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Skills Development in Khyber Pakhtunkhwa

About the project

Funded by: International Growth Center

Key Counterpart: Planning and Development Department, Khyber Pakhtunkhwa

Impact: This medium-term strategy was not only internalized by the government, it also informed DFID's integrated development strategy for the province. The report has contributed towards agenda setting for economic development and led to several separate engagements with various arms of the government such as the elementary and secondary education department and urban unit of KP.

This policy note is based on a chapter written by Sarah Saeed (Punjab Skills Development Fund) in the report "Reclaiming Prosperity in Khyber Pakhtunkhwa: A Medium Term Strategy for Inclusive Growth" and has been compiled by Fatima Habib (CDPR).

In brief

- Khyber Pakhtunkhwa's labor force participation rate is 22 percent lower than the national average, with a high concentration of unemployment among youth and women.
- To increase employment, skills training programs need to cater to both domestic and overseas labor markets.
- Skills training programs can improve by streamlining policy coordination, better utilizing funds, responding to demands of the provincial economy, harnessing the private sector, and targeting the underprivileged.

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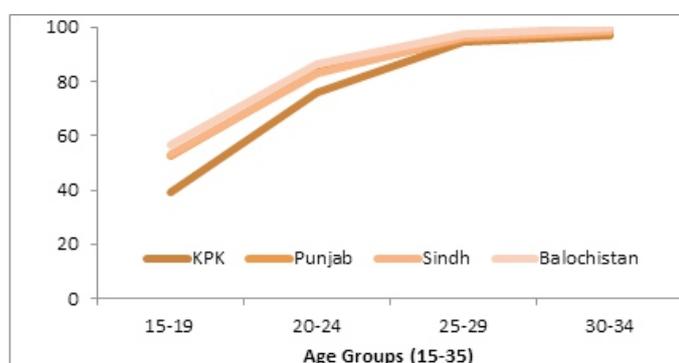
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KP is undergoing a demographic transition which will create a “youth bulge” – a phenomenon considered to be one-time window of opportunity for a nation’s economic development.

In order to reap benefits of this transition, it is imperative to answer three critical questions related to human capital development and the labor market:

1. Are the youth joining the provincial work force?

The Labor Force Participation rate of the province is 22% lower than the national average¹. This is due both to the low participation of women in the economy as well as the comparatively low participation rates of male youth (see Figure 1).



Source: Labor Force Survey, 2012-13

2. Are they finding work?

The provincial economy is not creating enough jobs for the new labor force entrants, hurting the young the most among all age groups.² The unemployment rate of KP is the highest in Pakistan for most age groups (see Table 1).

Table 1: Youth unemployment rate for the male population, 2012-2013 (%)

Male Unemployment by Age Group	Pakistan	Punjab	Sindh	KP	Baluchistan
15-19	11.20	14.03	6.29	12.11	5.80
20-24	8.86	8.55	8.38	11.26	9.55
25-29	5.42	4.24	6.14	8.31	8.00
30-34	2.40	2.23	2.23	4.10	1.51

Source: Labor Force Survey, 2012-13

3. Are women entering the labor force and helping reduce the dependency ratio?

The unemployment rate for females of all age groups is the highest in KP among all provinces (see Table 2). In order to reduce the dependency ratio, it is of paramount significance that one, a secure and productive

economic environment is provided that generates opportunities for the young seeking work; and second, conditions that will enable women to become productive members of the society are created.

Table 2: Female unemployment rates for ages 10 and above, 2012-2013 (%)

	Unemployment Rate
Pakistan	9.03
Punjab	8.35
Sindh	8.16
KP	16.49
Baluchistan	7.26

Source: Labor Force Survey, 2012-13

The Transition to Jobs

New and prospective labor force entrants in KP either have the choice to join the provincial labor force or to seek employment abroad. Therefore, the skills development efforts need to respond to both the domestic and the overseas markets.

In the provincial labor market agriculture is the largest formal employer. The informal sector provides jobs to 74%³ of the employed nonagricultural labor force. Employment opportunities for females in the informal sector are even more limited than in the formal sector, as 94% of informal workers are male.

