



**Skills for Growth & Development**  
***A Draft National Technical and  
Vocational Education and  
Training (TVET) Policy***

**Consultation Document**

**November 2014**

**This consultation document is being circulated widely to TVET stakeholders throughout the country.**

It is available on the following websites:

<http://www.moent.gov.pk> (Ministry of Federal Education and Professional Training)  
<http://www.navttc.org> (National Vocational & Technical Training Commission, NAVTTC)  
<http://www.tvetreform.org.pk> (TVET Reform Support Programme)  
<http://www.efp.org.pk> (Employer Federation of Pakistan)  
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<http://koicaalumni.com.pk> (KOICA, Pakistan)  
<http://www.pvtc.gop.pk> (Pakistan Vocational Training Council)  
<http://www.psdf.org.pk> (Pakistan Skills Development Fund)  
<http://www.bisp.gov.pk> (Benazir Income Support Program)  
<http://www.bbsydpindh.gov.pk> (Benazir Bhutto Shaheed Youth Development Program)  
<http://youth.pmo.gov.pk> PM's Youth Programme

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**All comments should be submitted by Friday 5<sup>th</sup> of December, 2014**

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## Contents

This consultation paper is divided into the following sections:

	<b>Page</b>
<b>Introduction by the Chairman of the Task Force</b>	
<b>Brief discussion of the importance of skills development in the economic and social development of Pakistan</b>	<b>6</b>
<b>A description of the current state of TVET in the country</b>	<b>10</b>
<b>A statement of the Task Force view about the key issues to be addressed</b>	<b>14</b>
<b>Task Force Recommendations:</b>	<b>16</b>
• Overview	16
• Objectives	17
• National Skills Strategy & TVET Reform	19
• A national standards-based qualification, assessment & certification system	22
• Role of the private sector	24
• Federal & Provincial responsibilities	28
• Governance & institutional structures of TVET	29
• Legislative & Regulatory environment	35
• Establishing the system infrastructure of TVET	37
• Co-ordination across levels of government	38
• TVET & general education	39
• Financing & resources for skills development	39
• The operational challenge	42
• Practical implications	43
• Resources required for the implementation of the National TVET policy	44

## Introduction by the Chairman

### Dr Allah Bakhsh Malik

In May 2014, the Hon. Minister of Federal Education and Professional Training, Engr. Muhammad Baligh Ur Rehman, appointed a National Task Force to review the present state of technical and vocational education and training (TVET). The Task Force, which represents national and provincial interests, was drawn from all stakeholders in the public and private sectors. Its essential task is to prepare practical recommendations about how quality skills are to be generated to meet the current and future economic and social challenges that confront Pakistan.

In recent years many reports have been prepared about economic and social development that have high-lighted the importance of skills development. A National Skills Strategy was agreed in 2009, and both national and provincial governments, with international donor support, have embarked on a range of initiatives designed to improve the quality of our work-force. So far this has largely focused on improving the public Technical and Vocational Education and Training (TVET) system.

It is clear, however, that a review of policy was required for a variety of reasons. First, there is no accepted vision about the future of skills development, around which government, employers and workers can unite. Second, given the demography of the country and the increasing numbers of young people who will join the labour market, the scale of technical education and training requires review, including consideration of responsibility for creating new and expanded provision. Third, the pace of reform has not been sufficiently robust, complicated by legislation and structures that have not encouraged national/provincial collaboration to the extent that is required. Finally, there are continuing concerns about the quality of technical and vocational education and training and the extent to which this is truly *demand-led*, and is meeting the needs of our economy.

The Task Force has met three times: to consider the scope of work; to review current policy and practice and to debate and agree our proposals. This Consultation Document is a result of our analyses, thinking and debate. Our proposals are presented in the form of recommendations: in this way the issues that we are seeking to tackle and our proposals are stated clearly and unequivocally.

A significant theme of our discussions has been implementation, and the requirement that we consider *how* actions are initiated and carried forward. The focus of our work is how to get more people trained in quality programmes. Inevitably we make proposals about the reform of organizations and the regulatory framework, but our principal concern has been the beneficiaries of training – employers who provide jobs and young people and workers who want to improve their working prospects.

I would like to extend my sincere thanks and profound gratitude to the members of the Task Force for their involvement and lively discussion of issues. The TVET Reform Support Programme has provided technical and logistical support, for which the Task Force is most grateful.

## SKILLS AND THE ECONOMIC AND SOCIAL DEVELOPMENT OF PAKISTAN

More attention and greater investment in skills development is necessary:

- To contribute to economic reforms and to support the continuing transformation of the economy;
- To provide opportunities for the increasing numbers of young people who will be joining the labour market and to capitalize and benefit from the advantages of a young work-force;
- To provide a skilled workforce to compete in the regional and international labour markets.

### Better skills can contribute to economic development

Economic performance in recent years has not been good.

**Table 1: Economic Trends<sup>1</sup>**

	2002-2007	2008-2013
Average annual growth	6 per cent	3 per cent
Population in poverty	30 per cent	40 per cent
Fiscal deficit	4 per cent of GDP	7 per cent of GDP
Public debt	Rs 4.5 trillion	Rs 15 trillion
Rs:\$US exchange	Rs 60	Rs 100

In addition, despite increasing world trade, Pakistan's share of global exports dropped from 0.2 per cent in 1990 to 0.18 per cent in 2011. Its global competitiveness position has worsened from a rating of 130<sup>th</sup> to 133<sup>rd</sup> out of 148 countries.<sup>2</sup>

Yet Pakistan has abundant potential and capacity for growth, with strong fundamentals – mineral and agricultural resources, strategic geographical position and favourable demographics.<sup>3</sup> Whatever assessments are made of macro-economic policies and their impact, there is no doubt that economic performance in recent years has been undermined by non-economic factors (political instability, security and vulnerability to natural events).

The Government has set a target of annual growth of at least 7 per cent by 2015. To achieve this the country needs to be more productive and competitive.

<sup>1</sup> IMF, World Bank data

<sup>2</sup> *Competitiveness Report*, World Economic Forum 2014, comparison of 2013 and 2014 ratings.

<sup>3</sup> Asian Development Bank Country Review; Carnegie Foundation

Currently Pakistan is ranked as the second lowest of 24 Asian economies in measuring efficiency to convert inputs to outputs.<sup>4</sup> The country is rated even lower in terms of human capital. Evidence suggests that investment in skills development leads to higher productivity.

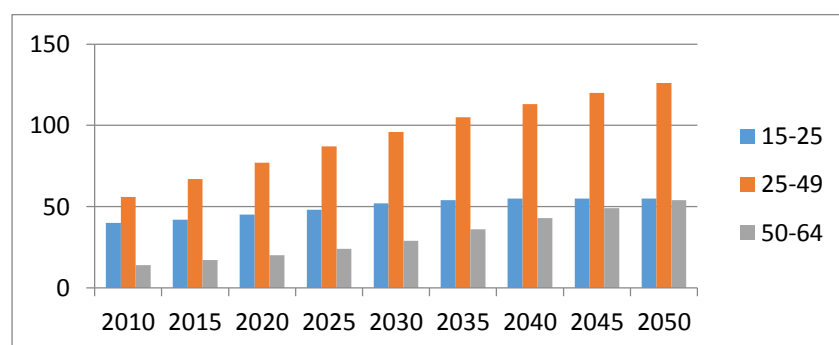
The **lack of skills can be a barrier to growth**. Employers in the textile sector have argued that will better skilled labour productivity could be increased and costs lowered.<sup>5</sup> There are ambitious national goals for infrastructure developments and improving the security of energy supplies. Skilled labour will be required to implement these plans, and it will be better if this is local rather than imported. A better skilled workforce will help to attract foreign investment.

### Demographic Challenge: Dividend or Time Bomb?

In 1947, the population was 33 million: with annual growth rates of 2.1 per cent a year it is now closer to 184 million, making Pakistan the sixth most populous country in the world. The median age is 22 years of age and 60 per cent of the population is under 30. The rate of population growth will ease, but will continue to increase.

Although the growth of the population cannot be predicted precisely, a number of assumptions can be made. The working age population is likely to double, from its present level of 110 million. Similarly, the core of the working age population (15-49 years) will grow from the estimated 96 million in 2010 to about 180 million by 2050. This young population of potential workers could be a major asset to the country. If such numbers of young people can be found productive work, or be trained to internationally recognized standards, the wealth that could be generated – through production and the provision of services, tax revenues and remittances from those working overseas – could be considerable and transform the economy. This *demographic dividend* provides the opportunity to increase *per capita* output: benefits are enhanced further if this growth is accompanied by productivity improvements as well.

Figure 1: Projected changes in the age structure of the working age population<sup>6</sup>

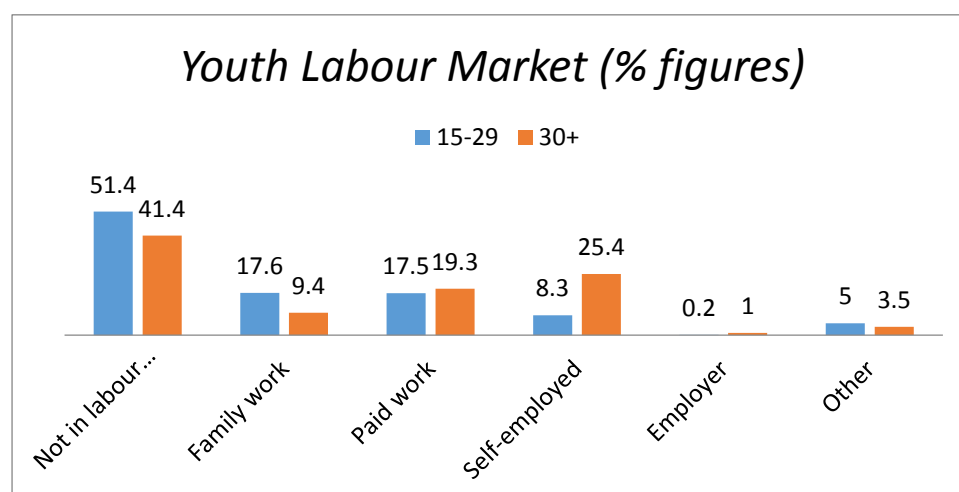


<sup>4</sup> Creative Productivity Index, Economic Intelligence Unit 2014

<sup>5</sup> Amjad, R et al, *Export Barriers in Pakistan*, Lahore Journal of Economics, September 2012

<sup>6</sup> Based on Planning Commission Projections

Figure 2 presents an analysis of the labour market for those between the ages of 15 and 30.

