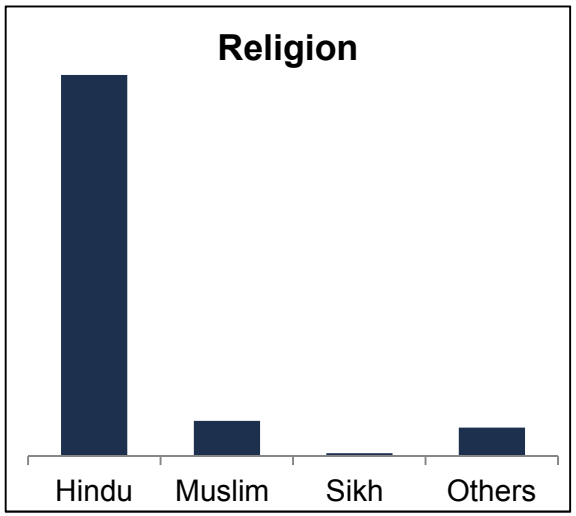












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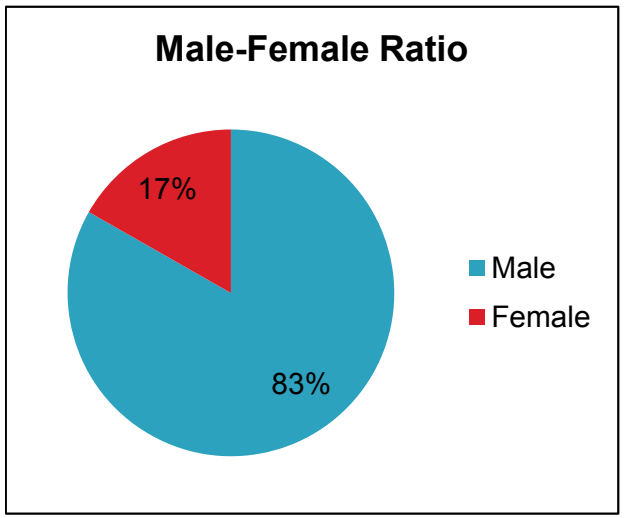
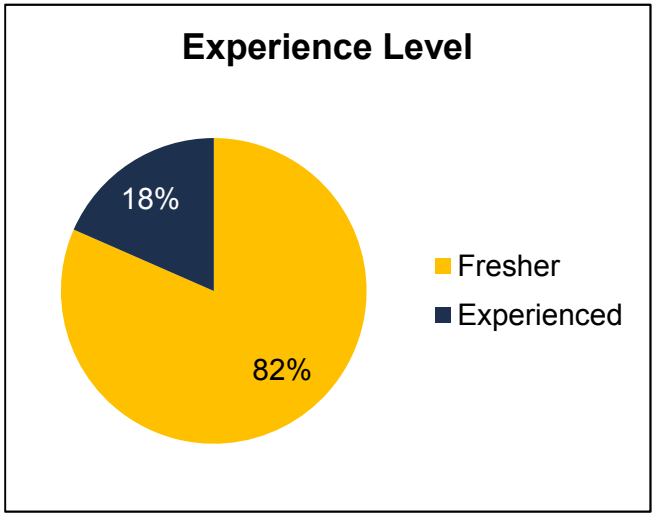
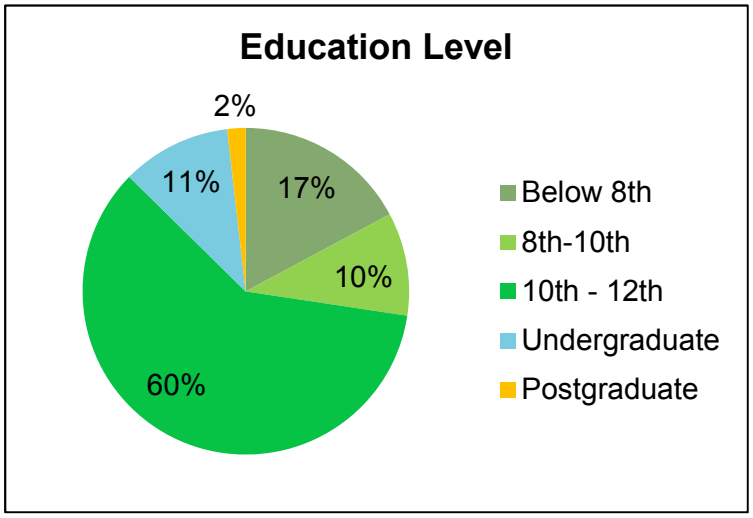