Overseas markets offer an alternative option for employment for unskilled, semi-skilled and skilled men from KP. The mix, however, is tilted towards low-skilled jobs.⁴

Kp’s skills development system has to take account of the above dynamics as well as cope with the need from FATA and some areas of KP, which have experienced a protracted struggle against militancy. The post-conflict strategy of KP and FATA accords high priority to restoring livelihoods and generating employment,⁵ which require interventions dictating an innovative approach towards training.

Situational Analysis

Preparedness of the current skills provision to respond to the challenges presented above can be assessed on the basis of four touchstones:

¹ According to the Labor Force Survey 2012-13, the Crude LFPR of Pakistan (all areas, both sexes) is 32.9.

² Labor Force Surveys, Government of Pakistan

³ At the national level, the informal sector provides jobs to 73% of those employed in non-agricultural activities.

⁴ Overseas Employment Corporation, Islamabad.

⁵ Government of Khyber Pakhtunkhwa (2010); Post Crisis Needs Assessment, Khyber Pakhtunkhwa and Federally Administered Tribal Areas.

Access:

- Most technical and vocational education and training (TVET) courses require 5-10 years of schooling for admission. This limits the access to vocational training for a large percentage of males and even a larger proportion of females. Similarly, technical education at the diploma level, which requires matriculation, would exclude roughly two-thirds of the population.
- Women form only 3.6% of total TVET enrollment, with lowest representation in technical education. Further, it is chiefly in traditional trades with low market value.
- There is no stipend available to vocational trainees to cover the opportunity cost of training, thus, exacerbating the limited access to training.

Capacity:

- Growth in the public sector TVET enrollment in KP has been stagnant over the last seven years.
- National Vocational and Technical Training Commission (NAVTTTC) has been able to enhance TVET output in KP significantly, partly by financing stipends and partly by pumping in funds for cash-starved TVET institutes.
- Publicly delivered TVET cannot have enhanced budgetary allocations without a relook at the utilization levels of existing institutes. A mix of demand and supply side interventions is required to bring the existing institutes to their full utilization and to increase the enrollment capacity by setting up new institutes.

Quality Framework:

- In FATA, 36% of the employers regarded the quality of TVET as poor⁶. Reasons cited for this include teacher and student absenteeism, lack of funds and unreliable energy supply.
- The archaic training content is being revised by NAVTTTC - and subsequently being adopted by the KP Board of Technical Education (KPBTE).
- At the institute level, however, the ability to implement the new national curricula is limited. The province has a teacher training institute which needs to upgrade its ability to train teachers in accordance with the revised curricula.
- Testing and certification is not regulated by a single, credible quality framework resulting in multiple agencies with overlapping mandates.
- As a province for which remittances from abroad and other parts of the country are of significance, raising the demand for nationally accredited TVET qualifications

should be a relevant priority.

Efficiency:

- Efficiency levels in TVET institutes of the province are generally low and lower still for women's institutes and for vocational training institutes compared to technical ones.⁷
- Budgetary constraints contribute to capacity under-utilization to a significant extent.
- Due to unstable security situation in FATA, FATA Development Authority has pursued a strategy of outsourcing training services to institutes located outside the region.

Labor Market Linkages and the Relevance of TVET:

- The limited choice of course options available to trainees in the province points towards lack of diversification.
- Dominant production sectors such as marble and granite, gems and jewelry, furniture making, food processing, agriculture and livestock are under-represented in the skills menu (see Table 3).

Table 3: offered courses and enrollment in selected sectors in kp province, 2011-2012

Sector	Vocational or Technical Courses (Public Sector)	Enrollment in 2011-12
Furniture	Certificate in Woodwork	13
	Certificate in Carpentry	3
Food Processing	Diploma in Food Technology	84
Agriculture & Livestock	Diploma in Auto and Farm Machinery	49
Transport (Driving)	No course exists	

Source: Annual Report KPTEVTA, 2012

- In KP, efforts have been made at the institute level in the past to set up committees supporting linkages with industry. Unfortunately, these Committees were unable to receive the sustained interest of the private sector as the latter saw little relevance of the TVET certificate holders for their businesses.
- Placement efforts, which are dependent on strong industry-institute linkage, are largely ineffective.