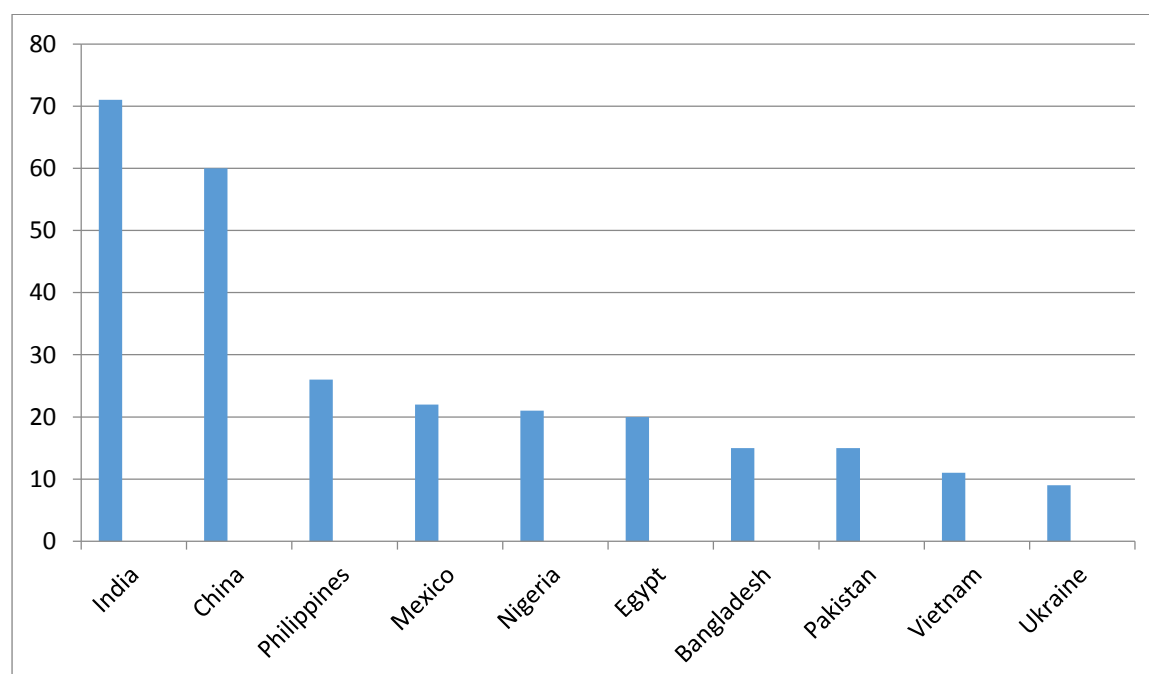


### Labour Migration

The export of labour is a significant feature of the labour market and an important component of the economy. It is estimated that in the period 2008 – 2013, some 2.7 million people left Pakistan to work overseas, and up to 6 million are currently working in other countries.<sup>7</sup> The remittances earned by international migrant workers are significant, and in 2013 topped US\$ 15 billion, more than the country's foreign exchange reserves.<sup>8</sup>

There has been a steady increase in the money sent home by Pakistani working overseas and Pakistan ranks in the top ten countries for the value of officially recorded remittances.

Figure 3: Remittances (US\$ billions).



<sup>7</sup> Ministry of Overseas Pakistanis

<sup>8</sup> *Migration and Development Brief*, World Bank, October 2013.



The export of labour is competitive, and is likely to become more so. Countries with large young populations view the export of labour as a positive component of employment policy and not a reflection of the failure of the domestic labour market.

The World Bank is confident that global migration of workers will increase, due to global medium-term expansion, ageing populations in many countries and the demand for skilled workers. The continuing growth in the numbers of Pakistanis working overseas cannot be assumed, however, and there are four major vulnerabilities to address:

- Localization: importing countries with growing problems of unemployment, particularly amongst young people, are likely to want to find local work opportunities, especially at unskilled and semi-skilled levels, rather than import unskilled labour;
- International competition: countries like Sri Lanka, Bangladesh and the Philippines are aggressively marketing their labour and providing training to match the requirements of importing countries. For example, the Sri Lanka Bureau of Foreign Employment has opened a specialist language training school; Bangladesh provides customised training for people going to work in Malaysia and the Philippines Overseas Employment Administration delivers a range of pre-employment training programmes;
- Immigration policies will increasingly be based on the skill requirements of importing countries that will be defined in terms of internationally recognized qualifications;
- Pakistan's export of labour is highly dependent on a few destination countries.

**Greater emphasis must be given to skills development, because:**

- In an increasingly competitive world, Pakistan's national productivity is falling and skills are required to contribute to the achievement of national economic and social policies
- There are advantages to be gained if the country's young population can be 'put to decent work' and dangers if it becomes idle
- The export of labour is a positive labour market policy but Pakistan faces competition from countries that are investing in skills and increasingly importing nations will want workers with internationally recognised qualifications
- Methods of certification of workforce would reduce redundancies and repatriation.

## THE CURRENT STATUS OF TVET AND SKILLS DEVELOPMENT

### What is TVET?

Technical and Vocational Education and Training (TVET) is the name given to formal, non-formal, and informal learning for the world of work. Internationally this is regarded as covering basic to advanced skill levels across a wide range of institutional and work settings. The learning to achieve the necessary skills and knowledge can occur in educational institutions and in work places.

In Pakistan TVET has traditionally been seen as operating primarily through publicly funded institutions and to a much less extent through a small apprenticeship system in companies. It is regarded as preparation of learners for careers and professions that are traditionally non-academic and directly related to a specific trade, occupation or vocation. The status of the sector has been relatively low with more interest and funding going to general education in schools and higher education in universities.

### Who is providing skills?

The principal sources of TVET provision currently in Pakistan are:

- Programmes provided by public and private training providers, supported to a significant extent by public funds;
- Skills training given to their staff by employers and funded by them, usually enterprise-based but which can involve education and training providers;
- Training provided by non-governmental organizations;
- Training offered by for-profit private providers;
- Informal training, typified by the *Ustad-Shagird* tradition of vocational training in the informal sector.

There is, however, a lack of comprehensive data about skills formation, even in the public sector.

The principal characteristics of skills development in Pakistan today are:

- Publicly-funded provision is small, serving only some 7.3 per cent of people aged between 15-24 who are involved in education and training and only 0.7 per cent of this total age group. Quality of provision is variable. There is no national certification of qualifications;
- It is estimated that only 8 per cent of workers receive training, much of which is not certificated. There are employers, mostly with large enterprises, who provide world-class training. Employers' organisations have not yet expressed concern about the state of skills in the country. Many employers seem reluctant to invest in training because of its perceived costs;
- There are some private training providers, but not on the scale of private provision in basic, secondary and higher education;
- There are not-for-profit training providers but no comprehensive information about their numbers or the contribution they are making, though some offer high class training and are successful in placing learners/trainees into decent jobs;
- Most training is provided in the informal sector.

**Box 1: Issues to consider in relation to TVET Policy Development**

- Given the challenges of economic and social development, a major policy consideration must be the **expansion of TVET**, whilst at the same time raising the quality of programmes, outcomes, teaching and management of current provision
- What is the scope for expanding further public sector provision and what might be the role of the **private sector** in skills development, particularly enterprise-based training?
- What interventions are feasible and practical to strengthen training in the informal sector?

**What are the costs of skills development?**

Most financial information that is available relates to the public sector.

The bulk of annual recurrent expenditure is spent on staff costs and budgets are based on historic expenditure. Development budgets are intended to support innovation. The National Vocational and Technical Training Commission (NAVTTTC) and the provincial Technical Education and Vocational Training Authorities (TEVTAs) usually receive less than their bids for development funding, which is spent mostly on ‘bricks and mortar’.

National investment in skills development is low, compared to other countries and in terms of Pakistan’s challenges to improve its economic competitiveness.

**Box 2: Principal funding issues**

- TVET is funded mainly from public resources. This raises a fundamental issue about how to secure additional resources to expand and improve the quality of skills development programmes
- Currently public funding for training is directed mainly towards public TVET institutions. There are few mechanisms available to private training providers to access public funding
- The nation’s investment in TVET is low – both by international standards and in terms of the challenges that the country must address.

**How is TVET Governed and Managed?**

A number of national and provincial bodies are involved in TVET. These include the National Vocational and Technical Training Commission (NAVTTTC), established in 2005, the National Training Bureau, provincial Technical Education and Vocational Training Authorities (TEVTAs), provincial training boards and provincial administrations. There is some overlap between the functions of these various bodies that require clarification.

Private sector involvement with TVET is limited. There are employer representatives on the governing bodies of NAVTTC, TEVTAs, Industry Advisory Groups and institute management committees.

### **Box 3: Governance Issues**

- How can a new partnership paradigm be created to ensure that federal and provincial dimensions of TVET are professionally managed and developed?
- Is there scope to rationalize structures and systems?
- What should be the role of the private sector in the future to determine and secure the skills that Pakistan needs?

### **Quality, Efficiency and Effectiveness**

There is no agreed approach to quality assurance and the absence of key data makes assessments of efficiency and effectiveness difficult. The major weaknesses of current publicly-supported TVET are:

- The skills that are produced do not match demand. There is a mismatch between the outcomes of training programmes and the needs of employers for skilled workers. This not only reduces the skills that are available for companies and for national development, but it also specifically means that employers do not value TVET qualifications that do not meet their needs and students do not value TVET training when it does not improve their opportunities in the labour market;
- Low and irregular levels of public investment;
- Lack of quality standards and national certification arrangements;
- Immaturity of system and need to build capacity;
- Little investment in the continuous professional development of TVET teachers and trainers;
- Out-dated and obsolete equipment in many institutions.

### **Box 4: Promoting Quality**

- The development of demand-led qualifications and programmes
- Arrangements to guarantee the integrity of qualifications
- A national certification system
- Capacity development of teachers, trainers, administrators and managers.

## **What steps have been taken to reform and strengthen TVET?**

A National Skills Strategy was approved in 2009. Progress has been made in implementing the Strategy, through the TVET Reform Support Programme, but progress has not been as swift as had been hoped, because:

- Over-optimism in the ambitions set, given the complexity of concepts and the scale of the envisaged reform;
- Although there have been some increases in budget allocations to TVET, there has been inadequate investment;
- The continued lack of clarity over governance roles and responsibilities, in the context of the 18th amendment, has frustrated progress. The National Strategy has not been a focus of united action around agreed priorities by NAVTTC and the provinces<sup>9</sup>.