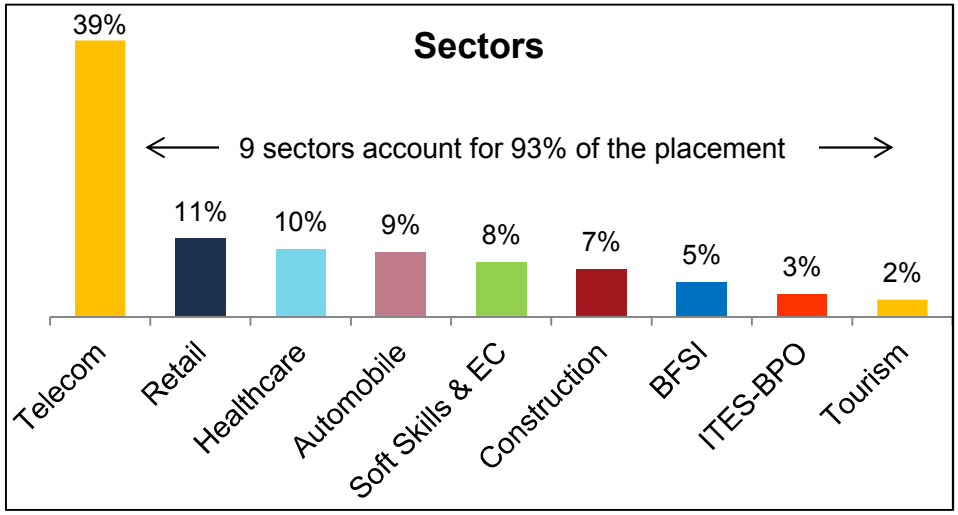
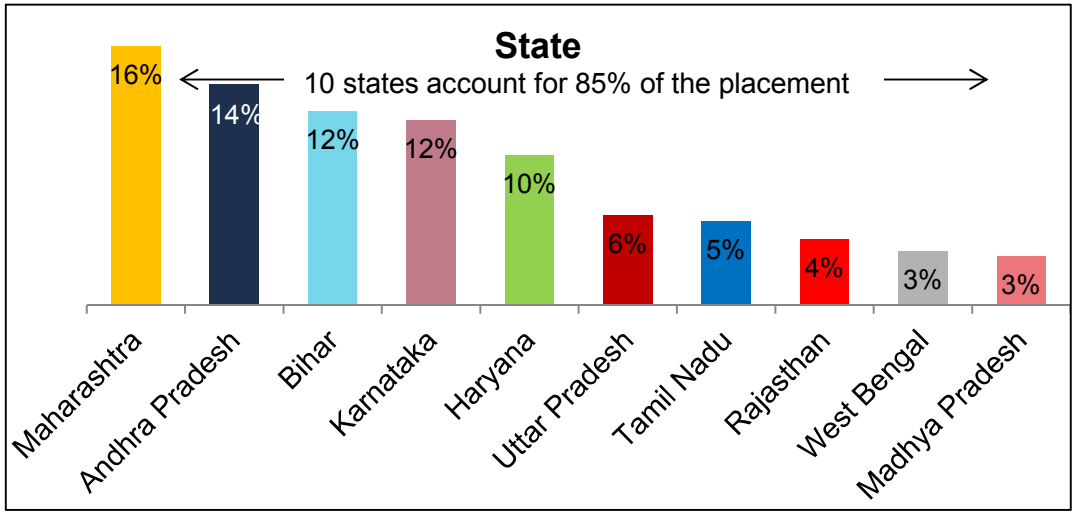
The trainees have been employed in multiple sectors with 9 sectors accounting for 93% of placement











