

Skills development in South Asia

Trends in Afghanistan, Bangladesh, India, Nepal, Pakistan and Sri Lanka

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Executive summary

One of the biggest challenges for South Asian countries in coming years is to unlock the latent potential of the millions of young people entering the workforce. The region is poised to benefit from a “demographic dividend”, which could lead to great gains in poverty reduction, employment generation and economic growth. Yet the other possible result is widespread youth unemployment. In this context, the importance of skills development as a driver of socio-economic development is paramount.

Governments have recognised the importance of education and training in this process. There have been notable successes in improved participation rates for primary and secondary education across the region. But youth unemployment and underemployment remain pervasive, despite a growing cohort of educated young workers joining the workforce. As a result, policymakers are now placing greater emphasis on understanding skill gaps in labour markets and developing skills systems geared to address these.

Resource constraints have implications for the development of skills system across the region. The potential economic rewards of greater public-sector focus on skills could be immense, though the complexity of the challenge and other competing priorities suggest that such efforts must be targeted, guided by data and evidence, and done in collaboration with the private sector.

A leap of faith on both sides will be essential for the development of a relevant, functioning and sustainable skills system in South Asia.

Market size and structure

Outside the secondary and tertiary education system, the technical and vocational education and training (TVET) sector in South Asia is relatively underdeveloped – both in its size and the underlying institutional framework. The challenge for governments lies in fostering a market for skills training from the ground up, and doing so in a way that calibrates with national policy objectives.

A key priority is to bring more clarity to skills policy, which is unsurprising given the multi-disciplinary nature of the skills agenda. This complexity has resulted in the division of responsibility across various agencies, with national development strategies addressing skills development only in relation to broader goals. Sequenced reforms and targets have been lacking, and objectives tend to be dispersed among several vertical pillars within government.

Skills development in South Asia has rarely been addressed as a crosscutting issue,¹ giving rise to fragmentation of the skills agenda and fostering conflict over “turf” across ministries, giving rise to problems in matching skills development with overall national economic objectives. The establishment of high-level sector skills councils, charged with co-ordinating and implementing the skills agenda in co-ordination with key ministries, represents some progress in India and Bangladesh. Notably, these organisations have fallen under the purview of the prime minister, signifying political will at the highest level.

¹ Engel, Jakob (2012). “Review of policies to strengthen skills-employment linkages for marginalized young people.” Background paper prepared for the Education for All Global Monitoring Report 2012, UNESCO.



Quality and scale of service provision

As the dialogue around skills development gathers pace, focus on the quality of service provision from the training and education sector has sharpened. The private sector has a major role to play in skills training in South Asia in coming years. Already, enterprises have driven significant activity in the training market, and will continue to do much of the heavy lifting in terms of skills delivery and financing. Most interesting for South Asia is the development of public-private partnerships (PPPs) for delivery of skills training. There is potential for the private sector to employ build-own-operate (BOO) green field PPP models, or to take over facilities and operate these on behalf of the public sector. Skills financing is another area ripe for innovation. Targeted funds have been effective in terms of directing government and donor financing towards specific skills objectives, and could be applied to addressing specific industry or occupational needs.

Given the extent of South Asia's large informal economies, there is a real need to consider skills for the unorganised sector, and yet this receives limited attention in policy dialogues. The use of social protection programmes and NGO networks to deliver skills training to micro-enterprises and vulnerable households has some potential, and can be scaled up quickly. But there is also an opportunity to consider how skills training can improve the value and quality of skills within informal-sector enterprises. Until structural reform of the labour markets takes place, the majority of jobs in the region will remain informal. This necessitates a discussion on ways in which skills training can improve worker livelihoods, and drive micro-enterprise productivity.

Quality and relevance of skills outcomes

A major part of the challenge will be to ensure alignment of skills training with national policy directives. For many of the countries in South Asia, migrant labour is an important pillar given the economic gains derived from remittances back home. Training workers in the construction, healthcare and domestic services sectors to compete in increasingly competitive global markets is now a key component of the skills agenda for countries such as India, Sri Lanka, Pakistan and Nepal. Pragmatism demands that this area should receive further attention, given that remittances will remain an important source of income and foreign exchange for these countries in the foreseeable future.

The service-oriented nature of South Asian economies—and of their migrant labour forces—increases the importance of “horizontal skilling”. The export-led models of East Asia have required workers to have specific technical skills related to manufacturing to drive economic growth. But for South Asia, it is “soft skills” such as English language and communications that will enhance the competitiveness of workers in key sectors such as business-process outsourcing and hospitality.

Poor public perception of the TVET sector

The participation of South Asia's workers in TVET is relatively low, part given its reputation as a “backup” option for those who fall out of the academic system. One of the biggest problems for skills development is the poor “brand equity” of vocational education in the region. Therefore, initiatives that link skills training with tangible job prospects may improve the reputation and attractiveness of the sector. Poor convertibility of qualifications between vocational and academic streams of education



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has also been a deterrent to uptake. This lack of optionality prevents potential students from viewing skills training as a “mainstream” path to good employment. To improve matters, standardisation of qualifications and a robust accreditation framework, recognised by both mainstream academic institutions and employers, are needed.

This report explores the skill development challenges facing six South Asian economies—Afghanistan, Bangladesh, India, Nepal, Pakistan and Sri Lanka—and considers some of the solutions available to them.