### **Box 5: National Skills Strategy**

- **The issues highlighted in the National Skills Strategy remain relevant and should contribute to the reform agenda**
- **An implementation strategy is required, which should define priorities for action and determine leadership responsibilities**
- **Efforts should be made to continue to attract international donors to support TVET reform and encourage harmonization of activities within the sector.**

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<sup>9</sup> NAVTTC has suffered from high levels of turnover in its senior management, as have some of the provincial TEVTAs.

## SKILLS DEVELOPMENT – THE KEY ISSUES

In summary the key issues that the TVET Policy must address are:

- Establishing greater awareness of skills development as a national priority
- Increasing access and equity
- Introducing Competency Based Training as set out in National Skills Strategy
- Reforming public sector provision of TVET
- Strengthening quality and raising standards
- Improving planning and budgeting, and accountability for decisions
- Improving the public image of TVET
- Engaging the private sector in TVEWT policy, planning and implementation
- Introducing sustainable funding and finance for TVET
- Developing effective links with the informal sector
- Establishing an organisational structure for TVET that is 'fit for purpose'
- Developing TVET services that meet the needs of employers and learners/trainees
- Introducing a national integrated TVET system over time, starting on it immediately

The Task Force believes that the National TVET Policy must continue to address the following key issues:

- Raising awareness and advancing skills development on the national agenda: this involves seeking greater investment by governments at federal and provincial level and creating a national legislative framework that is more conducive to partnerships that work between federal and provincial governments, but also particularly with the private sector. It means engaging employers more and changing public perceptions about the value and benefits of TVET;
- Expansion and widening access and equity, while securing quality: this will involve increasing opportunities and developing strategies to provide training to those parts of the country that have few providers and facilities and to women and disadvantaged groups;
- The National Skills Strategy committed Pakistan to the introduction and development of competence-based training – essentially training for work based on explicit standards setting out required skills and knowledge. There are obvious benefits to this approach, which is a significant departure from traditional training, but the implications of this change have to be appreciated;
- Public sector provision must continue to be further reformed;
- A national commitment is required to strengthen quality and secure the continuous raising of standards in TVET provision;
- Planning needs to be improved and linked more closely to budget considerations;

- All involved in TVET planning and delivery must be publicly accountable for their decisions and actions;
- The public image of TVET must be further improved;
- The Private Sector must be more engaged in determining TVET policy, planning and implementation;
- Funding and finance are central to the development of a sustainable TVET policy;
- Links with the informal sector will be most effectively achieved with the establishment of a National Vocational Qualifications Framework;
- A new organisational structure, 'fit for purpose' is required, but changes in attitudes and working relationships amongst those involved in TVET are necessary as well;
- TVET exists to serve the needs of employers and learners/trainees primarily and services should be developed with these in mind;
- Although action is required immediately to improve the state of the country's skills, the implementation required to develop a national, integrated system will take time to achieve.

## RECOMMENDATIONS

The recommendations are based on a number of factors:

- Assessment of the current state of skills development in Pakistan
- Macro-economic and social development policies
- Consideration of the range of economic and social challenges facing Pakistan.

Broad conclusions for recommendations are:

- Skills development is vital to the achievement of economic and social development goals and the reduction of poverty
- Addressing the country's skills needs requires a *national* approach, involving a partnership of the federal and provincial governments
- Qualifications must be standards based, including quality-assured assessment
- Pakistan's qualifications must be geared to international standards and be recognized by other countries for their integrity and authenticity
- Publicly funded training provision must be driven forward based on implementation of the National Skills Strategy and with focused new implementation planning

### Introduction

In this final section, we set out a series of recommendations for the continued reform of TVET that we commend to the national and provincial governments for implementation. Our recommendations are based on:

- An assessment of the current state of skills development in the country and the progress that is being made to introduce reforms. Information is not comprehensive and technical and vocational education and training has not been the subject of widespread research and analysis. But it is clear that publicly funded provision is small by international standards and inadequate to meet the demands of a growing and transforming economy. Provision is uneven across the country and it is of variable quality. Information about the scale of training provided directly by employers is scanty. Some enterprises, particularly large ones with international links, are offering world-class training. The argument that investment in training adds to the 'bottom-line' is not yet persuasive to many employers, however, for whom recruitment is easy with such an abundant supply of labour. The main source of skills to the economy continues to be the informal sector, traditional apprenticeships and 'learning by doing';
- Macro-economic and social development policies, that identify goals and interventions, including priority growth sectors, designed to sustain annual growth of at least 7 per cent. Potential growth areas and priority sectors for the economy have been identified and these include: improving agricultural production and the processing of food products; strengthening the energy sector and promoting a 'green economy'; increasing manufacturing and 'value-added' production and investing in the country's transport and infrastructure systems. Introducing and sustaining investment in these areas will demand new skills;



- The consideration of a range of challenges that the country must address. These include the imperative to raise productivity to improve international competitiveness; to increase exports; to develop active labour market policies – including equipping more people with the skills to work internationally and addressing the needs and opportunities of a youthful and growing population.

Against this background our assessments and conclusions are:

- Skills development is vital to the achievement of economic and social development goals and the reduction of poverty. The economic fundamentals of the country are strong, there is a young work force and emerging macro-policies designed to sustain economic growth. The lack of skilled people will be an impediment to growth and will frustrate infrastructure development and inward-investment. The political profile given to skills development must be raised and it requires increased and more secure funding;
- Addressing the country's skills needs requires a *national* approach, including strong partnership and collaboration between federal and provincial governments and entities and the more active involvement of the private sector;
- Qualifications must be standards based, with the recognition that all training routes are equally valid if they enable people to reach agreed competences. Issues of time-based training and where training is delivered are less significant than the introduction of quality-assured assessment arrangements that ensure that the planned outcomes of training have actually been achieved;
- Pakistan's qualifications must be geared to international standards and be recognized by other countries for their integrity and authenticity;
- Progress has been made in the implementation of the National Skills Strategy and its aims remain valid and relevant. The reform of publicly-funded provision must be driven forward with greater focus with a new implementation plan flowing from this policy that provides the priorities, resources and direction to ensure that the NSS is completed.

### Objectives of the TVET Policy

The National TVET policy must deliver economic and social benefits to Pakistan by increasing the availability of necessary skills in the workforce. This means the objectives must:

- Enable a national commitment to develop the skills and talents of our people
- Increase training opportunities and programmes for young people and those already in work
- Introduce a national system that leads to qualifications that are valued and recognised internationally
- Equip people with the skills to obtain and perform jobs
- Involve employers in training and increase private sector training
- Improve public sector training so it is a positive path to employment

The objectives of the National TVET Policy are:

1. To secure a national commitment by Federal and Provincial Governments, employers, workers and community organizations to develop the skills and talents of our people to enable them to contribute to the generation of national wealth and to make productive contributions to their communities.
  - Skills development and investment in the country's human capital is vital if an economic growth target of at least seven per cent is to be achieved and sustained. Basic education is the foundation for national economic and social development. Technical and vocational education and training should build on this, but special attention and focus must be given to skills development in addition to efforts to improve education, particularly for young people looking for jobs and for those people already in work;
  - A strong commitment is needed if industrial development and infrastructure goals are to be attained, if opportunities provided by new technologies are to be seized and if the challenge and opportunity of a young, growing population is to be realised. The first pillar of *Vision 2025 –Putting People First* – recognizes the priority that must be given to human capital development. Skills development is crucial to the achievement of the national goals set out in *Vision 2025*<sup>10</sup>.
2. To increase training opportunities and programmes for young people, those seeking work and for workers already in jobs. By 2020, **one million training places** should be available, through an expansion of current provision, apprenticeships and the greater engagement of the private sector. The medium-term goal is to provide quality, certified training to at least one million people each year. This represents a three-fold increase in current provision. To provide more training opportunities, whilst improving its quality, is challenging, but possible. Given the numbers of young people who will be looking for jobs, training provision must be expanded further. The long-term objective is to provide quality training to 20 per cent of school leavers<sup>11</sup> by 2025 and to encourage and incentivise employers to increase training opportunities for their employees and to commit to the principle of promoting lifelong learning. Given the significant increase in the numbers of young people who will be looking for work, a number of interventions will be required to assist them. These might include remedial education, expanded micro-financing initiatives, public works programmes and other active labour market measures. Skills development alone is not the solution to the demands that an increasingly youthful population will make; it has an indispensable contribution to offer, however.
3. The introduction of a national standards-based qualification, assessment and certification system. Trainees and employers will be confident that training offered in

<sup>10</sup> It is noted, however, that the *Vision 2025* document makes only scant and passing references to skills development. This confirms our belief that greater attention needs to be given to the promotion of skills development in all economic sectors.

<sup>11</sup> There are different kinds of 'school leavers': those who complete successfully secondary education; those who drop out after primary school and those who never complete primary schooling. Skills programmes need to be developed to meet the varying needs of the increasing numbers of young people who will be looking for work.

Peshawar or Sialkot, Karachi or Quetta, will be comparable and that qualifications will be recognized internationally. All training providers will be accredited and certificates will be issued only on the successful completion of a recognized training programme.

4. Skills development programmes will be competence-based. People will be equipped with the skills and knowledge to obtain and perform jobs. This means they will be tested, not just on what they know in theory, but on how well they perform on job-related tasks. Competence-based training is being introduced in publicly-funded TVET programmes already, but it should be the approach adopted by all government departments and the private sector for the delivery of training.
5. The forging of a new partnership between the public and private sectors to develop the country's skills. Employers will be encouraged to increase their investment in building the skills of their own staff and additionally providing new opportunities for young people. Currently 70 per cent of higher education and 40 per cent of schooling is provided by private institutions. There is a greater role for the private sector to play in skills development through TVET.
6. A revitalized public TVET sector, committed to the continuous improvement of standards, which offers demand-led programmes, is client-focused and which provides a positive route to employment, further education and training or self-employment. Making publicly-funded TVET more efficient, professional and accountable accords with the objectives of Vision 2025.

The realization of these objectives will require:

- The commitment by governments to the reform and sustained funding of skills development;
- A new legislative and regulatory framework;
- The review of organizations and structures that guide and manage skills development policy and provision;
- The development of a new set of working relationships, based on trust and partnerships;
- The preparation of an implementation plan and monitoring and evaluation strategy.