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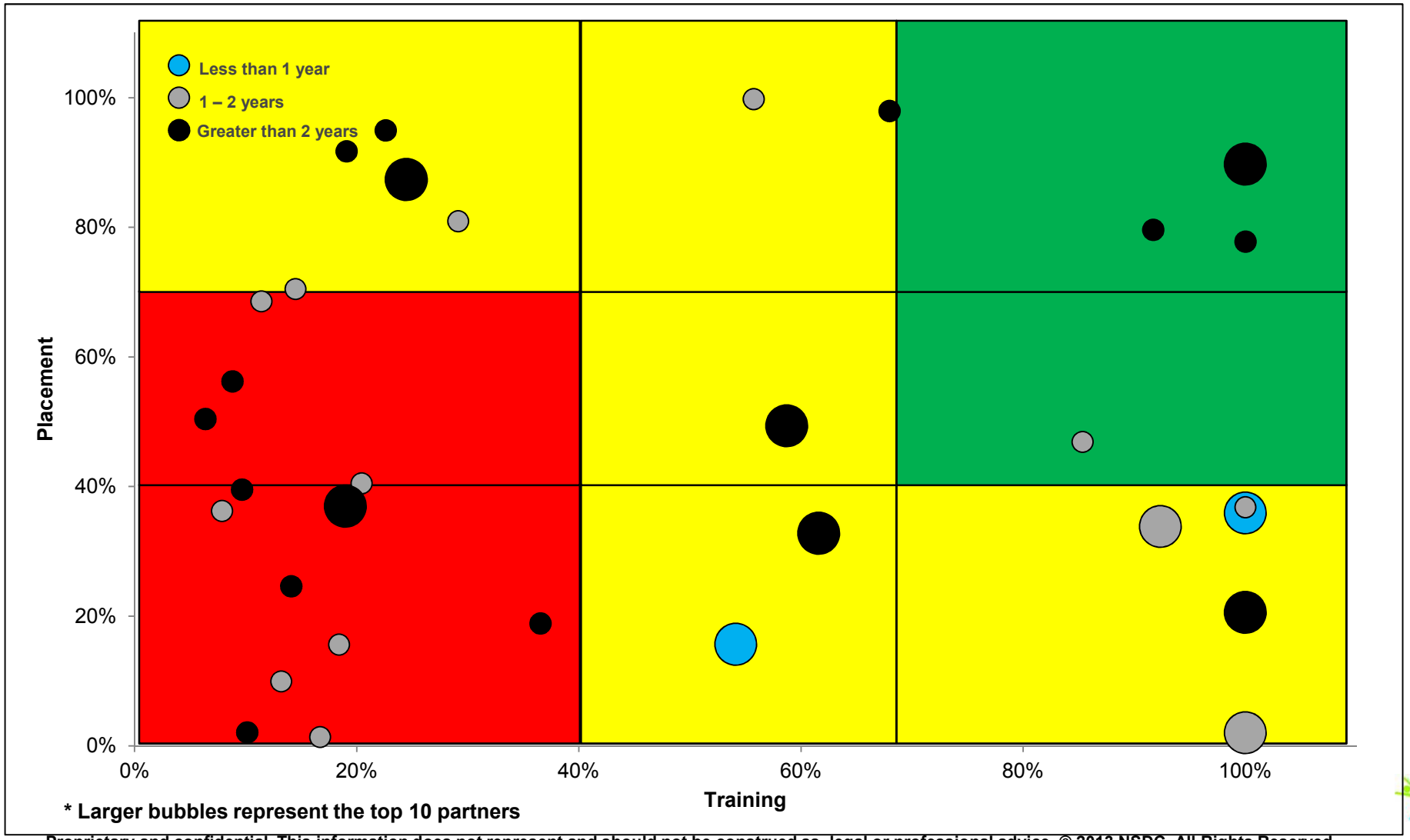
Preliminary trends indicate that it takes 2+ years to establish a business model in the space – need for patience