Skills Development in Conflict Zones:

- International evidence shows that training can be an effective tool for rehabilitation of conflict-affected areas, but mere job-specific training efforts do not suffice.
- In Swat, an area affected by militancy, small scale vocational training interventions have been part of a rehabilitation strategy integrated with education, counseling and family participation.

⁶TUSDEC (2010); FATA Job Market Survey.

⁷JICA (2007); Revitalizing TVET Institutions, An Assessment of Training Needs; conducted by Semiotics Islamabad.

- A much more sustained and large scale effort is needed along with effective coordination between different players especially donors, who have shown interest in reconstruction and rehabilitation work in the province.

Entrepreneurship Development and Skills:

- There is little evidence that the vocational system promotes small business development. However, extending small loans for the establishment of small initiatives will create an enabling environment where skills acquired can be put to work.
- In KP, five programmes with a collective budget of PKR 4 billion are currently offering loans for micro and small businesses. The programmes are in early stages of implementation and are yet to be evaluated for their effectiveness.

The Way Forward

Skills priorities must be aligned with present employment opportunities as well as with future growth plans. Six pillars for a provincial TVET strategy are proposed as below:

Developing and Streamlining Policy and Coordination Mechanisms:

- The first step towards developing a coherent policy environment that links better skills with better economic and social outcomes is developing a high level Policy and Advisory Committee. In KP, this role may be played by the TVET Board formulated in 2010.
- The TVET Board may also take over the task of better donor coordination. Donor coordination should endeavor to steer international investments towards permanent capacity and systems development.

Building Efficiency and Making the Case for More Funds:

- For reforming the skills sector, it is important to identifying idle capacity, providing missing facilities, setting performance standards and monitoring outputs of the system.
- Absence of data collection - the pre-requisite for effective planning - plagues the TVET sector more than others. An important step forward in KP would be publication of the KP-TEVTA Annual Enrollment Report compiling both, public and private sector statistics.
- Better financial resource planning would be required to produce the desired outputs. The case for additional funds for building new TVET capacity can only be based on demonstrable evidence of efficient use of existing resources.

Taking Strides toward Demand-Driven TVET:

- Dearth of objective evidence of skills

shortages and gaps is patently felt at the national as well as at the provincial level. The KP TEVTA can fill this important gap by commissioning research on skills in demand. Effective planning should target scaling down less relevant trades and technologies and creating new capacities qualifications demanded by the provincial economy and for the overseas labor markets.

- The provincial government must make use of low cost methods, such as innovative mobilebased technologies, to understand and improve the relevance and employability of its TVET trainees.
- Skills providers must adopt arranging internships in the formal sector and job search assistance for TVET graduates.

Quality:

- A stronger Teaching and Learning Resources (TLR) Centre may be set up to develop teaching resources for TVET delivery and thus standardize and improve its quality.
- In the areas of testing and certification, the province must ensure a fair and transparent accreditation system.
- Since the KP province is an important source for export of manpower, special attention must be paid to enhancing the quality of TVET qualifications held by expatriate labor.
- Attracting private providers' interest in setting up institutions under public-private partnership to provide good quality training, which is in line with international standards.

Harnessing the potential of the private sector:

- The provincial policymakers may pursue private sector development and a training fund may be piloted in the province to take care of demand-side and supply-side constraints.
- Private firms' ability to train can be capitalized through a functioning apprenticeship system in which the government and firms are seen as partners rather than as adversaries.
- A better linkage between small loans programmes targeting the youth and skills training should be aspired for. This could be achieved through, for example, effective information campaigns at TVET institutes and extending individual support for business plan development at the institute level.

Providing access to the less privileged:

- TVET sector must target financial constraints of potential beneficiaries through a comprehensive stipend and scholarship Programme.
- Vocational training should be able to deliver skills to the illiterate and school drop-outs. Adequate consideration must be given to women, especially in the rural areas.