The practical implications of *how* the objectives of a new TVET Policy are to be achieved are now considered

### The National Skills Strategy and the ongoing reform of TVET

Reform of TVET was introduced seriously in 2009 with agreement to the National Skills Strategy (NSS). There were problems with implementation that are being addressed gradually with donor support. It still provides a comprehensive and current set of interventions to establish a competency based training system in Pakistan. It provides the foundation on which to build the National TVET Policy. Faster implementation, the

identification of priorities and the commitment of resources are necessary to sustain reform. An Implementation Task Force for the NSS will be established to drive reform.

The National Skills Strategy set out an ambitious agenda for change with three principal objectives:

- To provide relevant skills for industrial and economic development;
- To improve access, equity and employability;
- To assure quality.

These remain valid and the 20 interventions proposed in the Strategy to achieve the goals should continue to be pursued. Progress has been made, including:

- The commitment to competence-based training and the design of programmes;
- The introduction of a national and provincial planning system;
- The development of accreditation procedures;
- Teacher training initiatives;
- Vocational guidance;
- Clarification of roles and responsibilities;
- The design and implementation of management information and Labour Market Information systems;
- The pilot intervention the German Pakistani Training Initiative (GPATI), to engage the private sector in a cooperative training approach;
- The drafting of a range of policy and input papers;
- Capacity assessments and capacity building measures for the TVET-sector.

These are interventions that have been supported by the *TVET Reform Support Programme*. These activities must be continued. They will require resources to secure their long-term sustainability.

We offer the following comments about the implementation of the Strategy:

- Implementation of the NSS has proceeded through Skills Development Plans at provincial and federal level with donor assistance from the TVET Reform Support Program. However the lack of consensus on national priorities and resourcing for implementation raises questions about national coordination;
- Donor support to TVET could be more effective with increased coordination and enhanced efficiency, in order to build synergies;
- Capacity-building of administrators and managers who, should be leading and promoting the reform, has been a challenge. There has been a major staff turnover in the public sector, hampered capacity development and created a trust deficit with the private sector. There have also been challenges of introducing the reform whilst maintaining and upgrading the existing institutions and system. Such management challenges have not been sufficiently addressed;

- The timescales laid out for the implementation of the National Skills Strategy were overly-optimistic;
- Reform requires investment, and the federal agency has so far not been able to set aside resources for the reform agenda. Additional resources have been secured for TVET activities in some provinces, but more is required, as is a coordinated approach that avoids duplication and maximises national outcomes.

We **RECOMMEND** the following:

- That the objectives of the National Skills Strategy (NSS) be reaffirmed;
- That the NSS should form the continuing basis for reform for the period 2014-2020;
- That a National Skills Strategy Implementation Task Force be established to drive the reform process;
- That the already started capacity building programme for managers and administrators in the TVET sector be enlarged, and include private sector mentoring. This should be supported by the Federal Government and international donors.

The National Skills Strategy Implementation Task Force is a key component of achieving implementation of this policy, should work closely with the TVET Reform Support Programme and be headed by a prominent public figure, ideally from the private sector. Its members should include national and provincial TVET representatives and ‘non-executive’ members, to reflect the interests of stakeholders. The Task Force should have a small technical secretariat to monitor progress and prepare reports, including biannual progress reports that should be published. We believe that the ways in which the Task Force operates should foster partnership working. As a practical example, a province might be invited to take the lead in developing an area of policy and practice. A key function of the Task Force will be to oversee developments and initiatives to ensure synergy. For example, the separate creation of skills and management information systems, the development of a vocational qualifications framework and its data, and the design of comprehensive monitoring and evaluation arrangements will require coordination, to avoid duplication and to build appropriate linkages and information flows. The establishment of the implementation Task Force does not require legislation and we propose that this should be established and functioning **by no later than March 2015**.

### A national standards-based qualification, assessment and certification system

Pakistan requires a system of qualifications and quality assurance that is credible and accepted nationally and internationally. This means a single, national standards-based qualifications, assessment and certification system that provides quality assured outcomes. This objective can be achieved most effectively through the establishment of a national vocational qualifications framework, a concept originally set out in the National Skills Strategy and around which development work has already occurred.

Qualification descriptions set out the structure and content (skills and knowledge) of what is to be learnt, assessment establishes that the outcome of the training has been achieved, and certification is the formal awarding of a qualification to a successful graduate of that training.

The arguments for a single qualification, assessment and certification system to support skills development throughout the country are overwhelming. Training programmes that lead to qualifications need to be comparable in different provinces; a diverse range of training programmes should be offering programmes that achieve the same outcomes. The design of qualifications and assessment processes must be quality controlled. Pakistan's qualifications must be credible to employers and accepted internationally.

These objectives can be achieved most effectively through the establishment of a national vocational qualifications framework

Over 100 countries have, or are developing national qualifications frameworks. Their core purpose is to show what a qualification is, so that individuals can understand what they must be able to do and learn to earn a qualification. The framework demonstrates the relationship of one qualification to another. A Framework consists of a single set of levels, each used to align a group of qualifications that are broadly equivalent. Level descriptors define the characteristics of each level.

#### A National Qualifications Framework is

*An instrument for the development, classification and recognition of skills, knowledge and competencies along a continuum of agreed levels. It is a way of structuring existing and new qualifications, which are defined by learning outcomes, i.e. clear statements of what the learner must know or be able to do whether learned in a classroom, on-the-job, or less formally. The Qualifications Framework indicates the comparability of different qualifications and how one can progress from one level to another, within and across occupations or industrial sectors (and even across vocational and academic fields if the NQF is designed to include both vocational and academic qualifications in a single framework.<sup>12</sup>*

<sup>12</sup> Tuck, R. *An Introductory Guide to National Qualifications Frameworks: Conceptual and Practical Issues for Policy Makers*, ILO, Geneva, 2007



NAVTTTC, with the assistance of the *TVET Reform Support Programme*, has prepared proposals about the rationale for a Pakistan National Vocational Qualifications Framework (PNVQF)<sup>13</sup>. The proposed PNVQF would be the mechanism for determining qualifications and authenticating them; for setting standards for the design of curricula and for determining standards for the assessment of competences and the quality assurance of assessment processes. The model proposed places overall responsibility for monitoring the implementation of the National Qualifications Framework, and driving' quality assurance in the TVET sector, through the development of the National Qualifications Framework.

The introduction of the PNVQF, which is a goal of the National Skills Strategy, would address a number of critical concerns:

- It would provide the core standards around which a national system might adhere;
- It provides the framework for quality assurance that TVET has lacked;
- Through common assessments, the streams of training in the public, private and informal sectors reach a shared destination – the specified outcome;
- Standards established through the PNVQF, and consultations with foreign authorities responsible for NQFs, will ensure that national qualifications are recognised internationally;
- The PNVQF would be founded on outcomes-based standards and would build on the competence-based approach that has been adopted for the design of new qualifications;
- It would create a flexible system to support lifelong learning
- It represents an effective and practical way to make linkages with the informal sector, as assessments will be available to all, wherever they have trained.

We support enthusiastically the establishment of a National Vocational Qualifications Framework.<sup>14</sup> This should be established through national legislation, developed on a collaborative basis by Federal and Provincial Governments.

Some preliminary work has been undertaken to define the purposes of the PNVQF, but much detailed planning and consultation is required to establish it and to define how it will function in the particular TVET landscape of Pakistan.

**We RECOMMEND:**

- The establishment of the PNVQF be pursued as a priority;
- That legislation is drafted under the auspices of the Ministry of Federal Education and Professional Standards, in consultation with provincial administrations to establish the PNVQF;
- That technical assistance is secured to support the planning and creation of the National Vocational Qualifications Framework and that necessary funds are secured to guarantee the sustainability of this initiative.

<sup>13</sup> It would be possible to extend its scope to cover all education and training qualifications in the future, but a developmental approach is advocated

<sup>14</sup> It is interesting to note that in a survey conducted by the National Institute of Science and Technical Education in 2009, 81.8 per cent of respondents supported the creation of a National Qualifications Framework.

### Role of private sector; encouraging a leadership role for employers and public-private partnerships

Organisations and businesses in the private sector are the main employers of skilled labour. They need to be able to say what skills they need – to specify their demand for skills to the training system. This means demand-led TVET is secured through the active engagement of the private sector in the:

- specification of competency (skills and knowledge);
- design of programmes;
- management of institutions;
- provision of training facilities; and
- determination of policy and the allocation of resources.

International experience suggests that the private sector needs to lead TVET reform if the best national outcomes are to be achieved. However winning the commitment of employers to be involved is not easy. There are a range of mechanisms that can be used to engage employers and the private sector.

Government approaches do not always readily support engagement. For example, current legislation on apprenticeships requires employers to engage in TVET but a new approach – based on collaboration and incentives – is required

The value of skills and training is not well established in the Pakistan labour market. Some employers in Pakistan provide world-class training, but many – especially those with medium and small enterprises – do not yet appreciate the benefits of investing in training. The capacity of employer associations and representative organisations needs to be strengthened to support greater private sector involvement in training. Research is required to demonstrate the value of investment in skills development and this must be promoted to employers who fail to train currently.

Stimulation of private sector involvement could occur through:

- creating a more enabling and supportive environment; and
- using financial incentives to encourage the provision of training by employers.

The systemic reform of TVET will require greater employer engagement, for a number of reasons:

- The commitment to competency-based training will be realised only if employers are engaged in setting standards, programme design, the authentication of learning and teaching materials and assessment processes;
- The professional management of public TVET institutions – at provincial and local levels will be achieved more quickly if good private sector disciplines are introduced and maintained. Employer involvement in governance is required, but is likely to be sustained only if governing bodies are able to make decisions and are enabled to function as executive boards. This suggests greater devolution of



functions and responsibilities to institutions, which more private sector involvement can help to achieve;

- TVET policy is determined with the knowledge and experience of those who provide jobs in the productive sectors of the economy so that training is demanded.

Increasingly international experience suggests that the private sector is not simply involved or engaged in TVET reform – but it leads this process. This is happening in India, in Western Europe and is the intention of the TVET reform strategy in Egypt. The rationale for this is simple: the private sector will be the main provider of jobs: employers are best placed to understand the dynamics of the labour market and they have personnel and facilities to provide quality training.

The most significant contribution that employers can make to skills development in Pakistan is to train people directly in certificated programmes and through formal apprenticeships programmes. This may mean training people beyond their own current needs. This might involve the creation of new training facilities or developing partnerships with training providers, creating opportunities for lifelong learning. They are also well placed to offer work experience to trainees and to support the professional development of TVET teachers and trainers through practical workshop placements.