Mapping of NSDC partners on Training vs. Placement performance



* Larger bubbles represent the top 10 partners

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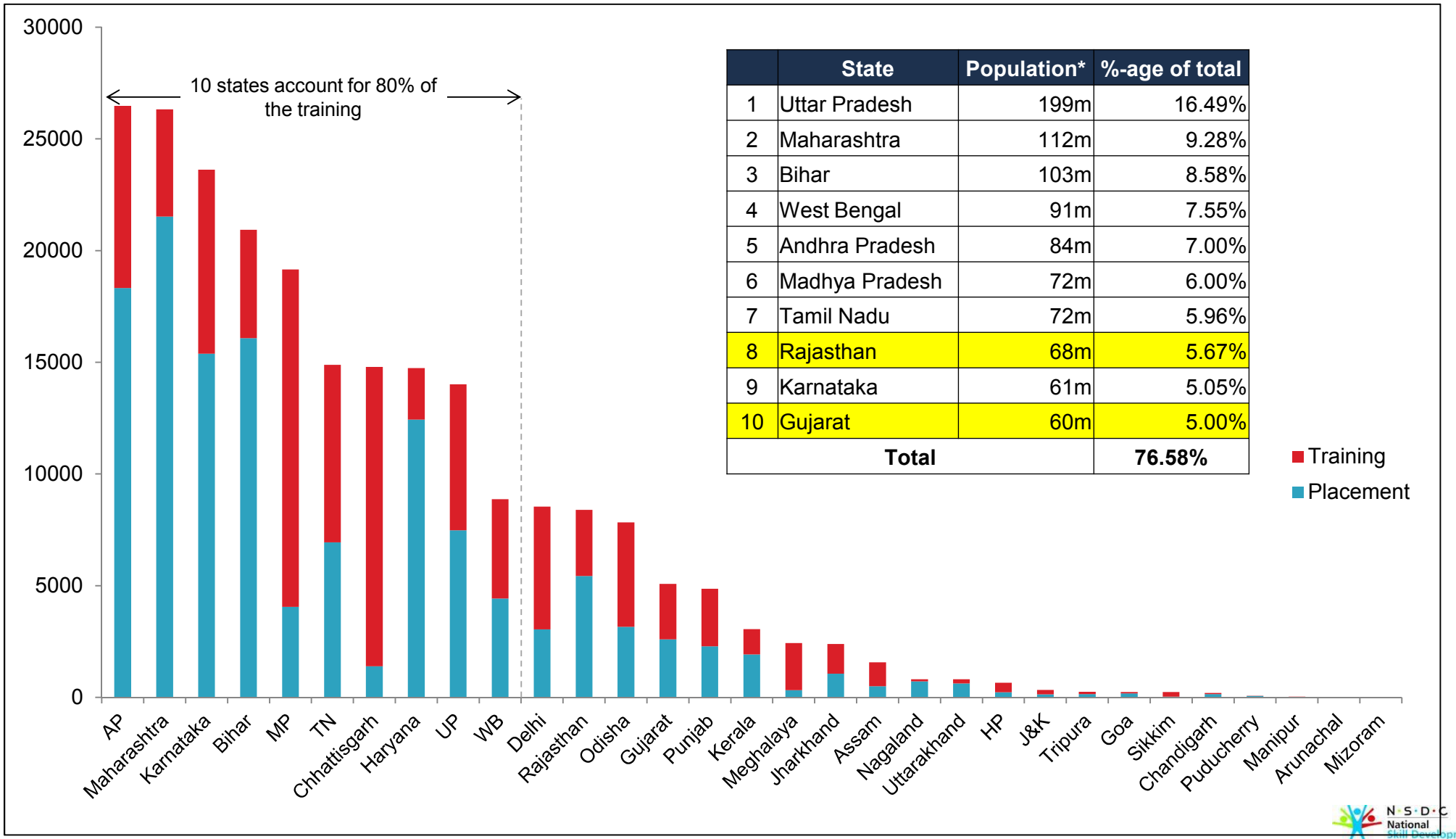
NSDC partners finding opportunity across the country - state-wise distribution of training in line with the Population Distribution



	State	Population*	%-age of total
1	Uttar Pradesh	199m	16.49%
2	Maharashtra	112m	9.28%
3	Bihar	103m	8.58%
4	West Bengal	91m	7.55%
5	Andhra Pradesh	84m	7.00%
6	Madhya Pradesh	72m	6.00%
7	Tamil Nadu	72m	5.96%
8	Rajasthan	68m	5.67%
9	Karnataka	61m	5.05%
10	Gujarat	60m	5.00%
Total			**76.58%**

*2011 Census

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An impact assessment study was conducted across 2000 trainees, 23 training partners and 20 employers in the country

KEY STAKEHOLDERS | **TRAINEES** | **TRAINING PROVIDERS** | **EMPLOYERS**

THE VET VALUE CHAIN

Pre-joining counseling

Training partner advises trainees on matters such as:

- Course details
- Enrolment process
- Final outcomes of course

Training implementation

Includes three major components:

- *Training infrastructure:* availability, accessibility, quality and utilization of physical as well as learning infrastructure
- *Course structure:* objectivity, completeness, relevance, and execution of courses
- *Trainers:* effectiveness and performance of trainers

Pre-placement support

Helps trainees prepare for placement by providing:

- Guidance on attending placement interviews
- Ideas on industry contacts

Placement process

Includes activities such as:

- Organizing placement process for trainees
- Enabling logistical and hand-holding support through the placement process
- Assessing performance of the placement process

Post-placement support

Includes activities such as:

- Monitoring student's satisfaction with jobs attained.
- Post-placement counseling and guidance towards acclimatizing to new locations.
- Performance tracking and life-cycle skilling