Experience in Pakistan reflects what has happened in other countries: that although the greater involvement of employers is desirable, winning their commitment is not always easy. TVET, and particularly publicly funded training, is not a key business priority; employers face competing demands; it takes time to develop working relationships between employers and public sector officials with mutual antagonisms to be overcome. Officials in government departments do not always welcome the involvement of the private sector and employers can be impatient with well-established and tested procedures and routines. It is acknowledged that there are tensions to be addressed when representatives of two different ways of working seek to collaborate together.

An approach to bridging this gap used internationally and increasingly by Pakistan's neighbours is to develop specialist bodies that assist skill development in defined sectors of industry (for example textiles or hospitality and retail). These bodies are most commonly called Sector Skills Councils and they bring together stakeholders for that industry to develop common approaches and provide a single voice on skills issues for the sector to government. Their membership normally includes strong representation of employers and their representative associations. Such approaches need to be designed for the country and its economic and social environment. In Pakistan it is suggested that concept development and initial piloting of some sector based organisations is undertaken to test the practicality of the approach and demonstrate the value to industry.

There is scope also for the establishment of more private sector training providers. With some exceptions, training establishments outside the public sector tend to concentrate on a narrow range of skills, concentrating on information technology and computing, business-related skills and other occupations that do not require large investment in equipment and materials. To attract fee-payers, training is provided in occupations that are likely to result in

jobs, but in skills that may not be considered economic priorities. Incentives may be required to attract private provision in priority skill areas that require up-front investment in machinery and plant. Such incentives might take the form of grants or soft-loans or, subject to satisfactory performance, fixed-term contracts to train publicly-funded trainees.

Notwithstanding the potential problems, we support and seek to encourage greater private sector involvement in skills development, including the determination of policy and oversight of practice in publicly-funded TVET provision. We support this approach, because:

- It is in their business interests to invest in their own workers and their families and that improvements in productivity and quality will add to the 'bottom line' and increase profitability;
- They have a vested interest in ensuring that the conditions for business and economic growth are developed and maintained. Investment and business growth are not stimulated in societies which lack cohesiveness and where there are risks of civil disturbance. It is worthwhile for the private sector to try to defuse the 'demographic time-bomb', for example;
- The private sector has the skills and knowledge to 'make a difference' and to inject energy and experience;
- There is a moral justification for enterprises to demonstrate corporate social responsibility and to contribute to economic and social growth beyond their immediate business concerns.

We have considered two issues in relation to stimulating greater private sector involvement in TVET: the creating of a more enabling environment and the scope for incentives, particular to encourage employers to provide more training directly.

- **An enabling environment:** in legislation, such as the Apprenticeship Ordinance, a *carrot and stick* approach has been adopted: tax and excise claims are available to participating employers but the provision of apprenticeships is compulsory for enterprises of a certain size. This policy of coercion, mitigated by incentives is followed by proposed new apprenticeship legislation that has been drafted by NAVTTC. Experience tends to suggest that this is not a wholly successful strategy. Formal apprenticeship numbers are small – estimated to be about 22,000 – and as a Ministry of Education report makes clear the legislative does not produced the intended outcomes: *There are few incentives for (the) industry....and many of the legal obligations can be circumvented in practice with ease.*<sup>15</sup> The tax and excise concessions are not widely taken-up, because of the protracted bureaucratic procedures involved. An alternative approach might be to set national and sector targets, promote and market apprenticeships to employers, offer grants for innovation (for example to create training companies to support apprenticeships in groups of enterprises), give preferential treatment in the award of government contracts to

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<sup>15</sup> *Technical & Vocational Education in Pakistan at Secondary Level*, National Institute of Science and Technical Education, Islamabad, June 2009

employers who offer apprenticeships and give public recognition to successful companies (for example, through award schemes and national honours).

- **A supportive framework:** Employers are more likely to offer training programmes, to participate in partnership working and to support publicly-funded TVET if they are confident about the role that they will play. For example, employers may need advice and guidance on a range of issues:
  - ✓ The organization of apprenticeships and other training for young people;
  - ✓ The range of competence-based programmes that may be available, or which might be adapted;
  - ✓ Assessment and certification;
  - ✓ Training of trainers' programmes and guidance for trainers and work-place supervisors;
  - ✓ How they might most appropriately support the TVET system;
  - ✓ TVET partnerships and what they involve.

If issues of this kind are well sign-posted and free of bureaucratic delays and impediments, employers are more likely to consider work-place training and linking with training providers to offer practical work placements. We believe that a supportive framework can be developed, with a role for Chambers of Commerce and Employers' Associations to help heighten awareness about skills development issues and offer guidance to individual employers, as they have done in health and safety and exporting issues. This will require assistance to build this capacity.

- **Financial incentives**

The purpose of financial incentives is to encourage employers to provide training and to create a climate for training, not to commit to long-term subsidies. Providing financial incentives is not without risk, since assistance might be provided to those who would have trained in any event, but they can be justified to 'kick start' an increase in training. As we have seen these are not new in Pakistan, but the effectiveness and impact of tax and other concessions is marginal and new thinking is required: this is an issue which we discuss below in our recommendations on funding and financing.

With these factors in mind and recognising that employer-involvement in TVET has been a repeated theme of policy pronouncements and rhetoric:

We **RECOMMEND** the following:

- Legislation that imposes mandatory obligations on employers to offer training should be reviewed (because they are ineffective and diminish the force of the law) to reflect a policy that is based on encouragement, promotion of good practice and incentives;
- Support should be provided to employers' representatives bodies to build the knowledge and confidence to encourage employers to engage in TVET activities and partnership working;
- Standards and procedures of the proposed PNVQF should require proof of

the active engagement of employers in defining occupational standards and endorsing programmes and learning and teaching materials as a criterion and quality standard for the formal approval of a qualification;

- In consultation with employers, research needs to be undertaken and case-studies prepared to demonstrate the return on investment to be derived from training by employers and specific interventions. The *TVET Reform Support Programme's* German-Pakistan Training Initiative (GPATI) might provide a useful initial source of case-studies;
- All TVET institutions to include employer representatives on governing bodies; that capacity building is provided to such representatives and that an annual conference is convened to enable them to share experiences and to raise issues of mutual concern;
- Employer representatives to form the majority membership of all public TVET policy making structures, including national, provincial and institutional entities; that guidelines are prepared on the qualifications and experience required of employer representatives and that induction/capacity-building programmes should be made available to them.

Legislation is required to guarantee this engagement by employers. Bearing in mind that this might take time to enact, we **RECOMMEND** that national and provincial governments publish their proposals to change the composition of TVET structures by **no later than the end of November 2015**.

### Federal and provincial responsibilities in a collaborative national TVET system

The establishment and operation of a national TVET system requires input from both federal and provincial governments, and cooperation in implementation activity by them all. This is particularly so given the 18<sup>th</sup> Amendment to the Constitution of Pakistan which means much of the day to day implementation of TVET is at the provincial level.

A more collaborative and cooperative approach than in the past is required to put in place national frameworks and achieve positive outcomes from TVET reform.

Provincial differences in needs and capacity will also need to be addressed, particularly between the large provinces with substantial resources and the smaller provinces and regions with less developed systems and infrastructure.

There are both national and provincial dimensions to the design and implementation of TVET programmes and the creation of an integrated skills development system. The passage of the 18<sup>th</sup> Amendment to the Constitution may have led to a belief that the national role and perspective was diminished. But it seems clear that there is a national responsibility for standards and quality assurance and that implementation and the management of the TVET system while primarily a function of provincial administrations also has a significant

federal role in supporting national operation. The 18<sup>th</sup> Amendment does not discourage federal-provincial cooperation and collaboration – but it will require active initiatives to achieve a national approach.

The working arrangements that now characterise the TVET system, and the levels of collaboration between national and provincial entities needs to change. A hierarchical view of the relationship needs to give place to a more collaborative and consultative approach. Our proposals for new national structures provides the framework for this to happen. A fresh approach to partnership working between the provinces and with national government and its agencies will require new attitudes to be developed and sustained. A greater degree of mutual trust and respect will not be created overnight, but we believe our proposals clarify roles and functions and create a policy and operational framework that will support and encourage a new working paradigm.

There is an important issue to address in relation to TVET within the Pakistan federation around the large differences between the better resourced larger provinces and the less developed smaller provinces. This may require federal support to bring the smaller provinces up to an agreed national level of performance.

### Governance and institutional structures of TVET

Governance is about the processes among decision makers to deal with issues and problems or with the operation of an organisation. This usually involves some formal rules but also understanding about roles and partnership arrangements. Institutional structures are the formal organisations, their functions and the relationships between them that are involved in the operation of the TVET system.

TVET governance in the national system should reflect the principles of:

- Appropriate allocation of responsibilities and functions – meaning they should be clear, unambiguous and avoid overlap/duplication
- Accountability – meaning people are responsible for their decisions
- Subsidiarity and devolution – meaning having an operational goal that decisions are made and activities managed at the closest practical level to where implementation occurs.

The National TVET Policy proposes new functions and approaches – the implementation of a national qualification, assessment and certification system and the greater involvement of the private sector. New specialist skills are required to carry out these functions, and are likely to require moving away from standard government approaches to public service employment. A fresh philosophy and outlook that reflects a national perspective operating across a federation is required, and this seems to be best guaranteed through the creation of two new organisations:

- a Pakistan National Vocational Qualifications and Quality Assurance Organization to be responsible for TVET core standards; and
- a private-sector led Pakistan Skills Partnership to build and support employer involvement in TVET.

The principles that we believe should determine the considerations of governance and legal structures (which are also reflected in the NSS) are:

- Clarity and the elimination of doubt or ambiguity about roles and responsibilities of different bodies. Successful TVET must be based on the creation of communities of trust and working in partnership, and these are dependent on organizations understanding what is expected of them. However carefully functions may be defined, there are likely to be 'grey areas' where formal responsibilities have not been defined. Only discussion will resolve such issues and this needs to be based on mutual trust and respect, qualities that still need to be built, especially in the public TVET sector;
- Accountability for the use of public funds, compliance with agreed plans and progress in meeting operational targets and goals;
- Subsidiarity and devolution: decisions, especially operational ones, need to be made closest to where implementation happens. The TVET system is still relatively immature and capacity and systems need to be built before delegation and a complete network of autonomous TVET institutions can be created, but the goal should be clear.

The implementation of the national TVET Policy will require the development of new functions and the adoption of a new working philosophy, based on partnership, consultation and openness. Assessing the rate of progress in introducing reform and current federal-provincial relationships, we believe that the successful operation of a national TVET system in Pakistan requires people with a new set of skills to carry out the functions identified - and for them to work effectively new national structures.

A national system of demand driven private sector-led TVET, using competence-based training, means that a significant number of new functions and activities are required to be carried out within the national system – involving both federal and provincial responsibilities. The two main areas involved are:

- Establishing, maintaining and operating the core standards for TVET – primarily a set of technical functions with a strong emphasis on system quality assurance; and
- Involving the private sector – in particular employers – in the TVET system at a policy, information and operational level – primarily an outreach function with mechanisms for engagement and for obtaining input into development of competency standards, assessment and other resource materials.

### **Core standards for TVET – operation of the National Vocational Qualifications Framework**

The core standards for TVET are those linked to the operation of the Pakistan National Vocational Qualifications Framework – including assessment, certification and other quality assurance functions and activities, such as considering competency standards developed by industry and undertaking accreditation of training organisations.

The key functions involved here are:



- Management of the National Vocational Qualifications Framework, including guidance for developing qualifications, their recognition and registration, and record keeping for current qualifications;
- Support to the operation of the TVET system in specialist areas within the Qualifications Framework, such as Recognition of Prior Learning (RPL) and Credit Transfer;
- Development and oversight of the assessment system, emphasising the integrity of outcomes achieved;
- Development and oversight of the certification (awarding of qualifications) system;
- Management of quality assurance for TVET components and products – while many products (such as competency standards) will be developed by outside organisations checking they confirm to requirements will be an internal function;
- Management of quality assurance for organisations that are training and assessing students/trainees – this includes accreditation of providers and of training programmes;
- Delegation of roles in relation to quality assurance to other TVET organisations – many aspects of quality assurance will need to be decentralised, particularly to provinces through TEVTAs;
- Development of technical policy in consultation with stakeholders – in particular the federal government, provincial governments and the private sector;
- Establishment of international equivalences of qualifications and enhancing the acceptance of Pakistani qualifications for workers employed overseas as part of the export of labour to the international market.

These functions needed to be carried out independently of direct government influence if they are to be seen as credible by employers and students/trainees in Pakistan and by agencies internationally.

This work will require highly capable specialist staff to undertake work, such as development and assessment of qualifications, quality assurance of products and to manage the interaction between the components of the system (e.g. RPL, credit transfer). Employing, paying an appropriate salary and retaining the necessary skilled people will be difficult if employment is under standard public service conditions of employment.

We therefore propose the establishment of a new organisation to undertake these functions at a national level - the **Pakistan National Vocational Qualifications and Quality Assurance Organisation**<sup>16</sup>. As indicated in the functions, this national body will need to set standards for vocational qualifications and assessment, drive the creation and introduction of competency-based programmes, and oversee the quality assurance of the design of qualifications and programmes and their assessment. The agenda for the proposed new organisation is daunting in both its scale and ambition, since it will have to seek to change attitudes and practices, especially in such areas as assessment and building links with the informal sector. International experience suggests that it will take time to establish such a body and to educate TVET practitioners and stakeholders about its purposes and functions so as to change practice and win the commitment to quality provision and quality assurance. As we have stated, it is not conceivable that in such a large and diverse country as Pakistan that the Authority will be able to carry out all its functions directly. It will need partners and

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<sup>16</sup> The name of the organisation is subject to debate and discussion to reflect its independent character.

the power to delegate functions and strong working relationships with provincial TEVTAs and administrations would be a source of mutual strength.

The proposed new organisation should be:

- Independent of government, and able to establish its own terms and conditions of service for its staff;
- Established by law; its precise legal status to be determined. For example, such a body might be a not-for-profit company;
- Governed by a board, the majority of members representing employers.

This is not envisaged to be a large organisation, but a focused and specialist body.

### **Involvement of the private sector – making employers part of organised skills development**

This involves addressing the weak involvement of the private sector in the current TVET system by engaging employers and the business community in a set of functions and activities that are relevant to their interests and which add value to their operations.

The key functions are to:

- Advise government on skills policy, priority sectors for intervention and labour market needs - this would include the development and maintenance of the National Skills Information System;
- Oversee the implementation of the National Skills Strategy (NSS) and integration with economic and social development policies and initiatives;
- Investigate funding options for TVET and undertake research into key areas for development;
- Bring employers and TVET institutions together, including through formal bodies such as Sector Skills Councils;
- Commission the development of competency standards and other national resources for TVET;
- Support and enhance apprenticeships;
- Development of human resources in the TVET sector;
- Promote skills development as a route to jobs, further education and training and self-employment and its investment benefits to employers;
- Administer the National Skills Fund; (see below)
- Support active labour market initiatives;
- Development and support of national performance monitoring of TVET in conjunction with federal and provincial governments.

These functions need to be carried out primarily within or in close coordination with the private sector. A lot of work would be carried out on a cooperative basis or through specific funded projects involving key technical and managerial people from within the business community.

Staff to carry out these functions would be primarily involved in coordination and outreach. This would require people with a deep familiarity and contact with the private sector able to engage with employers and the business community, as well as oversight the technical activities.



Although current legislation requires the majority of TEVTAs to co-operate with NAVTTC there is no formal mechanism to encourage and support a federal-provincial dialogue on publicly-funded TVET or on national skills development issues more widely. Recent activities that have centred on reform issues have provided opportunities for greater dialogue in the TVET community and with stakeholders. We think that this interaction between national and provincial concerns, with stakeholders and social partners should be continued and institutionalized. This is best led by the private sector rather than one tier of government.

We therefore propose the establishment of a new organisation to undertake these functions at a national level – the **Pakistan Skills Partnership**<sup>17</sup>. This would be an independent stakeholder body governed by a board, with the majority of members representing employers.

The Pakistan Skills Partnership Board should represent federal and provincial interests and the principal economic sectors, with the majority membership drawn from the private sector. Rather than a large executive staff, we envisage that the Pakistan Skills Partnership (PSP) would achieve many of its objectives through topical working groups, many technical in nature, with expertise drawn from government departments, provincial administrations and structures and TVET professionals. The executive staff will need to be skilled, with experience in human resource development issues.

This proposed new body, in common with the previous organisation, should be:

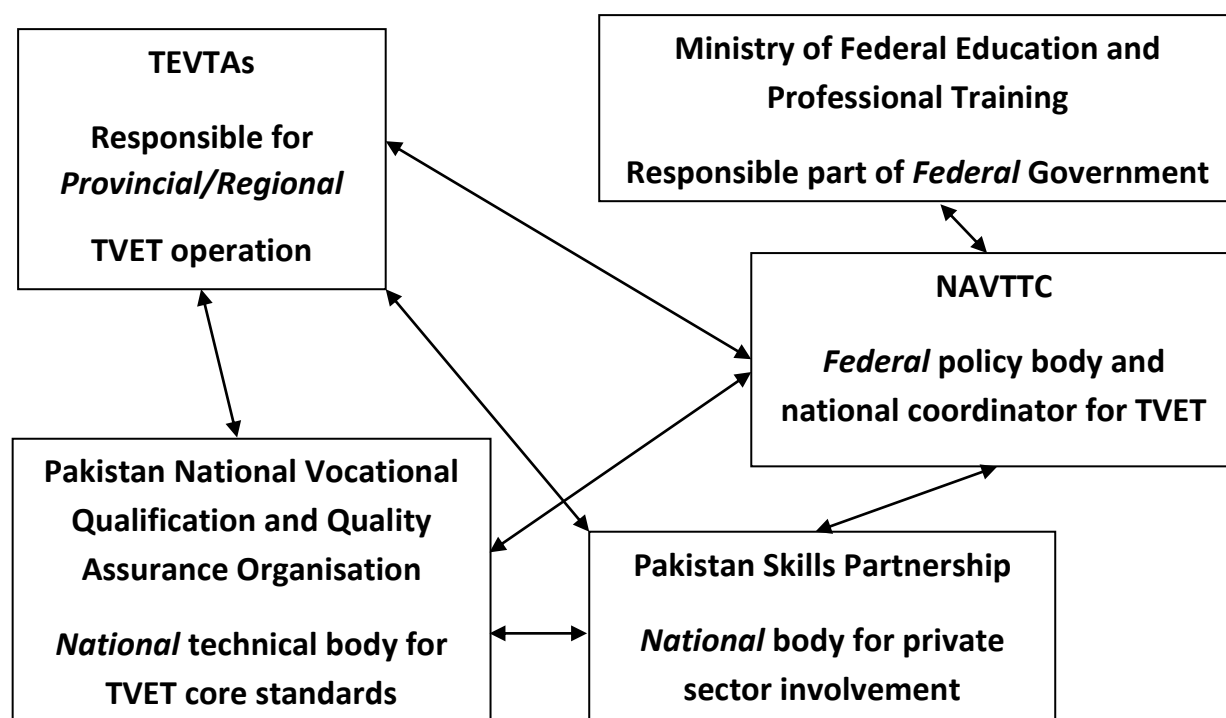
- Independent of government, and able to establish its own terms and conditions of service for its staff; and
- Established by law; its precise legal status to be determined. The most likely structure for the body might be a not-for-profit company.

It is envisaged that this will be a small organisation that draws on a wide range of partner and contract resources.