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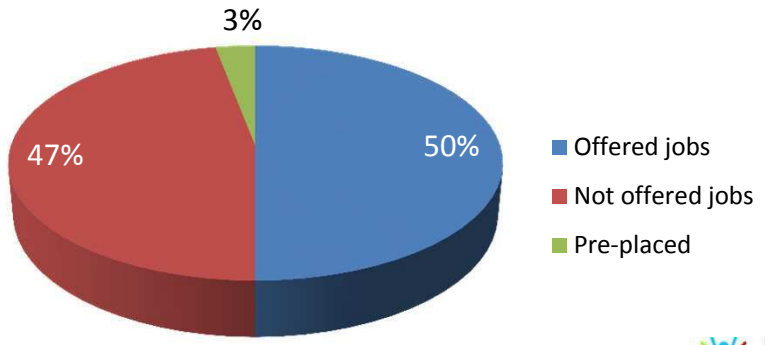
Finding I : Private partnerships have helped overcome infrastructure challenges and improved placement rates

INJECTION OF PRIVATE CAPITAL INTO INDIA'S VET SYSTEM IS HELPING OVERCOME A CHRONIC PROBLEM; NAMELY, CHALLENGES WITH INFRASTRUCTURE.

Percentage of trainees extremely satisfied with training infrastructure

	Classrooms	Lighting	Power Supply	Drinking Water	Sanitary Facilities	Software	Hardware	Lab Facility	Factory Visits	Study Material
Availability	77%	76%	70%	76%	74%	65%	63%	62%	58%	70%
Accessibility	70%	70%	66%	72%	70%	58%	58%	57%	55%	64%
Quality	70%	66%	66%	71%	66%	59%	54%	55%	53%	63%
Utilization	73%	71%	69%	73%	67%	62%	57%	57%	54%	65%

EVEN PLACEMENT RATES HAVE IMPROVED RADICALLY, WITH 50 PERCENT OF TRAINEES COMPLETING THE PROGRAM BEING OFFERED JOBS



Source: NSDC Accenture study, 2012

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Finding II : There is still room for improvement when it comes to career guidance and counseling support

FINDINGS REVEAL THAT TRAINING PROVIDERS ALTHOUGH PERFORMING SATISFACTORILY, CAN CONSIDERABLY IMPROVE THEIR EFFECTIVENESS ON ASPECTS INVOLVING HUMAN INTERACTION

PRE-JOINING COUNSELING

Only 53% of all trainees surveyed said they received pre-joining counseling, while all training providers claimed to have provided such services.

While 64% of the training partners agree that pre-joining counseling helps clarify the final outcomes of the program, only 35% of the trainees felt that the counseling helped achieve that goal.

PRE-PLACEMENT SUPPORT

Pre placement support areas	% of trainees experiencing complete implementation
Receiving Training materials for interviews	21%
Guidance for resume preparation	21%
Advise on job profiles to target	20%
Timely Feedback	22%
Area of trainee interest taken into consideration	23%
Aggression shown by trainers to find recruiters	18%

POST-PLACEMENT SUPPORT

Of the trainees who received post-placement support, only 37% and 38% were highly satisfied with the support provided towards polishing transferable skills and acclimatizing to a new location, respectively.

Source: NSDC Accenture study, 2012

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Finding III : There is an expectations-delivery mismatch within the training system

Reasons for joining training	According to Trainees	According to Training Partners
To attain a positive career change	73%	32%
To economically support family	55%	18%
To develop confidence and overall personality	33%	9%

Pre-placement support areas	% of trainees considering it to be extremely important	% of trainees experiencing complete implementation
Receiving training materials for interviews	49%	21%
Guidance for resume preparation	50%	21%
Advise on job profiles to target	46%	20%
Aggression shown by trainers to find recruiters	46%	18%

Post placement support areas	% of trainees highly satisfied
Support towards acclimatizing with new location	38%
Support towards polishing transferable skills	37%

63% of the trainees joining the manufacturing sector were found to earn salaries below INR 5000 a month

Source: NSDC Accenture study, 2012

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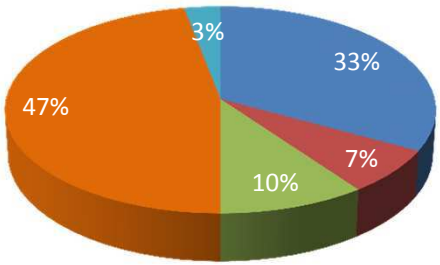
Which happens at different stages

THE EXPECTATIONS-DELIVERY MISMATCH IS THE PRIMARY CAUSE FOR TRAINEE DISSATISFACTION, WITH A THIRD OF THE TRAINEES OFFERED JOBS, DROPPING OUT

STAGES OF TRAINING VALUE CHAIN	Pre-joining Counseling	Training Implementation	Pre-placement Support	Placement Process	Post-placement Support	Employment / Entrepreneurship
EXTENT OF EXPECTATIONS-DELIVERY MISMATCH						

Trainee employment status



- Offered jobs, accepted and working for more than a month
- Offered jobs, but did not accept
- Offered jobs, accepted but resigned within a month of joining
- Not offered jobs
- Pre-placed

Close to half (48%) of the trainees were dissatisfied with either the job profile or remuneration offered to them as part of the placement process.