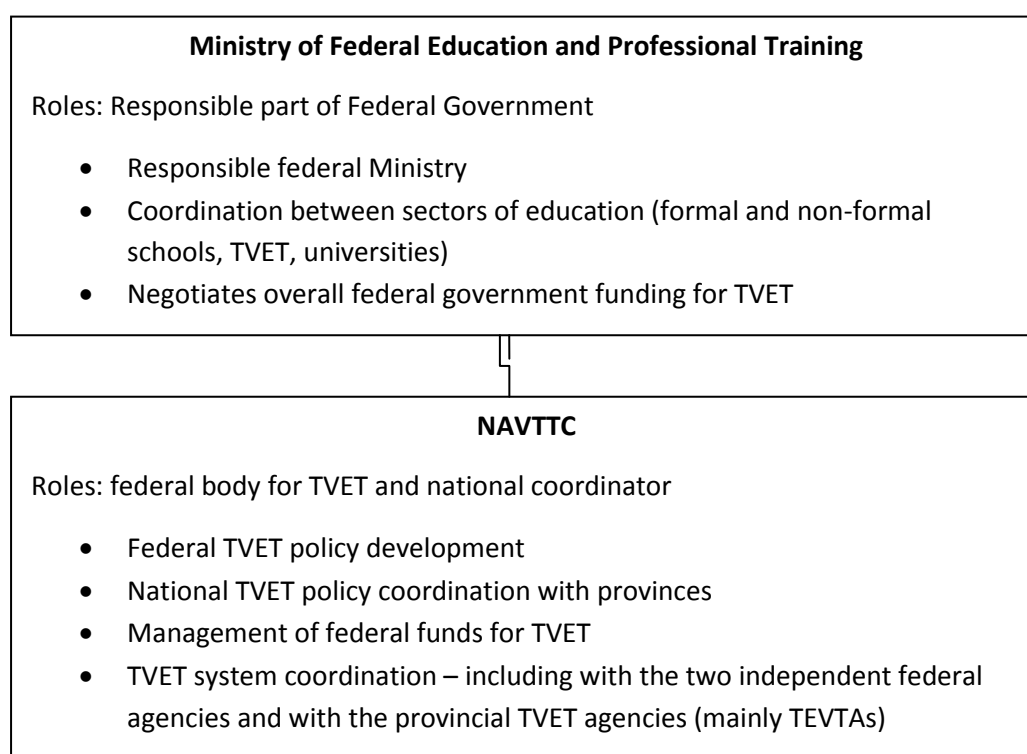
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<sup>17</sup> This nomenclature is proposed to reinforce the kind of organization that is required, based on collaboration between the public and private sectors and other social partners

### The proposed new structure of organisations in TVET



Neither the PSP nor the proposed PNVQ Organisation would provide training directly. The establishment of two organisations is designed to take forward and implement new policies and functions, for which additional resources would be required in any event. Their establishment will affect the functions of the Ministry of Federal Education and Professional Development and the NAVTTC. The ongoing functions of these organisations are summarised below:



In order to clarify federal and provincial responsibilities, we propose that those training institutions that continue to be administered on a federal basis are transferred to the provinces in which they are situated, with associated budgets. We propose as well, that a training authority is established as a separate entity to be responsible for publicly funded training in Islamabad and the Capital Territory and to be a focus for skills development issues in ICT. This will provide comparable structures in all provinces and clarify the functions of NAVTTC.

We make no specific recommendations about provincial structures, other than in relation to Islamabad. The significant structural changes that we are proposing have consequences for the TEVTAs and provincial administrations will have the opportunity to review their current arrangements for the oversight and management of TVET and skills issues. One key issue that provincial TEVTAs will need to address is how the standards of the TVET sector and in particular the operation of the Pakistan Vocational Qualifications Framework will apply across the skill development/TVET institutions and activities of other Ministries within their provinces (for example Agriculture). While the answer may differ between provinces, coordination and standards maintenance role for the TEVTA should be part of the considerations.

**We RECOMMEND:**

- The establishment of an employer-led organisation to be responsible for the development and maintenance of the National Vocational Qualifications Framework;
- The creation of a *Pakistan Skills Partnership*, a public-private partnership to advise on national TVET policy and to undertake a range of skills development functions;
- That the provision of public training is a provincial responsibility, and that to secure this a TEVTA for Islamabad is established and federal training facilities that are the responsibilities of NAVTTC are transferred to the provinces.

## Legislative and regulatory environment

The implementation of the TVET policy will require primary legislation. This should be prepared on a collaborative basis between federal and provincial governments. The drafting of comprehensive legislation will provide opportunities for provinces to review their structures and legal provisions to take account of the implications of the national TVET policy.

The establishment of the proposed PNVQ Organisation and the Pakistan Skills Partnership will require primary legislation. This will impact on current provincial laws and regulations. In order to synchronise decision-making, we propose that a legal task force is created, under

the auspices of the Ministry of Federal Education and Professional Training, to prepare proposals for a National Skills Development Bill and appropriate provincial legislation. We believe that this should be done as a collaborative exercise between the Federal and Provincial Governments, with a view to drafting compatible and inter-related legislation. Box 6 outlines the issues that comprehensive legislation might address.

**Box 6: Outline of National Skills Development Legislation**

Chapter One  
Definitions  
Purpose  
Interpretations  
Chapter Two: Pakistan Skills Partnership  
Establishment  
Functions  
Composition  
Constitution  
Funding  
Chapter Three: Pakistan National Vocational Qualifications Authority  
Establishment  
Functions  
Composition  
Constitution  
Funding  
Chapter Four: Establishment of Islamabad TEVTA  
Establishment  
Functions  
Composition  
Constitution  
Funding  
Chapter Five: Apprenticeships  
Objectives and parties  
Apprenticeship Agreements  
Registration of Apprenticeships  
Obligations of Parties  
Incentives  
Chapter Six: Funding (if a separate financial bill is not required)  
Chapter Seven: Miscellaneous  
Schedule 1: Repeal of Existing Laws and Amendments to Legislation  
Schedule 2: Transitional Provisions.

We propose that the PSP and the PNVQ organisation are accountable in the first instance to the Ministry of Federal Education and Professional Training, which will be responsible for their budgets and oversight of performance. Performance reports and issues of policy development will be considered at the Inter-Provincial Education Ministers' Conference. In order to undertake this extended role, we propose that the personnel resources of the Federal Ministry are assessed, with a view to strengthen its capacity to co-ordinate and oversee skills development reforms.

We **RECOMMEND**:

- That comprehensive legislation is drafted on a collaborative basis, by a Task Team;
- That the capacity of the Ministry of Federal Education and Professional Development is assessed to ensure that it is able to fulfil its extended role in relation to TVET policy.

### Establishing the system infrastructure of TVET

In order to improve the operation of the public TVET sector, a number of system reforms must be implemented and developed. The sector needs to be more professional its approaches and strengthened so that the skills and expertise of TVET personnel are recognised.

Particular areas of focus are:

- Labour market information
- Management Information
- Client services
- Human resources – including professionalising TVET personnel.

A major theme of our report is the reform of the existing public TVET sector. There are a number of practical interventions that can be made to improve its operation and to strengthen operational links throughout the country. These include the following:

- **Labour Market Information:** accurate, timely and comprehensive information about supply and demand factors in the labour market is essential to the efficient implementation of a competence-based training system. This involves the gathering of data from a variety of sources, its careful analysis and interpretation and the communication of information to a variety of audiences in terms that have meaning for them. This requirement was recognised in the National Skills Strategy and a National Skills Information System (NSIS) is being developed. This work must be continued and expanded to ensure that the skills needs of all government strategies are identified (for example, infrastructure programmes and energy supply initiatives);
- **Management Information:** strengthening the professional management of the public TVET system requires good information, which is accurate and comprehensive and disaggregated to meet the needs of managers and decision-makers at different levels within the system. For example, the head of an institution will require detailed programme data; a member of the governing board of the same institution will want more aggregated information; the information needs of a Minister responsible for TVET will be different again, with a demand for trend data and overall progress

assessments. A management information system has been designed and is being piloted. This needs to be developed as a national system, taking account of initiatives introduced already by some TEVTAs. The establishment of the PNVQ organisation will create new information demands that must be considered;

**Client-services:** the priorities are to improve information about TVET opportunities, to offer advice and counselling about training and to put in place job-placement services to help learners/trainees who complete training programmes successfully to find decent jobs. Pilot activities have been launched and the *TVET Reform Support Programme* has commissioned a study that focused on vocational guidance and counselling, centres have been established and staff trained.

- **A professional TVET sector:** our long-term ambition is to 'professionalise' TVET and to see its teachers and trainers acknowledged for their skills and learning. A first 'building block' to achieve this is greater investment in capacity building. But the various initiatives that have been introduced to build capacity must be consolidated into a human resource development strategy which is developed and shared collectively throughout the country.<sup>18</sup> This must address pre-service training and continuous professional development; the terms and conditions of employment of staff, including those on contracts and the scope for introducing a reward structure that is linked to performance.

We **RECOMMEND** that:

- The development and implementation of the National Skills Information System and the TVET Management Information System are treated as priority actions and that resources are made available to extend, maintain and develop them;
- A client-approach characterises the design and implementation of TVET programmes, including the development of guidance and placement services;
- The National TVET Strategy advances the professionalism of TVET personnel.

#### Coordination across levels of government and increasing linkages between TVET and related policies areas

Skills development is not a discrete and isolated policy area, and as our earlier discussion suggests, investment in training must contribute to the achievement of broader economic and social policy goals. This means that those responsible for the design and commissioning of TVET programmes must be knowledgeable about macro-economic and provincial development policies and create and develop networks with government departments and agencies and other stakeholders. The proposed Pakistan Skills Partnership should be well placed to build networks.

At the provincial level linkages between TEVTAs and provincial departments and agencies that offer vocational training will need developing and strengthening.

<sup>18</sup> A draft strategy has been prepared under the auspices of the *TVET Reform Support Programme*

We make no further specific recommendation on this topic, but it will be a function of the management of the Pakistan Skills Partnership to demand and encourage an 'open' and collaborative approach from its staff.

## TVET and general education

Education strategies have argued for the greater inclusion of technical and vocational education in secondary school curricula. Reviews, including a study by National Institute for Science and Technical Education<sup>19</sup> suggest that initiatives to expand TVET in schools have failed due to a number of factors:

- Lack of suitably qualified teachers;
- Insufficient resources to acquire equipment and materials;
- Programmes based on occupational proto-types that were not relevant to all locations.

TVET is provided in schools. Sindh, for example, has a certificate for secondary school vocational training.

TVET in schools can fall into two broad categories:

- Programmes that are concerned with introducing learners to the world of work, including information and guidance and 'taster' activities and basic techniques (e.g. use of hand tools; maintenance);
- Programmes that are designed to provide marketable skills or encourage self-employment.

The expansion and more systematic provision of skills development in schools could provide useful opportunities for our growing population of children and young people. It is, however, a major issue and one that we have not been able to consider in any detail. Work in this area will require close cooperation with general education.

We **RECOMMEND**, therefore, that separate consideration is given to this issue.

## Financing and resources for skills development and TVET and priorities for investment

A more stable funding system for the public sector is required. How funds are deployed should influence performance. There is a persuasive case for additional funding linked to:

- Increasing productivity and competitiveness;
- Growing remittances from the export of labour;
- Decreasing poverty levels, and
- Improving social cohesion.

A number of options are possible to diversify funding sources – to diminish the reliance

<sup>19</sup> *Research Study on Technical and Vocational Education in Pakistan at Secondary Level*, NISTE, June 2009



placed on government funds currently – and to introduce policies to incentivise performance, but the conditions for radical change do not yet exist. These should be addressed and the review of funding policies and options be treated as a priority, with proposals developed by December 2015.

Perhaps the single most important factor that will contribute to the building of skills is to secure adequate and sustained funding so that medium-term initiatives can be embarked upon with confidence. The current funding regime is characterised by short-termism and a lack of certainty over the amounts and timing of transfer payments, particularly to fund development and innovation. Public investment in TVET is low, recurrent expenditure is historically based and spent largely on wage costs. Within individual training institutions there is scope for savings if low occupancy levels are addressed and there should be opportunities for rationalizing management structures. At both national and provincial levels there are opportunities for reviewing the functions of existing bodies to explore possibilities for mergers or abolition.

It would be naïve to suggest that proposing the allocation of additional resources to TVET by government is an easy decision, given the competing demands that the National and Provincial Governments face, but we believe that the case is persuasive, given the challenges to be addressed and the return on the investment – assessed in terms of increased productivity and competitiveness, growing remittances, lower poverty levels and greater social cohesion. A clear commitment by Government to the priority status of TVET is likely to leverage donor and international support.

We have explored ways in which additional income might be generated within the TVET sector. In addition to economies that might be made, income could be increased by requiring learners/trainers to pay realistic fees, with provisions to cater for poor and vulnerable groups; encouraging training providers to set up production units (e.g. a training centre that offers carpentry programmes might manufacture furniture for sale; a hospitality programme might run a restaurant). There are arguments for and against each potential revenue stream. Using fees as a more direct way to fund TVET may run counter to constitutional provisions for free education, but with adequate safeguards charging for TVET might make learners/trainees appreciate the experience more, and fees are a feature of the system already. The benefits of production units lie not just in the money they might generate; they provide practical work experience, contact with customers and opportunities for learners/trainees to have 'hands-on' experience of running a business. They can also be a distraction and divert training institutes from their principal purpose. However, we do not wish to discourage entrepreneurship, and where feasible such units should be encouraged, but they are marginal in terms of generating additional funds.

In the medium term, there are prospects of additional funds, particularly from assessments and trade tests if the PNQ Framework is launched successfully. This particularly applies to people seeking certification of skills to help them access the overseas labour market.

We have reviewed international arrangements and trends in the funding and financing of TVET. These include sharing responsibilities between governments, employers and learners/trainees on the principle that the main beneficiaries of training should contribute to costs. Cost sharing involves charging realistic fees to be paid by learners/trainees, usually



with loan or bursary arrangements to assist poorer people and so encourage access. Employer incentives include levy and grant schemes. International trends include innovative funding regimes for training providers, including incentive schemes to encourage improved performance and competitive tendering for training provision to encourage the growth of a TVET-market as a strategy to improve performance.

Overall, we have come to the conclusion that the necessary conditions do not exist for major innovations in TVET funding and finance in the short-term, for the following reasons:

- The tax collection system is not sufficiently robust to operate a training levy system that is based on payroll, contract values or other criteria. Its introduction would require detailed planning, both to operate a levy system and to tackle issues of non-compliance, policing and monitoring. To be successful, a training levy should have the support and cooperation of employers and the necessary groundwork and discussion will take time. At present we believe that the introduction of a training levy would be seen as simply a punitive tax; given the history of levies in the country it would be viewed with suspicion and would fail to provide the incentives to encourage employers to invest in TVET;
- Whilst there is accounting expertise in the public TVET sector, there is not enough in-depth financial management capability to administer sophisticated or complex funding regimes. The development of Management Information Systems is underway but these need to be completed, along with additional capacity building in financial management and monitoring and evaluation processes;
- Radical changes to the fee arrangements in public TVET institutions and centres would require sensitive political preparation and should not be contemplated without the establishment of a loan and bursary system.

We believe that the funding and finance policy for TVET should be based on clear principles and objectives. These should be:

- Financing mechanisms should provide incentives and penalties so that funding encourages providers to deliver programmes that reflect national priorities and objectives;
- Financing policy should direct providers to maximize their outputs and control training unit costs;
- Funding should be equitable to enable learners and trainees from different backgrounds to access TVET opportunities equally;
- Funding should be both adequate to enable a national TVET strategy to be implemented and sustainable to support continuous improvements in quality provision;
- Public TVET funding should be available to both public and private training providers on a competitive basis.

Against this background we **RECOMMEND** the following:

- Government to commit itself to an annual increase in allocations to TVET over the next five years and to promote skills development as a priority for economic and social development to the international community and to donor organizations;
- As medium-term funding arrangements are introduced, as envisaged in the 2013 Budget, TVET to have its own separate funding and be treated as a pilot sector, with three-year rolling allocations for revenue and development expenditure based on business plans;
- Increasingly the allocations of public funds for TVET should be distributed on a competitive basis. We recommend that from 2016, at least 10 per cent of national and provincial budgets are open to a bidding process and this percentage is increased annually;
- The creation of a National Skills Fund by the Federal Government to encourage innovative practice to increase the number of people with mid-level skills. This would be open to bids from any legal entity. We propose that this is financed from general taxation, international donors and that the possible utilization of capital from other funds be explored (e.g. Workers Welfare, Export Development and Human Development Funds);
- The proposed *Pakistan Skills Partnership* inaugurate feasibility studies to assess the implications of introducing a training and levy-grant system and revising fees, and that a report should be prepared by no later than December 2015.<sup>20</sup>

## The operational challenge

The recommendations that we have made are designed to provide a more effective structure and regulatory environment for the continuing development and quality enhancement of TVET. Inevitably they are medium to long-term proposals and it will take time for them to take effect and to influence the quality of provision. There are, however, short-term actions that will have an impact and advance TVET reform.

There are a number of immediate and pressing challenges. These include:

- The need to increase opportunities for young people and to expand the delivery of skills: two interventions by Government could lead to a substantial increase in training provision. The first is to amend the apprenticeship legislation, and in consultation with employers, launch a major recruitment campaign;

<sup>20</sup> It may take time to establish the PSP as a legal entity, but it could be created in 'shadow' form quickly.

- The second is to create the proposed National Skills Fund. Until the established of the proposed Pakistan Skills Partnership this might be managed by the Ministry of Federal Education and Professional Development, advised by an employer-led group. The fund would be open to bids by any legal entity that can show its capacity to deliver quality training. This Fund, together with an advisory group to recommend disbursements, could be established in 'shadow' form before legislation, provided that there is support for the proposal; its operational and accounting methods are transparent and there is accountability for the use of funds. The creation of the National Skills Fund would demonstrate the commitment of Government to a fresh approach to skills development;
- Determining a priority agenda: the National Skills Strategy continues to provide an agenda. In addition, we **RECOMMEND** that pilot activities (in terms of developing new programmes and testing and assessing new approaches) concentrate on priority economic sectors, as defined by current economic and growth strategies;
- Leadership and Commitment: the implementation of Pakistan's TVET Policy requires decisive leadership and enthusiastic commitment to build new working relationship and to promote skills development as a national priority. We **RECOMMEND** that the Ministry of Federal Education and Professional Development is tasked to implement the skills development policy initially, and that it should be responsible for creating the structures to give immediate effect to our proposals.

### The Practical Implications

An implementation plan will be drafted once the key elements of the policy are agreed. The table below sets out an indicative time-table, with key milestones.

	Major Milestones
Short-term 2015-2017	<ul style="list-style-type: none"> <li>• TVET Policy agreed</li> <li>• National Conference to launch policy</li> <li>• PNVQ &amp; QA Organisation and Pakistan Skills Partnership established in shadow form</li> <li>• National Skills Fund created and first grants in 2016</li> <li>• First NSS Progress Report by January 2016</li> <li>• Funding and finance recommendations by December 2015</li> <li>• Pilot competence-based and assessment programmes operational</li> <li>• Legislative working group established</li> <li>• TEVTAs functioning in all provinces</li> <li>• Apprenticeship legislation revised and national apprenticeship campaign launched</li> </ul>
Medium-term 2018-2024	<ul style="list-style-type: none"> <li>• Comprehensive skills development legislation enacted</li> </ul>

	<ul style="list-style-type: none"> <li>• PNVQ &amp; QA Organisation established and functioning: 400 qualifications registered by 2018</li> <li>• Pakistan Skills Partnership established</li> <li>• One million people in quality training programmes by 2020</li> </ul>
Long-term 2025 -	<ul style="list-style-type: none"> <li>• 20 per cent of secondary school leavers trained in quality programmes</li> <li>• CBT training adopted by all Ministries</li> <li>• Pakistan qualifications recognised worldwide</li> </ul>

### **Resources required for the implementation of the national TVET Policy**

A policy is of academic interest only if there are not the resources available to implement it. The implementation of the national TVET strategy calls for qualified and specialist personnel and for additional and new funding.

Attracting and retaining skilled and experienced people to design and deliver new programmes and to drive reform is a challenge. Our proposals for new organisations are based on the recognition that public service terms and conditions of employment are an impediment and that a fresh approach is needed to recruit and retain appropriately qualified personnel. The speed of implementation will also be helped with international technical assistance.

Our recommendations suggest that a radical review of the funding of TVET is required, and inevitably this will take time. In the short-term the following additional resources will be required:

- Guaranteed increases in revenue and development budgets for the next three to five years (during this period funding options can be reviewed). Budget allocations should be based on the operational plans of TEVTAs;
- A development budget to fund the initiatives proposed in this TVET Policy, for example, to meet the costs of establishing new functions, and to promote the TVET Strategy. These are not major cost items and international assistance might be attracted to support this developmental work, but an investment will be required;
- Seeking continued donor support for technical assistance to maintain and expand the TVET reform agenda and to help establish new functions in the TVET sector;
- Creating incentives to encourage employer engagement in TVET. We have suggested that a revised apprenticeship programme could stimulate employer interest and lead to an increase in training opportunities. Current legislation provides for tax and excise relief, but this is rarely accessed. Discussions with employers are required for detailed recommendations are made about a revised apprenticeship programme, but additional costs are likely, either through tax reliefs or more direct grants;

- The National Skills Fund: this has been proposed to stimulate training activity and to raise the profile of TVET. Given that it will take time to create (for example, determining priority areas for funding, agreeing criteria for making awards and the detailed arrangements for reviewing applications) modest expenditure can be anticipated for 2015. To have the desired impact, however, the NSF needs to be substantial.