Source: NSDC Accenture study, 2012

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Finding IV : Employers are also facing challenges with trainers

Quality of training

"Retailing is tough. They need lot of training, which the institutes are not considering. I have not come across any institute who has done that, good training for retail, which is a very big scope for the rural areas" – A large apparel retail company

Understanding needs of employers and trainees

"The training institutes, rather than just making money, need to understand that they are going to make the future of someone…The training institutes need to understand the market needs and they need to tie up with better companies and they need to understand the needs of that company" – A large food and beverage retail company

Meeting commitments

"They don't meet their commitments, they will say they will give people by November and when November comes they will say there is a problem. From somewhere else we got 25 people and out of that 15 people left in 2 days, I had nothing much to do with 10. I was told I will get 15 as replacement. In a month's time everybody had left." – A large international export company

Building a career culture

"Training agencies need to train these people or at least inculcate a sort of culture, that is these people should look at this training as a stepping stone to career rather than a job." – A large international export company

Source: NSDC Accenture study, 2012

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Finding V : The motivation of India youth driven by unique factors

WE USED A MULTIVARIATE STEPWISE LOGISTIC REGRESSION TECHNIQUE TO UNDERSTAND THE FACTORS THAT WERE DRIVING TRAINEES TO DROP OUT, AND WHAT EMERGED WAS A VERY UNIQUE SITUATION

INTERPRETATION	MOTIVATION
A trainee of age below 18 years is less likely to drop-out	Younger trainees are extremely eager to learn and earn sooner rather than later
A trainee with bachelor's degree is less likely to drop out	Graduate trainees hold more realistic career expectations and are driven to economically support their families
A trainee joining the manufacturing sector is less likely to drop out	The manufacturing sector boasts clear communication regarding career paths to trainees

REFER ANNEXURE II

Source: NSDC Accenture study, 2012

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The learning's and feedback are being fed back into the VET system

- **On-the-job-trainings (OJTs) for specific skills** – To meet employers' expectations, training providers should promote OJTs for specific skills. OJT can be made part of training curriculum in consultation with the employers. A training completion certificate from employer can be used as documentary proof for both training completion as well as placement. Also, remuneration or stipend during OJT can be collected as placement revenue by training partner.
- **Establish greater connect between training providers** – Develop a connect between training providers so that the best practices can be shared. Also, whenever there are job opportunities available with one partner (as a result of tie-up with the employer) who is unable to supply the trained candidates, the same can be shared with other partners present in the same region. A platform needs to be developed to connect partner with partner and partner with employer.
- **Focus on acclimatizing trainees to culture of working and living in urban spaces** – In collaboration with prospective employers, training partners can conduct a short-term training exposures to trainees at work locations in urban environment in order to let them experience the pressures of residing in urban spaces.
- **Standardization of courses and certification requirements** – Training providers, subject matter & industry experts and technical agencies must collaboratively work towards creating a standardized syllabus, training curriculum, training modules and certification requirements for all vocational courses.
- **Enable continuous learning** – Continuous learning is going to key for helping trainees build careers. Hence training agencies in collaboration with employers need to create accessible platforms for trainees to access up-to-date trainings with regards to their vocations even after completion of coursework.
- **New business models** – Training agencies must develop flexible and collaborative business models with employers which can help them train small batches of trainees in short periods of times.

Source: NSDC Accenture study, 2012

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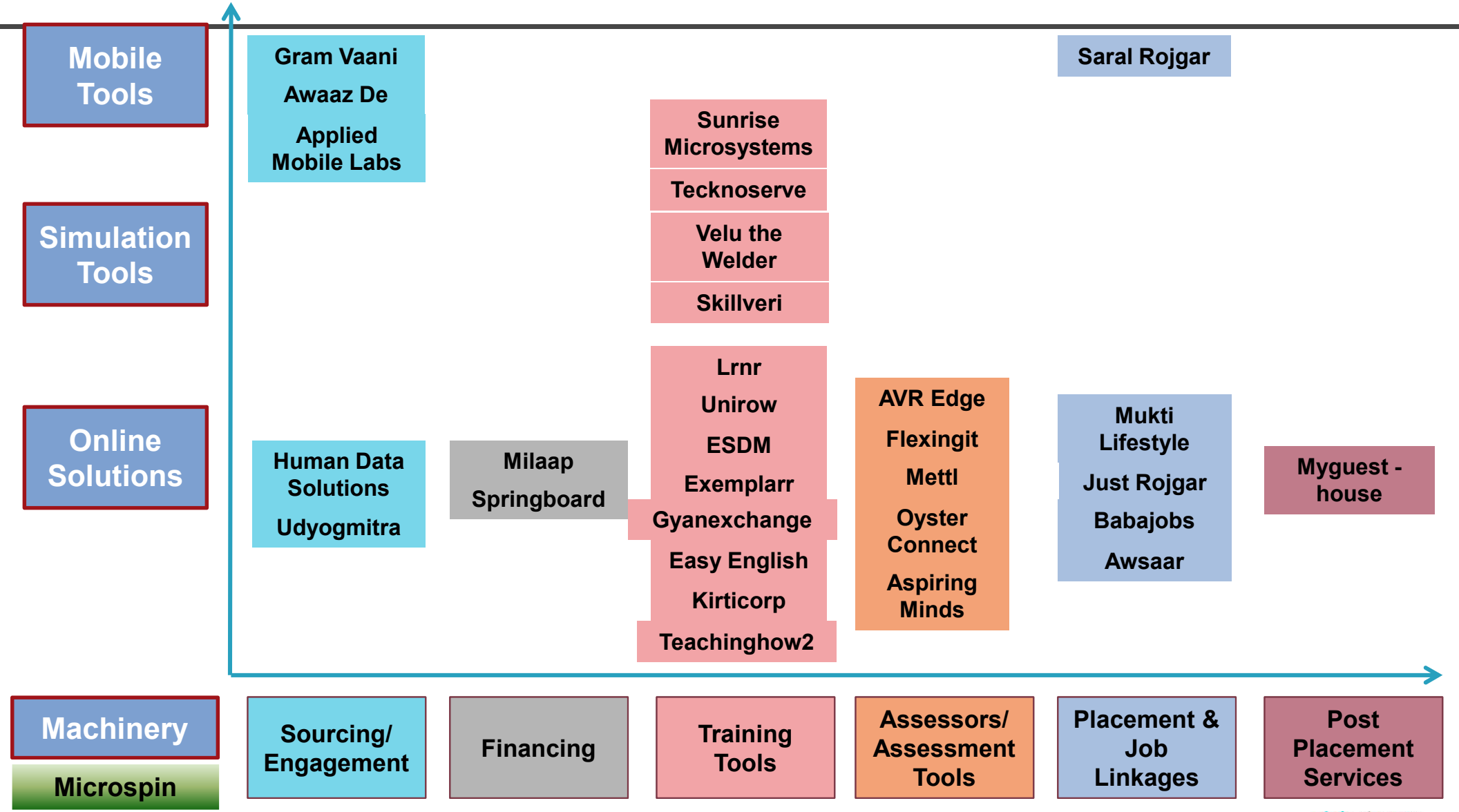
In addition, PPPs to encourage innovations in the ecosystem being developed



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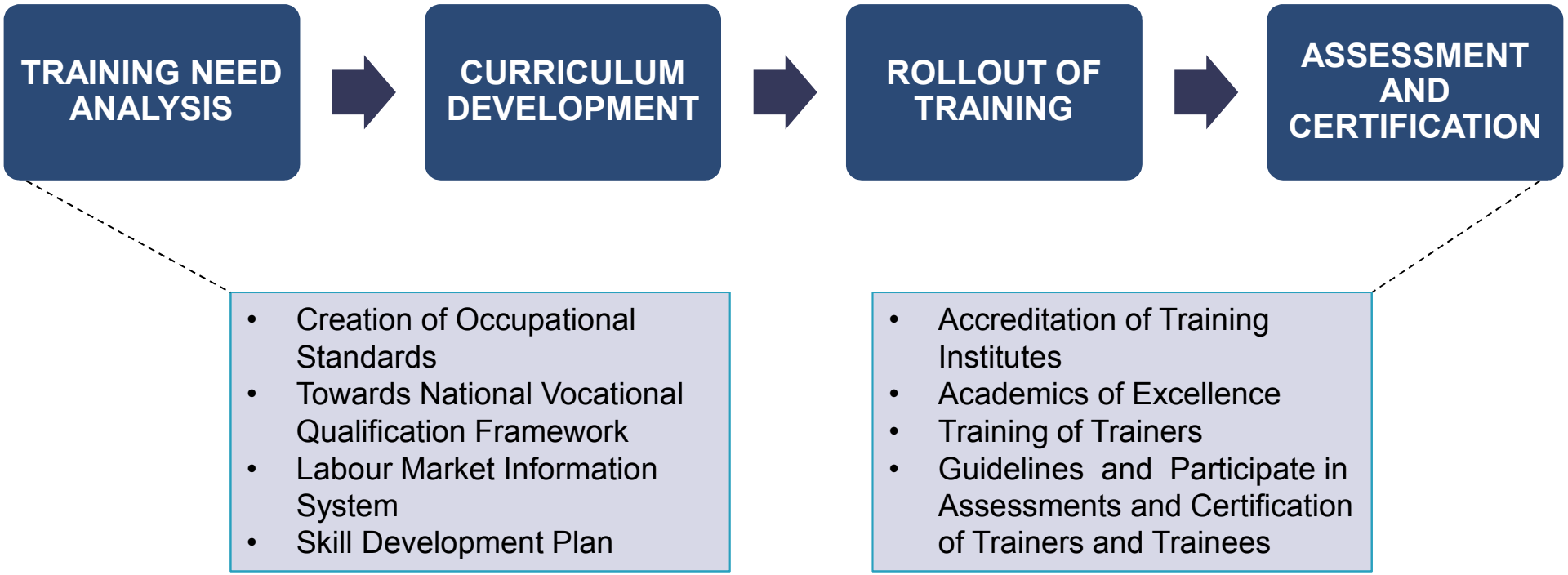
A Special programs being run for Jammu and Kashmir is a classic example of a PPP

- Udaan is a corporate led program, it is not only about skilling but is about integrating the graduates and post grdautes of J&K with the cultural context of corporate India
- Udaan aims to provide corporate India an exposure to the talent pool that exists in J&K
- Udaan is a stepping stone for corporates to expand their recruiting pool to J&K. The process has to extend beyond Udaan and become a way of life for corporates

Private Sector led Quality & Certification : Sector Skill Councils



- **Sector Skill Councils (SSC) consists of representation from Industry Member, Government Bodies, Industry Associations, Business Leader and Training providers to ensure participation of all ecosystem members.**
- **Provide for private sector industry led determination of standards, skill development plans and certification.**

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27 SSCs approved - Sector based integrators for Skilling

Approved by NSDC	Approved by NSDC	SSC Proposals under Diligence with NSDC
Auto	Plumbing	Handicrafts (Just approved)
Security	Construction and Real Estate	Construction Equipment
Retail	Logistics & Transportation	Domestic Workers
IT/ITES	Capital Goods	
BFSI	Electronics Hardware	**SSC Proposals in Pipeline**
Leather	Life Sciences	Paints (Coatings)
Media	Food Processing	Sports
Healthcare	Steel	Furniture and Furnishings
Gems & Jewelry	Mining	Hospitality
Rubber	Power	Management and skills
Telecom	Aerospace & Aviation	Manufacturing
Agriculture	Textile and Handlooms	Oil & Gas
Beauty and Wellness	Apparels	Chemicals and Petrochemicals

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STAR - National Skill Certification and Monetary Award Scheme

Standard	• Large scale industry involvement through Sector Skill Councils • Encourage standardization in the certification process and initiate a process of creating a registry of skills; and • Increase productivity of the existing workforce and align the training and certification to the needs of the country
Training	• Boost employability and productivity of youth by incentivizing them for skill trainings • Develop nation-wide network of high quality training providers
Assessment	• Engage Assessment agencies to deliver one million skilled people to the nation
Reward	• Reward candidates undergoing skill training by authorized institutions at an average monetary reward of ₹ 10,000 (Rupees Ten Thousand) per candidate. • Benefit 10 lakh youth at an approximate total cost of Rs 1,000 Crores. (175 mn $)

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World Skills is a forum to enhance the aspirational value of skills

- A **63 member team** including competitors, experts, delegates to represent India at the World Skills International Leipzig 2013.
- Final candidates selected through a national competition are now undergoing **rigorous training at international standards.**
- Apart from skills training, candidates are also **given international exposure** by participating in ASEAM and Global Skills Australia Competitions.

N·S·D·C National Skill Development Corporation

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PPP Lessons learnt and departures made

- Drop outs
- Aspirations mismatch
- Skills mismatch
- No common standards
- Lack of market
- Information asymmetry
- Focus on inputs
- Scale
- Employer reluctance
- Value of certification
- Pre and post counselling
- Youth icons / Job first /NSQF
- Align skills to job roles
- Sectoral SSCs
- Skin in the game (Financial products)
- Skill gap analysis
- Outcome based model / RPL
- Use of technology
- Employer (SSC) certification
- STAR

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Thank you

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